MRM

2017 Registration Document

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This Registration Document was filed with the French Financial Markets Autority (*Autorité des Marchés Financiers* (AMF)) on 27 April 2018 in accordance with Article 212-13 of its General Regulation. 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. at 5 avenue Kléber – 75016 Paris, France and on its website (http://www.mrminvest.com) and the AMF's website (http://www.amf-france.org).

Pursuant to Article 28 of European Regulation (EC) 809/2004, the following information is incorporated by reference in this Registration Document:

- the corporate and consolidated financial statements and the Statutory Auditors' reports on the corporate and consolidated financial statements for the financial year ended 31 December 2016, presented on pages 104, 74, 114 and 102, respectively, of the Registration Document approved by the AMF under number D.17-0443 filed on 27 April 2017.
- the corporate and consolidated financial statements and the Statutory Auditors' reports on the corporate and consolidated financial statements for the financial year ended 31 December 2015, presented on pages 105, 75, 115 and 103, respectively, of the Registration Document approved by the AMF under number D.16-0423 filed on 28 April 2016.

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INFORMATION ON M.R.M.'S ACTIVITIES

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1.1 Business overview

M.R.M., a listed real estate Company and a SIIC (real estate investment trust) since 1 January 2008, holds a portfolio of retail and office property assets valued at €199.6 million excluding transfer taxes, as of 31 December 2017, comprising 80% retail properties and 20% office properties.

The Company has almost completed its refocus on commercial real estate and implements a dynamic strategy of value-enhancement and asset management combining yield and capital gains.

Since 29 May 2013, M.R.M.'s main shareholder has been SCOR SE which owns 59.9% of the share capital.

M.R.M. is listed in Compartment C of Euronext Paris (France) (ISIN code: FR0000060196 – Bloomberg code: M.R.M.: FP Reuters code: M.R.M. PA).

1.2 Key figures

1.2.1 The Group's asset profile

Data as of 31 December 2017

M.R.M. asset portfolio	31/12/2017
Portfolio value (1) excluding transfer taxes recognised in the consolidated financial statements	€199.6m
Total area	103,564 sqm
Value breakdown	80% retail/20% office properties
Disposals carried out in 2017	€0.1m

(1) Based on appraisals by Jones Lang LaSalle as of 31 December 2017.
The asset portfolio increased by 0.9% compared with 31 December 2016 on a like-for-like basis. The change in the asset portfolio, as reported in the consolidated financial statements as of 31 December 2017 (see section 3.7 of this Registration Document), was mainly due to the downward revision of the value of office properties and the notice received from tenants on three medium-sized retail spaces, which more than offset the good progress in the value-enhancement plans for retail assets during the year.

The Group values its property assets twice a year. In order to comply with the SIIC Code of professional conduct, the Group put in place a rotation system for its appraisers in 2013; this rotation ended as of 31 December 2015.

The Group's entire asset portfolio was appraised by Jones Lang LaSalle as of 31 December 2017. This firm is independent: it has no links and no conflict of interest with the Company. The valuations were carried out using recognised methods which are consistent over time in accordance with French and international valuation standards, namely the *Charte de l'expertise en évaluation immobilière* (French property valuation charter) applied by all French property valuation associations and the RICS principles ("Appraisal and Valuation Manual" published by the Royal Institution of Chartered Surveyors). Previous appraisals were carried out in June 2017.

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

Appraiser's details

Jones Lang LaSalle Expertises

Cœur Défense

100-110 Esplanade du Général de Gaulle

92932 Paris-La Défense Cedex, France

Tel.: +33 (0)1 40 55 15 15

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 property managers 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.

Market rental value is "the financial compensation likely to be obtained on the market for the use of a property under a lease. It corresponds to the market rent a property must be able to fetch under standard lease terms and conditions for a given type of property in a given area." [(1)].

The market monetary value of a property is "the price at which a property right could be reasonably sold in a private market at the time of the appraisal provided that the following conditions are met beforehand:

- Buyer and seller freely engage in the transaction;
- Negotiations take place in a reasonable time period in view of the nature of the property and market conditions;
- The value of the property is more or less stable during this time period;
- The entire property is put up for sale under market conditions with the sale suitably advertised;
- There are no preexisting ties between buyer and seller" [(1)].

(1) Source: Property valuation charter (Fifth edition, March 2017).

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 yield rate.

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 yield rates 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.

As of 31 December 2017, the average capitalisation rate was 5.3% for the retail properties portfolio and 5.7% for the office properties portfolio.

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

Discounted cash flow method

This forward-looking method is based on estimating income and expenses relating to the property, determining a "final" 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.

Summary of appraisal valuations by segment of activity

Retail properties	31/12/2017
Appraisers	Jones Lang LaSalle
Date of the latest visits	55% of assets [(1)] visited less than 8 months ago 24% of assets [(1)] visited 8-24 months ago 21% of assets [(1)] visited more than 24 months ago
Type of ownership	17 assets held in full title 1 asset held in co-ownership 3 assets held in "lots de volume"
Appraisal value excluding transfer taxes	€159.0m
Value in the consolidated financial statements	€159.0m
Capitalisation rates	Between 4.4% and 7.9% (i.e. 5.3% on average)
Net yield rate	Between 4.1% and 7.3% (i.e. 5.0% on average)
Occupancy rate [(2)]	76%

Office properties	31/12/2017
Appraisers	Jones Lang LaSalle
Date of the latest visits	9% of assets [(1)] visited less than 24 months ago 91% of assets [(1)] visited more than 24 months ago
Type of ownership	2 assets held in co-ownership
Appraisal value excluding transfer taxes	€42.3m
Value in the consolidated financial statements	€40.6m
The €1.7m difference is due to the application of IFRS 5 as both properties are assets held for sale.	
Capitalisation rates	5.7%
Net yield rate	5.3%
Occupancy rate [(2)]	78%

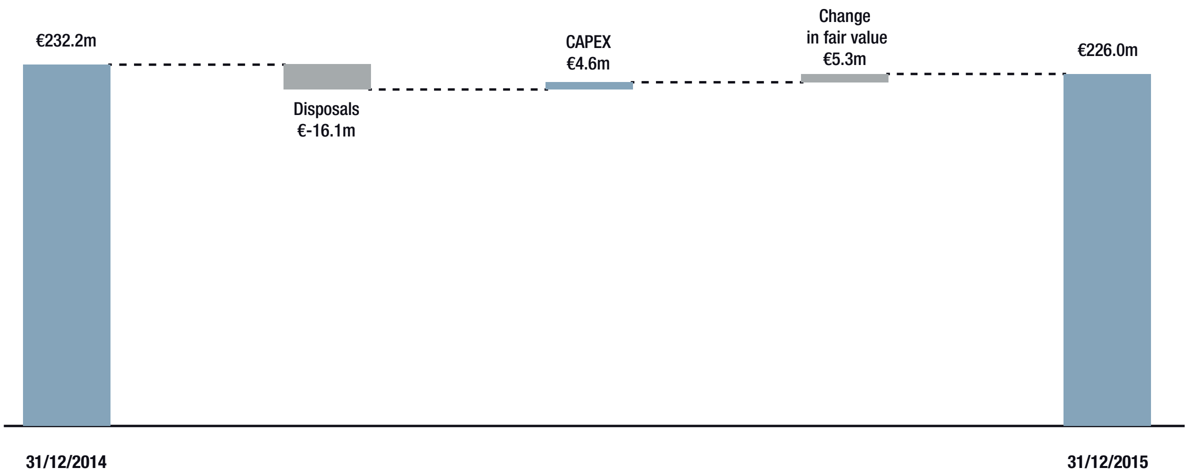
(1) By value as of 31 December 2017.
(2) Ratio of area let to area available for letting in buildings in operation as of 1 January 2018.

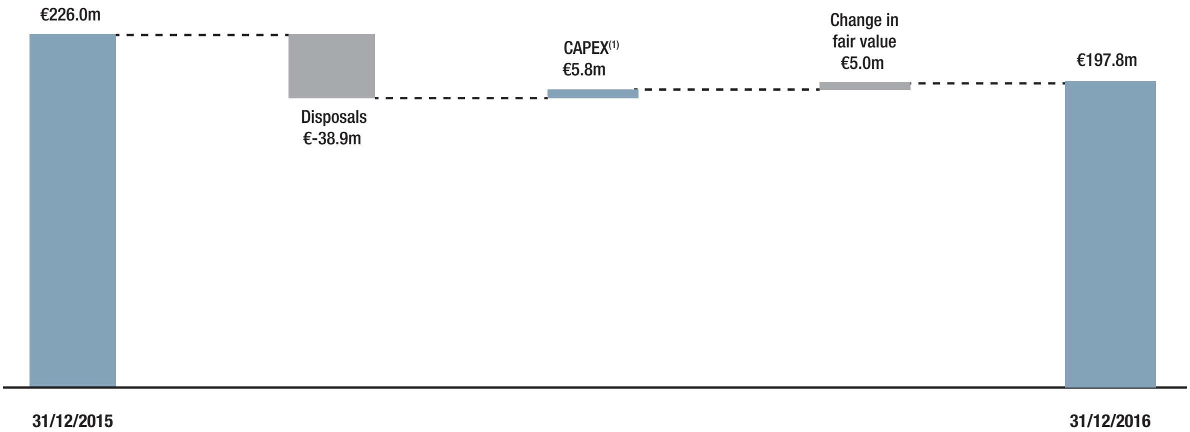
1.2.2 Financial data

IFRS simplified balance sheet

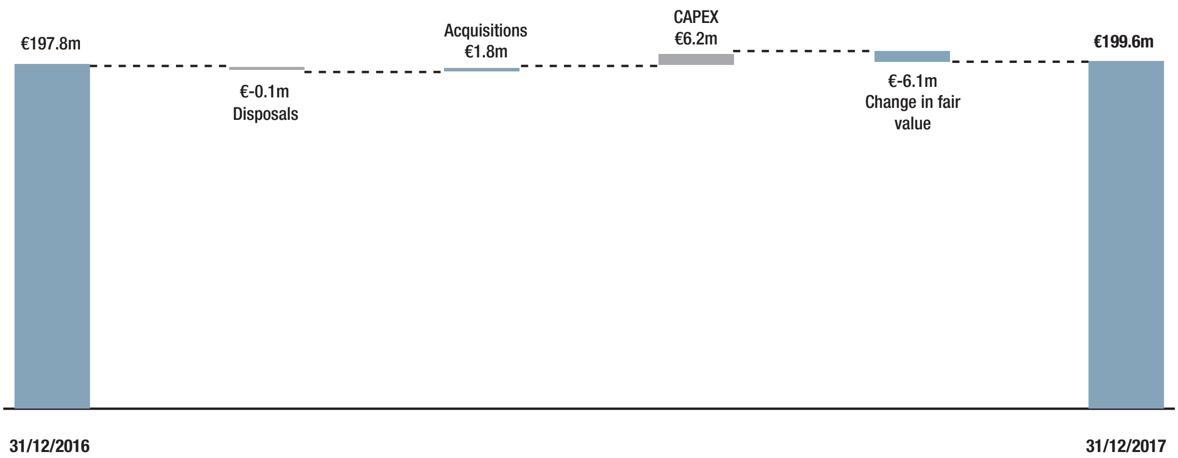
(in millions of €)	31/12/2017	31/12/2016	31/12/2015
Investment properties	158.5	152.8	216.3
Assets held for sale	41.1	45.0	9.7
Current receivables/assets	7.0	8.9	8.4
Cash and cash equivalents	13.3	25.0	13.4
TOTAL ASSETS	**219.9**	**231.8**	**247.8**
Equity	118.0	127.4	126.6
Financial debt	95.3	96.0	111.0
Other debts and liabilities	6.6	8.3	10.2
TOTAL LIABILITIES	**219.9**	**231.8**	**247.8**

The value excluding transfer taxes of the Group's asset portfolio changed as follows over the past three years:





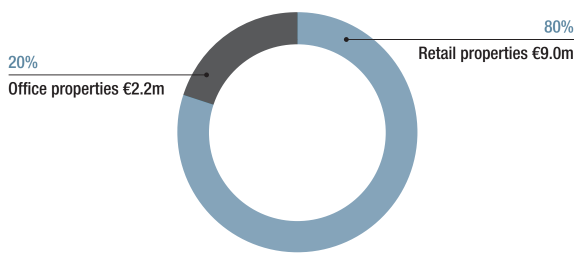
(1) *Excluding CAPEX carried out on Cap Cergy, an office building sold in 2016.*



IFRS simplified income statement

(in millions of €)	2017	2016	2015
TOTAL GROSS RENTAL REVENUES	11.2	13.0	13.6
Property expenses not recovered	-3.4	-3.5	-3.9
NET RENTAL REVENUES	7.8	9.5	9.8
Operating expenses	-2.8	-3.2	-3.1
Provisions net of reversals	0.3	-0.8	-0.5
Other operating income and expenses	-1.4	0.6	0.0
OPERATING INCOME BEFORE DISPOSALS AND CHANGE IN FAIR VALUE	4.0	6.1	6.1
Result on disposals of properties	-0.0	-2.8	-0.1
Change in fair value of investment properties	-6.4	4.3	4.1
OPERATING INCOME	-2.5	7.5	10.1
Net borrowing cost	-1.9	-1.9	-2.3
Other operating income and expenses	-0.2	-0.5	-0.5
NET PROFIT (LOSS) BEFORE TAX	-4.6	5.1	7.3
CONSOLIDATED NET RESULT	**-4.6**	**5.1**	**7.3**
NET EARNINGS PER SHARE *(IN €)*	**-0.11**	**0.12**	**0.17**

Gross rental revenues for 2017 broke down as follows:



Debt

As of 31 December 2017, the Group's total outstanding debt was €95.3 million, representing 47.7% of the portfolio value excluding transfer taxes.

Until 31 December 2016, the Group reported its average debt margin indexed to Euribor. Since the Group's debt profile now presents a high level of fixed-rate debt, it now reports its average cost of debt. The average cost of debt in 2017 was 183 basis points.

As of 31 December 2017, 84% of the Company's bank loans were contracted at fixed rates. Variable-rate bank loans were partially hedged by means of an interest rate cap.

During 2017, consolidated debt was reduced by €0.7 million on the back of contractual repayments and redemptions undertaken during the year, which were partially offset by drawdowns on the available credit line facility and the implementation of a new loan contracted with Berlin Hyp.

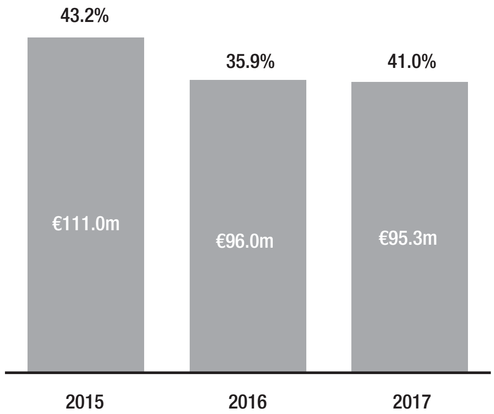
As of 31 December 2017, taking into account cash and cash equivalents available for a total of €13.3 million, the Group's total net debt was €81.9 million, representing 41.0% of the portfolio value excluding transfer taxes.

As of 31 December 2017, the Group complied with all of its commitments to its banking partners in terms of LTV covenants which have maximum thresholds of 59.9% to 65.0% and in terms of ICR/DSCR covenants, which have minimum thresholds of 130% to 300%.

	31/12/2017	31/12/2016	31/12/2015
FINANCIAL DEBT	€95.3m	€96.0m	€111.0m
Average cost of debt (1)	183 bps	192 bps	195 bps
CASH AND CASH EQUIVALENTS	€13.4m	€25.0m	€13.4m
LOAN TO VALUE (LTV) (2)	**47.7%**	**48.5%**	**49.1%**
TOTAL NET DEBT (3)	**41.0%**	**35.9%**	**43.2%**

(1) Excluding the impact of ancillary costs.
(2) Debt on the appraisal value excluding transfer taxes.
(3) Net debt in cash and cash equivalents over asset portfolio appraisal value excluding transfer taxes.

The Group's total debt changed as follows over the past three years:



Maturity of loans and hedging of bank debt

As of 31 December 2017, 71% of variable-rate bank debt was partially hedged by means of an interest rate cap based on the three-month Euribor at a strike rate of 3%.

As of 31 December 2017, the loan repayment schedule (apart from any property disposal repayments) was as follows:

Loan maturities	Amount	%
2018	€1.8m	1.9%
2019	€23.7m	24.9%
2020	€2.2m	2.3%
2021	€46.0m	48.3%
2022	€21.5m	22.6%
TOTAL	**€95.3m**	**100.0%**

Debt maturing within a year comprises the loan granted by SCOR SE, the extension of the maturity date to 15 January 2019 notwithstanding, because it is backed by the Nova office property classified as held for sale and by the contractual repayments to be made over the next 12 months.

On 30 October 2017, the Group took out a new loan for €15.2 million from Berlin Hyp. It expires at the end of October 2022 (repayment on maturity). Backed by a retail property asset, this new loan replaces a credit line of €14.8 million which expired on 8 December 2017 and which was repaid early.

Following this refinancing, over 90% of the Group's debt matures in four years or more, with the exception of the loan granted by SCOR SE, M.R.M.'s majority shareholder, backed by the Nova office property classified as held for sale. At year-end 2017, the €22.0 million loan granted by SCOR SE, which was due to expire on 15 January 2018, was extended until 15 January 2019.

Net Asset Value and Balance Sheet

The NAV is an indicator which measures the realisable value of a real estate company. It represents the difference between the value of the Group's portfolio (as assessed by independent appraisers) and the sum of the debts. The Group's NAV was not restated insofar as investment property and property held for sale were entered at "market value" on the Group's consolidated balance sheet as of 31 December 2017.

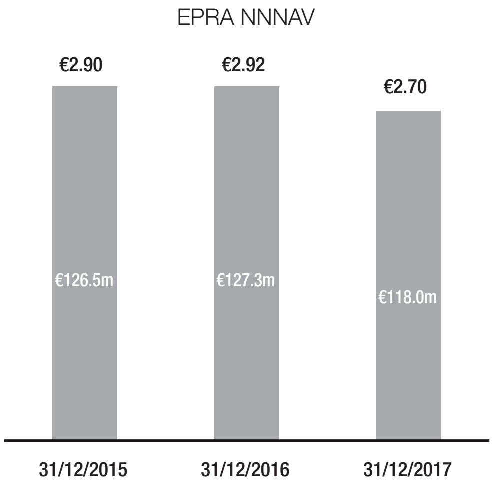
The European Public Real Estate Association (EPRA) has set the following benchmark indicators:

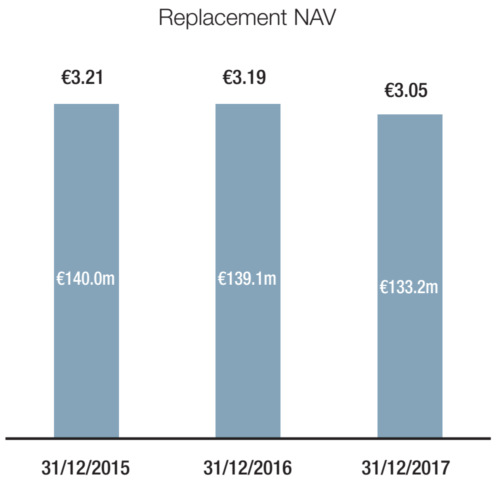
- EPRA NAV, which consists of the revalued equity of the Group, i.e. based on the fair value of consolidated assets and liabilities. It corresponds to the long-term intrinsic value of the real estate company;
- EPRA NNNAV, which is composed of the EPRA NAV, incorporating the fair value excluding transfer taxes of investment properties, properties held for sale, as well as financial instruments and debts. It represents the immediate value of the real estate company;
- Replacement NAV corresponds to the EPRA NAV after integration of transfer taxes determined according to appraisals made by independent appraisers.

As of 31 December 2017, the Group's EPRA NNNAV was €2.70 per share and its replacement NAV was €3.05 per share, compared with €2.92 per share and €3.19 per share respectively as of 31 December 2016.

The Net Asset Value in euros per share changed as follows over the past three years:

NAV Data	31/12/2017	31/12/2016	31/12/2015
EPRA NNNAV	€118.0m	€127.3m	€126.5m
EPRA NNNAV/share	€2.70	€2.92	€2.90
Replacement NAV/share	€3.05	€3.19	€3.21





Cash flow statement

The simplified cash flow statement for the past three years is as follows:

(in millions of €)	31/12/2017	31/12/2016	31/12/2015
CONSOLIDATED PROFIT (LOSS)	-4.6	5.1	7.3
CASH FLOW	3.5	6.7	6.3
Change in operating working capital	-1.8	0.4	-1.0
Change in cash flows from operating activities	1.7	7.1	5.3
Change in cash flows from investing activities	-7.9	26.9	13.1
Change in cash flow from financing activities	-5.4	-22.4	-27.4
NET CHANGE IN CASH AND CASH EQUIVALENTS	-11.6	11.6	-9.0
Opening cash and cash equivalents	25.0	13.4	22.4
Closing cash and cash equivalents	13.3	25.0	13.4

1.3 Company history

M.R.M. was initially a holding Company at the head of a group organised around three business lines: manufacturing and sales of velvet products (J.B. Martin), clothing design and retailing in Mexico (Edoardos Martin), and the production and sale of plastic tubes and cables (M.R. Industries). In the early 2000s, M.R.M. began to actively refocus on its two primary business lines and gradually sold off all companies in the M.R. Industries business line, while M.R. Industries was itself sold, together with its only remaining subsidiary, Tecalemit Fluid System, on 29 June 2007 to J.B. Martin Holding for €1.

29 June 2007: Dynamique Bureaux, a property investment company managed by CB Richard Ellis Investors, took control of M.R.M., then listed on the Euronext Paris Eurolist, by acquiring 70.03% of its share capital. Before the acquisition, M.R.M. had sold all of its operational businesses grouped under the subsidiary J.B. Martin Holding.

31 July 2007: Dynamique Bureaux launched a simplified takeover bid for the remainder of M.R.M.'s shares.

30 August 2007: after the simplified takeover bid, Dynamique Bureaux held 96.93% of M.R.M.'s share capital and voting rights.

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

9 November 2007: after the AMF approved the E. 07-163 document on 8 November 2007, M.R.M. announced its plans to turn itself into a mixed listed real estate investment Company. This was undertaken via the takeover of Dynamique Bureaux by 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 M.R.M. General Meeting of shareholders approved the following items and transactions:

- Contribution of all Commerces Rendement shares not held by Investors Retail Holding;
- Contribution of all shares in Investors Retail Holding;
- Takeover of Dynamique Bureaux;
- Cooption of directors on 29 June 2007;
- Transfer of the Company's head office to 65/67 avenue des Champs-Élysées, Paris (8th *arrondissement*);
- Drafting of the Company's Articles of Association;
- Authorisation to carry out capital increases.

30 January 2008: M.R.M. opted for SIIC (*Société d'investissements immobiliers cotée* – real estate investment trust) status from 1 January 2008.

The tax regime for SIICs, set out in Article 208 C of the French General Tax Code, exempts eligible companies opting 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:

- At least 80% of the Company's business must derive from property holding and management (the "business" condition);
- No single shareholder may 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 a combination of shareholders representing no more than 2% of the share capital and voting rights (the "shareholding" condition).

A company must opt for the SIIC status before the end of the fourth month from the beginning of the financial period for which it 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).

Corporate tax on unrealised capital gains, deferred taxes, and corporate tax on untaxed profits, levied at 16.5% (generally referred to as exit tax), must be paid in instalments of 25% on 15 December of the first year of the option and each subsequent year.

SIICs and their subsidiaries having opted for the special tax regime are exempt from corporate tax on the portion of their earnings from:

- Letting properties, provided that 95% of such earnings are distributed before the end of the financial period in which they are generated;
- Capital gains on disposals of buildings, shares in partnerships as defined by Article 8 of the French General Tax Code with an identical purpose to that of a SIIC, and/or shares in subsidiaries having opted for the special tax regime, provided that 60% 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. joined the Euronext IEIF SIIC index.

7 March 2013: M.R.M. signed an investment agreement with SCOR SE under which the latter took a majority interest in M.R.M.'s share capital.

13 May 2013: M.R.M.'s General Meeting of shareholders approved the Company's recapitalisation, provided for in the investment agreement signed on 7 March 2013 with SCOR SE, along with the following items and transactions subject to carrying out the recapitalisation:

- Appointment of directors;
- Reduction of the Company's share capital by lowering the par value of shares;
- Allocating negative retained earnings to additional paid-in capital;
- Capital increase without subscription rights in favour of SCOR SE;
- Conversion into Company shares of the bonds issued by DB Dynamique Financière;
- Issue and award of Company stock options free of charge to Company shareholders whose shares are registered on the day preceding the date on which the capital increase reserved for SCOR SE is carried out.

29 May 2013: the recapitalisation provided for in the investment agreement signed with SCOR SE on 7 March 2013 was carried out. Under the recapitalisation, SCOR SE took a 59.9% majority interest in M.R.M.'s share capital and all bonds issued by DB Dynamique Financière, a wholly-owned subsidiary of M.R.M., were converted into M.R.M. shares for a nominal amount of €54 million. As SCOR SE's interest in M.R.M.'s share capital remained under 60%, M.R.M. continues to benefit from its SIIC status and the accompanying tax regime. M.R.M.'s head office was moved to 5, avenue Kléber, Paris (16th *arrondissement*).

1.4 Business overview

The market data presented in this section were taken from reports published by CBRE and Cushman & Wakefield.

Further details on the M.R.M. Group are given in paragraph 1.3 of the management report in section 3.6 of this Registration Document.

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's portfolio consists of stabilised properties and properties with value-enhancement opportunities.

Growth lies in increasing rental revenues through improving the occupancy rate of properties and reducing property expenses, enhancing property value and in combining internal development with growth via acquisitions.

The Group operates on the retail and office 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.

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 paragraph 1.4.2 "The real estate market in 2017, the retail segment". The development of retail and distribution can be observed in the endurance of suburban retail parks and the refurbishment of existing town-centre facilities. 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. Furthermore, e-commerce is also developing strongly and represents a significant distribution channel in certain consumer sectors (travel ticketing, electronic and cultural goods, etc.). The food trade continues to play an important role in French retailing given the behavioural patterns of French consumers in this sector.

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. 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.

Due to the volatility of the once-customary construction cost index (ICC), a new index was set up and made mandatory, namely the retail rents index (ILC) incorporating certain retail activity indicators by volume to weight the ICC.

The competitive environment in which the Company operates includes a certain number of French and international listed real estate companies specialising in retail property, such as Unibail-Rodamco, Klépierre, Mercialys and Altaréa, as well as many other operators such as the property arms of mass retailers and asset managers, small and medium-sized specialised real estate companies, investment funds, and other dedicated vehicles.

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 section 1.4.2 "The real estate market in 2017, the office segment". Upon investing, the key indicators include the volume of property exchanged and variances in capitalisation rates used to value the properties.

Vacancy rate 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 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 gross domestic product (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, which notably resulted in the implementation of the Thermal Regulations in 2012. 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 integration of buildings into the environment, natural landscaped surroundings, etc.) as well as accessibility standards for people with reduced mobility.

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 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 and tertiary divisions as the Company, in particular a certain number of listed real estate companies, investment funds and dedicated investment vehicles, such as OPCIs and SPCIs.

Policy of enhancing asset value and refocusing on retail properties

The M.R.M. Group has properties, both office and retail, in its portfolio with value-added opportunities.

The Group's strategy notably involves increasing the attractiveness of its assets and exploiting their potential for value-enhancement by refurbishing them and upgrading them to the best market standards, by bringing their rental revenues back into line with market rates, but also by undertaking extensions where possible.

In 2013, the Group announced its intention to refocus its business on retail properties and to gradually dispose of its office properties. M.R.M.'s priority is to conclude the sale of its last two office property assets (currently underway) and thus complete its withdrawal from the office segment in 2018.

The Group has undertaken a significant investment programme aimed at enhancing the value of its current retail property portfolio. It represents a total projected investment of €35 million, of which €13.6 million was already invested as of 31 December 2017. The Group is also looking at opportunities to acquire or dispose of retail assets as part of a dynamic approach to portfolio management.

1.4.2 The real estate market in 2017, office and retail segments

France Investment

Source: CBRE Research, Q4 2017 "Market View-France Investment".

Diversification underway

A strong dynamic in Europe

Strengthened growth perspectives, robust rental fundamentals, real estate spread rates that are very attractive from a global perspective: The context for real estate investment in Europe definitely continues to be positive, with a new record year in terms of volumes exchanged. Although the dynamic in Germany slowed down, it remained positive.

Following the strong impact of Brexit on investment hopes in Great Britain, the market picked up again in 2017. New geographic areas have increasingly attracted the attention of purchasors looking to diversify (Scandinavia, Central and Eastern Europe, Benelux...).

Amongst the major countries, Spain was the only country whose performance at the end of the year slowed down, due to issues related to the independence of Catalonia.

In this very positive environment, France seems to be slightly behind in 2017, with €25.4 billion of general CRE investments recorded so far. However, this performance will be revised upwards in the upcoming weeks. In the end, 2017 should at least renew the very high volume of 2016. Performance was excellent in light of the limited liquidity of the market in the intermediate segment, due to the limited supply of core assets. Although some transactions have been delayed on the beginning of 2018, the closing of the expected major deals clearly boosted the business. The closing of the second mega-deal of the year, Coeur Defense, was particularly important. The result is that the market structure was much more unbalanced than in 2016.

Diverse interpretations of risk

The predominance of large transactions had a significant impact on how the market could be interpreted. The very significant increase in core+ assets is partly due to the Coeur Defense signature and two major pan-European logistics portfolios (Logicor and Gazeley). Indeed, it is clear that for the largest volumes, especially the portfolios offering good rent pooling, investors are ready to become more flexible, as very core properties are in limited number. However, in the €50 million to €100 million asset segment, fully secure buildings constitute the majority of assets (63%).

In any case, potential buyers had to adjust to the quality, and also to the price levels of the properties for sale. Therefore they had to consider more diversification to obtain the targeted yields. Value-added products thus constituted a significant part of the market, which included the signature of major deals for speculative off-plan sales and properties with a low level of pre-letting, generally ranging from €100 million to €200 million.

However, investors continued to act somewhat conservatively in terms of locations. It is true that Paris has definitely slowed down, particularly in traditional business districts, due to insufficient supply. However, investors have shown a preference for transferring their interest to the most well known suburbs, the Western Crescent and La Defense. In just these two zones, over a third of the volumes were transacted.

A difficult time for retail

The retail market is the only market that finished the year with a drop in volume, with €3.2 billion exchanged. The sector is concentrated in the hands of large specialised players with low portfolio turnover, concerns questions related to rising e-commerce competition, and consumers becoming increasingly selective: the imbalance between the arbitrated assets and the qualitative expectations of investors continue to strain the market. The shopping centre segment recovered a little thanks to transactions signed at the end of the year. However, this segment is no longer a driving force. High street retail have taken over for the long term, despite the low number of large transactions in the Parisian luxury sector in 2017.

The office market performed well once again, with €18.1 billion already recorded. Excluding the western part of the Ile-de-France area, the regions also performed well. Off-plan sales were particularly dynamic, with over €4 billion signed, the highest volume recorded since 2007, with large transactions such as Grand Central St Lazare, the Duo towers and Hekla at the end of the year. Although the speculative portion, in terms of rental risk, decreased compared to 2016, it remained high, at 47%.

As for industrial property investment, an all-time high was reached, with €4.1 billion of transactions signed, including two large corporate deals. The segment is starting to rise and become an asset class of its own, as an increasing number of non¬specialised players would like to gain exposure to it. It is clear that the dynamic is European, with some new entrants on the market wanting to take massive positions with an international portfolio strategy.

Domestic institutional investors are difficult to challenge

As expected, international investors held more sway, as large transactions were signed. In this segment, there are usually more foreign investors. 2017 was the year in which Asian investors consolidated their increase, after several years of becoming familiar with the French market. However, domestic institutional investors continue to occupy a dominant position that is difficult to challenge, especially with SCPI relayed by retail "OPCIs". However, some of these investors are attentively monitoring the foreign markets to dilute risk, following several years of very strong activity in France.

Towards a gradual consolidation?

Whilst 2017 got off to a slow start on the real estate investment front, the beginning of 2018 should be more active. Indeed, many important deals slipped in at the end of the year. In addition, it appears that the context will continue to be promising, with real estate investments in large mature markets as sound as ever for the large international capitals owners. The French market is in a strong position given the European context. Although some countries such as Germany seem to have peaked off after several years of constantly rising volumes exchanged, France still has growth potential.

The Macron Effect, especially abroad, the expected mid-term impact of reforms, strengthened positive signals on the rental market front: France is one of the few major European countries to position itself at the start of the rent resumption cycle, which has already begun elsewhere — even though the perspectives encourage investors to be cautious in their valuation forecasts. In the short term, there is thus a window of opportunity to create added value in a selective way, pending an increase in financial rates, which is still postponed, and which will be slow and gradual in any case.

For long-term core investors, despite exceptionally high entry level prices, the security, depth and readability of the French market ensure its undeniably strong international position. These are intermediary positions which may turn out to be more complicated for purchasers who have an investment horizon of 4-5 years. They do not have the resources to challenge core players for the most prime assets but continue to seek controlled risk profiles.

In this competitive context, there will continue to be pressure on prime property yields, particularly for small assets. The compression will end up spreading to the different market segments. However, for the large volumes, the limited number of players that are likely to position themselves will make the valuations less aggressive, with some potential adjustments.

All things being equal, the volumes should therefore stabilise. Investors seeking returns will need to branch out to other locations, and above all to innovative products, be creative, and further incorporate the new expectations of users. The continued growth of the French market will involve its diversification, especially in alternative assets.

The retail market

Source: Excerpts from the annual study by Cushman & Wakefield "Market beat France Commerces – Bilan 2017" - Free translation.

Economic climate

The fourth quarter of 2017 ended with the passing of the 2018 Budget Law. In pushing through its first tax reforms, the government made great strides in its reform programme that began with Orders issued under Law 2016-1088 (known as the "loi travail"). A certain number of measures will successively support business demand, such as the reduction in corporate tax from 33.33% to 28% by the end of 2018 and the introduction of a 30% flat tax on investment income. Household consumption and purchasing power should get a boost with the progressive reduction in council tax and the abolition of health and unemployment contributions. On the eve of these reforms, business and household confidence both rose in the quarter by 2.6 and 4 points respectively. They are back to similar levels to those observed at the end of 2007. On the back of a solid global economic recovery, French growth should be able to count on its dual main drivers of consumption revived by the labour market and investment still supported by low interest rates. INSEE exceptionally revised its growth forecast for 2017 upwards to 1.9%, a level unseen since 2011 (2.1%).

Q3 2017 saw the continued virtuous effect of 3.2% and 7.1% increases in the number of startups in France and Île-de-France respectively from Q3 2016 (annualised) amplified by a 7.3% fall in the number of bankruptcies in France and Greater Paris. This directly impacted trade sector job creation (106,000 in the second half of the year). Conversely, the decrease in the number of assisted contracts (government-subsidised jobs) led to a 38,000 fall in non-trade sector jobs over the same period. The 47 basis point drop year-on-year in the unemployment rate to 9.6% in Q4 2017 shows sustained net job creation of 68,000 in the second half of 2017 and a 0.1% reduction over one year in the number of Category A jobseekers (jobless people actively looking for any kind of work) to 3.45 million, the lowest in three years. The increase in the number of long-term jobseekers and persistent unemployment among older workers tempered this upturn.

[…]

City centres

Paris

Tourism in Paris made a comeback in 2017 led by foreign tourists (+38% in Q2 2017) who represented over 55% of visitors to the capital and 46% of tourists in Île-de-France at mid-year. The influx of visitors boosted tourist consumption by 12% over the first half of the year compared with the same period the previous year, with €10.15 billion spent for the most part on Parisian retailers.

The Right Bank of the Seine continued to dominate new store openings and accounted for over 70% of lettings in the capital. Personal goods remained the most active sector with around 44% of new store openings in Paris, followed by the restaurant (18%) and leisure sectors (12%).

[…]

Totalling over 80% of new store openings in 2017, Paris retained its status as an international luxury capital and widened the gap with the provinces, increasing from 68% of new store openings nationwide to 82% in 2017.

Provinces

In the provinces, after personal goods (45% of new store openings in 2017), the food & beverage sector represented a significant share of the operations conducted this year in city centre retail, totalling almost one-third of rental transactions carried out.

Lyon and Marseille accounted for half of new store openings in the provinces, with Lyon by far the leading provincial market for retail property.

Rental values: the end of the boom

The visible trend over the past few months seemed to solidify as rental values ended their meteoric ascent. Faced with demand conditioned by increasingly strict economic profitability criteria, lessors are ready to revise their expectations of rental revenue in order to maintain the occupancy rates of their assets at reasonable levels. This phenomenon should be confirmed over the coming months by the compression of rental values in certain high streets.

[…]

Shopping centres

Shopping centres: a declining new development offer

For shopping centres, 2017 was less active than previous years. Despite the upsurge in new outlets in October and November, total deliveries in 2017 amounted to almost 280,000 sqm, or around one-quarter less than in 2016.

Over the year, site extensions and reconfigurations, up since 2016, once again exceeded new developments, an indicator of the market's maturity. New developments accounted for 46% of properties delivered in 2017 while they exceeded 80% in 2015. The Val d'Europe and Carré Sénart same-generation supraregional centres were extended in Q2 and at the end of the year respectively. These two projects contributed to Île-de-France's increased share of new properties, going from 16% in 2016 to 22% in 2017.

New developments included several major projects such as the openings of Muse in the Metz city centre in mid-November and the Atrium shopping centre in Sarrola-Carcopino in Corsica a few weeks earlier.

[…]

Nearly 250,000 sqm should be added to the existing stock in 2018 – slightly less than in 2017 – with a return to new projects.

Resistance of rental values

The trends observed over the last few months seemed to confirm a solid resistance of rental values in the supraregional shopping centres, which remained refuge values for the main market retailers. While revenue was erratic, location remained essential and for the most part decisive. The trend was different in secondary locations where retailers' strategies more or less centered on performance. For certain retail categories rental values were negotiated downwards. Medium-sized properties showed signs of vulnerability in all categories with the market more limited in this bracket.

Combining occupancy, flows and revenue

Faced with increased competition, lessors are implementing defensive financial and operational strategies. They are increasingly resorting to complex arrangements by offering potential tenants options such as fit-outs, pure percentage leases, fixed rates, rate exemptions and step-up leases. Another strategy used by owners is to spread out "temporary" revenue by letting kiosks or pop-ups and offer specialty leasing. This revenue, while non-recurring, has the advantages of filling vacancies, preparing for classical lease marketing and ensuring an additional revenue reserve.

In response retailers have considerably raised their financial and strategic demands. Co-tenancy clauses, while not always formalised, remain a significant element in negotiations with lessors. The search for the ideal location contributes to extending time to market, including for the best sites.

Retail parks

Over 470,000 sqm were opened in 2017 in prime and peripheral retail parks on around forty sites. As in 2016, new outlets dominated activity and contributed to over 90% of openings in 2017.

[…]

The 2018 pipeline promises once again to be busy with over 750,000 sqm of peripheral properties planned for development in around 60 sites, including Les Promenades de Brétigny developed by Immochan in the southern part of Île-de-France. New outlets should once more dominate activity and account for almost 80% of planned properties, some in existing shopping centres.

[…]

Rental enhancement drivers

Stimulated by robust demand from retailers, the rental values of next-generation retail parks or first-class peripheral retail zones maintained their level across all property segments and even increased in the most sought-after locations. In secondary locations and second-class retail zones, the situation was more complicated, particularly for small properties, which are more difficult to market due to still fairly limited demand, and very large properties, for which there is a shortage of tenants with adequate capacity.

Realising the potential

Peripheral locations are shedding their traditional image and becoming more dynamic with the arrival of next-generation retail parks and a wider variety of tenants and activities. The merchandising mix is becoming more diversified, though lessors still have difficulties in bringing in a higher quality shopping offer in the smaller centres, which involves a paradigm shift in all marketing aspects (mid-size units/boutiques mix, segment management, etc.). A major challenge for lessors will be to maintain an attractive level of rental value while involving tenants traditionally active in the boutique format. Rental expenses are a key element of negotiations, so it is important to work on optimising costs while maintaining the quality of services.

Lastly, image has become a key component of asset enhancement. This requires qualitative, complete and balanced merchandising. Architecture remains a very significant element of differentiation for this unenclosed retail segment.

[…]

Investment market

A change of speed

Despite the €2.4 billion invested in retail assets, the second half of 2017 did not offset the decline in volumes recorded during the first half of the year. Nevertheless the year ended with a total volume of €3.6 billion invested in retail property, below the three previous years but above the 2008-2013 period and the average for the past decade (+2%).

This slowing in business corresponds to a market adjustment after the exceptionally high volumes recorded in 2014 and 2015. The convergence between sellers' and buyers' expectations is sometimes difficult to obtain at a time when core opportunities are rare. Moreover, the market is now mainly fed by the natural rotation of assets held by investment funds and the deliveries of new assets by developers. In a sector undergoing transformation where performance is constrained by consumption uncertainties, secondary asset transactions are more complicated to formalise due to a level of risk that is harder to manage.

[…]

In line with the trends observed until Q3, the market was mainly fed by small volumes (less than €50 million) with disposals increasing by 25% between 2016 and 2017.

This was not the case for retail assets over €50 million, where the number of disposals clearly fell this year. In 2014 and 2015 there were still around 15 asset disposals of over €100 million but only nine in 2016 and seven in 2017.

[…]

The share of portfolios doubled from 2016, going from 10% to 20% of total investments in retail property. Investments in retail property amounted to over €700 million, mostly in city centre retail properties and retail parks.

Players and yields

Investment funds confirmed their dominance in commercial asset acquisitions with a market share of 73% in 2017, its highest level since 2011. Acquisitions (€2.6 billion) fell by 1% year-on-year, although this was lower than for the previous period. Their position came at the expense of property companies which finalised most of their arbitrages and reduced their acquisitions with only €250 million invested in 2017. Insurance companies also considerably slowed the pace of their acquisitions from €650 million in 2016 to only €150 million in 2017, or a market share of 4%. This took them back to their 2006-2007 investment levels.

French investors remained very active in the domestic market, both in terms of acquisitions (65% of total investments) and disposals (60%). This trend contrasts with the figures for the last two years, and especially 2016, where the breakdown of acquisitions was almost balanced between national and international investors. International investors mainly comprised European funds which accounted for 31% of investments and 30% of sales in the retail sector.

By asset type, European funds remained very active in city centre retail property (39%); they also gained ground in the shopping centre segment (45%) with acquisitions by Stam Europe and Deka. In retail parks, French investors were the most active with 22% of their investments in this asset category. Middle-Eastern investors mostly refrained from acquisitions and disposals during the year, both in retail property and other asset classes.

Prime rates remained stable at an historically low level for all retail asset categories. An upward adjustment may be observed in certain city centre high streets in Paris and the provinces.

Regulatory news

The national city centre action plan

Part 2 of the national *Cœur de ville* (city centre) action plan got going with the government's press release in December responding to proposals from various retail stakeholders regarding retail abandonment of city centres in France.

The action plan provides for over €5 billion in financing, in partnership with the *Caisse des Dépôts*, for medium-sized cities to serve as regional hubs. Funding will take into account housing and retail aspects along with economic activity, transport policy and new technology.

The plan proposes the implementation from 2018 for the first cities concerned of a framework contract at the municipal and intermunicipal levels and between public and private partners. It aims to facilitate procedures, especially access to financing for all project developers. The government has stressed the «customised» aspect of the plan.

With regard to retail, among other measures the plan provides for:

- Bringing sales and other taxes on physical and digital commerce into line;
- Scrapping the retail permit (AEC) for anchor brands;
- Providing human and financial resources to local authorities in order to promote the attractiveness of city centres;
- Encouraging the use of digital technology by retailers;
- Setting up the Coeur de Ville web portal catering to project developers;
- Commissioning a study on medium-sized cities and vacancies in city centres.

The plan goes beyond the recommendations made by professional bodies by allowing the suspension, on a case by case basis, of retail development projects that would destabilise the government's territorial renewal plan (ORT).

[…]

The office market in Île-de-France

Source: CBRE study Q4 2017 "Market View – Paris Region Office".

An excellent 2017 driven by growth

The highest performing year since 2007

In the footsteps of a clearer economic situation with confidence in companies that has been gradually restored, the Ile-de-France market in 2017 reached a new peak since 2007, with a take-up of 2.6 million sqm (+8% compared to 2016, and +15% compared to the 2007-2016 average).

The 0-5,000 sqm market, with nearly 1.5 million sqm, remained robust thanks to take-up in line with the good performance in 2016 (-3%) and 7% higher than the average between 2007 and 2016. The lack of available space in Paris, occupiers benefited to some instances to peripheral submarkets. This has compensated for the decreased volumes in this surface area segment in Paris.

Transactions > 5,000 sqm have played a significant role in the excellent performance of the market in Ile-de-France: 88 signatures for over 1.1 million sqm, with 38 transactions in the Q4. Large occupiers have a higher have won visibility and tranquillity, enabling them to go forward and accelerate their decision and real estate projects. Most of them are focused on the search for new and redeveloped buildings. The good take-up performance of speculative constructions and the signature of important turnkey and owner-account contracts also boosted volumes in 2017.

In Paris Centre West, the 0-5,000 sqm slowed down over the year (-9%) due to the lack of supply, which negatively impacted performance in the Centre (-29%). Take-up in Etoile rose (+6%), benefiting from occupiers transfers. There were more > 5,000 sqm transactions than ever, with 23 signatures (compared to an average of 9 over the past 10 years). Most of these were pre-let transactions, due to the lack of supply. For space > 5,000 sqm in the rest of Paris, the year was not as prosperous. However, the < 5,000 sqm performance was dynamic.

La Défense had limited take-up after a record year in 2016. The rental market was particularly driven by 6 signatures > 5,000 sqm, despite the lack of high quality properties immediately available.

The Western Crescent had a very good year, boosted by the dynamic of large transactions, with 23 moves (as opposed to 15 on average between 2007 and 2016), 6 of which were in Issy-les-Moulineaux and Nanterre. After several underperforming years, the Northern and Southern Inner Rim scored their highest performance of the last 5 years. The Eastern Inner Rim was negatively impacted by a limited property stock.

A slight drop in vacant space

In Ile-de-France, the vacant space decreased by 5% in 2017, to under 3.4 million sqm in the beginning of 2018, or a vacancy rate of 5.9%.

With a lower proportion of the good quality supply (only 15%), occupiers preferred to position themselves prior to the actual delivery. They sometimes even positioned in the early upstream phase projects instead of the second-hand. To a certain extent, this limited the consumption of vacant space.

The occupancy rate in Paris Centre West dropped to its lowest level in 10 years, 3%, with a supply of large surface areas that remained limited.

In La Défense, good quality space is limited, with a 7.8% vacancy rate. This is also the case for the most established markets of the Western Crescent—Neuilly-Levallois, Boulogne-Issy and Nanterre.

In the Northern and Southern Inner Rim, occupiers have a much larger selection, although the selection is more and more restricted for new / refurbished premises. The Inner Eastern Rim remains tight.

Limited renewal of high quality properties in 2018

At the beginning of 2018, future definite supply represented nearly 1.9 million sqm. 1.2 million of these will become available over the course of 2018. The renewal of speculative developments in the last quarters could result in a volume of new or refurbished surface areas placed on the market that is higher than in the past few years. However, the increasingly higher proportion of pre-lets should limit this renewal.

Rise in headline rent in central locations

In Paris and in the CBD in particular, headline rents continued to rise in 2017. In the tight markets in western Île-de-France, headline rents on good quality buildings seem to now be more aligned with the initial ambitions of their owners. The commercial incentives continue to be significant: the average gap between the headline rent and the economic rent reached 22,2% of the level in Ile-de-France over the course of the 3rd quarter in 2017. Decreases were recorded in central locations such as Paris Centre West. The Western Crescent and the Inner Rim became more stable.

2018: Sustaining the dynamism

The ingredients of the vitality of the Paris office market are growth perspectives for 2017 that have been revised upwards recently, and a better business climate with companies having more confidence in the future. In this generally positive context, there should be more job creation in the upcoming quarters, which should sustain the dynamism in the 0-5,000 sqm segment in 2018. The lack of supply in Paris should further the transfers of certain occupiers to markets in the nearby suburbs. The reasons behind the moves of a vast majority of large occupiers will remain their looking for efficient and functional premises to modernise their premises and incorporate new working methods. Several major transactions are under negotiation. They indicate that 2018 performance should be up to the excellent performance in 2017.

The dynamism of the market offers a good visibility on the rent increases in locations where vacancy rates are tight, especially as the renewal of high quality supply will remain limited in 2018.

1.4.3 The Group's analysis of market trends

The economic environment improved significantly in 2017, with GDP growth of 2% resulting in job creation, lower unemployment and a slight increase in household spending. Nevertheless, brick-and-mortar retail activity remained lacklustre. Revenue figures from the Procos panel in 2017 slipped 0.2%, with a sharp disparity between consumer segments. The services, food and catering sectors saw growth of 1.6%, 1.3% and 0.5% respectively in 2017 while e-commerce sales rose 13.5% over the period. The transformation of physical retailing continued and even gathered pace with the most profitable brands adopting multichannel strategies and online retailers acquiring brick-and-mortar chains. Several national and international retailers struggled against this backdrop (e.g. in the clothing and toy segments) and the downward trend of rental values continued with the exception of the most prestigious locations. In 2017, three medium-sized stores belonging to struggling national chains vacated their M.R.M. premises, and the Group had to extend time-to-market and underwent tougher financing conditions on certain lease renewals.

Rental demand in the office property segment remained steady and rose by 8% to 2.6 million sqm in Île-de-France in 2017, driven by transactions in properties of over 5,000 sqm. Trends in interest rates and the ready availability of capital for investments contributed, for assets offering secure rental yield, to the continued decline in capitalisation rates with, nevertheless, a strong dichotomy between premium assets where investment demand is concentrated and other assets.

The continuation of low interest rates in 2017 created a favourable environment which enabled M.R.M. to renegotiate cheaper lines of credit at fixed rates and reduce its average cost of debt.

1.4.4 M.R.M.'s asset portfolio as of 31 December 2017

As of 31 December 2017, M.R.M. had a mixed asset portfolio combining office and retail properties valued at €199.6 million excluding transfer taxes compared with €197.8 million as of 31 December 2016.

This increase was due to investments in retail property under the value-enhancement plans which were partly offset by the lowered value of office property and notices received from tenants on three medium-sized retail spaces.

At end-2017, the asset portfolio comprised 84,935 sqm of retail space and 18,629 sqm of office space.

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

Phase 1. Portfolio composition

- Dynamique Bureaux/M.R.M. merger

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

  The portfolio then contained nine office property assets representing a total area of 53,650 sqm. The transaction was approved by 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 by Commerces Rendement appraised at €143 million excluding transfer taxes as of 31 August 2007.

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

- Acquisitions carried out by M.R.M.

  Acquisitions from 1 September to 31 December 2007: office buildings in September and October for €65.5 million, retail properties in September for €3.8 million and mixed office and retail space in November and December for €80.4 million (all excluding transfer taxes).

  Acquisitions in 2008: an office building in April for €6 million and retail properties (two garden centres and five restaurants) in May and July for €11.3 million (all excluding transfer taxes).

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

Phase 2. Disposals as part of an adjustment plan

Over the 2009-2012 period, as part of an adjustment plan including a major asset disposal programme, M.R.M. made the following disposals:

In 2009, three retail properties were sold for a total of €22.7 million excluding transfer taxes.

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 were sold for a total of €15 million excluding transfer taxes.

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) were sold for a total of €55.3 million excluding transfer taxes.

In 2012, five retail properties (in Claye-Souilly, Coignières, Créteil, Montigny-lès-Cormeilles and Pierrelaye), an office property (on rue Niepce in Paris in the 14th *arrondissement*) and a residential space (in a retail property in Tours) were sold for a total of €22.5 million excluding transfer taxes.

Phase 3. Refocus on retail property

As part of its strategy of refocusing on retail property, begun in mid-2013 following the taking of control by SCOR SE, M.R.M. has since sold the following office properties and acquired the following retail assets.

In 2013, an office property on rue de la Bourse, Paris (2nd *arrondissement*) was sold for €10.4 million excluding transfer taxes.

In 2014, two office buildings on rue Cadet in Paris (9th *arrondissement*) and Rungis were sold for €22.5 million excluding transfer taxes,

In 2015, an office property on rue de la Brèche-aux-Loups, Paris (12th *arrondissement*) was sold for €16.8 million excluding transfer taxes,

In 2016, three office properties located in Rueil-Malmaison, in Les Ulis and in Cergy-Pontoise, were sold for an amount of €38.4 million excluding transfer taxes.

In 2017 full ownership of the Aria Parc retail park in Allonnes was acquired for a total of €1.8 million excl. tax and a small retail unit formerly operated by Gamm Vert was sold for a modest sum under the active management of the retail property portfolio.

Of the nine office properties that M.R.M. held in its portfolio in June 2013, two remain to be sold. M.R.M. aims to withdraw from the office sector during 2018.

A mixed portfolio that is being refocused

	31/12/2017	31/12/2016
Value excl. transfer taxes	€199.6m	€197.8m
	+0.9% vs 31/12/2016	-12.4% vs 31/12/2015
	+0.9% excl. effect of disposals	+5.7% excl. effect of disposals
Total area	103,564 sqm	104,973 sqm
Value breakdown	80% retail/20% office properties	77% retail/23% office properties

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. It consists of shopping centres and malls, highstreet retail units, independent suburban retail premises and premises in retail parks. The vast majority of the 126 retail property tenants are national and international brands. Together, these retailers account for 78% of gross annualised rent.

As of 1 January 2018, the retail property portfolio represented an area of 84,935 sqm and was valued at €159.0 million excluding transfer taxes. Its surface area occupancy rate was 76% compared with 84% one year earlier. During 2017, 11 leases (1) were signed for an annual rent of €0.8 million. The retail portfolio generated a net annualised rent (2) of €7.4 million as of 1 January 2018, down 6.1% from 1 January 2017.

However, all leases signed in 2017 had not yet taken effect as of 31 December 2017. As such, the leases signed will take effect on a staggered basis until mid-2018 and will allow for an additional potential three point increase of the occupancy rate for the retail portfolio.

During 2017, investments in the properties portfolio stood at €8.0 million. These were primarily:

- The reconfiguration and extension of Carré Vélizy, a mixed retail/office development located in Vélizy-Villacoublay opposite the Vélizy 2 shopping centre. Work on this site, which began at the end of 2016 with a view to renovating 1,000 sqm to house Gautier and Indiana Café outlets, was completed in 2017. The new retail outlets enhance the site's commercial appeal and were opened to the public in the third quarter of 2017;
- The acquisition of a co-ownership unit in the Aria Parc retail park in Allonnes. In June 2017, M.R.M. acquired the last remaining retail unit it did not own in the retail park. The 1,500 sqm unit was leased by Basic-Fit (a leading European chain of fitness studios) in early January 2017 for a period of ten years, including a firm lease of nine years. The acquisition amount was €1.8 million excluding transfer taxes. Coupled with the 2,300 sqm extension programme to house a new anchor brand (the homeware store Maison Dépôt), it increased the surface area of the Aria Parc retail park, of which M.R.M. is now the sole owner, from 9,000 sqm to 12,800 sqm;
- The renovation of the Sud Canal shopping centre in Saint-Quentin-en-Yvelines. After completing the reconfiguration of 5,000 sqm of the Loggias building at the end of 2016, M.R.M. undertook qualitative and sustainable renovations of the entire site in the first half of 2017, giving a new visual identity to the local shopping centre to enhance consumers' shopping experience and promote retailers;
- The renovation and technical upgrade of the current 4,000 sqm shopping mall adjoining the Carrefour hypermarket in École-Valentin north of Besançon. Now that the administrative permits have been obtained free of any third party claims, extension work to add 2,400 sqm of rental space to the mall can start in the first half of 2018;
- The reconfiguration of the Passage de la Réunion shopping mall in the historical centre of Mulhouse with a view to housing a 1,000 sqm fitness studio on the first floor. The works were completed in the fourth quarter of 2017, the lease is in effect and the mall is scheduled to reopen in the first quarter of 2018.

During the year, M.R.M. sold a 500 sqm retail unit formerly leased by Gamm Vert for a modest sum and began discussions to sell another two small retail units that are currently vacant.

(1) Leases signed or renewed.

(2) Buildings in operation as of 1 January 2018 excluding taxes, rent-free periods and support measures for lessees.

► BREAKDOWN OF RETAIL PORTFOLIO (LOCATION, AREA)

Retail properties	Type	Location	Area (in sqm)
Sud Canal, Saint-Quentin-en-Yvelines (78) – 41, boulevard Vauban, Montigny-le-Bretonneux	Shopping mall	Île-de-France	11,596
Carré Vélizy, Vélizy-Villacoublay (78) – 16-18, avenue Morane Saulnier	Mixed complex	Île-de-France	11,889
Aria Parc, Allonnes (72) – ZAC du Vivier – Route de la Bérardière	Retail park	Le Mans	10,519
Les Halles du Beffroi, Amiens (80) – Place Maurice Vast	Shopping centre	Amiens	7,535
Galerie du Palais, Tours (37) – 19, place Jean Jaurès	Shopping mall	Tours	6,887
Passage de la Réunion, Mulhouse (68) – 25, place de la Réunion	Shopping mall	Mulhouse	6,011
École-Valentin, Besançon (25) – 6, rue Chatillon	Shopping mall	Besançon	4,018
Reims (51) – 2-10, rue de l'Étape	High str.	Reims	2,829
Mer (41) – Gamm Vert – Portes de Chambord	ISRP	Centre	8,616
Nozay (91) – Gamm Vert – ZA de la Butte	ISRP	Île-de-France	3,143
Romorantin (41) – Gamm Vert – ZAC de Plaisance	ISRP	Centre	2,436
Salbris (41) – Gamm Vert – Avenue de la Résistance	ISRP	Centre	1,630
Lamotte-Beuvron (41) – Gamm Vert – 9-11, avenue de l'Hôtel de Ville	ISRP	Centre	1,221
Brie-Comte-Robert (77) – Gamm Vert – ZI de La Haye Passart	ISRP	Île-de-France	1,191
Onzain (41) – Gamm Vert – 10, rue Lecoq	ISRP	Centre	1,002
Montoire-sur-le-Loir (41) – Gamm Vert – 23, rue de la Paix	ISRP	Centre	901
Mer (41) – Gamm Vert – 21, route d'Orléans	ISRP	Centre	835
Selles-sur-Cher (41) – Gamm Vert – 2, place Charles de Gaulle	ISRP	Centre	766
Vierzon (18) – Gamm Vert – rue Étienne Dolet	ISRP	Centre	676
Saint-Aignan (41) – Gamm Vert – 2, rue des Vignes	ISRP	Centre	629
Cour Cheverny (41) – Gamm Vert – 24, boulevard Carnot	ISRP	Centre	605
TOTAL RETAIL			**84,935**

High str.: high street retail unit.
Shopping centre: shopping centre.
Shopping mall: shopping mall.
ISRP: independent suburban retail premises.

Retail properties	31/12/2017	31/12/2016
Portfolio value (1)	€159.0m	€152.8m
Total area	84,935 sqm	86,344 sqm
Location (2)	58% in the provinces	60% in the provinces
	42% in the Paris region	40% in the Paris region
Occupancy rate (3)	76%	84%
Net annualised rent (4)	€7.4m	€7.9m
Overview of tenants:		
• number of tenants	126	133
• proportion of national and international brands	78% of rents received (e.g. Gamm Vert, Office Depot, Habitat, Carrefour Market, Fitness Park, Simply Market, Joué Club, Action, Gautier, Indiana Café, Basic-Fit)	78% of rents received (e.g. Gamm Vert, Office Depot, Habitat, Go Sport, Carrefour Market, Fitness Park, Simply Market, Tati, Joué Club, Action)

(1) Excluding transfer taxes.
(2) Based on values excluding transfer taxes.
(3) Occupancy rate as of 1 January N+1 based on areas.
(4) Buildings in operation as of 1 January N+1 excluding taxes, rent-free periods and support measures for lessees.

► LEASE MATURITIES OF OFFICE PROPERTIES MAIN TENANTS

Tenants	% of retail rents	Type of lease Maturity
Tenant No. 1	5.3%	Commercial (6/9/12) 01/2021
Tenant No. 2	4.9%	Commercial (6/9/12) 07/2021
Tenant No. 3	3.4%	Commercial (3/6/9) 12/2025
Tenant No. 4	2.7%	Commercial (3/6/9) 10/2023
Tenant No. 5	2.6%	Commercial (3/6/9/12) 09/2020
Tenant No. 6	2.3%	Commercial (3/6/9/10) 08/2026
Tenant No. 7	2.2%	Commercial (3/6/9) 12/2025
Tenant No. 8	2.1%	Commercial (3/6/9) 03/2023
Tenant No. 9	1.9%	Commercial (6/9/10) 05/2027
Tenant No. 10	1.8%	Commercial (3/6/9/12) 03/2018
TOTAL RENT FROM 10 MAIN TENANTS	**29.1%**	
Annual retail rents	*100%*	

Office portfolio

Office property assets are located in business and industrial areas in the Paris region. The Group's aim is to finalise the disposal of the last two properties in its office portfolio in 2018 and thereby complete its refocus on its retail property business.

As of 31 December 2017, the office portfolio covered a total area of 18,629 sqm and was valued at €40.6 million excluding transfer taxes.

Of this portfolio, two leases representing total annual rent of €0.3 million were signed in 2017. As of 1 January 2018, the office portfolio comprised one vacant property held for sale as is and one occupied property generating net annualised rent of €2.0 million, up from 1 January 2017. The occupancy rate of offices in use rose from 69% on 1 January 2017 to 78% on 1 January 2018. However, two leases signed in the first quarter of 2018 will raise the occupancy rate to 88%.

► BREAKDOWN OF OFFICE PORTFOLIO (LOCATION, AREA)

Office properties	Location	Area (in sqm)
Nova, La Garenne-Colombes (92) – 71, boulevard National	Île-de-France	10,659
Urban, Montreuil (93) – 14-20, boulevard de Chanzy	Île-de-France	7,970
TOTAL OFFICES		**18,629**

Office properties	31/12/2017	31/12/2016
Portfolio value (1)	€40.6m	€45.0m
Total area	18,629 sqm	18,629 sqm
Occupancy rate (2)	78%	69%
Net annualised rents (3)	€2.0m	€1.7m

(1) Excluding transfer taxes.
(2) Occupancy rate as of 1 January N+1 based on area of buildings in operation.
(3) Buildings in operation as of 1 January N+1 excluding taxes, rent-free periods and support measures for lessees.

► LEASE MATURITIES OF OFFICE PROPERTIES MAIN TENANTS

Up to 2015, the Group provided information on the ten office property main tenants. In view of the Group's refocus on its retail property business, and given that since end 2016 it has had only two office properties, of which only one in operation, this information is no longer considered relevant.

► PORTFOLIO OVERVIEW AS OF 31 DECEMBER 2017

	Retail properties	Office properties	Total
Area	84,935 sqm	18,629 sqm	103,564 sqm
Value (1)	€159.0m	€40.6m	€199.6m
Occupancy rate (2)	76%	78%	77%
Net annualised rents (3)	€7.4m	€2.0m	€9.4m

(1) Excluding transfer taxes.
(2) Occupancy rate as of 1 January 2018 based on area of buildings in operation.
(3) Buildings in operation as of 1 January 2018 excluding taxes, rent-free periods and support measures for lessees.

1.4.5 Subsequent events and ongoing projects

In the first quarter of 2018, the administrative permits for the extension of the Aria Parc retail park in Allonnes and the shopping mall adjoining the École-Valentin shopping centre in Besançon came into effect.

The Aria Parc value-enhancement programme can therefore go ahead. Having acquired full ownership of the site in 2017, the next step is to set up a medium-sized unit of 3,300 sqm by extending a currently vacant 1,000 sqm retail unit by 2,300 sqm to house a new anchor brand in the fourth quarter of 2018, namely the homeware store Maison Dépôt.

As for the mall next to the École-Valentin shopping centre, after the renovation in 2017 of the existing 4,100 sqm which created a new warm, modern environment, the value-enhancement programme will continue with a 2,500 sqm extension of rental space through a partial reconfiguration of the mall. The total surface area of the mall will be brought to 6,600 sqm comprising 45 stores and two medium-sized retail units. The car park will also get a makeover with the addition of an outdoor parking area. Work should begin in the second quarter of 2018 and be completed in 2019.

1.4.6 Main investments carried out by the Company in the last three financial years

	2017	2016	2015
Retail properties			
Acquisitions	€1.8m	-	-
Investments/Capex	€6.2m	€5.8m	€0.8m
Office properties			
Acquisitions	-	-	-
Investments/Capex	-	€1.5m	€3.8m
TOTAL	**€8.0m**	**€7.3m**	**€4.6m**

A total of €8.0 million was invested in the retail property portfolio in 2017. Expenditure focused on the acquisition of a 1,500 sqm retail unit in the Aria Parc retail park in Allonnes, the reconfiguration and extension of Carré Vélizy in Vélizy-Villacoublay to house Gautier and Indiana Café, the renovation of the shopping mall next to the Carrefour École-Valentin shopping centre in Besançon, the reconfiguration of the first floor of the Passage de la Réunion shopping centre in Mulhouse to house a 1,000 sqm fitness studio, and the new visual identity renovation of the open-air Sud Canal shopping centre in Saint-Quentin-en-Yvelines.

1.4.7 Strategy and outlook

Since the Company's recapitalisation on 29 May 2013, which enabled it to strengthen its financial position, reduce its debt and reschedule its bank maturities, M.R.M.'s strategy has been to refocus its activities on retail properties and to gradually sell off its office properties.

To date, seven of the nine office properties that M.R.M. held in June 2013 have been sold. The M.R.M. office portfolio now contains only two assets whose disposal is already underway: Nova in La Garenne-Colombes, a fully redeveloped building of 10,700 sqm awarded HQE and BREEAM In-Use certification (Good) with 88% occupancy, and Urban in Montreuil, a vacant building of 8,000 sqm to be sold as is.

M.R.M. aims to complete its withdrawal from the office segment in 2018.

With a solid financial structure, M.R.M. also committed to an investment plan designed to make the most of the potential value of its retail properties. This includes seven value-enhancement programmes for a total projected investment of €35 million. In 2016-2017 six of the seven programmes began, amounting to €13.3 million, and three were completed, namely (i) the reconfiguration and repositioning of the Les Halles de Beffroi shopping centre in Amiens, (ii) the reconfiguration and reletting of 5,000 sqm in the Sud Canal shopping centre in Saint-Quentin-en-Yvelines, and (iii) the reconfiguration and extension of the Carré Vélizy mixed office/retail complex in Vélizy-Villacoublay to strengthen the retail component.

In 2018, M.R.M. plans to start its last value-enhancement programme to renovate the Galerie du Palais in Tours. Barring unforeseen events, 2018 should also see the start of extension works to the shopping mall adjoining the École-Valentin shopping centre in Besançon (delivery in 2019) and to the Aria Parc retail park in Allonnes (delivery in 2018). Thus all the value-enhancement programmes set up for retail properties should, barring unforeseen events, be ongoing or completed by 2018, and €21.4 million should be invested during 2018.

Taking the new spaces to be created [(1)] into account and assuming an occupancy rate of 95% for the retail property portfolio, M.R.M. has set itself the target of a total net annualised rent for these assets of over €10 million at the end of the value-enhancement programme expected in late 2019 (excluding acquisitions or disposals), compared with €7.4 million as of 1 January 2018.

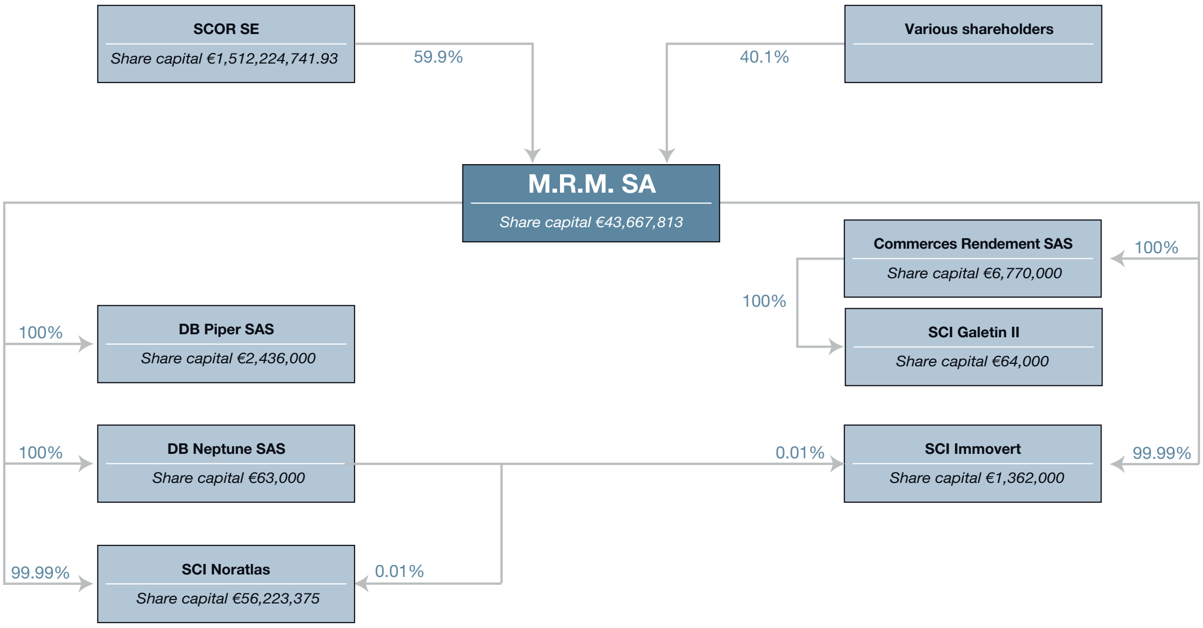
Moreover, in line with its active portfolio management strategy, M.R.M. is considering the possibility of carrying out further acquisitions or disposals.

(1) Au sein du Shopping centre Valentin et d'Aria Parc.

1.5 Group ownership structure

The list of consolidated entities as of 31 December 2017 appears in section 3.7 "Consolidated financial statements" for the year ended 31 December 2017 of note 3.2 "List of consolidated entities" to the consolidated financial statements in this Registration Document.

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



As of 31 December 2017, M.R.M. controlled six companies, just as it did as of 31 December 2016.

All Group entities are directly or indirectly wholly owned by M.R.M. which has itself been 59.9% owned by SCOR SE since 29 May 2013.

The head office addresses of all Group entities appears in note 3.2 "List of consolidated entities" in section 3.7 "Consolidated financial statements for the year ended 31 December 2017" of this Registration Document.

M.R.M.'s role vis-à-vis its subsidiaries is described in paragraph 1.3 "Situation and activities of the companies controlled by M.R.M. and their asset portfolios" of section 3.6 "Management report for the year ended 31 December 2017" of this Registration Document.

Details of each subsidiary's activities can be found in paragraphs 1.3.1 "Retail portfolio" and 1.3.2 "Office portfolio" of section 3.6 "Management report for the year ended 31 December 2017" of this Registration Document.

The main financial flows between M.R.M. and its subsidiaries, namely credit facilities, fees for chairpersons and service fees, can be found in the "List of subsidiaries and affiliates" and "Breakdown of net revenue" notes in section 3.9 "Annual financial statements for the year ended 31 December 2017" of this Registration Document.

The structure of M.R.M.'s balance sheet is presented in section 3.9 "Annual financial statements for the year ended 31 December 2017" of this Registration Document.

1.6 Group organisation

Since M.R.M.'s recapitalisation on 29 May 2013, SCOR SE has held 59.9% of its share capital.

The SCOR group is the fourth largest reinsurer in the world with over 4,000 clients. It issued more than €14.8 billion in gross premiums in 2017 and employs 2,801 people worldwide with 64 different nationalities represented in 29 countries.

The SCOR group runs two business lines in reinsurance and an asset management business:

- SCOR Global P&C (property & casualty) has reinsurance operations in Property and Casualty, Specialty, Business Solutions (discretionary), Joint-Ventures, and Partnerships;
- SCOR Global Life (life reinsurance) has life reinsurance operations;
- SCOR Investment Partners SE is an asset management company wholly owned by SCOR SE. It has been fully operational since 2009 and is regulated by the AMF.

The SCOR group is organised around four major hubs located in Paris/London and Zurich/Cologne for Europe, Singapore for Asia and New York/Charlotte/Kansas City for the Americas Hub.

As M.R.M.'s majority shareholder and by virtue of sitting on its Board of directors and Strategic Committee (see paragraph 1.3 "Composition of the Board of directors" of the corporate governance report in section 4.1 of this Registration Document), SCOR SE intends to support the Company's new strategy of refocusing on its retail portfolio.

In addition to the dividends M.R.M. may pay out to SCOR SE in its capacity as a shareholder, the financial flows between the two parties are restricted to (i) rents and service charges paid to SCOR SE under the lease for office premises at avenue Kléber in Paris for €54 thousand annually including expenses but excluding tax, and (ii) amounts paid to SCOR SE under the loan granted to an M.R.M. subsidiary (see paragraph 1.18 "Agreements referred to in Articles L.225-38 and L.225-40-1 of the French Commercial Code" of the corporate governance report in section 4.1 of this Registration Document). For more information on SCOR SE, see www.scor.com.

M.R.M.'s management team (Executive management and Financial Management) has been in-house since 1 August 2013. In 2015, in order to strengthen control of its operations and costs, and to optimally assess its retail portfolio on which the Group is currently refocusing, M.R.M. implemented a new way to organise the asset management of its shopping centres by managing said assets in-house. To this end, M.R.M. recruited a Head of Asset management in August 2015. In 2017, the property asset management consultancy agreement binding M.R.M. and some of its subsidiaries to CBRE Global Investors ended. The contractual links between CBRE Global Investors and M.R.M. group are outlined in section 5 «Significant contracts» of this Registration Document.

For the rental management (collection and recovery of rental payments) and technical management of its properties, the Group uses experienced property management companies with skills acknowledged on the market.

1.7 Human resources

Following the recapitalisation of M.R.M. in 2013, the Company brought Executive management and Financial Management back in-house as of 1 August 2013. Prior to this, the Company had no employees.

In 2015, the asset management of its property assets was reorganised and the Company appointed an in-house Head of Asset management for its shopping centres.

The Company currently has four employees who are all based at the head office at 5 avenue Kléber, Paris (16th *arrondissement*). The Company's Chief Executive Officer is a remunerated corporate officer (see paragraph 2.2.1. «Remuneration of the Chief Executive Officer» of the corporate governance report in section 4.1 of this Registration Document).

Currently no employees of the Company or its subsidiaries are in receipt of stock options or bonus shares. Nor is there currently any agreement providing for an employee shareholding scheme.

The Company's human resources policy is set out in full in paragraph 4 "Information on corporate social responsibility" of the management report of the Board of directors in section 3.6 of this Registration Document.

1.8 Research and development

Due to the nature of its business as a real estate investment Company, M.R.M. 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 Company's environmental policy is set out in full in paragraph 4 "Information on corporate social responsibility" of the management report of the Board of directors in section 3.6 of this Registration Document.

1.10 Significant changes in the financial or commercial position

M.R.M. marked its tenth full financial year as a listed real estate investment Company in 2017.

Having strengthened and enhanced its financial position since the recapitalisation operation in 2013, and in line with the direction taken after SCOR Group became a majority shareholder, M.R.M.'s strategy is to continue to refocus its activities on the holding and management of retail properties, continuing to gradually dispose of its office properties.

2. RISKS 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.

The procedures in place to monitor risks relating to the preparation and processing of accounting and financial information are detailed in paragraph 1.7 of the management report in section 3.6 of the present Registration Document.

2.1 Legal risks

Risks related to 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 Company's business may in particular be influenced by the new retail rents index (ILC), which is set to replace the construction cost index (ICC), and by the Pinel Law, which modifies the list of service charges, work, taxes, duties and fees which may be charged to tenants on leases concluded or renewed from 3 November 2014.

See "Economic risk" in section 2.2 of this Registration Document for more information on the ILC.

Risk related to the SIIC tax regime

Since 1 January 2008, the Company has benefited from the SIIC status governed by Article 208-C of the French General Tax Code under which it is exempt from corporate income tax, subject to distribution conditions, on the part of its profit derived from the rental of its properties, capital gains on the sale of properties or of certain stakes in real estate companies, and 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.

Moreover, the Company would lose the benefit of the SIIC regime if one or more of its shareholders acting in concert (other than listed companies benefiting from the SIIC regime) were to hold 60% or more of its shares or voting rights. The Company currently does not envisage one of its shareholders directly or indirectly holding 60% or more of its shares. However, since 29 May 2013, the majority shareholder, SCOR SE has held 59.9% of the share capital of M.R.M. Accordingly, M.R.M. and the SCOR Group mobilised their teams to hedge against this risk by actively monitoring trends in shareholders' capital holdings and voting rights in M.R.M. and notably by registering M.R.M. shares in the bearer share account of SCOR SE, so as to avoid the acquisition of double voting rights that would enable SCOR SE to break through this threshold. However, the Company cannot guarantee that trading in its shares or shareholders acting in concert will not cause this 60% share capital threshold to be crossed.

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 related to 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

In the normal course of business, the Group may be involved in legal proceedings or be audited by tax or regulatory authorities. Each of these risks carries a financial risk and a reputational and/or image risk. To the best of the Company's knowledge, at the date of filing this Registration Document, there was no significant litigation at Group level not reflected in the financial statements. Information on provisions for risks and litigation is detailed in note 4.11 to the consolidated financial statements in section 3.7 of this Registration Document. In 2014, a provision of €372 thousand for a tax dispute was recognised. Since the case was closed, this provision was reversed in 2017. At 31 December 2017, no provisions for risks and disputes were booked by the Group.

As of the date of this Registration 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 twelve months, a 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 that are likely to have a material impact on the financial position or profitability of the Company and/or the Group.

2.2 Risks related to the business environment

Risk related to the property asset valuation

The Company's property portfolio is appraised on 30 June and 31 December of each year. The contact details of the Group's appraiser and the methodology used in its appraisals are set out in section 1.2.1 "The Group's asset profile" of this Registration Document.

The appraisals carried out on 31 December take the form of a detailed report while those carried out on 30 June are an update. M.R.M. uses the fair value accounting method for its property assets in line with the option offered by IAS 40 which consists of recording 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, as of 31 December 2017, the change in the fair value of properties reduced Group income by €6,444 thousand.

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 valuation 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.

At 31 December 2017, on a like-for-like basis (i.e. after restatement for asset disposals carried out in 2017), it is noted that, in terms of asset valuations, calculated on the basis of appraisal value excluding transfer taxes, by the appraiser, Jones Lang LaSalle, had the following impacts the Company:

Portfolio value excluding transfer taxes *(in millions of euros)*	31/12/2017	31/12/2016 restated (1)	Change	% change
Retail properties	159.0	152.7	+6.3	+4.1%
Office properties	40.6	45.0	-4.4	-9.8%
M.R.M. ASSET PORTFOLIO	**199.6**	**197.7**	**+1.9**	**+0.9%**

(1) Restated for disposals carried out in 2017.

In 2017, the following was noted:

- An increase in the value of retail assets, reflecting the progress of asset valuation plans based on their stage of development;
- A decline in the value of office property assets.

A sensitivity study simulating a change in capitalisation rates as of 31 December 2017 showed that a 50 basis-point increase in these rates would reduce the asset portfolio value by €13,070 thousand (-8.2%), whereas a 50 basis-point reduction would increase it by €15,650 thousand (9.9%).

Economic risk

Since the Group's real estate portfolio is made up of retail assets and office properties located in France, changes in the main French macroeconomic indicators are likely to affect M.R.M.'s business, its rental revenues, 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 rental indices could significantly affect its business and development, and thus its growth prospects.

- A prolonged economic slowdown at the national or international level and/or in the property market could continue to entail:

(i) Weaker demand for renting the Group's property assets leading to increased risk of vacancy if a tenant leaves as well as a longer time required to let its properties that are currently partly or wholly vacant, which would have an adverse impact on a) the value of the Company's property portfolio and b) its operating income (no rental revenues and property expenses not recovered for those properties);

(ii) A deterioration in the capacity of tenants to fulfil their obligations to the Group, notably to pay their rent;

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

- A downward revision in the valuations or a slowdown in the growth of the indices on which the rents paid by tenants of the Group's property assets are indexed could also weigh on its rental revenues (invoiced rents and key money received). In addition to publishing the construction cost index (ICC), the INSEE launched the new ILC index in 2009. This index comprises the retail rent index (ICC) for 25%, the retail revenue index (ICAV) for 25% and the consumer price index (IPC) for 50%. The ICC stood at 1,667 in the fourth quarter of 2017, up from 1,670 the previous quarter. Over one year, the ICC increased by +1.3% in 2017 compared with +1.0% in 2016. The ILC stood at 111.33 in the fourth quarter of 2017 versus 110.78 the previous quarter. Over one year, the ILC increased by +2.2% in 2017 compared with +0.5% in 2016.
- A substantial increase in interest rates could entail:

(i) Higher investment costs for debt-financed investments (property asset acquisition or renovation);

(ii) A decline in the value of the Group'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 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 Group'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 when 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 a 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 climate could result in leases not being renewed or premises being vacated early due to tenants getting into difficulties, in addition to problems associated with 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 main tenants are bound by firm leases that can run for three to twelve years with expiration dates stated in section 1.4.5 of this Registration Document. Clauses in such leases can provide for termination indemnities.

The top ten tenants in the retail property portfolio

As of 1 January 2018, the top tenant in the retail property portfolio accounted for 5.3% of rents in the retail property portfolio. The top five tenants accounted for 18.9% of rents in the retail property portfolio. The top ten tenants accounted for 29.1% of rents in the retail property portfolio (compared with 30.5% as of 1 January 2017).

Up to 2015, the Group provided information on its top ten office property tenants. Given the Group's refocusing on retail property and the fact that since the end 2016 the office portfolio contained only two assets, of which only one is in operation, this information is no longer considered relevant.

Risks related to the Company's disposal of certain property assets

The Company, as part of the active management of its property assets, and more specifically as part of its plan to gradually sell off its office buildings, may end 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 disposal schedules, the Company may not be able to sell part of its property assets under satisfactory terms.

Risks related to 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 view of the sluggish nature of the current economic climate, the Company is focusing on its existing assets and is continuing its selective investment policy. 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 related to 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.

Some Company properties 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 its 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 RPP (Risk Prevention Plans) by local authorities. These RPPs can prevent the extension of a given shopping centre and represent a significant loss in earnings for the Company.

Energy consumption, details of the policy covering the environmental impact of the Group's business activities, and company certification initiatives are presented in the CSR Report contained in paragraph 4 of the management report appearing in section 3.6 of this Registration Document.

Dependence on third parties

The terms of the property asset management consultancy agreement between M.R.M. and its subsidiaries and CBRE Global Investors are described in section 5 "Significant Contracts" of this Registration Document and were negotiated in the interest of the Company and its subsidiaries. However, this agreement expired during the 2017 financial year. As such, the success of the Group's real estate operations is no longer underpinned by the efficient implementation of CBRE Global Investors services as required under the terms of the agreement.

2.3 Market risks – Financial risks

Foreign exchange risk

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

Interest rates risk

65% of the loans taken out by the M.R.M. group are contracted at a variable rate. The Group hedges against interest rate hikes by way of interest rate caps. The main characteristics of the Group's financial instruments are described in note 4.8 to the consolidated financial statements for the year ended 31 December 2017, presented in section 3.7 of this Registration Document.

As such, as of 31 December 2017, 71% of variable-rate bank debt was hedged by way of an interest rate cap (based on the three-month Euribor at a strike rate of 3.00%).

A 1% rise in interest rates would impact the Group's financial expenses by €229 thousand. Given that the current interest rates are very low, and even negative, the interest-rate cap subscribed by the Group is not in the money.

Liquidity risk

The Company performed a special study of its liquidity risk and it considers that it can meet its current obligations. In fact, following the Company's recapitalisation in May 2013, which was conditional on restructuring the Group's bank and bond liabilities, its financial position is sound, its level of debt is considerably lower and its cash flow is healthy again.

As a result of the aforementioned capital and financial restructuring, the Company is now in a position to meet all of its short-term and medium-term financial deadlines.

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, the ICR ratio (interest coverage rate, representing the coverage rate of interest expenses by rents) and the DSCR (debt service coverage ratio, representing the coverage rate of debt repayments and interest expenses by rents). Covenants relating to LTV ratios set maximum thresholds of between 59.9% and 65%. Covenants relating to ICR and DSCR ratios set minimum thresholds of between 130% and 300%. It is at the level of Group subsidiaries, which own the property assets financed, that the covenants are tested. The frequency of reporting on covenants to M.R.M.'s financial partners differs for the various credit lines, and can be quarterly, half-year or annual.

As of 31 December 2017, the Group complied with all commitments in respect of LTV, ICR and DSCR covenants agreed with its banking partners.

All of the Group's financial liabilities, by nature and expiry date, are set out in note 4.12 to the consolidated financial statements for the year end 2017, presented in section 3.7 of this Registration Document.

Pledges and mortgages in favour of banks

Relevant information is provided in note 9 to the consolidated financial statements in section 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.

The risks covered by the various policies in force are generally: theft, water damage, broken glass, machinery failure, storms/hail/falling aircraft, terrorist attacks/vandalism/riots, public liability, and special risks.

Furthermore, when the Company carries out work on its property assets it takes out Contractors' All Risks (TRC) insurance covering material damage to a property during works, the consequences of natural disasters as defined by Ministerial decrees published in the *Journal Officiel* (French government gazette), and the owner's third-party liability during works.

M.R.M. has taken out an insurance policy, on its own behalf and on behalf of its subsidiaries, to cover the liability of managers of M.R.M. and its subsidiaries.

GENERAL INFORMATION ON THE ISSUER AND ITS SHARE CAPITAL

3.

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 Registered office, legal status and laws governing the Company's business

The Company's registered office is at 5, avenue Kléber, Paris 75016, France.

The Company's telephone number is +33 (0)1 58 44 70 00. The Company is a French public limited company (*société anonyme*) with a Board of directors governed by the laws and regulations in force in France, in particular book II of the French Commercial Code, and by its Articles of Association.

3.1.4 Consultation of legal documents

Legal documents are available for consultation at the Company's head office and on its website at 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 in its present form on 21 January 1992.

3.1.6 Financial period of the Company

The financial period is 12 months from 1 January to 31 December of each year (Article 18 of the Articles of Association).

3.1.7 Corporate purpose

The purpose of the Company worldwide is:

- Primarily, to acquire, build, divide into lots, manage, maintain and outfit any and all property assets with a view to letting them, or to hold directly or indirectly equity interests in corporate entities having the same purpose, subject to tax laws governing partnerships or to corporate income tax;
- Secondly, to provide technical, accounting, administrative, financial, marketing or management support services to its subsidiaries.

The Company may carry out any transactions compatible with, relating to and helping to fulfil this purpose (Article 3 of the Articles of Association).

3.1.8 Appropriation of earnings according to the Articles of Association

"Following any appropriation of losses carried forward, 5% shall be deducted from earnings 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 shareholders other than natural persons:

(i) Holding directly or indirectly, at the time any dividend is paid, at least 10% of dividend rights in the Company; and

(ii) Whose situation or that of their partners holding directly or indirectly, for the payment of any dividend, at least 10% of their dividend rights, renders the Company liable for the payment of the 20% levy referred to in Article 208 C IId of the French 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 dividend 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

The corporate provisions relating to the members of the Board of directors are detailed in Articles 10 to 14 of the Articles of Association in the corporate governance report in section 4.1 of this Registration Document.

The Board's organisation and operation are set out in the internal regulations approved by the Board at its meeting of 22 February 2018 and published on the Company's website (www.mrminvest.com).

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 shareholders other than natural persons holding directly or indirectly at least 10% of dividend rights in the Company must confirm whether or not they belong to the class of 'tax-paying shareholders' in accordance with Article 8 of the Articles of Association no later than three days before the date of the General Meeting.

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 their shares are registered in their name or the name of the agent registered on their behalf, in accordance with Article L.228-1 par. 7 of the French Commercial Code, at midnight on the second 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 a majority, shareholders attending General Meetings by video conference or by telecommunications media permitting their identification and complying with applicable regulations, when the Board of directors decides on such methods of participation, before sending notice of General Meetings, 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 crossing, either up or down, a share ownership or voting rights threshold of 2.5% or a multiple thereof (5%, 7.5% and so on) must notify the Company within 15 days after the threshold is crossed of the number of shares they hold. This obligation ceases to apply above a threshold of 32.5% of the share capital or voting rights, as the case may be." (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 amounts to €43,667,813. It is made up of 43,667,813 fully paid-up shares of identical class with a par value of €1 each. Fully paid-up shares are in either registered or bearer form, at the discretion of the shareholder, subject to the relevant legal provisions in force (Articles 6 and 7 of the Articles of Association).

The share capital can be changed as provided by law.

The total number of theoretical voting rights as of 31 December 2017 and 31 March 2018 was 54,548,241 and 54,520,093, respectively. Restated for treasury shares, the actual number of voting rights as of 31 December 2017 and 31 March 2018 was 54,513,229 and 54,477,081, respectively.

3.2.2 Unissued authorised share capital

As of 31 December 2017, no authorisation was in force empowering the Board of directors to carry out capital increases by issuing shares or securities giving immediate or future access to the Company's share capital.

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 the capital

None. No securities have been issued that would give access to the capital, and whose exercise would be likely to have a dilutive effect on the Company's shareholders.

3.2.6 Summary of current authorisations

None.

3.2.7 Treasury shares

As of 31 December 2017, the Company held 35,012 treasury shares representing 0.08% of the share capital and 0.00% of 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

The share capital underwent no changes in 2017.

Changes in the share capital since 2007

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
31/12/2007					€8	3,501,977	€28,015,816
29/05/2013	Capital decrease by reducing the par value of the shares	€-24,513,839			€1	3,501,977	€3,501,977
29/05/2013	SCOR SE capital increase	€26,155,664	€27,135,917	26,155,664	€1	29,657,641	€29,657,641
29/05/2013	Conversion of DB Dynamique Financière bonds	€14,007,888	€40,768,894	14,007,888	€1	43,665,529	€43,665,529
31/12/2013	Exercise of stock warrants	€2,284	€2,370	2,284	€1	43,667,813	€43,667,813

Operations affecting the breakdown of the share capital

In 2013, M.R.M. was recapitalised (see section 1.2 of the 2013 Registration Document) whereby SCOR SE completed a cash capital increase, all bonds issued by DB Dynamique Financière, formerly a wholly-owned M.R.M. subsidiary, were converted into M.R.M. shares, and stock warrants were exercised.

3.2.12 Shareholder structure

Changes in the shareholder structure

The table below sets out the changes in the shareholder structure (shareholders with over 2.5% of share capital and/or voting rights) in terms of share capital and voting rights over the past three years:

	At date of filing of this Registration Document		End 2017		End 2016		End 2015	
Shareholders	Share capital	Actual number of voting rights	Share capital	Actual number of voting rights	Share capital	Actual number of voting rights	Share capital	Actual number of voting rights
SCOR SE	59.9%	48.0%	59.9%	48.0%	59.9%	47.3%	59.9%	47.3%
CBRE Global Investors(1)	2.4%	3.8%	2.4%	3.8%	2.4%	3.8%	2.4%	3.8%
PREFF(2)	2.9%	4.7%	2.9%	4.7%	2.9%	4.6%	2.9%	4.6%
Specials Fund(3)	2.9%	4.7%	2.9%	4.7%	2.9%	4.6%	2.9%	4.6%
VENOC	2.2%	3.5%	2.2%	3.5%	2.2%	3.5%	2.2%	3.5%
Treasury shares	0.1%	-	0.1%	-	0.1%	-	0.1%	-
Public	29.6%	36.3%	29.6%	35.3%	29.6%	36.2%	29.6%	36.2%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

(1) Subsidiary of CBRE Group, the world's leading commercial real estate advisory, comprising CB Richard Ellis European Warehousing sàrl, CB Richard Ellis Europe Investors Holding BV, and CB Richard Ellis Europe Investors DB Co-Invest LLC.

(2) Fund of foreign funds acting in concert with CBRE Global Investors.

(3) Foreign fund of funds.

To the Company's knowledge and on the day this Registration Document was prepared, no other shareholder held, directly or indirectly, acting alone or in concert, more than 2.5% of the Company's share capital or voting rights.

Measures taken to prevent SCOR SE from initiating a hostile takeover of the Company are described in paragraph 1.15 "Management of conflicts of interest" of the corporate governance report in section 4.1 of this Registration Document. Moreover, independent directors are required to serve on the Board of directors and its Audit Committee, and the duties of the Chairman of the Board of directors and the Chief Executive Officer are separate.

In view of Article L.621-18-2 of the French Monetary and Financial Code, the following Company share transactions were carried out in the year ended 31 December 2017 by the individuals mentioned in said Article (managers, senior executives and individuals to whom they are closely tied): acquisition of 1,000 M.R.M. shares by Brigitte Gauthier-Darcet, director, at a price of €2.00 per share. The AMF was not notified of this transaction, which amounted during the calendar year to less than €20,000 for the director concerned, pursuant to Article 223-23 of the General Regulation.

On 7 January 2014, M.R.M. signed a liquidity agreement with Invest Securities to improve the liquidity and trading regularity of its shares. At the start of the 2017 financial year, the Company held 23,361 treasury shares representing 0.05% of the share capital. In 2017, the Company acquired 46,182 treasury shares for €85,190.21 and disposed of 34,531 shares for €64,325.99 under said liquidity agreement. At the end of the 2017 financial year, the Company thus held 35,012 treasury shares representing 0.08% of the share capital. These securities are entered as Company assets in its parent company financial statements, and deducted from equity in the consolidated financial statements.

Threshold crossing disclosure in 2017 (Article L.233-7 of the French Commercial Code)

None.

Shareholder identification

The Company may request at any time, in line with applicable laws and regulations, the central depository system which keeps track of the stock issued by the Company for the names, or, where it concerns a corporate body, 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 (no. of shares)
January 2015	€1.56	€1.42	€1.47	17,746
February 2015	€1.53	€1.49	€1.51	40,702
March 2015	€1.63	€1.50	€1.55	275,250
April 2015	€1.75	€1.53	€1.67	89,255
May 2015	€1.73	€1.63	€1.66	69,029
June 2015	€1.63	€1.53	€1.60	16,350
July 2015	€1.56	€1.38	€1.44	154,059
August 2015	€1.43	€1.37	€1.40	98,182
September 2015	€1.42	€1.34	€1.37	169,985
October 2015	€1.34	€1.29	€1.32	582,343
November 2015	€1.40	€1.29	€1.35	397,377
December 2015	€1.38	€1.37	€1.38	94,461
January 2016	€1.40	€1.36	€1.38	101,603
February 2016	€1.46	€1.38	€1.42	27,317
March 2016	€1.63	€1.47	€1.58	99,077
April 2016	€1.69	€1.62	€1.67	95,956
May 2016	€1.67	€1.62	€1.65	131,345
June 2016	€1.64	€1.55	€1.61	84,939
July 2016	€1.60	€1.47	€1.54	62,947
August 2016	€1.55	€1.52	€1.53	32,099
September 2016	€1.58	€1.53	€1.57	72,057
October 2016	€1.62	€1.55	€1.58	75,403
November 2016	€1.71	€1.62	€1.68	185,587
December 2016	€1.70	€1.67	€1.68	48,761
January 2017	€1.76	€1.67	€1.72	87,563
February 2017	€1.82	€1.73	€1.75	91,170
March 2017	€1.83	€1.80	€1.81	31,235
April 2017	€1.83	€1.78	€1.81	60,018
May 2017	€1.92	€1.84	€1.88	164,747
June 2017	€1.99	€1.88	€1.93	252,275
July 2017	€2.13	€1.92	€2.04	173,928
August 2017	€2.07	€1.97	€2.01	147,991
September 2017	€2.00	€1.92	€1.97	99,675
October 2017	€1.98	€1.85	€1.90	273,760
November 2017	€1.89	€1.80	€1.83	102,503
December 2017	€1.88	€1.78	€1.81	126,536
January 2018	€1.80	€1.74	€1.78	412,979
February 2018	€1.80	€1.70	€1.74	273,403
March 2018	€1.75	€1.70	€1.72	49,382

M.R.M.'s stock market capitalisation as of 31 December 2017, based on the final closing price in 2017, namely €1.80, amounted to €78,602,063.40.

3.4 Employee profit-sharing plan

None.

3.5 Dividend payout policy

The dividend payout policy complies with SIIC rules. In particular, 95% of earnings from building lettings are paid out before the end of the financial year following the one during which such earnings are realised, and 60% of capital gains from the sale of buildings, shares in tax-transparent property companies or shares of subsidiaries liable for corporate income tax having opted for SIIC status are paid out in dividends before the end of the second financial year following the one in which they are realised; and dividends received from subsidiaries having opted for SIIC status are redistributed in full during the financial year following their collection.

The resolutions to be presented to the Annual General Meeting to be held on 31 May 2018 to approve the financial statements for 2017 provide for the payment of premiums of €0.11 per share for 2017 as indicated in paragraph 2.3 "Appropriation of earnings and payment of premiums" of the management report in section 3.6 of this Registration Document.

Dividend payments for the past three years are presented in paragraph 2.4 "Dividends paid out in previous years" of the management report in section 3.6 of this Registration Document.

The dividend limitation period is five years. Dividends for which payment has not been requested are paid back to the French Treasury department.

3.6 Management report for the year ended 31 December 2017

Ladies, Gentlemen,

This Ordinary General Meeting was called in accordance 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 2017, the resultant earnings and the Company's outlook, and to seek approval for the annual 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 position and activities

1.1 Company position and activities in the past year

1.1.1 Business overview

M.R.M. is a real estate company with an asset portfolio comprising retail and office properties. As such M.R.M. and its subsidiaries implement an active value-enhancement and asset management strategy combining yield and capital gains.

Since 29 May 2013, M.R.M.'s main shareholder has been SCOR SE which owns 59.9% of the share capital. Since then, M.R.M.'s strategy has been to refocus its business on holding and managing retail properties with plans to gradually dispose of its office properties. In 2017, M.R.M. therefore focused on letting available areas and on value-enhancement plans for its retail properties and continued its plan to dispose of its office buildings.

M.R.M. is a limited company whose shares are listed on the regulated Euronext Paris market, compartment C. It opted for SIIC (real estate investment trust) status with effect from 1 January 2008.

ISIN code: FR0000060196 – Bloomberg code: M.R.M.: FP
Reuters code: M.R.M. PA.

1.1.2 Company history

Prior to its restructuring as a real estate company in 2007, M.R.M. was originally a listed holding company at the head of a group built around three business activities: manufacturing and sales of velvet products (J.B. Martin Holding), clothing design and retailing in Mexico (Edoardos Martin), and the production and sale of plastic cables and tubes (M.R. Industries).

The year 2013 was marked by a major recapitalisation of M.R.M. via the acquisition of a majority stake of 59.9% in its capital by SCOR SE and the conversion into M.R.M. shares of the €54 million bond issued by an M.R.M. subsidiary.

Alongside the restructuring of M.R.M.'s bank and bond debt to which it was subject, this recapitalisation established a healthy financial structure for M.R.M. characterised by a strengthening of its equity base, significant debt reduction and rescheduling, and the restoration of its cash position. Company governance was amended to reflect the new shareholder base of M.R.M.

1.1.3 Key dates in the past year

24 February 2017: M.R.M. published its 2016 annual results.

28 April 2017: M.R.M. announced the publication and availability of its 2016 Registration Document.

11 May 2017: M.R.M. published financial information for the first quarter of 2017.

1 June 2017: The Combined General Meeting of M.R.M. shareholders approved all of the proposed resolutions, notably the payment of dividends and premiums up to €0.11 per share and the reappointment of six of the seven members of the Board of directors.

10 July 2017: M.R.M. announced that it was the sole owner of the Aria Parc retail park in Allonnes after acquiring the last remaining retail unit (1,500 sqm) and that it signed a lease to house a 3,300 sqm homeware store as part of a project to extend an existing and currently vacant 1,000 sqm retail unit by 2,300 sqm.

28 July 2017: M.R.M. published its interim results for 2017 and announced the publication and availability of the half-year financial report for 2017.

30 October 2017: M.R.M. announced that it took out a new bank loan in the amount of €15.2 million, maturing in 5 years.

9 November 2017: M.R.M. published financial information for the third quarter of 2017.

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

No acquisition of shares or control occurred during the year ended 31 December 2017.

As of 31 December 2017, M.R.M. controlled six companies, just as it did as of 31 December 2016. The list of equity interests is provided in appendix 2 of this report.

1.1.5 Company branches

In accordance with Article L.232-1 of the French Commercial Code, we inform you that the Company had no branches as of the date of this report.

1.2 Research & Development

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

1.3 Situation and activity of entities 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. The list of subsidiaries and affiliates can be found in appendix 2 of this report.

1.3.1 Retail property portfolio

The retail property portfolio is directly or indirectly held by the following subsidiaries: SAS DB Neptune, SAS Commerces Rendement, SAS DB Piper, SCI Immovert, and SCI Galetin II. The Group's legal structure can be found in section 1 of the 2017 Registration Document.

In 2017, 11 new leases or lease renewals were signed in the retail property portfolio, representing an annual rental income of €0.8 million. As of 1 January 2018, the net annualised rent for retail properties was €7.4 million, down 6.1% from 1 January 2017. As of 31 December 2017, occupancy rates of retail properties were down 8% to 76% compared with 31 December 2016. This decline stemmed mainly from tenant departures in Reims, Amiens and Allonnes which more than offset the impact of the lease agreements signed in 2017. However, all leases signed in 2017 had not yet taken effect as of 31 December 2017. As such, the leases signed will take effect on a staggered basis until mid-2018 and will allow for an additional potential 3% increase of the occupancy rate for the retail portfolio.

A total of €8.0 million was invested in the retail property portfolio in 2017. Expenditure focused on the acquisition of a 1,500 sqm retail unit in the Aria Parc retail park in Allonnes, the reconfiguration and extension of Carré Vélizy in Vélizy-Villacoublay to house Gautier and Indiana Café, the renovation of the shopping mall of the Carrefour École-Valentin shopping centre in Besançon, the reconfiguration of the first floor of the Passage de la Réunion shopping centre in Mulhouse to house a 1,000 sqm fitness studio, and the new visual identity renovation of the open-air Sud Canal shopping centre in Saint-Quentin-en-Yvelines.

During the year, the Group sold one of its eleven Gamm Vert garden centres, which at 500 sqm was one of smallest in that portfolio, for a modest sum, and began discussions to sell another two small retail properties which are currently vacant and previously housed Gamm Vert stores.

1.3.2 Office portfolio

The office portfolio is directly or indirectly held by the subsidiaries SAS DB Neptune and SCI Noratlas. The Group's legal structure can be found in section 1 of the 2017 Registration Document.

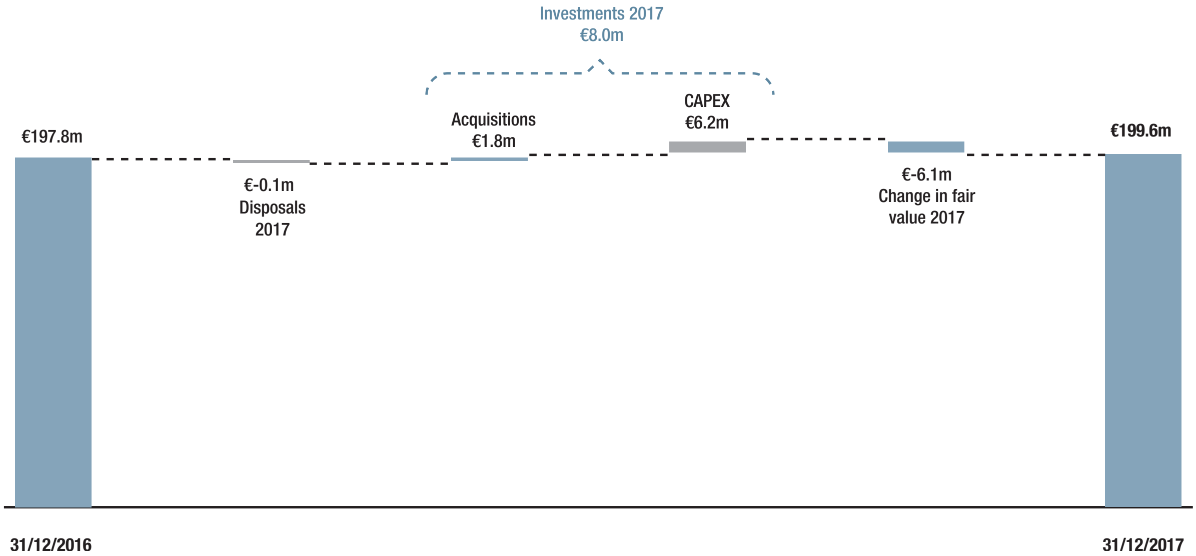
As of 1 January 2018, the office portfolio comprised one vacant property held for sale as is and one occupied property generating net annulised rent of €2.0 million, up 22% from 1 January 2017. Of this portfolio, two leases representing total annual rent of €0.3 million were signed in 2017. The occupancy rate of offices in use rose from 69% on 1 January 2017 to 78% on 1 January 2018. However, another lease signed in early 2018 raised the occupancy rate to 81% at the end of February 2018.

1.3.3 Change in the portfolio

As of 31 December 2017, M.R.M.'s asset portfolio stood at €199.6 million excluding transfer taxes compared with €197.8 million excluding transfer taxes as of 31 December 2016, up 0.9% on a like-for-like basis, i.e. compared with its value as of 31 December 2016 restated for the buildings sold in 2017.

M.R.M. invested €8.0 million in its portfolio in 2017.

As of 31 December 2017, the change in the fair value of M.R.M.'s asset portfolio was a negative €-6.1 million.



The change in fair value was mainly due to the lowered value of office property and notices received from tenants on three medium-sized retail spaces, which more than offset the good progress in the value-enhancement plans for retail property during the year.

As of 31 December 2017, the nine retail complexes in Île-de-France and the provinces accounted for 80% of the value of M.R.M.'s asset portfolio while the two office complexes in Île-de-France accounted for the remaining 20%. This asset allocation reflects the progress made by M.R.M. in refocusing on retail property.

As of 31 December 2017, M.R.M.'s asset portfolio comprised a total area of 103,564 sqm of which 84,935 sqm in retail properties and 18,629 sqm in office properties.

Portfolio value (excluding transfer taxes) *(in millions of euros)*	31/12/2017	31/12/2016
Retail properties	159.0	152.8
Office properties	40.6	45.0
TOTAL	**199.6**	**197.8**

1.3.4 Net Asset Value

As of 31 December 2017, the EPRA NNNAV was €2.70 per share and the replacement Net Asset Value was €3.05 per share compared with €2.92 per share and €3.19 per share respectively as of 31 December 2016.

Replacement NAV is EPRA NNNAV plus transfer taxes. It corresponds to the capital needed to replace the Group's portfolio.

	31/12/2017		31/12/2016	
Calculation of NAV	€m	€/share	€m	€/share
IFRS Group equity	118.0		127.4	
Dilutive effects	0.0		0.0	
NAV	**118.0**	**2.70**	**127.4**	**2.92**
- Cancellation of treasury shares	0.0		-0.1	
- Fair value of financial instruments	0.0		-0.0	
- Fair value of liabilities	1.1		1.1	
EPRA NAV	**119.0**	**2.73**	**128.4**	**2.94**
+ Fair value of financial instruments	0.0		0.0	
+ Fair value of liabilities	-1.1		-1.1	
EPRA NNNAV	**118.0**	**2.70**	**127.3**	**2.92**
Transfer taxes	15.3		11.7	
Replacement NAV	**133.2**	**3.05**	**139.1**	**3.19**

1.3.5 Net operating cash flow

Gross operating income came to €3.6 million in 2017. The change relative to the €6.9 million achieved in 2016 reflects a decrease in net rent related to asset disposals and the recognition of other non-recurring operating expenses partly offset by lower operating expenses. Given a slight reduction in borrowing costs, net operating cash flow[1] was a positive €1.7 million in 2017.

Net operating cash flow *(in millions of euros)*	2017	2016	Change 2017/2016
Net rental revenues	7.8	9.5	-17.7%
Other operating income	0.1	0.7	
Operating expenses	-2.8	-3.2	-14.1%
Other operating expenses	-1.5	-0.1	
EBITDA	**3.6**	**6.9**	**-47.0%**
Net borrowing cost	-1.9	-1.9	-0.8%
Other financial expenses	0.0	0.0	
NET OPERATING CASH FLOW	**1.7**	**4.9**	**-65.0%**

(1) Net operating cash flow = net profit (loss) before tax restated for non-monetary items.

1.3.6 Debt

On 30 October 2017, the Group took out a new loan for €15.2 million from Berlin Hyp. It expires at the end of October 2022 (repayment on maturity). Backed by a retail property asset, this new loan replaces a credit line of €14.8 million which expired on 8 December 2017 and which was repaid early.

Following this refinancing, over 90% of the Group's debt matures in four years or more, with the exception of the loan granted by SCOR SE, M.R.M.'s majority shareholder, backed by the Nova office property classified as held for sale. At year-end 2017, the €22.0 million loan granted by SCOR SE, which was due to expire on 15 January 2018, was extended until 15 January 2019.

As of 31 December 2017, Group financing consisted of mortgage bank debt of €73.4 million and the €21.9 million loan granted by SCOR SE. The Group's total outstanding borrowings thus amounted to €95.3 million compared with €96.0 million at the end of 2016. The €0.7 million decrease reflects contractual repayments and redemptions undertaken during the year which were partly offset by drawdowns on the available credit line facility and the new loan taken out with Berlin Hyp.

The average cost of debt stood at 1.83% in 2017.

Gross borrowing cost	€1,899k
Restatement for non-recurring items	€-120k
Gross restated borrowing costs	€1,779k
Average debt outstanding	€97,275k
AVERAGE COST OF DEBT	**1.83%**

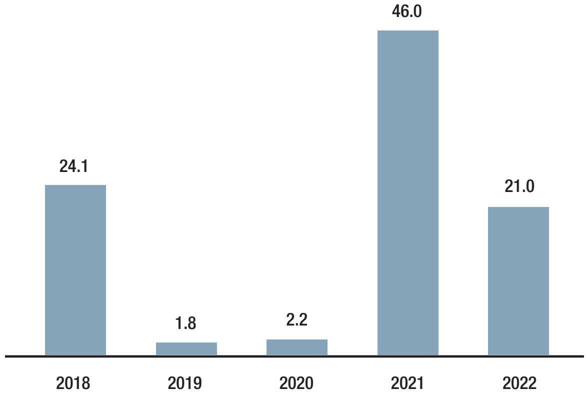
As of 31 December 2017, 84% of the Company's bank loans were contracted at fixed rates. Variable-rate bank loans were partially hedged by means of an interest rate cap.

M.R.M.'s borrowings had the following maturity as of 31 December 2017:

- Maturing in less than one year: €24.1 million;
- Maturing in more than one year: €71.1 million.

Debt maturing within a year consists of the loan granted by SCOR SE, as whilst the maturity date was extended up to 15 January 2019, it is backed by an office property, Nova, classified as held for sale, and the contractual repayments are to be made over the next 12 months.

► **BANK DEBT SCHEDULE AS OF 31 DECEMBER 2017** *(IN MILLIONS OF EUROS)*



The Group's (consolidated LTV (loan to value) ratio) stood at 47.7% as of 31 December 2017 compared with 48.5% as of 31 December 2016.

In view of the cash position, the total net debt ratio eased from 35.9% as of 31 December 2016 to 41.0% as of 31 December 2017.

As of 31 December 2017, the Group complied with all commitments in respect of LTV, ICR and DSCR covenants agreed with its financial partners.

1.4 Foreseeable changes and outlook

M.R.M continued its retail-property refocusing strategy in 2017. The Company has only two remaining office properties to sell off which are in the process of being sold. M.R.M. aims to complete its withdrawal from the office sector in 2018.

With a solid financial structure, M.R.M. has made progress in its substantial investment programme designed to enhance the value of its retail properties. It represents a total projected investment of €35 million, of which €13.6 million was committed as of 31 December 2017.

After the completion in 2016 of works to reconfigure and relet 5,000 sqm in the Sud Canal shopping centre in Saint-Quentin-en-Yvelines, and to renovate and reposition the Les Halles du Beffroi shopping centre in Amiens, in 2017 full ownership of the Aria Parc retail park in Allonnes was acquired, works to reconfigure and extend the Carré Vélizy complex in Vélizy-Villacoublay were completed, and the first stage of the value-enhancement programme for the Passage de la Réunion shopping centre in Mulhouse was completed.

M.R.M. also plans to undertake three new projects in 2018: the extension of the École-Valentin shopping mall and the Aria Parc retail park and the renovation of Galerie du Palais in Tours. Altogether, the remaining budget of €21.4 million should be invested in 2018.

Thus, all value-enhancement programmes identified for retail assets should, barring unforeseen events, be launched in 2018.

Taking the new spaces to be created[1] into account and assuming an occupancy rate of 95% for the retail property portfolio, M.R.M. has set itself the target of a total net annualised rent for these assets of over €10 million at the end of the value-enhancement programme expected in late 2019 (excluding acquisitions or disposals), compared with €7.4 million as of 1 January 2018.

Moreover, in line with its active portfolio management strategy, M.R.M. is considering the possibility of carrying out further acquisitions or disposals.

1.5 Major subsequent events

None.

1.6 Main 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 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 in section 2 of the 2017 Registration Document.

The Company's exposure to risks related to prices, credit, liquidity and cash, as well as its hedging policies, are detailed in section 2 of the 2017 Registration Document and in the notes to the consolidated financial statements for the year ended 31 December 2017.

Measures taken by the Company to reduce the financial risks from the effects of climate change by implementing a low-carbon strategy in all areas of its business are described in paragraph 4 "Information on corporate social responsibility" of this report.

1.7 Internal control and risk management procedures relating to the preparation and processing of accounting and financial information

1.7.1 Objectives of internal control procedures

The control procedures implemented by the M.R.M. group (i.e. the Company and all entities it directly or indirectly controls) relating to the preparation and processing of accounting and financial information aim to:

- Coordinate the proper circulation of accounting, financial and management information between external parties and the managers of M.R.M. group companies; and
- Prevent and manage risks associated with the M.R.M. group's activities, and the risks of errors or fraud, with particular regard to accounting and finance.

Internal control cannot however provide an absolute guarantee that the Company's objectives will be achieved.

1.7.2 Internal control parties

The Chief Executive Officer

The Chief Executive Officer is responsible for the communication and coordination of financial information between the various parties involved in pursuit of the defined strategy. This person ensures the quality of the internal control and risk management systems.

The Chief Executive Officer, the Chairman of the Board of directors 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 the proper execution of his duties the Chief Executive Officer makes sure he is informed by the Chief Financial Officer and the Head of Asset Management about all matters relating to the Group's buildings, 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 Chief Executive Officer oversees the actions of the Chief Financial Officer and the Head of Asset Management and is responsible for preparing and presenting the general budget and business plan setting out the objectives and strategy for the short and medium term.

(1) At the Valentin shopping centre and Aria Parc.

The Chief Financial Officer

Among other things the Chief Financial Officer is responsible for:

- Gathering operational, financial and accounting information to prepare the activity reports and annual, interim, quarterly and monthly regulatory information, if necessary;
- Coordinating and supervising the work of the different parties involved (e.g. property managers, chartered accountants, lawyers, consultants) with a view to establishing said reports;
- Supervising the preparation of the corporate 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;
- Establishing and monitoring the Group's bank financing;
- Communicating with investors and financial markets (e.g. press releases, results presentations, website content and layout).

Concerning the administrative and financial management of the Company and the entities it owns, the Chief Financial Officer is responsible for:

- Managing the cash and banking transactions of these entities;
- Supervising the preparation of all tax and social security returns and legal disclosures of the Company and its subsidiaries;
- Managing the administration of the entities and coordinating the work of various external consultants and auditors;
- Conducting internal control assessments of the Company and its subsidiaries;
- Informing the Audit Committee of the results of these internal control assessments;
- And, more generally, managing the relationship with third parties involved in the areas for which the Chief Financial Officer is responsible.

In 2015 the Finance Department hired a financial controller to strengthen the Group's management procedures, monitor property managers' asset management reports, monitor investment budgets, and measure the Group's real estate and financial performance.

The Head of Asset Management

In 2015, the Company recruited a Head of Asset Management. The creation of this position is part of the new organisation of the Company, which decided in 2015, to move partially in-house the asset management of its properties in order to strengthen control of its operations and costs, and to optimally enhance the value its retail portfolio.

Reporting to the Chief Executive Officer, the Head of Asset Management oversees the management of the retail properties owned by the Group and, as part of preparing the accounting and financial information, is responsible for:

- In conjunction with the Chief Financial Officer, drawing up and monitoring cash flow forecasts per asset for end-of-period accounting formalities and the financial reporting to executive management and the Strategic Committee; and
- Providing all information necessary for appraisers in charge of half-yearly valuation estimates of the Company's property assets.

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 electronic recording of payments, payment reminders, settlements, disputes and their results, so that the Head of Asset Management can have access to clear and up-to-date information. Property managers are also responsible for property and facilities management of the Company's buildings. In particular, they draw up budgets for operating charges and works and rebill these to tenants.

The agreements between the property managers and the 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 Head of Asset Management with the information required to prepare tax and social security returns. Every month, the information required to ensure that the accounting records are properly maintained is sent to the Financial Management as soon as possible. This information is reviewed by Financial Management, which may approach the property managers directly for further details or clarifications.

The Audit Committee

The Audit Committee monitors the processes used to prepare the corporate and consolidated financial statements and assesses the validity of the methods selected to process significant transactions. It reports to the Board of directors.

This work is performed in conjunction with the work of the Statutory Auditors. It focuses primarily on the methods used to establish and examine the financial statements.

To perform its duties, the Audit Committee mainly:

- Consults with any persons of its choice, in particular the Chief Executive Officer, the Chief Financial Officer, the Head of Asset Management and the Statutory Auditors;
- Interviews accounting managers or property appraisers within the 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; and
- 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 preparing the financial statements and, where possible, alternative options to accounting choices made by the Company, indicating, in the latter case, the accounting treatment they prefer;
- The examinations, verifications and tests they completed;
- The main risks not reflected in the financial statements (in particular, market risks and significant off-balance sheet commitments);
- Any problems they 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 corporate and consolidated financial statements (including the 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 periodic 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 is therefore almost always conducted a posteriori.

1.7.3 Preparing and monitoring the accounting and financial information provided to shareholders

The preparation of the corporate and consolidated financial statements is entrusted to chartered accountants working closely with the Chief Executive Officer, the Chief Financial Officer, the Audit Committee and the Board of directors, and the main options to be adopted in terms of the choice of accounting methods are discussed in advance by the chartered accountants, the Statutory Auditors, executive 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 Chief Executive Officer, the Chief Financial Officer, the Audit Committee, the Board of directors (if necessary), and the external parties involved (chartered accountants and Statutory Auditors).

The Chairman of the Board of directors, the Chief Financial Officer, 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 Chief Executive Officer, the Chief Financial Officer and the chartered accountants in the context of the preparation of financial information.

1.7.4 Monitoring the effectiveness of the internal control and risk management systems

The Audit Committee questions the Chief Financial Officer and the Statutory Auditors on the internal procedures used to collect, record, report and review the information necessary to prepare the corporate 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 kept informed of the Chief Financial Officer's work schedule.

2. Presentation of the financial statements – Earnings for the past year

2.1 Company financial statements

The annual financial statements for the year ended 31 December 2017, which we submit to you for approval (provided in appendix 5 of this report), were drawn up according to the format and using the valuation methods prescribed by the 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. Its 2017 earnings reflect:

- Revenue of €252 thousand (compared with €206 thousand in 2016);
- Other purchases and external expenses of €(684) thousand (compared with €(696) thousand in 2016);
- Taxes of €(116) thousand (compared with €(88) thousand in 2016);
- Payroll expenses of €(1,037) thousand (compared with €(861) thousand in 2016);
- Provisions on current accounts of €(6,150) thousand, granted to the subsidiaries Noratlas and DB Neptune;
- Other expenses of €(62) thousand;
- Financial income of €1,212 thousand, of which €1,204 thousand from equity investments (revenue from current accounts);
- Financial expense of €(24) thousand in interest and similar expenses.

Net financial income totalled €1,188 thousand compared with €5,985 thousand as of 31 December 2016.

Net income amounted to a loss of €6,587 thousand compared with a profit of €415 thousand as of 31 December 2016.

At year-end total assets stood at €98,603 thousand mostly made up of equity securities from directly or indirectly wholly-owned subsidiaries, of current accounts between the Company and its subsidiaries, and of the Company's cash assets.

A table showing the Company's results for the last five years is appended to this report in appendix 1 in accordance with Article R.225-102 of the French Commercial Code.

2.2 Consolidated financial statements

Pursuant to Regulation (EC) 1606/2002 of 19 July 2002, M.R.M. group's consolidated financial statements as of 31 December 2017 were prepared in accordance with the standards and interpretations applicable on that date published by the International Accounting Standards Board (IASB), adopted by the European Union and in force at the date of issue of the financial statements by the Board of directors.

Standards, amendments and interpretations not mandatory as of 1 January 2017

Texts adopted by the European Union as of 31 December 2017

Standards, amendments to standards and interpretations published by the IASB and presented below are applicable for the financial year beginning 1 January 2017:

- Amendments to IAS 7 – Disclosure Initiative applicable as of 1 January 2017;
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses applicable as of 1 January 2017;
- Annual improvements to IFRS – Cycle 2014-2016 – IFRS 12.

These amendments did not have a material impact on the Group's results and financial position.

Texts adopted by the European Union as of 31 December 2017

The following standards and amendments adopted by the European Union as of 31 December 2017 but with a subsequent effective date of application were not adopted in advance:

- IFRS 9 – Financial Instruments (recognition and measurement of financial assets and liabilities);
- IFRS 15 – Revenue from Contracts with Customers applicable as of 1 January 2018;
- IFRS 16 – Leases applicable as of 1 January 2019.

Texts not adopted by the European Union as of 31 December 2017

Subject to their final approval by the European Union, standards, amendments to standards and interpretations published by the IASB and presented below are applicable according to the IASB as follows:

- IAS 40 – Investment Property applicable as of 1 January 2018;
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture date of adoption postponed;
- Amendments to IFRS 2 – Share-based Payment (classification and measurement of share-based payment transactions) applicable as of 1 January 2018;
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation applicable as of 1 January 2019;
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures applicable as of 1 January 2019;
- Annual Improvements to IFRS – 2014-2016 cycle and IAS 28 applicable as of 1 January 2018;
- Annual Improvements to IFRS – 2015-2017 cycle applicable as of 1 January 2019.

The Group chose not to adopt the early application of these new standards and amendments. The Group assessed the impacts of the first application of these new standards and amendments, especially IFRS 9 on the recognition and measurement of financial assets and liabilities, and IFRS 15 on revenue from contracts with customers, and does not expect them to have a significant impact on its results and financial position.

2.2.1 Changes in scope

In 2017, there were no changes in M.R.M.'s scope of consolidation.

2.2.2 Consolidated income statement

Consolidated gross rental revenues from properties totalled €11,194 thousand, reflecting rents and other rental income in the Group's portfolio, a fall of 13.8% compared with 2016. Gross rental revenues actually rose by 3.2% compared with 2016 on a like-for-like basis.

Unrecovered external property expenses were down 3.5% compared with 2016 and amounted to €(3,376) thousand, resulting in net rental revenues of €7,819 thousand.

Net recurring operating expenses, amounting to €(3,852) thousand in 2017, were up 12.5% compared with 2016 and comprised operating expenses of €(2,758) thousand (vs €(3,211) thousand in 2016, a decrease of 14.1%), net reversals of provisions of €(337) thousand (vs €(791) thousand in 2016) and other net operating expenses of €1,428 thousand (vs other net operating income of €577 thousand in 2016).

Current operating income before disposals and changes in fair value of properties amounted to €3,969 thousand compared with €6,070 thousand at end 2016.

Net of losses on the disposal of assets of €(25) thousand and change in fair value of property assets (net of the reclassification of a stock of rent-free periods to be staggered of €278 thousand) of €6,444 thousand, operating income amounted to a loss of €2,500 thousand. In 2016 it amounted to a profit of €7,521 thousand.

Financial profit (loss) improved by 12.5% compared with 2016 and amounted to a loss of €(2,128) thousand as of 31 December 2017 consisting of:

- Net borrowing cost of €(1,899) thousand made up of interest and similar expenses;
- Discounting of payables and receivables of €(229) thousand.

In light of the above, net income after tax amounted to a loss of €4,628 thousand as of 31 December 2017 compared with a profit of €5,089 thousand as of 31 December 2016.

2.2.3 Consolidated balance sheet

As of 31 December 2017, non-current assets stood at €158,523 thousand, compared with €152,803 thousand as of 31 December 2016, and consisted mostly of investment properties in the amount of €158,520 thousand.

As of 31 December 2017, current assets stood at €61,367 thousand compared with €78,950 thousand as of 31 December 2016. They mainly consisted of:

- Assets held for sale of €41,047 thousand (compared with €45,047 thousand at end 2016);
- Trade receivables of €3,476 thousand;
- Other receivables of €3,493 thousand (e.g. rental charge reminders, tax claims); and
- Cash and cash equivalents of €13,352 thousand.

With regard to liabilities and equity, after taking into account net income for the year of €(4,628) thousand and a dividend payment of €(4,803) thousand for 2016, consolidated equity stood at €117,950 thousand at the end of 2016. As of 31 December 2016, this item totalled €127,401 thousand.

As of 31 December 2017, non-current liabilities payable at over one year totalled €72,223 thousand compared with €60,226 thousand as of 31 December 2016. These mainly comprised bank debt of €71,141 thousand and tenants' security deposits of €1,083 thousand.

Current liabilities payable at under one year totalled €29,717 thousand as of 31 December 2017 compared with €44,126 thousand as of 31 December 2016. This amount mainly comprised bank debt maturing in 2018 or secured by properties held for sale of €24,133 thousand, trade payables for goods and services and non-current assets of €3,034 thousand, and other liabilities of €2,550 thousand.

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 provided in Appendix 6 of this report.

2.3 Appropriation of earnings and payment of premiums

We propose to appropriate earnings of €(6,587,214) for the year ended 31 December 2017 as follows:

- Origin:

  Loss for the period: €6,587,214
- Appropriation:

  Retained earnings: €(6,587,214)

Retained earnings would thus go from €0 to €(6,587,214).

We also propose a payment of premiums in the amount of €4,803,459, equivalent to €0.11 per share, through a deduction from merger premiums. The current merger premium came from the complete transfer of all assets and liabilities of the subsidiary DB Fouga to the Company in 2016. This payment would bring merger premiums down from €5,241,367 to €437,908.

This payment is subject to a flat tax of 12.8% imposed on individual shareholders who are French tax residents plus an additional 17.2% for social contributions. Shareholders can still expressly opt for dividend taxation according to the progressive income tax scale when filing their individual tax returns. In any event, these proceeds do not qualify for the 40% tax allowance. For shareholders who are not French tax residents, these proceeds are subject to withholding tax.

This amount would be paid by 8 June 2018. The share of distributed amounts corresponding to treasury shares held by the Company on the ex-coupon date (6 June 2018) would be allocated to other reserves.

2.4 Dividends paid out in previous years

In accordance with Article 243 bis of the French General Tax Code, the following dividends were paid out over the previous three financial years:

	Income eligible for tax allowance(1)		Income not eligible for tax allowance(1)	
Year	Dividends	Other income distributed	Dividends	Other income distributed
2014	-	€1,073	-	€4,361,983
2015	-	-	€561,237	€3,801,226
2016	-	-	€394,412	€4,409,047

(1) Allowance provided for in Article 158-3-2 of the French General Tax Code.

2.5 Non-tax-deductible expenses

Pursuant to Article 223 quater of the French General Tax Code, we inform you that the amount of expenses and charges referred to in Article 39.4 of said Code amounted to €1,910 in 2017 and that the amount of tax payable by the Company due to the non-deductibility of these expenses is estimated at €0.

None of the expenses described in Article 39 par. 5 of the French General Tax Code are subject to tax reintegration for 2017.

3. Information on the share capital as of 31 December 2017

3.1 Share capital

The share capital underwent no changes in 2017 and amounts to €43,667,813. It is made up of 43,667,813 fully paid-up shares of identical class with a par value of €1 each.

Delegations for capital increases, granted to the Board of directors by the General Meeting of Shareholders, are detailed in the corporate governance report in appendix 7 of this Registration Document.

3.2 Information on shareholding

In accordance with Article L.233-13 of the French Commercial Code, we indicate the identity of natural and legal persons holding, as of 31 December 2017, 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 (bearing in mind that, pursuant to the terms of Article 8 of the Articles of Association, "a double voting right is granted to all fully paid-up shares which have been registered in the Company's ledgers for at least two years in the name of the same shareholder, as provided by law").

We further inform you of the reduction in the total number of theoretical voting rights in the Company from 55,280,734 as of 31 December 2016 to 54,523,183 at the date of this report, following the switch to "bearer" form of shares with double voting rights due to their being held in registered form for at least two years. The tables below reflect this new number of voting rights.

Over 50%:

Shareholders	As of the date of this report	31/12/2017	31/12/2016
SCOR SE	59.9% of share capital 48.0% of voting rights	59.9% of share capital 47.9% of voting rights	59.9% of share capital 47.3% of voting rights

As of 31 December 2017 and at the date of this report, no other M.R.M. shareholder individually held more than 5% of the Company's share capital or voting rights at General Meetings.

For information, at the date of this report, Jacques Blanchard, Chief Executive Officer of the Company, held 42,839 shares, 42,838 of which through his personal holding company, SC JAPA. Consequently, he holds 0.1% of the share capital and 0.16% 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 2017, the Company held 23,361 treasury shares.

On 7 January 2014, M.R.M. entrusted the performance of a liquidity contract to Invest Securities to improve the liquidity and trading regularity of its shares for an annual fee of €25,000 excluding VAT.

In addition, a share buyback programme was implemented in 2017 in order to:

- Stimulate share trading or liquidity by an investment services provider through a liquidity agreement in compliance with the code of ethics of the AMAFI (French association of financial markets) recognised by the AMF;
- Acquire shares to hold for subsequent payment or exchange in the context of acquisitions as permitted by the AMF;
- Award or sell shares to employees and/or corporate officers (under the terms and conditions set by applicable laws) under a stock option plan, bonus share issue plan or company savings plan;

- Allocate Company shares following the exercise of rights attached to securities giving the right, via redemption, conversion, exchange, the presentation of a warrant, or any other means, to obtain shares in the Company;
- Potentially cancel shares acquired.

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 payment or exchange as part of a merger, demerger or contribution may not exceed 5% of its share capital.

In 2017, the Company bought 46,182 treasury shares at an average price of €1.84 per share (representing a total investment of €85,190) and sold 34,531 treasury shares at an average price of €1.86 per share under the liquidity agreement in order to stimulate the trading/liquidity of its shares under its share buyback programme. There were no reallocations during the year. Trading costs amounted to €0.

The Company thus held 35,012 treasury shares as of 31 December 2016, representing 0.1% of its share capital at a nominal value of €35,012. 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 called to approve the financial statements for the year ended 31 December 2017 will be asked to renew this authorisation to buy back shares. With regard to share cancellations, the meeting will also be asked to authorise the Board to cancel, for a period of 24 months, at its sole discretion, in one or more instalments, up to 10% of the share capital, calculated on the day of the cancellation decision, net of any shares cancelled over the previous 24 months, the shares the Company holds or may hold following the buybacks made as part of its buyback programme, and to reduce the share capital by the corresponding amount pursuant to the legal and regulatory provisions in force.

3.3 Employee share ownership

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

- No employee held any interest in the Company's share capital at the last day of the 2017 financial year;
- No shares were acquired in order to award them to employees under a profit-sharing scheme.

In accordance with Articles L.225-184 and L.225-197-4 par. 1 of the French Commercial Code, we inform you that:

- The Company has no stock option plans;
- No bonus shares were awarded to salaried employees or senior managers of the Company.

3.4 Stock market performance

M.R.M.'s stock market capitalisation as of 31 December 2017, based on the final closing price in 2017, namely €1.80, amounted to €78,602,063.

Below is a graph showing the change in the share price in 2017:

Source: Euronext

In accordance with Article L.621-18-2 of the French Monetary and Financial Code, there was no trading in the Company's shares during the year ended 31 December 2017 by the individuals falling within the scope of said Article (managers, executives and individuals with whom they have close ties).

4. Information on corporate social responsibility

The note on methodology regarding CSR Information and the report of the independent third party on CSR Information contained in the management report are appended to this report (Appendices 3 and 4).

4.1 Social information

The Group had four employees at end-2016. No employees left the Company during the year, leaving the number of Group employees identical at four as of 31 December 2017. The workforce is made up of two women and two men under 45 years of age working full-time whose working hours comply with the prevailing legislation. All M.R.M. employees are based at the Company's head office at 5 avenue Kléber in Paris (16th arrondissement) and come under the collective national agreement for the property sector dated 9 September 1988 and updated on 23 November 2010.

Group payroll in 2017 was €521 thousand against €481 thousand in 2016.

Merit and performance are the two fundamental principles driving M.R.M.'s remuneration policy, and a review is carried out on an annual basis to assess these. Thus, all employees are assured that their position and performance are assessed by management every year and, during this annual review, they are advised of the results of this assessment and its tangible effects through the variable portion of their remuneration package.

M.R.M. seeks to help its employees develop and evolve and therefore pays particular attention to training and developing skills within the Company. In 2017, employees received 41.5 hours of training.

Because of the low number of employees, the Company has not set up any organisation for social dialogue or entered into any agreements with trade unions on health and safety issues in the workplace. Furthermore, M.R.M. employees are engaged in office work which, by its nature, involves relatively low levels of risk. Finally, the premises where M.R.M. has its head office meet current safety and security standards.

In 2017, absenteeism amounted to six days and there were no workplace accidents or occupational diseases.

Following the entry into force of the law of 27 January 2011 on gender balance on boards of directors and supervisory boards and gender parity, M.R.M.'s Board of directors at its meeting of 7 December 2017 approved the Company's policy on gender parity and equal pay, reaffirmed its determination to be a socially responsible employer, and confirmed that it would undertake to apply a human resources policy based on non-discrimination in matters of recruitment, professional assessment, professional mobility and professional training. The Company also respects freedom of association and the right to collective bargaining. However, its employees have not to date initiated any labour relations mechanism.

Finally, because of the low number of employees, the Company did not take any measures in favour of the employment and integration of disabled persons. As M.R.M.'s business is based in France, it is not directly bound by the International Labour Organization's fundamental conventions on the elimination of forced or compulsory labour and the effective abolition of child labour because French law already prescribes prohibitions in these areas.

4.2 Environmental information

4.2.1 General environmental policy

While continuing to prioritise the restructuring and value-enhancement of its property portfolio, during the 2017 financial year the Company pursued its commitment to development which reconciles environmental conservation and economic efficiency. In its operations, the Company adheres to and sees that its service providers adhere rigorously to environmental regulations in all stages of property investment (acquisition, design, property management). This concerns, for example, detecting 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, replacing equipment operating on R22 gas, observing insulation standards, and optimising the energy efficiency of buildings undergoing restructuring. As to the properties being renovated, M.R.M. pays great attention to the treatment of common 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. However, the Company does not believe that its property activity causes any releases to soil that could seriously affect the environment.

In addition, SCC and Accessite, both of which provide property management and operational asset management services for M.R.M. retail assets, are signatories of the lessor-tenant charter of the *Conseil National des Centres Commerciaux* (CNCC). The applicant is also planning to offer its tenants a "green" lease that includes an environmental rider: the CNCC lessor-tenant charter, which requires stakeholders to engage in a collective, consensus-based approach to drive progress.

The environmental issue has become a major requirement for commercial complexes, involving all lessors and retailers but also the consumers using them every day. It is therefore important for stakeholders in commercial property to formalise their reciprocal commitments and to contribute to achieving the environmental targets that France has set itself.

The purpose of the CNCC lessor-tenant charter is to define the sustainable development principles to be used in commercial leases.

This educational text recommends a series of measures to be implemented covering a range of issues such as reducing the centre's energy consumption, carbon footprint, waste and water treatment and recycling, air quality, etc.

Lastly, the building located at 5 avenue Kléber, which M.R.M. rents for its head office, was designed, refurbished and is operated in accordance with the principles set by the HQE (High Environmental Quality) standard. One of the aims of this standard is to improve the environmental quality of buildings throughout their life cycles from works scheduling to operation to demolition. The Company is keen to involve its personnel as building users in best practice as regards respecting and protecting the environment (selective sorting, recycling, reasonable use of paper, etc.).

Certifications

As part of its property activity, during the past financial year, the Company continued to apply France's HQE 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 building 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.

Priority was given to the integration of the building in its site, with notably the laying out of vegetal terraces reducing the discharge of rain water and improving the cooling of the building during the summer. A centralised technical management system to optimise a building's energy efficiency and provide information on consumption, "high-performance" equipment, strict management of waste from building sites, and building façades with double glazing offering excellent thermal and acoustic performance have all been integrated into the project since its inception. As a result, the Nova building develops all the criteria for a modern building, highly effective and functional while ensuring optimal comfort to its users. Its main characteristics were designed and executed with a focus on sustainable development and the well-being of its occupants, making it a "green" property in terms of location, public transport, the environment and nearby services, occupant comfort, and energy and water efficiency.

The additional costs incurred by the adoption of this initiative are seen by M.R.M. as investments that contribute to value creation. These investments paid off when the property received HQE NF – *Bâtiments Tertiaires* certification in 2012 and BREEAM In Use – Good certification in 2014 and again in early 2018. In 2015 and again in 2017, the property received the HQE Exploitation label.

The Green Approach Guides

In setting up a "green" approach for the operation of its properties, particularly through energy savings measures and working with its tenants, M.R.M. seeks to have an impact on improving energy performance, reducing greenhouse gas emissions and slowing climate change.

To this end, M.R.M. has developed Green Approach Guides for its office property in use to encourage all stakeholders – tenants, occupants, managers, technical staff, miscellaneous service providers and owners – to work together to become "green" stakeholders every day.

Occupants need to become empowered in how they use their office spaces, with the aim of reducing energy consumption, ensure sanitary quality and user comfort while respecting the environment. M.R.M. intends to fully support them in this process. The Green Approach Guides therefore aim to help tenants to ask the right questions at the right time, from fitting-out to daily use.

The tenant company needs to be able to communicate its commitments in terms of Corporate and Social Responsibility, both internally and externally:

- Employee well-being in comfortable, user-friendly work spaces;
- Company integration in the local economic and social fabric;
- Environmentally-friendly practices and undertakings.

The Green Approach Guides recommend Green Committee meetings on a half-yearly or annual basis. The Green Committees are comprised of representatives of the lessor, tenants, technical service provider, property manager and all servicing and/or maintenance companies employed by the lessor or tenants.

Green Committees are responsible for:

- Studying and assessing the intrinsic environmental performance of the property and any changes to the property, the premises or their operation that could affect its environmental performance during its lifetime, as well as energy and water consumption and waste generation related to the life of the property;
- Adapting and drawing up environmental targets to reduce the property's energy consumption, carbon emissions, water consumption and waste generation through the use of eco-friendly equipment as far as possible (e.g. renewable energies, rainwater recovery, water recycling);
- Monitoring and reporting on changes to environmental targets in terms of the property's water and energy consumption and waste generation or relating to progress made in terms of achieving targets set at previous meetings;
- Setting new targets to be achieved over the next six-twelve months.

In 2017, a Green Committee met on several occasions and had fruitful discussions about the Nova building (M.R.M.'s last remaining office property). These Committee meetings improved communication and understanding between stakeholders and led to the rapid, efficient implementation of action plans to significantly improve the environmental performance of properties.

Environmental appendix to leases

Since 2012, an environmental appendix must be attached to all new or renewed lease agreements for all office or retail properties with an area over 2,000 sqm. From 14 July 2013, this appendix became mandatory for all current leases. The environmental appendix must include the following information, provided by the lessor:

- A description of the energy characteristics of equipment and systems in leased premises (e.g. waste treatment, heating, cooling, ventilation, lighting);
- Actual water and energy consumption;
- The amount of waste generated by the property.

This appendix may also include obligations imposed on tenants to reduce energy consumption in the relevant premises.

As of 31 December 2017, 22 leases included an environmental appendix. This approach allows M.R.M. to involve tenants in how resources are used. As a result, the Company and its tenants bring together economic and energetic performances.

The Company aims to roll out the environmental appendix to its existing tenants gradually as their leases are renewed.

Environmental risks

As M.R.M.'s real estate activity does not present any particular environmental risk, no provision was recorded for this as of 31 December 2017.

4.2.2 Pollution and waste management

Waste management for office properties owned by M.R.M. is the responsibility of the property manager. The waste collection service offered to occupants involves selective sorting of office waste baskets at source.

In office properties, waste prevention, recycling and disposal measures are set out in the Green Approach Guides and by Green Committees to support and encourage tenants to set up the equipment necessary for sorting at source, to take out a selective collection agreement, to train their cleaning service provider on how to organise collections, to draw up a quarterly report on collection (quantities and decommissioning), to oversee the volumes and quality of waste generated by a monitoring group and to report on the results obtained. At the Nova property in La Garenne-Colombes, M.R.M. has further improved recycling by managing waste such as used batteries and wants to go further by extending waste collection to plastic (cups, bottles), metals (drink cans) and glass (fluorescent tubes).

As regards selective waste sorting, all our shopping centres have dedicated containers for paper, plastic and other waste, provided to our tenants. M.R.M. ensures on a daily basis that retail tenants sort their waste. In the Carrefour École-Valentin shopping mall, M.R.M. raises awareness of best practice in selective sorting among its retail tenants twice a year.

Generally, during and after the refurbishment or construction of a property, the Company encourages companies carrying out the work to reduce noise pollution from building sites and to strictly manage waste in order to limit the nuisance caused to the neighbourhood and any occupants of the property and to respect the area around the property.

At its premises at 5 avenue Kléber, Paris, the Company sorts and recycles its waste, including paper, toner and ink cartridges, electronic and IT equipment, batteries, fluorescent bulbs and tubes, plastic cups and bottles, and cans. The quantity of waste generated by M.R.M. employees in 2017 is estimated at 113 kg.

Because of its activity in France as a real estate company, and since it does not have any of its own restaurants, the Company does not believe that measures to combat food waste apply to it.

4.2.3 Sustainable use of resources

Water consumption

Regarding water management, the Aria Parc retail park in Allonnes is equipped with a system for recovering and storing rainwater in a 55 cbm 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.

Water consumption can also be reduced by installing dual flush toilets (full and partial flush) and electronic mixer taps that can detect physical presence and regulate water flow to replace traditional fittings as at the Nova building in La Garenne-Colombes, the Les Halles du Beffroi shopping centre in Amiens and the Carré Vélizy complex in Vélizy-Villacoublay.

The installation of distributed electronic water meters in the Les Halles du Beffroi shopping centre in Amiens, the Galerie du Palais in Tours, the Sud Canal shopping centre in Montigny-le-Bretonneux and the Carré Vélizy complex in Vélizy-Villacoublay allows the Company to better monitor and therefore manage water consumption via more reliable and precise meter readings.

The Group is currently considering a project to replace cooling towers by a closed system at the Galerie du Palais in Tours with a view to significantly reducing its water consumption.

Given the geographical location of its properties, the Company is not exposed to any particular local constraints in terms of water supply or consumption.

Energy consumption

In 2014, the Company continued its efforts in this area by replacing fan coils on Carré Vélizy complex in Vélizy-Villacoublay and by upgrading or streamlining centralised thermal management in its retail properties in Carré Vélizy and Le Passage de la Réunion in Mulhouse.

At La Galerie du Palais in Tours, the refurbishment of condenser pumps and restoration of the flow switch in 2014 led to energy savings in terms of both water and electricity consumption.

After fitting motion detectors in the communal areas of the Nova building in 2014, the last remaining halogen bulbs were replaced with LEDs between the lobby and the company restaurant on the ground floor in 2017.

To comply with regulations relative to substances that deplete the ozone layer, the Company is gradually replacing its cooling units that still use R22 gas such as in the Le Passage de la Réunion shopping centre in Mulhouse in 2014.

In 2015, all of the fluorescent tubes used on the two floors of the parking decks at the Sud Canal shopping centre in Montigny-le-Bretonneux were replaced by LEDs, leading to a 51% saving in consumption in 2016 versus an expected saving of 25%.

In 2016, LEDs and chandeliers were installed in all communal areas of the Carré Vélizy complex and motion detectors were installed in the parking decks. Finally, a number of HVAC facilities were modernised.

The restructuring works of the upper ground floor of the Les Halles du Beffroi shopping centre in Amiens carried out in 2016 involved changing the roof-based heating and air conditioning system and installing a new heating system in the main hall as well as changing all of the lighting in the property to LED.

In the La Galerie du Palais shopping centre in Tours, the general low voltage panel and transformer were replaced in 2016.

In 2017, the Group completed the progressive installation of an LED lighting system in the stairwells of the Nova building. The entire lighting of the Passage de la Réunion shopping centre and public car park in Mulhouse was also replaced with an LED lighting system. When the Ecole-Valentin Carrefour shopping centre was renovated in 2017, the entire public area lighting of the adjoining shopping mall was replaced with an LED lighting system.

In addition, some HVAC equipment at the Carré Vélizy complex in Vélizy-Villacoublay was upgraded.

The Company intends to make structural improvements in 2018 to reduce or optimise its energy consumption.

To this end, the Company carried out an energy audit of the Aria Parc retail park in Allonnes and the Galerie du Palais in Tours with a view to replacing car park lighting with LED systems in 2018.

To date, the Company does not use renewable energy in the office and retail properties it operates. However, it should be noted that a portion of the electricity in the building at 5 avenue Kléber in Paris, where M.R.M. has its head office, comes from renewable energies. M.R.M.'s lessor decided to enter into a two-year agreement with EDF to provide 21% of the electricity supplied from renewable energy.

Commodity consumption and land use

To reduce the consumption of paper and toner in its premises, Company employee computers are configured by default to print on both sides and in black and white. Paper consumption by M.R.M. employees in 2017 is estimated at 106 kg compared with 121 kg in 2016.

The Company's main impact in terms of land use relates to its control of assets managed. The Company is not aware of any soil pollution in the assets managed.

Gathering and monitoring consumption data

In 2014, the Company set up procedures for gathering and monitoring energy consumption (electricity, gas and fuel oil) and water consumption data at its head office and areas under its operational control in all of its shopping centres and offices. M.R.M. can therefore report on greenhouse gas emissions due to energy consumption at its head office and in shopping centres and office.

Indicators	2017 data	2016 data
Head office		
Electricity	21,802 kWh	27,764 kWh
Gas	N/A	N/A
Fuel oil	7 litres	42 litres
Water	46 cbm	57 cbm
Greenhouse gas emissions	1.3 $TeqCO_2$	1.8 $TeqCO_2$
Properties in use		
Electricity	3,299,308 kWh	3,333,993 kWh
Gas	1,218,769 kWh	1,242,820 kWh
Fuel oil	0 litre	0 litre
Water	21,870 cbm	17,006 cbm
Greenhouse gas emissions	422.2 $TeqCO_2$	428.7 $TeqCO_2$

The lower consumption of buildings in use largely reflects lower electricity consumption in LED-equipped properties and milder weather conditions leading to lower gas consumption.

As regards the impact of services produced by the Company, the most significant emissions item is rental buildings totalling ten buildings (95,594 sqm). The Company is currently reviewing a methodology to quantify these emissions in years to come.

The Company has not taken any specific measures to preserve or develop biodiversity in the offices and retail it operates. However, two beehives have been installed on the roofs of the building at 5 avenue Kléber in Paris, where M.R.M. has its head office.

4.3 Societal information

As the Company's properties are located in labour market areas, light industrial zones and established trading areas, the Company is aware of its impact on the economic activity and on town planning in these areas, and ensures that it integrates as much as possible, through the quality of its properties and the services it offers to users and local or neighbouring populations.

The Company also strives to achieve the best possible conditions for dialogue with all stakeholders in these properties, namely tenants, property managers, asset managers, service providers, co-owners, retailers' associations and local authorities. The procedure initiated by the Company for the Green Approach Guide is an example of this.

In 2017, the Company decided to support hospital patients, both children and adults, and elderly people in nursing homes by sponsoring the Les Blouses Roses association. The state-approved countrywide association has 5,000 volunteers and has made it its mission for the last 75 years to assist, entertain and comfort nursing home residents through their illness and solitude.

The Company does not take social and environmental issues into account in its procurement policy, nor the social and environmental responsibility of its suppliers and subcontractors in its dealings with them.

Regarding fair business practices, the Company's entire approach is focused on preventing corruption by making systematic use of invitations to tender and promoting consumer and occupier health and safety through rigorous compliance with regulations for establishments open to the public and fire safety regulations.

In the Les Halles du Beffroi shopping centre in Amiens and the Sud Canal shopping centre in Montigny-le-Bretonneux, specific risk management processes have been put in place by centre management, employees are trained in first aid, and the retailers are made aware of fire risks.

As part of the French antiterrorist plan (*plan Vigipirate*) and the French government's declaration of a state of emergency at year-end 2015, security and vigilance were reinforced in shopping centres and in the Nova high-rise office property in La Garenne-Colombes.

Improving security in the parking decks of our shopping centres and office properties is also at the core of our concerns: installing a spherical mirror at the parking entrance, reviewing signage and directions of traffic circulation, putting signage in place on the floor to guide visitors, marking the edges of traffic lanes, putting up speed bumps and plastic markers, and installing automatic defibrillators are just some of the measures taken at Carré-Vélizy in Vélizy and Sud Canal in Montigny-le-Bretonneux.

Because of its activity in France as a real estate company, the Company does not believe that the section on human rights initiatives apply to it.

5. Information on payment terms for the Company's suppliers and customers

As of 31 December 2017, the Company's trade payables totalled €15 thousand excluding tax, i.e. 2% of purchases excluding tax for the year.

Trade payables excluding VAT	Outstanding in:					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Number of invoices concerned (A)						15
Total net billings	-	€32	-	-	€13,981	€14,522
% of annual net purchases	-	0%	-	-	2%	2%
Number of invoices excluded(1)	-	-	-	-	-	-
Total amount of invoices excluded	-	-	-	-	-	-
Terms of payment used to calculate payment delay	Contractual terms of payment: 30 days end of the month Legal terms of payment: 30 days end of the month					

(1) Excluded from (A) and relating to contentious or unstated payables.

As of 31 December 2017, all of the Company's trade receivables concerned doubtful debts which were thus excluded from the calculation. These receivables were transferred by two subsidiaries that have since been dissolved without liquidation via the complete transfer of all assets and liabilities to M.R.M. As a percentage of net revenue, this amount was insignificant in 2017.

Trade receivables excluding VAT	Outstanding in:					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Number of invoices concerned (A)						
Total net billings	-	-	-	-	-	-
% of annual net revenue						
Number of invoices excluded(1)	-	-	-	-	10	10
Total amount of invoices excluded	-	-	-	-	€435,462	€435,462
Terms of payment used to calculate payment delay	Contractual terms of payment: 30 days end of the month Legal terms of payment: 30 days end of the month					

(1) Excluded from (B) and relating to contentious or unstated receivables.

List of appendices

Appendix 1 : Summary of Company results over the past five years

Appendix 2 : List of Company equity interests

Appendix 3 : Methodological note regarding CSR reporting

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Appendix 5 : Annual financial statements as of 31 December 2017

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Appendix 7 : Corporate governance report

Appendix 1 Summary of Company results over the past five years

Financial year/Type	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Share capital	43,667,813	43,667,813	43,667,813	43,667,813	43,667,813
Number of shares:					
Existing ordinary shares	43,667,813	43,667,813	43,667,813	43,667,813	43,667,813
Existing preferred shares (without voting rights)					
Maximum No. of future shares to be created:					
Through conversion of bonds					
Through exercise of subscription rights					
Items and results for the period:					
Revenue excluding VAT	252,256	206,043	264,235	225,173	131,211
Net profit (loss) before taxes, employee profit-sharing and depreciation and amortisation expenses and provisions	-455,750	4,501,228	2,039,433	541,885	1,004,533
Income tax	-2,620	-	32	65,213	0
Employee profit-sharing for the period					
Profit (loss) after tax, employee profit-sharing, amortisation, depreciation and provisions	-6,587,214	415,171	1,375,085	-779,764	-824,653
Income distributed					
Earnings per share:					
Profit (loss) after tax, employee profit-sharing, but before amortisation, depreciation and provisions	-0.01	0.10	0.05	-0.01	0.02
Profit (loss) after tax, employee profit-sharing, amortisation, depreciation and provisions	-0.15	-0.01	0.03	-0.02	-0.02
Dividend per share					
Workforce:					
Average number of employees during the period	5	5	5	3	1
Payroll for the period	741,292	605,636	537,518	427,116	132,703
Employee benefits (e.g. social security, benefit scheme)	295,637	255,485	217,423	177,789	51,840

Appendix 2 List of the Company's equity interests

	Method of consolidation	Interest	Control
SA M.R.M.	Parent company	100%	100%
SAS COMMERCES RENDEMENT	FC	100%	100%
SAS DB NEPTUNE	FC	100%	100%
SAS DB PIPER	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 5, avenue Kléber – 75795 Paris Cedex 16.

Appendix 3 Methodological note regarding CSR reporting

M.R.M.'s CSR reporting is based on Articles L.225-102-1, R.225-104 and R.225-105-2 of the French Commercial Code. Greenhouse gas emissions are calculated in line with the Greenhouse Gas Protocol. Emissions factors were updated in 2017 based on emissions factors from the Base Carbone (carbon database) of the French Environment & Energy management Agency (ADEME):

- Electricity EF: 0.06 kgCO_2/kWh;
- Fuel oil EF: 2.68 kgCO_2/litre;
- Natural gas EF: 0.184 kgCO_2/kWh.

The report produced is used by the Company for the purposes of regulatory publication but also to monitor its environmental impact from a more operational point of view.

Reporting period

The data gathered cover the period from 1 January to 31 December of year N with no distinction made between different data. This data is uploaded on an annual basis at the end of the year.

Scope

The purpose of the CSR reporting scope is to represent the Group's activities. It is defined as follows:

- Only fully consolidated companies are included in the CSR reporting scope;
- As subsidiaries held by M.R.M. have no employees, the reporting scope for employee information is confined to M.R.M. SA;
- The reporting scope for environmental information covers M.R.M. SA, which rents its head office, and its subsidiaries which own properties in use. Data collected on energy consumption from subsidiaries relate to areas under operational control corresponding to common areas in buildings;
- Property acquired or put into use in year N will be included in the reporting for year N+1, to adopt a gradual approach;
- Property disposed of or placed under restructuring measures in year N are excluded from the reporting scope of year N.

The reporting scope for year N is updated on 31 December of that year by M.R.M. group management.

The reporting scope for the 2017 financial year is made up of the following:

- Employee data: M.R.M. SA;
- Environmental data: the head office of M.R.M. SA, one office property in use, seven shopping centres, a mid-size store in town centre and a portfolio of 13 garden centres.

Choice of indicators

Indicators are chosen according to the corporate social responsibility impact of Group companies' activities and the associated business risks, to the extent that such information is available.

Consolidation and internal control

Quantitative and qualitative data are gathered centrally by M.R.M. management at the end of the year or from each entity included in the CSR reporting scope from sources such as payroll extracts, Excel monitoring spreadsheets and bills.

The data and computations collected are kept from one year to the next in the Company's archives. Group management performs consistency checks and analytical reviews on this data to ensure that it is complete and reliable.

If data published in year N-1 undergo significant corrections in year N on the basis of new information, N-1 data presented in year N reflect these corrections to allow for a better comparison between the two periods.

External controls

Pursuant to the regulatory requirements of Article 225 of the Grenelle 2 law on the environment and its enacting decree of 24 April 2012, M.R.M. asked one of its Statutory Auditors to draw up a report from 2013 to include a declaration on the compilation of information to be included in the management report and a reasoned opinion on the fair presentation of the information reported.

Appendix 4 Report by the independent third party, on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the Independent third party's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended 31 December 2017

To the Shareholders,

In our capacity as independent third party, certified by COFRAC number 3-1058 (scope available at www.cofrac.fr), and member of the Mazars network of one of the Company's Statutory Auditors, we hereby report to you on the consolidated human resources, environmental and social information for the year ended 31 December 2017, included in the management report (hereinafter named "CSR Information"), pursuant to Article L.225-102-1 of the French Commercial Code *(Code de commerce).*

Company's responsibility

The Board of directors is responsible for preparing a company's management report including the CSR Information required by Article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the Company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French code of ethics (*Code de déontologie)* of our profession and the requirements of Article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the Independent Third Party

On the basis of our work, our responsibility is to:

- Attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- Express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

It is however not our responsibility to attest compliance with other legal dispositions where appropriate, in particular those included in Article L.225-102-4 of the French Commercial Code (vigilance plan of parent companies) and law n° 2016-1691, dated 9 December 2016, said Sapin II (fight against corruption).

Our work involved 4 persons and was conducted between November 2017 and February 2018 during a 1 week period.

We performed our work in accordance with the professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000[(1)] concerning our conclusion on the fairness of CSR Information.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

I. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in Article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with Article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by Article L.233-1 and the controlled entities as defined by Article L.233-3 of the French Commercial Code.

Conclusion

Based on the work performed, we attest that the required CSR Information has been disclosed in the management report.

II. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted three interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- Assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- Verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important[(1)]:

- We referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- We conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 100% of quantitative environmental data considered as material data[(2)] of environmental issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the Company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

The Independent Third Party, Mazars SAS

Paris La Défense, 6 April 2018

Edwige Rey	Gilles Magnan
Sustainable Development Partner	Partner

(1) The organization of the Company to integrate environmental issues and, if appropriate, the assessments and certification process regarding environmental issues; Energy consumption by type of source; Water consumption; CO_2 emissions from energy consumption; Number of Green Committees; Number of environmental appendix in the lease agreements; Actions of partnership and sponsorship activities.

(2) Energy consumption by type of source; Water consumption; CO_2 emissions from energy consumption.

Appendix 5 Annual financial statements for the year ended 31 December 2017

See section 3.9 "Annual financial statements for the year ended 31 December 2017" of this Registration Document.

Appendix 6 Consolidated financial statements for the year ended 31 December 2017

See section 3.7 "Consolidated financial statements for the year ended 31 December 2017" of this Registration Document.

Appendix 7 Corporate governance report

See section 4.1 "Corporate governance report" of this Registration Document.

3.7 Consolidated financial statements for the year ended 31 December 2017

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1. Financial statements

1.1 Statement of consolidated financial position

► ASSETS

(in thousands of euros)		31/12/2017	31/12/2016
Intangible assets		2	2
Investment properties	note 4.4	158,520	152,800
Deposits paid		1	1
NON-CURRENT ASSETS		158,523	152,803
Assets held for sale	note 4.5	41,047	45,047
Down payments made		73	90
Trade receivables	note 4.6	3,403	2,519
Other receivables	note 4.7	3,493	6,300
Derivatives	note 4.8	-	-
Cash and cash equivalents	note 4.9	13,352	24,994
CURRENT ASSETS		61,367	78,950
TOTAL ASSETS		**219,891**	**231,753**

► EQUITY AND LIABILITIES

(in thousands of euros)		31/12/2017	31/12/2016
Share capital		43,668	43,668
Additional paid-in capital		53,951	58,360
M.R.M. treasury shares		-105	-78
Reserves and retained earnings		25,064	20,363
Profit (loss) for the period		-4,628	5,089
GROUP EQUITY		117,950	127,401
Non-controlling interests		-	-
EQUITY		117,950	127,401
Provisions	note 4.11	-	372
Bank debts	note 4.12	71,141	58,643
Guarantee deposits received	note 4.12	1,083	1,210
NON-CURRENT LIABILITIES		72,223	60,226
Current borrowings	note 4.12	25,244	38,674
Trade payables		1,169	2,536
Debts payable against non-current assets	note 4.13	1,865	1,862
Other liabilities	note 4.14	1,439	1,055
CURRENT LIABILITIES		29,717	44,126
TOTAL EQUITY AND LIABILITIES		**219,891**	**231,753**

1.2 Statement of consolidated comprehensive income

► CONSOLIDATED INCOME STATEMENT

(in thousands of euros)		31/12/2017	31/12/2016
Gross rental revenues	note 5.1	11,194	12,992
External property expenses not recovered	note 5.2	-3,376	-3,497
NET RENTAL REVENUES		7,819	9,495
Operating expenses	note 5.3	-2,758	-3,211
Reversals of provisions		976	148
Provisions		-639	-939
Other operating income	note 5.4	66	669
Other operating expenses	note 5.4	-1,494	-92
OPERATING INCOME BEFORE DISPOSALS AND CHANGE IN FAIR VALUE OF PROPERTIES		3,969	6,070
Result on disposals of properties	note 5.5	-25	-2,839
Change in fair value of investment properties	note 5.6	-6,444	4,291
OPERATING PROFIT (LOSS)		-2,500	7,521
Gross borrowing cost	note 5.7	-1,899	-1,916
Income from cash and cash equivalents	note 5.7	-	2
Change in fair value of financial instruments and marketable securities		-	-2
Discounting of payables and receivables		-229	-516
FINANCIAL PROFIT (LOSS)		-2,128	-2,431
NET PROFIT (LOSS) BEFORE TAX		-4,628	5,089
Tax expense		-	-
PROFIT (LOSS) FOR THE PERIOD		**-4,628**	**5,089**
Profit (loss) for the period attributable to non-controlling interests		-	-
Profit (loss) for the period attributable to owners of the parent company		-4,628	5,089
Net earnings per share *(in euros)*		-0.11	0.12
Diluted net earnings per share *(in euros)*		-0.11	0.12

► CONSOLIDATED COMPREHENSIVE INCOME

(in thousands of euros)	31/12/2017	31/12/2016
PROFIT (LOSS) FOR THE PERIOD	-4,628	5,089
Items that can be reclassified as profit (loss) for the period	-	-
Profits and losses related to the disposal of equity instruments	6	6
Items that cannot be reclassified as profit (loss) for the period	6	6
OTHER ITEMS OF COMPREHENSIVE INCOME	6	6
Tax expense related to other items of comprehensive income	-	-
COMPREHENSIVE INCOME	**-4,622**	**5,095**
Comprehensive income for the period attributable to non-controlling interests	-	-
Comprehensive income for the period attributable to owners of the parent company	-4,622	5,095

1.3 Statement of consolidated cash flows

(in thousands of euros)		31/12/2017	31/12/2016
Cash flow			
CONSOLIDATED PROFIT (LOSS)		**-4,628**	**5,089**
Elimination of non-cash expenses and income			
Change in depreciation, impairment, provisions and deferred expenses		-337	791
Change in fair value of properties	note 5.6	6,444	-4,291
Change in fair value of financial instruments		-	2
Discounting of receivables and payables		229	516
Net borrowing cost	note 5.7	1,899	1,913
Elimination of capital gains (losses)	note 5.5	25	2,839
Other items		-127	-175
CASH FLOW		3,505	6,686
Change in operating working capital			
Trade receivables		-1,105	-165
Other receivables		204	765
Trade payables		-1,368	251
Other liabilities		440	-450
CHANGE IN OPERATING WORKING CAPITAL		-1,829	401
CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES		**1,676**	**7,086**
Purchases of investment property	notes 4.4 and 4.5	-7,976	-7,226
Sales of investment property		65	37,494
Change in debts payable against non-current assets		4	-787
Establishment of a cash collateral account		-	-2,600
CHANGE IN CASH FLOWS FROM INVESTING ACTIVITIES		**-7,907**	**26,880**
Change in debt			
Increase in bank debts	note 4.12	16,384	2,381
Decrease in bank debts	note 4.12	-17,105	-39,071
Loan taken out with a shareholder	note 4.12		
Change in other borrowings		-183	-338
Other changes			
Dividends paid		-4,802	-4,362
Changes in cash collateral account		2,600	-
Purchase/Disposal of treasury shares		-21	50
Disbursed debt issue expenses		-246	-1,200
Interest paid		-2,037	-1,865
CHANGE IN CASH FLOW FROM FINANCING ACTIVITIES		**-5,411**	**-22,405**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**-11,642**	**11,562**
Opening cash and cash equivalents		24,994	13,433
Closing cash and cash equivalents		13,352	24,994
Cash	*note 4.9*	*13,304*	*24,938*
Bank overdrafts		*-*	*-*
Other cash items	*note 4.9*	*48*	*57*
CHANGE IN CASH POSITION		**-11,642**	**11,562**

In 2017, the Group generated €1,676 thousand in cash flow from operating activities.

Net cash flow from investing activities was €(7,907) thousand in 2017 and in the absence of any significant disposals during the year mostly related to the acquisition of a retail centre in Allonnes (€1,826 thousand) and works on retail properties (€6,150 thousand). These investments were partly financed by drawdowns on a credit line (for a total of €3,784 thousand) and a cash collateral account, both set up to finance the Group's value-enhancement plans for the retail properties in question.

The €16,384 thousand increase in bank debt corresponds to drawdowns amounting to €1,184 thousand on the aforementioned credit line and the new €15,200 thousand loan taken out with Berlin Hyp to refinance a €14,815 thousand loan maturing at the end of 2017. The €17,105 thousand decrease in bank debt corresponds to the early repayment of the abovementioned €14,815 thousand loan, contractual depreciation and amortisation of €2,086 thousand, and an early repayment of €204 thousand linked to a property disposal. In light of the €2,600 thousand spent to pay up the cash collateral account set up to finance works, a dividend payout of €4,802 thousand for 2016 and interest payments of €2,037 thousand, cash flow from financing activities fell by €5,411 thousand in 2017.

As of 31 December 2017, the combined cash flows generated by the Group used up €11,642 thousand in cash and cash equivalents.

1.4 Statement of 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 31/12/2015	**43,668**	**62,161**	**-123**	**13,627**	**7,291**	**126,624**
Appropriation of 2015 profit	-	-	-	7,291	-7,291	
Dividend payout	-	-3,801		-561		-4,362
Disposal of treasury shares	-	-	44	-	-	44
Profit (loss) for 2016	-	-	-	-	5,089	5,089
Other items of comprehensive income	-	-	-	6	-	6
EQUITY AT 31/12/2016	**43,668**	**58,360**	**-78**	**20,363**	**5,089**	**127,401**
Appropriation of 2016 profit	-	-	-	5,089	-5,089	-
Dividend payout	-	-4,409		-393		-4,802
Purchase of treasury shares	-		-27			-27
Profit (loss) for 2017	-				-4,628	-4,628
Other items of comprehensive income	-	-		6	-	6
EQUITY AT 31/12/2017	**43,668**	**53,951**	**-105**	**25,064**	**-4,628**	**117,950**

2. Notes to the consolidated financial statements

Detailed contents of notes

Note 1 Company profile and significant items

1.1 General information

M.R.M. (the "Company") is a *société anonyme* (public limited company) registered in the Paris Trade and Companies Register. Its head office is located at 5 avenue Kléber, 75016 Paris, France.

M.R.M. opted for SIIC (real estate investment trust) status with effect from 1 January 2008.

M.R.M., parent company of the consolidated Group, is a holding company with subsidiaries dedicated to holding and managing retail and office properties. The consolidated financial statements for the 12-month period ended 31 December 2017 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).

On 22 February 2018, the Board of directors authorised the publication of the Group's consolidated financial statements as of 31 December 2017. They are denominated in thousands of euros, unless stated otherwise. The functional currency of each Group entity is the euro.

The annual reporting period for all Group entities ends on 31 December.

1.2 Highlights of the period

Having strengthened its financial position through the SCOR SE recapitalisation coupled with the complete restructuring of its bank and bond liabilities in 2013, M.R.M. largely restored its financial leeway.

In 2017, M.R.M. focused on letting the available space in its office and retail properties and maintained strong retail property momentum with the signing of 13 new leases.

M.R.M. also continued the operating phase of many of its investment programs designed to make the most of the potential value of its retail properties. Total projected investments identified for all retail properties went from €32 million to €35 million following the implementation of a new value-enhancement plan for the Aria Parc retail park in Allonnes. Of this amount, €4.6 million was spent in 2017, bringing total investments to €13.6 million as of 31 December 2017.

M.R.M. is selling the last two remaining office properties in its portfolio to complete the process of refocusing on its retail properties.

Lastly, in 2017 M.R.M. refinanced a bank loan maturing at the end of the year.

Rental management and lettings

In 2017, the retail and office portfolio saw 13 leases signed or renewed, representing an annual rental income of €1.0 million, including:

- The signing of two leases covering a total area of 3,825 sqm, of which 2,300 sqm as part of a project to extend a retail unit to house a homeware store in the Aria Parc retail park in Allonnes. These lettings are part of a programme to reconfigure and extend the retail park in which M.R.M. increased its stake during the year (see "Investments" below);
- The signing of two new leases for approximately 900 sqm in the Nova office building in La Garenne-Colombes, which boosted its occupancy rate to 78%;
- The reletting of a 1,275 sqm unit in the Les Halles du Beffroi shopping centre in Amiens which La Grande Récré vacated on 31 December 2017. The new lease is intended for a fitness studio and will come into effect in the first quarter of 2018.

In June 2017, the sole tenant of the medium-sized 2,470 sqm high street retail unit in the city centre of Reims activated the 3-year lease termination option and gave notice of departure to M.R.M. effective on 31 December 2017. New tenants are being sought.

As of 31 December 2017, the physical occupancy rate for retail properties stood at 76%, a decrease of 8% from 31 December 2016. This decline stemmed mainly from tenant departures from properties in Reims and Amiens, which more than offset the impact of the lease agreements signed in 2017. The physical occupancy rate of office properties stood at 45% as of 31 December 2017, up 5% from 31 December 2016, thanks to lettings of the Nova building in La Garenne-Colombes. This occupancy rate includes Urban, a vacant office property of 8,000 sqm located in Montreuil, to be sold as is in order to be restructured into residential units.

Investments

During 2017, investments in the properties portfolio stood at €8.0 million. These were primarily:

- The reconfiguration and extension of Carré Vélizy, a mixed retail/office development located in Vélizy-Villacoublay opposite the Vélizy 2 shopping centre. Work on this site, which began at the end of 2016 with a view to renovating 1,000 sqm to house Gautier and Indiana Café, was completed in 2017. The new retail outlets enhance the site's commercial appeal and were opened to the public in the third quarter of 2017;
- The acquisition of a co-ownership unit in the Aria Parc retail park in Allonnes. In June 2017, M.R.M. acquired the last remaining retail unit it did not own in the retail park. The 1,500 sqm unit was leased by Basic-Fit (a leading European chain of fitness studios) in early January 2017 for a period of ten years, including a firm lease of nine years. The acquisition amount was €1.8 million excluding transfer taxes. Coupled with the 2,300 sqm extension programme to house a homeware store (see "Rental management and lettings" above), it increased the surface area of the Allonnes retail park, of which M.R.M. is now the sole owner, from 9,000 sqm to 12,800 sqm;
- The renovation of the Sud Canal shopping centre in Saint-Quentin-en-Yvelines. After completing the reconfiguration of 5,000 sqm of the Loggias building at the end of 2016, M.R.M. undertook qualitative and sustainable renovations of the entire site in the first half of 2017, giving a new visual identity to the local shopping centre to enhance consumers' shopping experience and promote retailers;
- The renovation and technical upgrade of the current 4,000 sqm shopping mall adjoining the Carrefour hypermarket in École-Valentin north of Besançon. Now that the administrative permits have been obtained free of any third party claims, extension work to add 2,400 sqm of rental space to the mall can start in the first half of 2018;
- The reconfiguration of the Passage de la Réunion shopping mall in the historical centre of Mulhouse with a view to housing a 1,000 sqm fitness studio on the first floor. The works were completed in the fourth quarter of 2017, the lease is in effect and the opening is scheduled in the first quarter of 2018.

Asset disposals

During the first half of the year, the Group sold one of its eleven Gamm Vert garden centres, which at 500 sqm was one of smallest in that portfolio, for a modest sum, and undertook to sell another two small retail properties which are currently vacant and previously housed Gamm Vert stores.

In early 2017 the Group actively sought buyers for its Nova office building in La Garenne-Colombes and to this end signed a listing agreement with a leading property consultancy firm. Discussions to sell the Urban office property in Montreuil are also underway.

Financing

On 30 October 2017, M.R.M. took out a new bank loan with Berlin Hyp in the amount of €15.2 million, maturing at the end of October 2022 (repayment on maturity). Backed by a retail property asset, this new loan replaces a credit line of €14.8 million which expired on 8 December 2017 and which was repaid early.

Following this refinancing, over 90% of the Group's debt now matures in four years or more, with the exception of the €22.0 million loan granted by SCOR SE and backed by the Nova office property classified as held for sale. At the end of 2017, this loan was extended until 15 January 2019.

Implementation of a share buyback programme

On 1 June 2017, the Board of directors decided to implement the share buyback programme decided by the General Meeting of Shareholders of 1 June 2017 in its sixteenth resolution for an 18-month period starting from 2 June 2017.

The purpose of the buyback programme is to:

- Stimulate the trading of M.R.M. securities on the secondary market, or the liquidity of M.R.M. shares via a liquidity contract concluded with an investment services provider in accordance with the ethics charter of the AMAFI (French association of financial markets) recognised by regulations in force, bearing in mind that the number of shares taken into account for the aforementioned calculation corresponds to the number of shares acquired minus the amount sold;
- Retain shares for subsequent payment or exchange purposes in the event of acquisitions;
- Ensure the hedging of stock option plans and/or bonus share plans (or similar) reserved for employees and/or corporate officers of the Group, as well as any share allocations under company or group savings plans (or similar plan), employee

profit-sharing and/or any other form of allocation of shares to employees and/or corporate officers of the Group;

- Ensure the hedging of securities giving access to the Company's shares in accordance with regulations in force;
- Cancel all or part of the shares which would be acquired, in accordance with the authorisation granted, or to be granted, by an Extraordinary General Meeting of Shareholders.

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 maximum number of shares that could be purchased by the Company is capped at 10% of the share capital, adjusted for any potential capital increases or reductions that may take place during the term of the share buyback programme.

These share purchases may be made by any means, including via the purchase of blocks of securities, whenever the Board of directors deems it appropriate.

The maximum unit price is fixed at €3 per share. In the event of any transactions being carried out on the share capital, in particular share splits, reverse splits and free-share allocations, the number of purchasable shares indicated above would be adjusted accordingly by applying a multiplying factor equal to the ratio between the number of shares comprising the share capital prior to the transaction, and the number after the transaction.

The maximum amount that can be invested in the share buyback programme is capped at €13,100,344.

As of 31 December 2017, the Company held 35,012 treasury shares. In 2017, 46,182 securities were purchased under the liquidity agreements entrusted to Invest Securities at an average price of €1.84 per share and 34,531 shares were sold at an average price of €1.86 per share.

Payment of dividends and premiums

In its third resolution, the Combined General Meeting of 1 June 2017 authorised:

- Payment to shareholders of all payable earnings for the past year (i.e. €394,412) as dividends;
- Payment to shareholders of €4,409,047 taken from "Additional paid-in capital" which was thus reduced from €58,360,025 to €53,950,978.

This gives a total of €4,824,218, or €0.11 per share.

The ex-dividend date was set at 7 June 2017 and the dividend payment date at 9 June 2017.

Taking account of the treasury shares held by the Company, which do not qualify for a dividend payout, the final amount distributed to shareholders was €4,802,478.

Reappointment of six members of the Board of directors

François de Varenne, Jacques Blanchard, Gérard Aubert, Brigitte Gauthier-Darcet, Jean Guitton and SCOR SE, whose terms of office were to expire at the end of the Combined General Meeting of 1 June 2017, were reappointed.

To comply with the AFEP-MEDEF recommendation that terms of office be staggered so as to avoid block reappointments and ensure reappointments occur smoothly (§ 13.2 of said Code), and in accordance with Article 11 of the Articles of Association, the abovementioned terms of office were renewed for differentiated periods of one, two or four years.

François de Varenne, Brigitte Gauthier-Darcet and SCOR SE were thus reappointed for a term of four years expiring at the end of the General Meeting to be held in July 2021 to approve the financial statements for the year then ended.

Jacques Blanchard and Gerard Aubert were reappointed for a term of two years expiring at the end of the General Meeting to be held in July 2019 to approve the financial statements for the year then ended.

Jean Guitton was reappointed for a term of one year expiring at the end of the General Meeting to be held in 2018 to approve the financial statements for the year then ended.

On 1 June 2017, the Board of directors decided to keep the duties of Chairman of the Board of directors separate from those of Chief Executive Officer and to reappoint François de Varenne and Jacques Blanchard as M.R.M.'s Chairman and Chief Executive Officer respectively.

Appointment of new Statutory Auditors

The Combined General Meeting of 1 June 2017 voted in its fifth and sixth resolutions to appoint Mazars and RSM Paris as its principal Statutory Auditors to replace KPMG Audit FS I and RSM Rhône-Alpes.

1.3 Subsequent events

None.

Note 2 Accounting principles and methods

The main accounting methods applied in preparing the consolidated financial statements are presented below. Unless stated otherwise, these methods have been applied consistently across all periods presented.

2.1 Going concern principle

The financial statements as of 31 December 2017 were prepared on the basis of the going concern principle, taking into account the operations carried out during the year and described in note 1, section 1.2 "Highlights of the period".

2.2 Presentation of the consolidated financial statements in accordance with IFRS

Pursuant to Regulation (EC) No 1606/2002 of 19 July 2002, M.R.M. group's consolidated financial statements as of 31 December 2017 were prepared in accordance with the standards and interpretations applicable at that date published by the International Accounting Standards Board (IASB) and adopted by the European Union at the date the financial statements were approved by the Board of directors.

These accounting rules, which can be accessed via the European Commission's website (https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en), are the international accounting standards (IAS) and international financial reporting standards (IFRS) and interpretations by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The Group's consolidated financial statements were 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 note 4.4 on the fair value of investment properties.

On 22 February 2018, the Board of directors authorised the publication of the Group's consolidated financial statements as of 31 December 2017.

Standards, amendments and interpretations applicable as of 1 January 2017

Standards, amendments to standards and interpretations published by the IASB and presented below are applicable for the financial year beginning 1 January 2017:

- Amendments to IAS 7 – Disclosure Initiative applicable as of 1 January 2017;
- Amendments to IAS 12 – Recognition of Deferred Taxes for Unrealised Losses applicable as of 1 January 2017;
- Annual improvements to IFRS – 2014-2016 cycle – IFRS 12.

These amendments did not have a material impact on the Group's results and financial position.

Standards, amendments and interpretations not mandatory as of 1 January 2017

Texts adopted by the European Union as of 31 December 2017

The following standards and amendments adopted by the European Union as of 31 December 2017 but with a subsequent effective date of application were not adopted in advance:

- IFRS 9 – Financial Instruments (recognition and measurement of financial assets and liabilities);
- IFRS 15 – Revenue from Contracts with Customers applicable as of 1 January 2018;
- IFRS 16 – Leases applicable as of 1 January 2019.

Texts not adopted by the European Union as of 31 December 2017

Subject to their final approval by the European Union, standards, amendments to standards and interpretations published by the IASB and presented below are applicable according to the IASB as follows:

- IAS 40 – Investment Property applicable as of 1 January 2018;
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture date of adoption postponed;

- Amendments to IFRS 2 – Share-based Payment (classification and measurement of share-based payment transactions) applicable as of 1 January 2018;
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation applicable as of 1 January 2019;
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures applicable as of 1 January 2019;
- Annual Improvements to IFRS – 2014-2016 cycle and IAS 28 applicable as of 1 January 2018;
- Annual Improvements to IFRS – 2015-2017 cycle applicable as of 1 January 2019.

The Group chose not to adopt the early application of these new standards and amendments. The Group assessed the impacts of the first application of these new standards and amendments, especially IFRS 9 on the recognition and measurement of financial assets and liabilities, and IFRS 15 on revenue from contracts with customers, and does not expect them to have a significant impact on its results and financial position.

2.2.1 Statement of consolidated 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, property, plant and equipment and intangible assets, and deposits paid;
- Current assets consist of property assets held for sale, 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 Statement of consolidated comprehensive income

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 itemising other items of comprehensive income – the consolidated comprehensive income statement.

The consolidated income statement thus splits out the following items:

- Operating income, as defined by CNC recommendation 2009 R-03, includes recurring items of current income as well as changes in the fair value of properties, gains (losses) on disposal or the 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 (interest rate caps and marketable securities), and discounted 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 Group uses estimates and makes judgments, 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 note 4.4.

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 Group'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, 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.

Note 3 Scope of consolidation

3.1 Consolidation methods

3.1.1 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 entity so as to obtain benefits from its activities. In general, subsidiaries are deemed to be controlled when 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 2017, all entities within the scope of consolidation were wholly controlled by the Group and were thus fully consolidated.

3.1.2 Affiliates

Affiliates are companies in which the Group exercises significant influence in terms of operating and financial policy without having control of the entity. 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 statement of financial position, the value of shares stated at their cost of acquisition including goodwill plus or minus changes 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 the profits 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 2017, the Group had no affiliates.

3.1.3 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.

3.2 List of consolidated entities

The financial statements fully consolidate the financial statements of all companies in which M.R.M. exercises exclusive direct or indirect control.

	Method of consolidation	Interest	Control
SA M.R.M.	Parent company	100%	100%
SAS COMMERCES RENDEMENT	FC	100%	100%
SAS DB NEPTUNE	FC	100%	100%
SAS DB PIPER	FC	100%	100%
SCI GALETIN II	FC	100%	100%
SCI IMMOVERT	FC	100%	100%
SCI NORATLAS	FC	100%	100%

FC: Full consolidation.

All of the Group's companies are registered in France.

As of 31 December 2017, the registered address for all Group entities was 5 avenue Kléber – 75016 Paris.

Note 4 Notes to the balance sheet

4.1 Business combinations and asset purchases

4.1.1 Business combinations

Accounting principles

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 acquisition cost of shares 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 once a year 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 under “Other operating income and expenses”.

4.1.2 Asset purchases

Accounting principles

When the Group acquires an entity comprising a group of assets and liabilities but not constituting a business as defined by IFRS 3, the acquisition is not considered a business combination as defined by that standard and is recorded 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 12.15 (b), for acquired entities subject to tax, no deferred tax is recognised when assets and liabilities are acquired.

4.2 Intangible assets

Accounting principles

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.

4.3 Tangible assets

Accounting principle

Cost of acquisition of tangible assets

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. Tangible assets are recognised at cost less cumulative depreciation and impairment. Where components of tangible assets have different useful lives, they are recognised as separate tangible assets.

Depreciation of tangible assets

Tangible assets are depreciated over their useful lives.

Depreciation is recognised as an expense on a straight-line basis over the estimated useful life of each tangible assets.

Impairment of tangible assets

When 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.

4.4 Investment properties

Accounting principles

IAS 40 – Investment Property defines investment property as property held by the owner or 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.

Valuation method for investment property

In accordance with the measurement models put forward by IAS 40 and in line with the recommendations of the European Public Real Estate Association (EPRA), the Group opted to use the fair value method on a permanent basis and measures investment properties 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]

The market value of these assets excludes any transfer taxes relating to their sale. Gains on the disposal of investment property are calculated on the basis of the most recent fair value recognised in the statement of financial position.

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 JLL independent appraiser to value its portfolio.

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 appraised value of properties and their final value on disposal may not be identical.

The methodology chosen by the appraiser is based on the combined implementation of different valuation techniques, namely the capitalisation approach and the discounted future cash flow approach. The values determined by reference to these two approaches are corroborated by implementing the comparables method and/or the replacement cost method. The process used by experts is in line with their professional standards (specifically RICS).

The principle underlying the rental income capitalisation approach is the application of a rate of return observed on comparable assets in the market with net rental income which reflects the actual level of rent compared to the market price.

The Discounted Cash Flow (DCF) approach is based on ascertaining the future income, in relation to parameters such as vacancy, forecast rent increases, recurring maintenance costs and ongoing costs, that will maintain the property asset in operating condition.

Investment properties undergoing restructuring are valued based on an assessment of the property after restructuring to the extent that the Group is reasonably assured that the project will be completed given the absence of significant risks, particularly with regard to administrative permits such as building permits and CDEC. Remaining works are then deducted from this assessment based on the development budget or agreements negotiated with builders and service providers.

The main assumptions used to estimate fair value are those related to expected future rents in relation to the fixed-term lease commitment, market rents, vacancy periods, the occupancy rate of the properties, maintenance requirements, the appropriate discount rate, and rates of return. These valuations are regularly compared with market data in terms of returns, actual transactions carried out by the Company and those published by the market. The valuations carried out by appraisers thus reflect their best estimate as of 31 December 2017 with their assumptions based on recently observed items in the market and assessment methods that are widely accepted in the industry. These estimates are not intended as a precursor to any kind of market shift.

Changes in investment properties

(in thousands of euros)	31/12/2017
NET BALANCE AT OPENING	**152,800**
Reclassification as assets held for sale	-480
Acquisitions	1,826
Works	6,209
Change in fair value	-1,835
NET BALANCE AT CLOSING	**158,520**

Breakdown of investment properties

As of 31 December 2017, all investment properties were retail properties.

Capitalisation rates and discount rates retained by the independent appraiser for investment property valuation purposes as of 31 December 2017

Capitalisation rates	Discount rates
Between 4.8% and 8%	Between 5.7% and 9.5%

The capitalisation rates correspond to the yield on the buyer's side or with a view to a management year. 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.

Active net rents from investment properties and sensitivity study

	Active net rents per year and per sqm as of 31 December 2017	
(in euros)	Range[1]	Average
	17 to 803	131

(1) Excluding rental income generated by parking decks and antennas.

A sensitivity study simulating a change in capitalisation rates as of 31 December 2017 showed that a 50 basis-point increase in these rates would reduce the asset portfolio value by €13,070 thousand (-8.2%), whereas a 50 basis-point reduction would increase it by €15,650 thousand (+9.9%).

Description of investment properties

Property	Address	Date of acquisition	GLA area (sqm)	Type
Sud Canal	24-26 Place Etienne Marcel 41 Boulevard Vauban 78180 Montigny-le-Bretonneux	27/10/2004	11,596	Retail properties
Reims	2 Rue de l'Etape 51100 Reims	10/11/2004	2,829	Retail properties
Passage de la Réunion	25 Place de la Réunion 68100 Mulhouse	15/04/2005	6,011	Retail properties
Galerie du Palais	17-19 Place Jean Jaurès 37000 Tours	16/06/2006 and 28/09/2007	6,887	Retail properties
Halles du Beffroi	Place Maurice Vast 80000 Amiens	31/08/2006	7,535	Retail properties
Aria Parc	ZAC du Vivier Route de la Bérardière 72700 Allonnes	20/12/2005 and 20/06/2017	10,519	Retail properties
Galerie Carrefour École-Valentin	6 Rue Châtillon 25480 Besançon École-Valentin	27/12/2007	4,018	Retail properties
Carré Vélizy	16-18, avenue Morane-Saulnier, 2-4 Avenue de l'Europe 78140 Vélizy-Villacoublay	30/12/2005	11,889	Retail properties
Gamm Vert portfolio	Multiple sites	21/12/2007 and 27/05/2008	23,651	Retail properties
TOTAL			**84,935**	

Appraiser fees

The Group's property asset portfolio is appraised twice a year by JLL, an independent appraiser. It was appointed at the end of 2013 in compliance with the Group's policy to change appraisers every five years.

Appraiser fees are fixed and totalled €60 thousand in 2017 compared with €104 thousand in 2016.

Fees are determined before the appraisal is carried out and are not proportional to the value of the assets appraised. For JLL, the amount of fees billed to the Group as a percentage of total revenue is not material.

4.5 Assets held for sale

Accounting principles

Under IFRS 5, assets and liabilities that the Company has decided to sell and the carrying amount 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".

The "Assets held for sale" item includes all receivables on benefits granted to property tenants.

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.

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 net of the costs and commission required to complete the sale;
- Property for sale: appraisal value excluding transfer taxes net of costs and commission required to complete the sale.

Changes in properties held for sale

(in thousands of euros)	31/12/2017
NET BALANCE AT OPENING	**45,047**
Reclassification of investment properties as assets held for sale	480
Works	-60
Reclassification of rent-free periods	278
Change in fair value	-4,608
Asset disposals	-90
NET BALANCE AT CLOSING	**41,047**

As of 31 December 2017, assets held for sale totalled €41,047 thousand, compared with €45,047 thousand as of 31 December 2016.

The assets are currently being actively marketed with a view to their disposal within the coming 12 months.

4.6 Trade receivables

Accounting principles

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.

In general, the Group writes down tenant receivables older than six months by 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 which is kept when applicable.

The amount of impairment is recognised in income under “Provisions and impairment”.

Trade receivables break down as follows:

(in thousands of euros)	31/12/2017	31/12/2016
Total gross trade receivables	4,877	4,105
Impairment of trade receivables	-1,474	-1,586
TOTAL NET TRADE RECEIVABLES	3,403	2,519
Invoices pending	-339	-215
Rent-free periods staggered over the lease term	-541	-485
TOTAL NET TRADE RECEIVABLES DUE	**2,523**	**1,818**

The aged balance of trade receivables is as follows:

(in thousands of euros)	Overdue < 90 days	Overdue < 180 days	Overdue > 180 days	Total
Trade receivables	1,263	260	1,000	2,523
TOTAL NET TRADE RECEIVABLES DUE	**1,263**	**260**	**1,000**	**2,523**

4.7 Other receivables

Accounting principles

Receivables and payables with deferred payments

IAS 39 requires the discounting of any sums whose payment or receipt 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 discount rate applied is the one used to discount cash flows and capitalise rents for the purposes of property valuation by the independent appraiser.

The only deferred payments recognised relate to guarantee deposits received from tenants. No receivables with deferred payments were recognized in 2017.

As of 31 December 2017, the discount rate was 6.64% for office properties and 7.40% for retail properties.

Other receivables break down as follows:

	31/12/2017			31/12/2017
(in thousands of euros)	Gross	Impairment	Net	Net
Tax receivables (1)	2,283	-	2,283	1,845
Other receivables (2)	643	-	643	1,230
Funds deposited at third parties (3)	26	-	26	2,656
Letting fees (4)	408	-	408	428
Prepaid expenses	133	-	133	141
TOTAL OTHER RECEIVABLES	**3,493**	**-**	**3,493**	**6,300**

(1) This amount basically corresponds to a VAT credit to be carried forward.
(2) This amount primarily relates to service charges payable to owners.
(3 This relates to funds deposited at notaries.
(4) This relates to letting fees spread over the corresponding lease term.

4.8 Derivatives

Accounting principles

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.

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 with attributable transaction costs recognised in income when incurred.

They are remeasured at fair value at each reporting date with any changes in fair value recognised in income under "Financial profit (loss)".

For the Group, this relates to instruments put in place to reduce interest rate risk (solely interest rate caps – see "Derivatives" below). 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.

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 after the reporting date.

These are classified as non-current assets (these assets are initially recognised at fair value and subsequently measured at amortised cost).

Derivatives

The Group uses derivatives to reduce 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 Group elected not to apply hedge accounting as defined by 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.

The 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.

As of 31 December 2017, 71% of variable-rate bank debt was hedged through an interest rate cap. This financial instrument was originally recognised as an asset at fair value which is supplied by the issuing institution.

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". There was no change in the fair value measurement of interest rate caps as of 31 December 2017.

The change in fair value of interest rate caps over the period breaks down as follows:

(in thousands of euros)	31/12/2017
VALUE OF FINANCIAL INSTRUMENTS AT OPENING	**0**
Caps bought	-
Caps sold	-
Change in fair value	-
VALUE OF FINANCIAL INSTRUMENTS AT CLOSING	**0**

Principal characteristics of financial instruments held

Contract type	Maturity date	Notional amount *(in thousands of euros)*	Benchmark rate	Strike rate	Fair value *(in thousands of euros)*	Maturing under 1 year	Maturing in 1-5 years	Maturing over 5 years
Cap	20/01/2018	8,324	3-month Euribor	3.00%	-	x		
				TOTAL	-			

A 100 basis point increase in interest rates would have a €227 thousand impact on the Group's financial expenses. With current interest rates being low, the cap put in place by the Group is not in the money.

4.9 Cash and cash equivalents

Accounting principles

"Cash and cash equivalents" includes cash, sight bank accounts and 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 profit and loss.

Cash and cash equivalents break down as follows:

(in thousands of euros)	31/12/2017	31/12/2016
Marketable securities	48	57
Cash	13,304	24,938
TOTAL CASH AND CASH EQUIVALENTS	**13,352**	**24,994**

4.10 Equity

Accounting principles

Treasury shares

M.R.M. treasury shares are deducted from consolidated equity at their cost of acquisition. All transactions involving treasury shares are recognised directly in consolidated equity.

Expenses related to the share capital increase

According to IAS 32, expenses related to the issuance of equity instruments are recorded directly under equity. These are expenses directly attributable to the transaction, i.e. expenses that would not have been incurred had the transaction not taken place.

Equity management

The Group's policy is to maintain a solid capital base so as to retain the trust of investors, creditors and the markets, and to sustain future growth. The Board of directors keeps a close watch on return on equity, defined as operating income divided by total equity.

The Group's debt to equity ratio represents net debt expressed as a percentage of the fair value of its properties excluding transfer taxes. As of 31 December 2017, net debt was €81,922 thousand, including a cash surplus of €13,352 thousand, and the fair value of properties excluding transfer taxes was €199,567 thousand. The Group's debt to equity ratio stood at 41% compared with 35.9% as of 31 December 2016.

The Company concluded a liquidity agreement with Invest Securities under which it occasionally buys treasury shares on the market. The frequency of these purchases depends on share prices and trading activity.

Information on the number of shares outstanding

As of 31 December 2017, the number of shares making up the share capital was 43,667,813 with a par value of €1 per share.

As of 31 December 2016, the Group held 23,361 treasury shares. The Company acquired 46,182 and sold 34,531 treasury shares in the year through its liquidity contract with Invest Securities. As of 31 December 2017, the Group thus held 35,012 treasury shares.

Excluding treasury shares, there were thus 43,632,801 shares outstanding as of 31 December 2017 compared with 43,644,452 a year earlier.

Expenses related to the share capital increase

In 2017, no expenses related to a share capital increase were recorded directly as a reduction in equity.

4.11 Provisions

Accounting principles

A provision is booked when the Group has an obligation to a third party arising from a past event, settlement of which is likely or certain to result in an outflow of resources to this third party and this can be reliably estimated. 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.

In 2014, the Group wrote a provision for a tax dispute. Since the case was closed, this provision was reversed in 2017.

(in thousands of euros)	31/12/2016	Increase	Decrease	31/12/2017
PROVISIONS FOR RISKS	**372**	**0**	**-372**	**0**

4.12 Loans and borrowings

Accounting principles

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".

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.

As of 31 December 2017, the Group no longer had any qualifying assets allowing the capitalisation of interest costs.

The breakdown of current and non-current loans and borrowings is as follows:

(in thousands of euros)	31/12/2017	31/12/2016
Bank debts	71,141	58,643
Guarantee deposits received	1,083	1,210
Non current	**72,223**	**59,854**
Bank debts	2,244	15,506
Loan granted by SCOR SE	21,889	21,839
Guarantee deposits received	921	1,001
Accrued interest	189	328
Current	**25,244**	**38,674**
TOTAL LOANS AND BORROWINGS	**97,467**	**98,528**

The breakdown of loans and borrowings by maturity is as follows:

(in thousands of euros)	31/12/2017	1 year	1 to 5 years	Over 5 years
Bank debts	73,385	2,244	71,141	-
Loan granted by SCOR SE	21,889	21,889	-	-
Guarantee deposits received	2,004	921	993	90
Accrued interest	189	189	-	-
TOTAL LOANS AND BORROWINGS	**97,467**	**25,244**	**72,133**	**90**

Debt maturing within a year consists of the loan taken out with SCOR SE backed by a building classified under “Assets held for sale” and the contractual repayments to be made over the next 12 months.

Principal characteristics of bank debts

Lending institution	Credit agreement date	Maturity	Loan amount *(in thousands of euros)*	Total drawdowns as of 31/12/2017 *(in thousands of euros)*	Total outstanding as of 31/12/2017 *(in thousands of euros)*
Saar LB	21/12/2007	20/12/2022	12,200	12,200	8,300
Berlin Hyp	30/10/2017	31/10/2022	15,200	15,200	14,928
Saar LB	22/12/2016	21/12/2021	63,817	52,182	50,156
			91,217	**79,582**	**73,385**

The amount of credit available as of 31 December 2017, given drawdowns already made at this date, stood at €11,635 thousand.

Change in bank debts

(in thousands of euros)	Non-current debt	Current debt
Net balance at opening	58,643	15,506
Increases (1)	16,384	-
Decreases (2)	-	-17,105
Reclassification	-3,651	3,651
Other (debt issue expenses, capitalisation of interest and discounting)	-236	192
NET BALANCE AT CLOSING	**71,141**	**2,244**

(1) Increases in bank debt correspond to drawdowns amounting to €1,184 thousand on an available credit line and a new €15,200 thousand loan taken out to refinance a loan maturing at the end of 2017.

(2) Decreases in bank debt correspond to the repayment of a €14,815 thousand loan under the abovementioned refinancing, contractual depreciation and amortisation of €2,086 thousand, and an early repayment of €204 thousand linked to a property disposal.

Bank debt – fixed/variable rate

(in thousands of euros)	Fixed rate	Variable rate	Total
BANK DEBTS	**61,700**	**11,684**	**73,385**

4.13 Debts payable against non-current assets

(in thousands of euros)	31/12/2017	31/12/2016
Retail properties	1,099	967
Office properties	766	894
DEBTS PAYABLE AGAINST NON-CURRENT ASSETS	**1,865**	**1,862**

Debt on non-current assets as of 31 December 2017 primarily related to restructuring works at the Sud Canal shopping centre in Saint-Quentin-en-Yvelines and the Passage de la Réunion shopping centre in Mulhouse as well as development work on the Nova office building in La Garenne-Colombes.

4.14 Other liabilities

Other liabilities break down as follows:

(in thousands of euros)	31/12/2017	31/12/2016
Payments on accounts received	63	41
Company liabilities	140	116
Tax liabilities (1)	1,027	774
Other debts (2)	210	123
TOTAL OTHER LIABILITIES	**1,439**	**1,055**

(1) Tax liabilities concern essentially VAT collected.
(2) Other debts concern essentially charges made to tenants.

4.15 Fair value measurement

Accounting principles

IFRS 13 on fair value measurement, in force since 1 January 2013, requires fair value to be presented according to a hierarchy with quoted prices in active markets at the top (level 1) and unobservable inputs in active markets at the bottom. The three levels are as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly;
- Level 3: unobservable inputs.

The Group does not have any liabilities measured at fair value.

► STATEMENT OF CONSOLIDATED FINANCIAL POSITION – ASSETS AS OF 12/31/2017

(in thousands of euros)	Level 1	Level 2	Level 3	Total
Investment properties	-	-	158,520	158,520
Assets held for sale	-	-	41,047	41,047
Derivatives	-	-	-	-
Marketable securities	48	-	-	48

► STATEMENT OF CONSOLIDATED FINANCIAL POSITION – ASSETS AS OF 12/31/2016

(in thousands of euros)	Level 1	Level 2	Level 3	Total
Investment properties	-	-	152,800	152,800
Assets held for sale	-	-	45,047	45,047
Derivatives	-	-	-	-
Marketable securities	57	-	-	57

Note 5 Notes to the statement of comprehensive income

5.1 Gross rental revenues

Accounting principles

Recognition of income

IAS 17 – Leases specifies how lease income from operating leases, and direct initial costs incurred by the lessor, should be recognised. Lease income "should be recognised over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished".

At present, the leases signed by the Group match the definition of operating leases as defined by IAS 17.

Applying SIC-15 Operating Leases—Incentives has the effect of staggering the financial impact of all the provisions of the lease contract over the lease term. This is the case for rent-free periods, stepped rents and key money. For leases that took effect before 1 January 2010, the staggering is over the full term of the lease. Since 1 January 2010, the staggering is over the firm period of the lease.

Key money

Key money payable to the lessor is classified as additional rent.

Key money forms part of the net amount exchanged between the lessor and lessee under a lease.

As such, the accounting periods during which this net amount is recorded must not be affected by the terms of the agreement and payment dates. These charges must be staggered over the first firm period of the lease.

Cancellation penalty

Tenants may be required to pay cancellation penalties if they cancel their lease before its contract expires.

Where applicable, the portion of these penalties similar to rental income is spread over the remaining term of the lease and booked under "Rental revenues".

Compensation for eviction

The lessor may be required to compensate the tenant for eviction if the former cancels the lease.

Replacement of the tenant: if the compensation for eviction modifies or maintains the asset's yield (increase in rent and thus in the asset's value), according to amendments to IAS 16 this expense can be capitalised into the cost of the asset subject to appraisers confirming the increase in value. Otherwise, the expense is recorded as such.

Property renovation requiring the departure of the existing tenants: if the compensation for eviction is made in the context of heavy refurbishing or reconstruction requiring the tenants' prior departure, it is considered a preliminary expense included as an additional component after the renovation works.

Gross rental revenues consist of rents and similar income (e.g. parking revenues).

(in thousands of euros)	31/12/2017	31/12/2016
Retail properties	9,011	8,887
Office properties	2,183	4,105
TOTAL GROSS RENTAL REVENUES	**11,194**	**12,992**

Of the €11,194 thousand in gross rental revenues for 2017, variable rents totalled €54 thousand.

Rents receivable under firm leases in the portfolio

(in thousands of euros)	31/12/2017
Future minimum payment amounts	
Less than 1 year	10,257
Between 1 and 5 years	16,997
Over 5 years	3,047
TOTAL FUTURE PAYMENTS	**30,301**

5.2 External property expenses not recovered

Expenses paid for (net of billing back) break down as follows:

(in thousands of euros)	31/12/2017	31/12/2016
Land tax and tax on offices and retail property	698	836
Maintenance expenses	514	75
Rental and co-ownership expenses	2,164	2,586
TOTAL EXTERNAL PROPERTY EXPENSES NOT RECOVERED	**3,376**	**3,497**

5.3 Operating expenses

Overheads break down as follows:

(in thousands of euros)	31/12/2017	31/12/2016
Fees [1]	1,301	1,801
Bank charges	38	41
Other external purchases and expenses	259	402
Other taxes and duties	126	110
Employee benefits expense	1,034	857
TOTAL OPERATING EXPENSES	**2,758**	**3,211**

(1) Fees are primarily composed of management fees and legal fees.

5.4 Other operating income and expenses

Accounting principles

Other operating income and expenses correspond to unusual, abnormal or rare events as set out in paragraph 28 of the IASB Framework.

They usually consist of transactional indemnities, which seldom occur in practice, paid to or received from tenants, and indemnities received from insurance providers in the event of a claim.

In 2017, other operating income amounted to €66 thousand and primarily consisted of an insurance payout of €44 thousand.

Other operating expenses amounted to €1,494 thousand and primarily consisted of losses on receivables written off of €517 thousand, transfer taxes on the Urban property plus interest on arrears for a total of €469 thousand, claims paid to tenants of €444 thousand and directors' fees of €46 thousand.

5.5 Result on disposals of properties

Gains (losses) on the disposal of assets break down as follows:

(in thousands of euros)	Disposal of property 31/12/2017	Disposal of property 31/12/2016
Sales proceeds net of expenses	65	37,494
Net book value of disposed assets	-90	-40,333
RESULT ON DISPOSALS OF PROPERTIES	**-25**	**-2,839**

5.6 Change in fair value of properties

(in thousands of euros)	31/12/2017
OPENING NET BALANCE OF PROPERTIES	**197,847**
Acquisitions	1,826
Works	6,150
Reclassification of rent-free periods	278
Change in fair value	-6,444
Asset disposals	-90
CLOSING NET BALANCE OF PROPERTIES	**199,567**

5.7 Net borrowing cost

Net borrowing cost breaks down as follows:

(in thousands of euros)	31/12/2017	31/12/2016
Interest received	-	2
Interest and similar expenses	-1,899	-1,916
NET BORROWING COST	**-1,899**	**-1,913**

5.8 Change in fair value of financial instruments and marketable securities

There was no change in the fair value of financial instruments and marketable securities over the period.

5.9 Earnings per share

Consolidated net earnings per share at €(0.11) is calculated by dividing consolidated profit (loss) by the number of shares outstanding (excluding treasury shares) at closing, i.e. 43,632,801 shares as of 31 December 2017. See “Information on the number of shares outstanding” under note 4.10 “Equity” above.

Note 6 Tax

6.1 Group tax status

Since 2008, M.R.M. has been registered as an SIIC (real estate investment trust) with a scope covering all the Group’s entities.

SIIC status grants tax exemption on:

- Profits from the letting of buildings and the subletting of buildings under a property leasing;

- Capital gains on the disposal of buildings, of rights belonging to property leasing contracts, of equity investments in partnerships, or of equity investments in subsidiaries having opted for the SIIC tax regime;
- Dividends paid by subsidiaries subject to the SIIC tax regime.

In exchange for this exemption, SIICs must distribute:

- 95% of exempted profits from letting;
- 60% of capital gains on the disposal of buildings or of certain equity investments in real estate companies;
- All dividends paid by subsidiaries having opted for the SIIC tax regime.

SIIC status entailed paying a reduced exit tax of 16.5% on latent capital gains relating to the buildings and shares of partnerships not subject to corporate tax. The Group has paid its outstanding exit tax since 15 June 2012.

6.2 Tax expense

As a result of adopting SIIC status, which exempts the Company from corporate tax, no deferred tax has been recognised on activities within the scope of this regime.

The Group is nevertheless still liable for corporate tax on activities falling outside the scope of the SIIC regime. The Group recognised no tax expense for the 2017 financial year.

6.3 Deferred tax

Deferred taxes are recorded for activities and companies subject to corporate tax according to the variable method up to the temporary differences between the tax base of assets and liabilities and their carrying amount in the consolidated financial statements. Deferred taxes are calculated using the tax rates (and tax regulations) that were adopted at the end of the reporting period and which are expected to come into force when the deferred tax asset in question is realised or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that a taxable future asset allowing temporary differences to be attributed is likely to be realised.

Deferred taxes are recorded on the basis of temporary differences tied to equity investments in subsidiaries or affiliates, except for when the Group controls the scheduled reversal of these temporary differences and the reversal is unlikely to occur in the near future.

On account of SIIC status, no corporate tax is due on the letting of buildings, either directly or indirectly through income received from subsidiaries, and no deferred tax was recognised as of 31 December 2017. Likewise, capital gains on the disposal of buildings or of shares in subsidiaries subject to the same regime are exempt.

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 in 2017.

Note 7 Segment information

Accounting principles

IFRS 8 – Operating Segments, effective since 1 January 2009, sets out the presentation of information to be provided for each operating segment.

Operating segments determined on the basis of internal reporting correspond to an activity:

- That can generate income and that incurs expenses;
- Whose operating income is regularly examined by the entity's chief operating decision-maker in order to allocate resources to the various segments and assess their performance;
- For which individual financial information is available.

In view of these requirements, the Group has divided its property portfolio into operating segments according to the real estate market in which they are located. Namely the retail and office rental segments.

These operating segments are best suited to assess the nature and financial impact of the Company's activities and the economic climate in which it trades.

The Group has moreover assigned its head office as a non-operating segment to handle transactions falling outside the remit of an operating segment.

7.1 Income statement by segment

The main line items of the standalone income statement are as follows:

Consolidated income statement as of 31/12/2017

(in thousands of euros)	Office	Retail	Head office	Total
Gross rental revenues	2,183	9,011	-	11,194
External property expenses not recovered	-1,217	-2,159	-	-3,376
NET RENTAL REVENUES	966	6,853	-	7,819
Operating expenses	-119	-811	-1,832	-2,758
Reversals of provisions	372	582	22	976
Provisions	-41	-598	-	-639
Other operating income	11	44	11	66
Other operating expenses	-473	-958	-62	-1,494
OPERATING INCOME BEFORE DISPOSALS AND CHANGE IN FAIR VALUE OF PROPERTIES	717	5,111	-1,858	3,969
Result on disposals of properties	-	-25	-	-25
Change in fair value of investment properties	-4,655	-1,789	-	-6,444
OPERATING PROFIT (LOSS)	**-3,939**	**3,297**	**-1,858**	**-2,500**
Gross borrowing cost	-403	-1,497	-	-1 899

Consolidated income statement as of 31/12/2016

(in thousands of euros)	Office	Retail	Head office	Total
Gross rental revenues	4,105	8,887	-	12,992
External property expenses not recovered	-2,005	-1,492	-	-3,497
NET RENTAL REVENUES	2,100	7,395	-	9,495
Operating expenses	-674	-848	-1,688	-3,211
Reversals of provisions	-	148	-	148
Provisions	-474	-465	-	-939
Other operating income	418	245	6	669
Other operating expenses	-2	-44	-46	-92
OPERATING INCOME BEFORE DISPOSALS AND CHANGE IN FAIR VALUE OF PROPERTIES	1,368	6,430	-1,728	6,070
Result on disposals of properties	-2,839	-	-	-2,839
Change in fair value of investment properties	1,230	3,061	-	4,291
OPERATING PROFIT (LOSS)	**-242**	**9,491**	**-1,728**	**7,695**
Gross borrowing cost	-576	-1,340	-	-1,916

7.2 Statement of financial position

The main line items in the statement of financial position are as follows:

Statement of consolidated financial position – Assets as of 31/12/2017

(in thousands of euros)	Office	Retail	Head office	Total
Investment properties	-	158,520	-	158,520
Assets held for sale	40,610	437	-	41,047
Cash and cash equivalents	11,711	583	1,058	13,352

Statement of consolidated financial position – Liabilities as of 31/12/2017

(in thousands of euros)	Office	Retail	Head office	Total
Non-current bank debts	-	71,141	-	71,141
Current bank debts	-	2,244	-	2,244
Loan granted by SCOR SE	21,889	-	-	21,889
Debts payable against non-current assets	766	1,099	-	1,865

Statement of consolidated financial position – Assets as of 31/12/2016

(in thousands of euros)	Office	Retail	Head office	Total
Investment properties	-	152,800	-	152,800
Assets held for sale	45,047	-	-	45,047
Cash and cash equivalents	20,353	2,738	1,903	24,994

Statement of consolidated financial position – liabilities as of 31/12/2016

(in thousands of euros)	Office	Retail	Head office	Total
Non-current bank debts	-	58,643	-	58,643
Current bank debts	-	15,506	-	15,506
Loan granted by SCOR SE	21,839	-	-	21,839
Debts payable against non-current assets	894	967	-	1,862

Note 8 Exposure to risk and hedging strategy

8.1 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.

8.2 Interest rate risk

The Group has an interest rate cap in place to reduce the interest rate risk on its variable-rate debt.

As of 31 December 2017, 71% of variable-rate bank debt was hedged by way of an interest rate cap of 3% based on the three-month Euribor.

A 100 basis point increase in interest rates would have a €227 thousand impact on the Group's financial expenses. Since current interest rates are very low, or even negative, the cap taken out by the Group is not in the money.

8.3 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 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 loan to value (LTV) ratio, defined as the ratio of the amount of the loan to the market value of the property financed, the interest coverage rate (ICR), representing the coverage rate of interest expenses by rents, and the debt service coverage ratio (DSCR), representing the coverage rate of debt repayments and interest expenses by rents. Covenants relating to LTV ratios set maximum thresholds of between 59.9% and 65%. Covenants relating to the ICR and DSCR set minimum thresholds of between 130% and 300%.

It is at the level of Group subsidiaries, which own the property assets financed, that the covenants are tested.

As of 31 December 2017, the Group complied with all commitments in respect of LTV, ICR and DSCR covenants agreed with its banking partners.

8.4 Credit risk

Credit risk represents the risk of financial losses for the Group should a customer or counterparty to a financial instrument fail to meet their contractual obligations.

For the Group, this risk comes from its trade receivables. The Group's counterparties to its financial assets are lending institutions with the highest ratings. Financial assets are limited to derivatives (interest rate caps).

The Company has drawn up a credit policy to limit its exposure. As a rule, solvency checks are conducted on potential customers to ensure their creditworthiness meets the Group's risk requirements. Certain tenants account for a significant proportion of the Company's annual invoiced rents. The termination of one or several leases could have an impact on the level of rents received by the Company, and on its profitability. Nonetheless, the principal leases were signed recently and some tenants are bound by firm leases that can run from between three and nine years.

8.5 Property asset valuation risk

The Group's property portfolio is appraised twice a year. The valuation of the property portfolio depends on a number of factors, relating primarily to the balance between supply and demand on the market, economic conditions and applicable regulations, which can vary substantially, directly affecting the value of the Company's assets and indirectly affecting the various LTV ratios giving an indication of the Group's credit 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 the Group'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).

Note 9 Financing commitments and guarantees

9.1 Commitments given

Commitments given primarily comprise:

(in thousands of euros)	31/12/2017
Debts guaranteed by collateral (principal and related) (1)	105,988
Guarantees and sureties	-

(1) Face value of borrowings.

Certain bank accounts of subsidiaries have been pledged to financial institutions.

9.2 Commitments received

Commitments received essentially comprise tenant guarantees amounting to a total of €2,209 thousand.

Note 10 Employee remuneration and benefits

10.1 Workforce and payroll expenses

In 2017, as in 2016, the average number of employees was four.

Payroll expenses including social security charges (and including the remuneration paid to the Chief Executive Officer in his capacity as a corporate officer) came to €1,037 thousand in 2017, compared with €857 thousand in 2016.

Information on the remuneration of corporate officers is given in section 4 of the 2017 Registration Document. There were no significant changes during the period.

10.2 Employee benefits

Accounting principles

IAS 19 requires that any current or future benefits or remuneration granted to employees or a third party be recognised over the vesting period.

As of 31 December 2017, M.R.M., which has only four salaried employees, considered that pension liabilities in respect of defined benefit plans were not significant and therefore did not value its liability in this respect.

Note 11 Additional information

11.1 Related parties

Transactions between Group companies and related parties are entered into on an arm's length basis.

On expiration of the lease and IT services contract signed with SCOR SE, the expenses billed by SCOR SE during 2017 amounted to €50 thousand.

On 15 January 2016, a subsidiary of M.R.M. took out a loan from SCOR SE for €22 million. This loan was accompanied by a mortgage pledge on a building with an exemption from registration for an amount of €24.2 million (included in the commitments given in note 9.1). The loan generated interest expense of €402 thousand for 2017.

11.2 Relations with Statutory Auditors

M.R.M's principal Statutory Auditors are:

- Mazars
  - Date first appointed: Combined General Meeting of 1 June 2017,
  - Represented by Gilles Magnan;
- RSM Paris
  - Date first appointed: Combined General Meeting of 1 June 2017,
  - Represented by Hélène Kermorgant.

Their appointments will expire at General Meeting called to approve the financial statements for the year ending 31 December 2022.

Fees paid to the Statutory Auditors

	2017		2016	
(in thousands of euros excluding VAT)	Mazars	RSM Paris	KPMG	RSM CCI Conseils
Certification of the corporate and consolidated financial statements:				
• M.R.M. SA	51.8	45.3	72.5	48.1
• Fully consolidated subsidiaries	10.0	16.5	57.5	-
Other services:				
• M.R.M. SA Including verifying the human resources, social and environmental information published in the Group's management report	6.5	-	8.0	-
• Fully consolidated subsidiaries	-	-	-	-
TOTAL	**68.3**	**61.8**	**138.0**	**48.1**

3.8 Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2017

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European Regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

M.R.M.

For the year ended 31 December 2017

To Annual General Meeting of M.R.M. company

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of M.R.M. Company for the year ended 31 December 2017.

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 of 31 December 2017 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.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N° 537/2014 or in the French code of ethics (*Code de déontologie*) for Statutory Auditors.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of investment properties

Description of risk

Taking into account M.R.M. business, the carrying value of investment properties represents 72% of Group assets at 31 December 2017, i.e. €159 million. In accordance with IAS 40, the Group chose the fair value method as a permanent method and accounts for investment properties at fair value.

Note 4.4 to the consolidated financial statements specifies that the fair value used does not included expenses in case of a potential sale, determined by independent real estate experts and describes the valuation methods used and the key assumptions retained.

As mentioned in notes 2.3 and 4.4, valuation of a real estate assets is a complex estimation and is subject to economic conjuncture and the volatility of certain market factors used (rate, rental market) and depends on several assumptions (holiday periods, maintenance).

Therefore, we deemed the valuation of investment properties to be a key element of our audit as there is a high level of estimation and judgement implemented by the Board and according to the importance of the assets in the consolidated Group accounts.

How our audit addressed this risk

We carried out the following procedures:

- Understanding the internal control mechanism and testing the effectiveness of key controls implemented by the Board, regarding the nomination and the rotation of independent experts, the transmission of information and the review of expert valuations;
- Collecting the engagement letter signed by the real estate expert and assess his/her professional competence, independence and objectiveness;
- Obtaining property valuation reports and verifying that all property assets were valuated (except exemptions planned by the Company's procedures);
- Assessing the relevance of assumptions, information and methods on which the valuation is founded for a defined selection of assets based on quantitative criteria (valuation or valuation variation) and qualitative criteria (rental stake, restructuring), by corroborating them with the Company's management data (rental situation, maintenance cost) and market data;
- Taking part in the Audit Committee on valuation and communicating with independent experts;
- Checking the data on which valuations of assets under construction are founded, by taking into account the expenses still to be committed, the delivery times and the rental perspectives;
- Reconciling the expert valuations with the valuations booked;
- Assessing the relevance of the accountancy methods referred to above, of information provided in notes and their correct application.

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of M.R.M. company by the Annual General Meeting held on 1 June 2017 for Mazars and RSM Paris.

As of 31 December 2017, Mazars and RSM Paris were in their first year of total uninterrupted engagement.

Responsibilities of Management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were established by the Board of directors.

Statutory Auditors' responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French code of ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense and Paris, 6 April 2018

French original signed by

Mazars	**RSM Paris**
Gilles Magnan	Hélène Kermorgant

3.9 Corporate financial statements for the year ended 31 December 2017

Balance sheet as of 31 December 2017

► ASSETS

(in euros)	31/12/2017 Gross	31/12/2017 Depreciation, amortisation and impairment	31/12/2017 Net	31/12/2016 Net
Set-up costs	18,403	-18,403	-	-
Other investments	63,605,540	-23,394,441	40,211,099	40,211,099
Other long-term investment securities	47,285	-40,201	7,084	6,016
NON-CURRENT ASSETS	63,671,228	-23,453,045	40,218,184	40,217,116
Trade receivables	521,702	-339,960	181,743	208,439
Other receivables	69,160,445	-12,083,013	57,077,432	67,060,402
Marketable securities	64,151	-	64,151	46,057
Cash	1,048,972	-	1,048,972	2,488,417
Prepaid expenses	12,438	-	12,438	11,170
CURRENT ASSETS	70,807,708	-12,422,973	58,384,736	69,814,485
TOTAL	**134,478,937**	**-35,876,017**	**98,602,919**	**110,031,601**

► LIABILITIES & EQUITY

(in euros)	31/12/2017	31/12/2016
Share capital (paid-up: 43,667,813)	43,667,813	43,667,813
Additional paid-in capital	60,149,997	64,559,044
Revaluation adjustment	339,807	339,807
Legal reserve	248,026	227,267
Other reserves	5,299	4,318
Retained earnings	-	-
Profit or loss for the financial year	-6,587,214	415,171
Regulated provisions	-	-
EQUITY	97,823,728	109,213,420
Provisions for risks and expenses	-	-
PROVISIONS FOR RISKS AND EXPENSES	-	-
Bank loans and overdrafts	0	173
Loans and other borrowings	78,575	118,237
Trade payables	313,940	333,900
Tax and company liabilities	277,866	258,091
Payables against non-current assets	39,053	39,053
Other liabilities	69,757	68,726
LIABILITIES (1)	779,191	818,180
TOTAL	**98,602,919**	**110,031,601**
(1) Including under one year	*779,191*	*818,180*

Income statement as of 31 December 2017

(in euros)	31/12/2017 France	31/12/2017 International	31/12/2017 Total	31/12/2016
Revenue on sale of services	252,256	-	252,256	206,043
NET REVENUE	252,256	-	252,256	206,043
Reversals of impairment, depreciation and amortisation, transfer of expenses			25,925	3,977
Other revenues			9	1,681
OPERATING INCOME			278,190	211,701
Other external purchases and expenses			683,824	696,284
Taxes, duties and similar payments			115,676	87,685
Wages and salaries			741,292	605,636
Social charges			295,637	255,485
Depreciation, amortisation and impairments				
Depreciation and amortisation of non-current assets			-	-
Impairment of non-current assets			-	-
Impairment of current assets			6,150,210	4,619,437
Other expenses			61,996	40,352
OPERATING EXPENSES			8,048,635	6,304,878
OPERATING PROFIT (LOSS)			-7,770,445	-6,093,177
Financial income from investments (2)			1,204,635	5,362,783
Other investments and similar income (2)			56	3,012,025
Reversals of impairment, provisions and transfer of expenses			1,068	5,300
Positive exchange differences			-	-
Net income on sales of marketable securities			6,223	7,971
FINANCIAL INCOME			1,211,983	8,388,079
Depreciation and amortisation expenses, impairment and provisions			-	-
Interest and similar expenses (3)			24,373	2,401,196
Net expenses on sales of marketable securities			-	2,089
FINANCIAL EXPENSES			24,373	2,403,286
FINANCIAL PROFIT (LOSS)			1,187,610	5,984,794
CURRENT PROFIT (LOSS) BEFORE TAX			-6,582,835	-108,383
Exceptional income on management operations			-	-
Exceptional income on capital operations			-	-
Reversals of impairment, provisions and transfer of expenses			-	523,718
EXCEPTIONAL INCOME			-	523,718
Exceptional expenses on management operations			6,999	4,526
EXCEPTIONAL PROFIT (LOSS)			-6,999	519,192
Income tax			-2,620	-4,362
TOTAL INCOME			1,490,173	9,123,499
TOTAL EXPENSES			8,077,387	8,708,328
PROFIT (LOSS) FOR THE PERIOD			**-6,587,214**	**415,171**
(2) Including income from affiliates			*1,204,635*	*5,362,783*
(3) Including investments in affiliates			*-*	*103,242*

Appendix

The statement of financial position for the year ended 31 December 2017, covering a period of twelve months like the previous year, presents a total, before appropriation of income, of €98,602,919 and a loss of €6,587,214.

Highlights of the year

(French Commercial Code – Article R.123-196-3)

Implementation of a share buyback programme

On 1 June 2017, the Board of directors decided to implement the share buyback programme decided by the General Meeting of Shareholders of 1 June 2017 in its sixteenth resolution for an 18-month period starting from 2 June 2017.

The purpose of the buyback programme is to:

- Stimulate the trading of M.R.M. securities on the secondary market, or the liquidity of M.R.M. shares via a liquidity contract concluded with an investment services provider in accordance with the ethics charter of the AMAFI (French association of financial markets) recognised by regulations in force, bearing in mind that the number of shares taken into account for the aforementioned calculation corresponds to the number of shares acquired minus the amount sold;
- Retain shares for subsequent payment or exchange purposes in the event of acquisitions;
- Ensure the hedging of stock option plans and/or bonus share plans (or similar) reserved for employees and/or corporate officers of the Group, as well as any share allocations under company or group savings plans (or similar plan), employee profit-sharing and/or any other form of allocation of shares to employees and/or corporate officers of the Group;
- Ensure the hedging of securities giving access to the Company's shares in accordance with regulations in force;
- Cancel all or part of the shares which would be acquired, in accordance with the authorisation granted, or to be granted, by an Extraordinary General Meeting of Shareholders.

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 maximum number of shares that could be purchased by the Company is capped at 10% of the share capital, adjusted for any potential capital increases or reductions that may take place during the term of the share buyback programme.

These share purchases may be made by any means, including via the purchase of blocks of securities, whenever the Board of directors deems it appropriate.

The maximum unit price is fixed at €3 per share. In the event of any transactions in the share capital, in particular stock splits, reverse splits and bonus share allocations, the number of purchasable shares indicated above would be adjusted accordingly by applying a multiplying factor equal to the ratio between the number of shares comprising the share capital prior to the transaction, and the number after the transaction. The maximum amount that can be invested in the share buyback programme is capped at €13,100,344.

As of 31 December 2017, the Company held 35,012 treasury shares. In 2017, 46,182 securities were purchased under the liquidity agreements entrusted to Invest Securities at an average price of €1.84 per share and 34,531 shares were sold at an average price of €1.86 per share.

General services contract

On the expiry in 2017 of the property asset management consultancy agreement between some M.R.M. subsidiaries and CBRE Global Investors, M.R.M. and its subsidiaries agreed to modify certain provisions of the general services contract binding them, mainly concerning asset management services provided by M.R.M.

Accounting policies and methods

(French Commercial Code Article R.123-196 1 & 2; PCG (French GAAP) Article 531-1/1)

The financial statements are prepared in accordance with Articles L.123-12 to L.123-28 of the French Commercial Code, ANC Regulation No. 2016-07 on the Plan Comptable Général (French GAAP) and the regulations of the Comité de la Réglementation Comptable (CRC):

General accounting conventions were 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 twelve months from 1 January to 31 December. Accounting items are measured using the historical cost method. The notes or tables provided below form an integral part of the annual financial statements.

The main accounting methods used are as follows:

1. Adoption of SIIC 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 Budget Law, is open to listed companies with a share capital of over €15 million that are wholly engaged in property activities and grants companies having opted for SIIC status on an irrevocable basis 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 capital gains from the disposal 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.

As such, no tax liability was recorded following the allocation of prior losses.

For financial years ending on or after 31 December 2013, the payout requirements were changed as follows by the 2013 Amended Budget Law published on 3 January 2014:

- 95% of profits from the letting of buildings;
- 60% of capital gains from the disposal of buildings;
- 100% of dividends received from subsidiaries having opted in.

2. Non-current assets

The Company applies CRC Regulations 2002-10 of 12 December 2002 and 2004-06 of 23 November 2006 on defining, recognising, measuring, depreciating, amortising and impairing assets.

3. Non-current financial assets

3.1 Equity investments

Equity investments are recognised on the statement of financial position at cost in accordance with CRC Regulation 2004-06 on defining, recognising and measuring assets. Pursuant to the option provided by Article 321.10 of the PCG (French GAAP), 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 present 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 net carrying amount, an impairment loss is recognised.

3.2 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.

4. Current accounts related to equity investments

The Company 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.

5. 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.

6. 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.

7. 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 current accounts.

8. Current and exceptional income

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.

► BREAKDOWN OF NON-CURRENT ASSETS

(in euros)	Gross amount at opening	Increases	
		Revaluations	Acquisitions
Set-up and development costs	18,403	-	-
Other investments	63,605,540	-	-
Other long-term investment securities	47,285	-	-
TOTAL	**63,671,228**	**-**	**-**

	Decreases		Gross amount at closing	Revaluation Original value at closing
	Line item	Disposals		
Set-up and development costs	-	-	18,403	-
Other investments	-	-	63,605,540	-
Other long-term investment securities	-	-	47,285	-
TOTAL	**-**	**-**	**63,671,228**	**-**

► BREAKDOWN OF AMORTISATION AND DEPRECIATION

Positions and movements over the period	Amount at opening	Provisions for year	Decreases Reversals	Amount at closing
Set-up, research & development costs	18,403	-	-	18,403
TOTAL	**18,403**	**-**	**-**	**18,403**

► BREAKDOWN OF PROVISIONS

Breakdown of provisions *(in euros)*	Amount at opening	Increases Provisions	Decreases Amounts used	Decreases Amounts not used	Amount at closing
Provisions for impairment					
For equity investments	23,394,441	-	-	-	23,394,441
For other non-current financial assets	41,269	-	1,068	-	40,201
For trade receivables	362,017	-	22,057		339,960
Other provisions for impairment	5,932,803	6,150,210	-	-	12,083,013
TOTAL PROVISIONS FOR IMPAIRMENT	**29,730,529**	**6,150,210**	**23,125**	**-**	**35,857,614**
TOTAL	**29,730,529**	**6,150,210**	**23,125**	**-**	**35,857,614**
Of which provisions and reversals					
• *For operations*		*6,150,210*	*22,057*	-	
• *For financing*		-	*1,068*	-	

► SCHEDULE OF RECEIVABLES AND PAYABLES

Schedule of receivables *(in euros)*	Gross amount	Up to 1 year	Over 1 year
Doubtful or disputed receivables	521,702	521,702	
Income tax	15,852	15,852	-
Value added tax	121,620	121,620	-
Group and partners	68,959,960	68,959,960	-
Miscellaneous debtors	63,014	63,014	-
Prepaid expenses	12,438	12,438	
TOTAL	**69,694,585**	**69,694,585**	**-**

Schedule of payables *(in euros)*	Gross amount	Up to 1 year	Between 1 and 5 years	Over 5 years
Loans and borrowings originally due within 1 year	-	-		
Other loans and borrowings	78,575	78,575		
Trade payables	313,940	313,940	-	-
Personnel and related payables	59,202	59,202	-	-
Social security and other welfare bodies	80,714	80,714	-	-
Value added tax	133,797	133,797	-	-
Other taxes and duties	4,105	4,105	-	-
Payables against non-current assets	39,053	39,053		
Group and partners	48	48	-	-
Other liabilities	69,757	69,757	-	-
TOTAL	**779,191**	**779,191**	**-**	**-**

► BREAKDOWN OF THE SHARE CAPITAL

(PCG (French GAAP) Article 831-3 and 832-13)

		Numbers of shares			
Various share classes	Par value *(in euros)*	At opening	Created	Cancelled	At closing
Shares	1	43,667,813	-	-	43,667,813

► SET-UP COSTS

(French Commercial Code Article R.123-186-4)

(in euros)	Value	Amortisation rate
Set-up costs	16,771	-
Costs relating to the capital increase	1,632	-
TOTAL	**18,403**	**-**

► ACCRUED INCOME

Accrued income included in the following items of the balance sheet *(in euros)*	Amount
Other receivables	1,204,659
TOTAL	**1,204,659**

► ACCRUED EXPENSES

(French Commercial Code Article R.123-196)

Accrued expenses included in the following items of the balance sheet *(in euros)*	Amount
Trade payables	297,124
Tax and company liabilities	75,965
Payables against non-current assets	38,443
Other liabilities	20,136
TOTAL	**431,668**

► CHANGES IN EQUITY

(in euros)	Opening balance	Appropriation of income	Increase	Decrease	Closing balance
Paid-up capital	43,667,813				43,667,813
Additional paid-in capital	64,559,044	-4,409,047			60,149,997
Legal reserve	227,267	20,759			248,025
Other reserves	4,318	981			5,299
Revaluation adjustment	339,807				339,807
Retained earnings	-				-
Profit (loss) for the period	415,171	-415,171	-6,587,214		-6,587,214
Regulated provisions	-				-
TOTAL	**109,213,420**	**-4,802,478**	**-6,587,214**	**-**	**97,823,728**

Additional information relating to the income statement

► BREAKDOWN OF NET REVENUE

(PCG (French GAAP) Article 831-2/14)

Breakdown by business segment *(in euros)*	Amount
Remuneration of chairman	60,000
Service fees	192,256
TOTAL	**252,256**

Breakdown by region *(in euros)*	Amount
Paris region	252,256
TOTAL	**252,256**

► FINANCIAL INCOME AND EXPENSES INVOLVING AFFILIATES

(PCG (French GAAP) Article 831-2 and 832-13)

(in euros)	Financial expenses	Financial income
TOTAL	**24,373**	**1,211,983**
Of which affiliates	*24,373*	*1,205,703*

► FEES PAID TO THE STATUTORY AUDITORS

The total amount of Statutory Auditor fees on the Company's 2017 income statement was €104 thousand compared with €129 thousand in 2016. These break down as follows:

- Fees for statutory auditing: €97 thousand (€51.8 thousand paid to Mazars and €45.3 thousand paid to RSM Paris) compared with €121 thousand in 2016;
- Fees for other services: €6.5 thousand paid to Mazars to verify the social, societal and environmental information published in the management report, compared with €8 thousand in 2016.

Financial commitments and other information

► FINANCIAL COMMITMENTS

(PCG (French GAAP) Article 531-2/9)

COMMITMENTS GIVEN

	Amount
Other commitments given:	
Pledging DB Piper shares	4,272,551
Pledging SCI Noratlas shares	23,352,176
Pledging Commerces Rendement shares	34,576,556
Pledging Immovert shares	1,361,992
First demand guarantee SCI Noratlas	24,200,000
Guarantees	21,959,943
TOTAL (1)	**109,723,218**

(1) Of which involving subsidiaries *109,723,218*

COMMITMENTS RECEIVED

None.

► PARENT COMPANY & CONSOLIDATING ENTITY

(PCG (French GAAP) Article 831-3)

Company name	Legal status	Share capital	Head office
SCOR SE SIREN : 562 033 357	SE	€1,512,224,742	5 avenue Kléber 75016 Paris

► LIST OF SUBSDIARIES AND EQUITY INTERESTS

(French Commercial Code Article L.233-15; PCG (French GAAP) Article 831-3 and 832-13)

Company	Share capital *(in euros)*	Equity other than share capital *(in euros)*	Percentage capital owned *(in%)*	Carrying amount of shares owned: gross *(in euros)*	Carrying amount of shares owned: net *(in euros)*	Loans and advances granted and not reimbursed *(in euros)*	Revenue for year ended *(in euros)*	Profit (loss) for year ended *(in euros)*
A. DETAILED INFORMATION								
• Subsidiaries owned +50%								
DB Piper	2,436,000	-3,243,656	100.00	4,272,551	4,272,551	2,193,618	1,957,126	-221,654
DB Neptune	63,000	-270,797	100.00	42,265	-	243,027	-	-28,467
SCI Noratlas	56,223,375	-69,430,408	99.99	23,352,176	-	42,204,186	3,236,608	-2,502,033
Immovert	1,362,000	-166,945	99.99	1,361,992	1,361,992	2,714,527	1,273,417	307,667
Commerces Rendement	6,770,000	16,076,659	100.00	34,576,556	34,576,556	21,217,608	8,202,882	-820,104
• Equity interests of between 10% and 50%								
B. GENERAL INFORMATION								
• Subsidiaries not included in A								
• Equity interests not included in A								

► SUMMARY OF COMPANY RESULTS OVER THE PAST FIVE YEARS

(French Commercial Code Article R.225-102)

(in euros)	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Share capital at end of period					
Share capital	43,667,813	43,667,813	43,667,813	43,667,813	43,667,813
No. of existing ordinary shares	43,667,813	43,667,813	43,667,813	43,667,813	43,667,813
No. of existing preferred shares					
Maximum No. of future shares to be created					
• Through conversion of bonds					
• Through exercise of subscription rights					
Items and results					
Revenue excluding VAT	252,256	206,043	264,235	225,173	131,211
Net profit (loss) before taxes, employee profit-sharing and depreciation and amortisation expenses and provisions	-455,750	4,501,228	2,039,433	541,885	1,004,533
Income tax	-2,620	-4,362	32	65,213	
Employee profit-sharing for the period					
Net profit (loss) after taxes and employee profit-sharing and depreciation and amortisation expenses and provisions	-6,587,214	415,171	1,375,085	-779,764	-824,653
Income distributed					
Earnings per share					
Net profit (loss) after taxes and employee profit-sharing but before depreciation and amortisation expenses and provisions	-0.01	0.10	0.05	-0.01	0.02
Net profit (loss) after taxes and employee profit-sharing and depreciation and amortisation expenses and provisions	-0.15	0.01	0.03	-0.02	-0.02
Dividend per share					
Employees					
Average number of employees during the period	5	5	5	3	1
Payroll for the period	741,292	605,636	537,518	427,116	132,703
Employee benefits for the period	295,637	255,485	217,423	177,789	51,840

3.10 Statutory Auditors' report on the corporate financial statements for the year ended 31 December 2017

This is a free translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This Statutory Auditors' report includes information required by European Regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.
M.R.M.
For the year ended 31 December 2017
To Annual General Meeting of M.R.M. company

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of M.R.M. Company for the year ended 31 December 2017.

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 of 31 December 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) N° 537/2014 or in the French code of ethics (*Code de déontologie*) for Statutory Auditors.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of equity securities and associated receivables

Description of risk

Equity securities are booked at their acquisition cost. The Company opted to include acquisition costs in the value of the securities. These acquisition costs are subject to an exceptional depreciation over a period of five years. As of 31 December 2017, the equity securities and associate current accounts are accounted for a net value of €97 million.

After their acquisition, the equity securities are valued at their value in use, determined by the share of net position held, revalued according to the current value of the real estate assets they hold, and about its prospects. Real estate assets appraised by independent appraisers at each closing.

In this context, we considered that the valuation of equity securities, related receivables and related risk provisions to be a complex exercise of management estimation and judgement and was a key audit matter.

How our audit addressed this risk

We carried out the following procedures:

- Verifying the appropriateness of the valuation methods used by the management;
- Checking, by sampling, the elements quantified in the estimation of the utility values and in particular the appraised value of properties carried by the companies;
- Appraising, by sampling, the recoverability of receivables related to the assessments carried out on the equity securities;
- Checking, if necessary, the level of depreciation withheld under the loss of value of equity securities and related receivables.

Verification of the management report and of the other documents provided to the shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents provided to the shareholders with respect to the financial position and the financial statements

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 other documents provided to the shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We attest that the Board of directors' report on corporate governance sets out the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L.225-37-3 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 controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a public purchase offer or exchange, provided pursuant to Article L.225-37-5 of the French Commercial Code (*Code de commerce*), we have agreed these to the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information regarding the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of M.R.M. company by the Annual General Meeting held on 1 June 2017 for Mazars and RSM Paris.

As of 31 December 2017, Mazars and RSM Paris were in their first year of total uninterrupted engagement.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of directors.

Statutory Auditors' responsibilities for the audit of the financial statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Cbtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French code of ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense and Paris, 6 April 2018

French original signed by

Mazars
Gilles Magnan

RSM Paris
Hélène Kermorgant

4.

CORPORATE GOVERNANCE

4.1 Corporate governance report

In accordance with Article L.225-37 of the French Commercial Code, the purpose of this report is to present information on the composition, workings and powers of the Board of directors and managers of M.R.M. SA (the "Company"), information on executive remuneration, and information on factors likely to have an impact in the event of a takeover bid.

In preparing this report, the Board of directors relied on the 2017 annual report on corporate governance, executive compensation, internal control and risk management of the *Autorité des Marchés Financiers* (AMF – French Financial Markets Authority) and the revised and enhanced version of the AFEP-MEDEF Corporate Governance Code application guidelines issued by the *Haut Comité de Gouvernement d'Entreprise* (HCGE – High Committee for corporate governance). The AFEP-MEDEF Code is available online at www.afep.com.

The report's preparation gave rise to preparatory work involving the Chairman of the Board of directors, the Chief Executive Officer and the Chief Financial Officer. This report is subject to internal review by the Group's various governing bodies, namely the Strategic Committee and the Board of directors.

1. Information on the composition, workings and powers of the Board of directors

1.1 Reference to the AFEP-MEDEF Corporate Governance Code

Since the Board of directors' meeting of 24 November 2008, the Company has referred to the AFEP-MEDEF Code.

The AFEP-MEDEF Code and HCGE Recommendations may be consulted at the Company's head office and online at www.afep.com.

In accordance with Article L.225-37-8 of the French Commercial Code, the present report details the reasons why certain provisions of the AFEP-MEDEF Code, which the Company voluntarily adopted, and certain HCGE Recommendations were rejected or are in the course of being implemented.

1.1.1 Progress achieved since the publication of the Chairman's 2016 report

Staggering of directors' terms of office (recommendation 13 of the AFEP-MEDEF Code)

At the Combined General Meeting of 13 May 2013, all directors were appointed or reappointed for a period of four years expiring at the Ordinary General Meeting called in 2017 to approve the financial statements for the year ended 31 December 2016.

The purpose of this block renewal was to stabilise the Board during SCOR SE's acquisition of a majority stake in the Company in 2013.

At the Combined General Meeting of 1 June 2017 called to approve the financial statements for the year ended 31 December 2016, shareholders used the option open to them by virtue of Article 11 of the Articles of Association to appoint some directors for differentiated lengths of four, two or one year(s) so as to reinstate the staggered renewal of appointments.

1.1.2 Points still requiring compliance

Composition and number of specialist committees (recommendations 16 and 17 of the AFEP-MEDEF Code)

The Board of directors is assisted in the performance of its work by an Audit Committee and a Strategic Committee. The Company had no other specialist committee on the date of this report. This situation is explained in particular by the Company's size and business and the fact that it has only four employees.

The duties of a Remuneration Committee, as defined in the AFEP-MEDEF Code, are currently directly performed by the Board of directors.

In addition, the necessity for such a committee appears limited at the present time insofar as the Chief Executive Officer is the sole executive corporate officer paid by the Company and it was decided that only independent directors would receive directors' fees, in accordance with the allocation rule presented in paragraph 2.2.1 "Remuneration of non-executive corporate officers" of this report.

Similarly, the duties of a Nomination Committee, as defined in the AFEP-MEDEF Code, are for the same reasons currently directly performed by the Board of directors.

1.2 Rules governing the composition of the Board of directors

The Company's Articles of Association stipulate that the Board of directors is composed of a minimum of three members and a maximum of twelve, unless there is a legal exemption. directors are appointed by the Ordinary General Meeting, which may also remove them from office at any time. The terms of office of outgoing directors may be renewed. 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 by the earliest Ordinary General Meeting. A director appointed to replace another remains in office for the remaining term of office of their predecessor.

Each director must own at least one Company share. To ensure that directors' interests match those of the Company, the Board, at its meeting of 26 February 2014, strengthened this obligation by setting the minimum shareholding requirement at a number of shares worth €1,000 to be held for the entire term of office of each director involved (these being understood to be directors not related to the majority shareholder). Moreover, pursuant to Recommendation 22 of the AFEP-MEDEF Code, the Board of directors, when reappointing its executive corporate officers (Chairman of the Board and Chief Executive Officer) in 2017, decided to also require them to acquire (directly or indirectly) and retain in registered form until the end of their term of office a number of shares worth a minimum of €1,000, bearing in mind that executive corporate officers employed by the Company's majority shareholder are not personally bound by this obligation as their interest in the good governance of the Company is inherent to the fact that the company employing them holds over 50% of M.R.M.'s share capital.

The directors' term of office lasts four years and expires at the end of the Ordinary General Meeting held to approve the financial statements for the past year, held in the year in which the term expires. On an exceptional basis, at a General Meeting reappointing directors by rotation, the General Meeting may appoint one or more directors for a term of office less than four years.

The number of directors having reached the age of 70 may not exceed one-third of members of the Board. If this limit is reached, the oldest director is expected to step down at the end of the Ordinary General Meeting called to approve the financial statements for the year in which the abovementioned one-third limit is exceeded.

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. The age limit for holding office as Chairman is 68.

The Board may, if it deems necessary, appoint one or more Vice-Chairmen whose sole role is to chair Board meetings in the absence of the Chairman.

1.3 Composition of the Board of directors

1.3.1 Current composition of the Board of directors and its committees

The Board of directors currently comprises seven members, of which three are independent directors. It is made up of six natural persons and one legal person.

The Board of directors complies with Law 2011-103 of 27 January 2011 on gender balance on Boards of directors as it is composed of three women and four men, i.e. a difference of one between members of each gender.

There are no family ties between the directors or the Company's general management.

The current members of the Board of directors and its committees are:

Board of directors						Audit Committee	Strategic committee	Main positions held outside the Company
Name and surname	Age, Gender, Nationality, Independence	Date first appointed	End of term of office	Number of shares held	Positions in listed companies outside the Group			
EXECUTIVE CORPORATE OFFICERS								
François de Varenne Chairman of the Board of directors	51 years, M, French	29/05/2013	GM 2021	1	No	-	Chairman	Member of the Executive Committee of SCOR SE Chief Executive Officer of SCOR Global Investments Chairman of the management Board of SCOR Investment Partners SE
Jacques Blanchard Chief Executive Officer and director	67 years, M, French	29/06/2007	GM 2019	42,839	No	-	Member	None
INDEPENDENT DIRECTORS APPOINTED BY THE ORDINARY GENERAL MEETING FOR A PERIOD OF 4 YEARS								
Brigitte Gauthier-Darcet	62 years, F, French, Independent	29/11/2011	GM 2021	4,000	No	Chair	-	Chief Executive Officer of CBRE Business Services
INDEPENDENT DIRECTORS APPOINTED BY THE ORDINARY GENERAL MEETING FOR A PERIOD OF 2 YEARS								
Gérard Aubert	74 years, M, French, Independent	20/04/2009	GM 2019	1,172	No	Member	-	Chairman of SASU Trait d'Union
Valérie Ohannessian	52 years, F, French, Independent	02/06/2016	GM 2018	1,875	No	Member	-	Deputy Chief Executive Officer of the French Banking Federation
OTHER DIRECTORS APPOINTED BY THE ORDINARY GENERAL MEETING FOR A PERIOD OF 4 YEARS								
SCOR SE rep. by **Karina Lelièvre**	50 years, F, French	29/05/2013	GM 2021	26,155,662	No	-	-	Deputy Company Secretary of SCOR SE
OTHER DIRECTORS APPOINTED BY THE ORDINARY GENERAL MEETING FOR A PERIOD OF 1 YEAR								
Jean Guitton	61 years, M, French	29/05/2013	GM 2018	1	No	Member	Member	Head of Real Estate at SCOR

(1) On 27 March 2018, Valérie Ohannessian stepped down from the Board of directors for personal reasons.

For the requirements of their offices, the business address of directors is the Company's head office, i.e. 5 avenue Kléber in Paris (16th *arrondissement*).

1.3.2 Changes to the composition of the Board of directors in 2017

With the exception of Valérie Ohannessian, the terms of office of the other directors were to expire at the close of the Ordinary General Meeting of 1 June 2017 called to approve the financial statements for the year ended. To comply with AFEP-MEDEF Recommendation 13.2 that terms of office be staggered so as to avoid block reappointments and ensure reappointments occur smoothly, and in accordance with Article 11 of the Articles of Association, it was proposed that terms of office coming to an end be renewed for differentiated periods of one, two or four years.

Therefore, on 1 June 2017, the General Meeting decided to:

- Reappoint François de Varenne, Brigitte Gauthier-Darcet and SCOR SE for a term of four years expiring at the end of the General Meeting to be held in July 2021 to approve the financial statements for the year then ended;
- Reappoint Jacques Blanchard and Gerard Aubert for a term of two years expiring at the end of the General Meeting to be held in July 2019 to approve the financial statements for the year then ended;
- Reappoint Jean Guitton for a term of one year expiring at the end of the General Meeting to be held in 2018 to approve the financial statements for the year then ended.

At its meeting of 1 June 2017, the Board of directors decided to:

- Reappoint François de Varenne as Chairman of the Board for the duration of his term of office as director, i.e. up to the end of the General Meeting to be held in 2021 to approve the financial statements for the year then ended;
- Reappoint Jacques Blanchard as Chief Executive Officer ahead of time from 1 July 2017 until the end of the General Meeting to be held in 2019 to approve the financial statements for the year then ended when his term of office as director comes to an end.

1.3.3 List of offices and positions held by the corporate officers

Pursuant to Article L.225-102-1 paragraph 1 of the French Commercial Code, a list of all offices and positions held in any entity outside M.R.M. Group by each of the Company's corporate officers is presented below.

Note that the Company's corporate officers held no office or position within Company subsidiaries during the year.

Name and surname	Other offices and positions held outside the M.R.M. group	Other offices and positions previously held in the last five years outside the M.R.M. group
François de Varenne	Main offices and positions held within SCOR: • Member of the Executive Committee of SCOR SE (1) • Chief Executive Officer of SCOR Global Investments • Chairman of the Management Board of SCOR Investment Partners SE • Chairman of the Supervisory Board of Château Mondot SAS • Chairman of the Board of directors of SCOR Properties SPPPICAV SAS • Chairman of the Board of directors of SCOR Properties II SPPPICAV SAS • Chairman of the Board of directors of SCORLUX, SICAV-SIF (Luxembourg) • Chairman of the Board of directors of SCORLUX, SICAV-SIF (Luxembourg) • Chairman of the Board of directors of SCOR Funds (Luxembourg) • Chairman of SCOR Capital Partners SAS • Chairman of SCOR Auber SAS • Chairman of DB Caravelle SAS • Chairman of 5 Avenue Kléber SAS • Chairman of 50 Rue La Pérouse SAS • Chairman of Marbot Real Estate SAS • Chairman of Marbot Management SAS • Chairman of Mondot Immobilier SAS • Director of Gutenberg Technology SAS • Director of Humensis Main offices and positions held outside SCOR: • None	Main offices and positions held within SCOR: • Chairman and Chief Executive Officer of Humensis • Director of Presses Universitaires de France • Chairman of the Board of directors of Editions Belin SAS • Chairman and Chief Executive Officer of SCOR Auber SA • Chairman of Mobility SAS • Director of SCOR ILS Fund SA, SICAV-SIF (Luxembourg) • Director of SCOR Alternative Investments SA (Luxembourg) Main offices and positions held outside SCOR: • None
Jacques Blanchard	• Managing Partner of SC JAPA • Managing Partner of SCI Aux derniers	• None
Gérard Aubert	• Chairman of SASU Trait d'Union • Member of the Supervisory Board of Hoche Gestion Privée	• Director of Sogeprom SA • Director of Eurosic (1)
Brigitte Gauthier-Darcet	• Chief Executive Officer of CBRE Business Services • Chairperson of CBRE Corporate SAS • Member of the Management Committee of CBRE France • Member of the Operational and Strategic Committee of CBRE France • Manager of SARL Neufbis'ness • Manager of SCI B2V	• Independent director of Technoutil SA • Director of Groupe Express-Roularta SA • Director of Transport'Air SA • Director and Deputy Chief Executive Officer of CIPM International SA • Non-partner Chief Executive Officer of Financière du Château des Rentiers SAS

(1) Listed company.

Jean Guitton	Main offices and positions held within SCOR: • Chairman of SAS Euclide • Chairman of Société Immobilière Coligny SAS • Chairman of Société Immobilière Pershing SAS • Chief Executive Officer of SCOR Auber SAS • Chief Executive Officer of DB Caravelle SAS • Chief Executive Officer of 50 Rue La Pérouse SAS • Chief Executive Officer of 5 Avenue Kléber SAS • Chief Executive Officer of Marbot Real Estate SAS • Chief Executive Officer of Marbot Management SAS • Chief Executive Officer of Mondot Immobilier SAS • Manager of SCI Marco Spada • Manager of SCI Léon Eyrolles Cachan SCOR • Manager of SCI Immoscor • Manager of SCI Compagnie Parisienne de Parkings • Manager of SCI Montrouge BBR • Manager of SCI Garigliano • Manager of SCI Le Barjac • Permanent representative of SCOR Investment Partners SE, Chairman of SCOR Properties SPPPICAV SAS • Permanent representative of SCOR Investment Partners SE, Chairman of SCOR Properties II SPPPICAV SAS • Permanent representative of SCOR Global P&C SE on the Board of directors of OPCI River Ouest • Permanent representative of SCOR Global P&C SE on the Board of directors of Technical Property Fund 2 Main offices and positions held outside SCOR: • None	Main offices and positions held within SCOR: • Chairman of Humensis • Manager of SCI 3-5 Avenue de Friedland • Deputy Chief Executive Officer and director of SCOR Auber • Manager of SCI Hauteville – SCOR • Manager of SCI Garibaldi – SCOR • Permanent representative of SCOR Auber on the Board of directors of SGF • Permanent representative of SCOR SE[1] on the Management Committee of Cogedim Office Partners Main offices and positions held outside SCOR: • None
Valérie Ohannessian	• Deputy Chief Executive Officer and Member of the Management Committee of Fédération Bancaire Française • Manager and director of Publications of Groupe Revue Banque	• None
SCOR SE represented by Karina Lelièvre	Positions held by SCOR SE: • Sole director of GIE Colombus • Director of Crédit Logement Assurance • Director of Euromaf Re SA (Luxembourg) • Director of Arope Insurance (Lebanon) Positions held by Karina Lelièvre: • None	Positions held by SCOR SE: • Member of the Management Committee of Cogedim Office Partners • Director of SGF • Director of SCOR Auber • Director of FERGASCOR • Director of ASEFA (Spain) Positions held by Karina Lelièvre: • None

(1) Listed company.

1.3.4 Independent directors – Annual review of the independence of each director

The Company applies the definition and criteria for independence established in para. 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".

At the date of this report, the Board deemed three of its seven directors to be independent as defined by the AFEP-MEDEF Code and its internal regulations, namely Gérard Aubert, Brigitte Gauthier-Darcet and Valérie Ohannessian, i.e. 43% of its members, which corresponds to the proportion referred to in recommendation 8.3 of the AFEP-MEDEF Code applicable to controlled companies. Since 29 May 2013, the Company has been controlled by SCOR SE which owns the majority of voting rights and shares in the Company and as such exerts decisive influence over the Company's management, particularly given that three out of seven of the directors are from SCOR SE.

The proportion of independent directors on the Board is now compliant with the recommendations of the AFEP-MEDEF Code.

Pursuant to the AFEP-MEDEF Code, the Board takes into account the following criteria when deciding on the independence of a director:

1. *"Is not an employee or executive corporate officer of the Company, an employee, executive corporate officer or director of a company consolidated by the Company, an employee, executive corporate officer or director of the Company's parent company or one of its consolidated entities, and has not been in the last five years;*
2. *Is not an executive corporate officer of an entity of which the Company, directly or indirectly, is a director or of which an employee designated as such or an executive corporate officer of the Company (currently or in the last five years) is a director;*
3. *Is not a client, supplier, commercial banker or investment banker (or related directly or indirectly to these persons):*
   - *With significant weighting for the Company or its Group,*
   - *For which the Company or its Group represents a significant share of business.*
4. *Has no close family tie with a corporate officer of the Company;*
5. *Has not been a statutory auditor of the Company over the previous five years;*
6. *Has not been a director of the Company for more than twelve years.*

Directors representing significant shareholders of the Company or its parent company may be considered independent if these shareholders have no involvement in the Company's control. Nevertheless, once they have reached a threshold of 10% (reduced by the Company to 5%, see below) of the share capital or voting rights, the Board shall systematically examine their independent status, taking into account the Company's capital structure and potential conflicts of interest."

In addition to the aforementioned criteria defined by the AFEP-MEDEF Code, the Company applies the following criteria and stipulations:

7. *Has not received from the Company, in any form, with the exception of directors' fees, gross remuneration higher than €100,000 over the previous five years;*
8. *Does not represent a significant shareholder of the Company, where:*

(i) A shareholder is considered significant if it owns more than 5% of the share capital or voting rights (calculated by consolidating its various equity investments),

(ii) Below this threshold, the Board shall systematically examine their independent status taking into account the Company's capital structure and potential conflicts of interest.

The table below shows a summary of the Board's members, reviewed by the Board in 2017, in relation to the above independence criteria:

Name and surname/Criteria	1	2	3	4	5	6	7	8	Independent
François de Varenne	-	✓	✓	✓	✓	✓	✓	(1)	No
Jacques Blanchard	-	✓	✓	✓	✓	✓	-	✓	No
Gérard Aubert	✓	✓	✓	✓	✓	✓	✓	✓	Yes
Brigitte Gauthier-Darcet	✓	✓	✓	✓	✓	✓	✓	✓	Yes
Jean Guitton	-	✓	✓	✓	✓	✓	✓	(1)	No
Valérie Ohannessian	✓	✓	✓	✓	✓	✓	✓	✓	Yes
SCOR SE represented by Karina Lelièvre	-	✓	(2)	✓	✓	✓	✓	-	No

(1) Employee of SCOR SE.
(2) SCOR SE granted a loan to a subsidiary of M.R.M.

The Board's internal regulations, adopted on 26 February 2014 and updated on 22 February 2018, include a requirement to perform an individual review of each director on an annual basis to confirm their independence.

This point was on the agenda of the Board's meeting of 6 April 2017 which endorsed compliance with the independence criteria for Gérard Aubert, Brigitte Gauthier-Darcet and Valérie Ohannessian.

1.3.5 Expertise and experience of the directors

François de Varenne	François de Varenne graduated from the École Polytechnique and the École Nationale des Ponts et Chaussées as a civil engineer. He holds a doctorate in Economic Sciences and an actuary degree from the French Institute of financial and actuarial sciences (ISFA). He joined the SCOR Group in 2005 and served as Head of Corporate Finance and asset management, then as Group Chief Operating Officer. In late 2008, François de Varenne was appointed Chief Executive Officer of SCOR Global Investments and Chairman of the Management Board of SCOR Investment Partners SE. He has been a member of the SCOR Group Executive Committee since 2007.
Jacques Blanchard	Jacques Blanchard is a graduate of HEC and has a degree in Business Law. He was Managing Director of CBRE Global Investors from 2003 to 2013, in charge of retail property investment strategies in France. He has over 25 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.
Gérard Aubert	Gérard Aubert is a well-known figure in the property industry, with over 50 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 Chief Executive Officer of CBRE and has been Chairman since 1983. He is currently Chairman of the property consultancy firm Trait d'Union.
Brigitte Gauthier-Darcet	Brigitte Gauthier-Darcet has an engineering degree from the École Centrale de Paris and is a graduate of the Paris Institute of Political Studies (IEP). She has over 35 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 was director and Deputy Chief Executive Officer of CIPM International from 2007 to 2013. She now oversees the support functions at CBRE France. Brigitte Gauthier-Darcet is a member of Institut français des administrateurs.
Jean Guitton	Jean Guitton is a Chartered Architect. He holds a Masters (DESS) degree in Urban Planning from the Paris Institute of political studies (IEP) and is an associate member of the French Institute of property appraisers. He joined the SCOR Group in 2000 and is Head of Real Estate. After a first experience as an urban planning architect, Jean Guitton successively held the positions of analyst, Property Appraiser, then Head of International at the Bourdais Group. He pursued his career as Head of International Development at Pelege Entreprises, Head of Commercial Real Estate Programs at SMCI, and Head of Real Estate and Investor Relations at Sagitrans/Safitrans.
Valérie Ohannessian	Valérie Ohannessian is a graduate of the Paris Institute of Political Studies (IEP) and holds the *Certificat d'aptitude à la profession d'avocat* (French law diploma) as well as a Master's Degree in Banking and Financial Law from the Université Paris I Panthéon-Sorbonne. She joined the French Banking Federation in 2001 and has held the position of Deputy Director General since 2008. As such, she is responsible most notably for the "strategy, public affairs, communication" and "retail banking, payment methods and systems, digital" sectors. She has also been manager and director of publications of Groupe Revue Banque since 2006. She previously held various management positions in marketing, communication and public affairs at Gan, the French Federation of Insurance Companies, and Andersen Consulting.
SCOR SE	SCOR SE is a European company with a share capital of €1,512,224,741.93 whose head office is located at 5 avenue Kléber, 75016 Paris listed under number 562,033,357 in the Paris Trade and Companies Register. The fifth largest reinsurer worldwide, the SCOR Group is organised around two commercial activities, SCOR Global P&C (Property & Casualty reinsurance) and SCOR Global Life (Life reinsurance), and an asset management business, SCOR Investment Partners. Karina Lelièvre, permanent representative of SCOR SE on the M.R.M. Board of directors, is a graduate of ESSEC business school. She worked for six years in the senior management team of a subsidiary of the Pierre & Vacances Group before joining the marketing and sales departments of the Méridien hotels group. She joined the SCOR Group's Financial Communications department in 2003 and then spent seven years as the Chairman's executive assistant. She joined the SCOR SE general secretariat in 2010 as Deputy Company Secretary.

1.4 Duties of the Board of directors

In accordance with Article L.225-35 of the French Commercial Code, the Board determines the Company's business policies, monitors their implementation and controls the management of the Company. 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. Any significant transaction that does not form part of the announced strategy is subject to prior Board approval. It may also conduct examinations and controls that it deems necessary.

The Board of directors may discuss any matter within its legal, regulatory and statutory powers. In particular, the Board of directors examines and approves the interim and annual financial statements (corporate and consolidated financial statements), approves the terms of the reports on the activity and results of the Company, and examines the corporate governance report.

The Chief Executive Officer shall report regularly and by any means to the Board of directors on the Company's financial position, cash position and commitments, and on any significant events and transactions pertaining to the Company.

At least once every quarter, the Chief Executive Officer shall present a report to the Board of directors on the activity and operation of the Group.

Each director is entitled to provide additional information on their own initiative, with the Chief Executive Officer being available to provide the Board of directors with explanations and relevant information.

1.5 Duties of the Chairman of the Board of directors

Since 29 May 2013, the functions of Chairman of the Board of directors have been separated from those of the Chief Executive Officer.

The Chairman of the Board of directors performs the duties assigned to him by law. As such, he organises and directs the work of the Board 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.

1.6 Duties and powers of the Chief Executive Officer

The Chief Executive Officer has the widest powers to act in all circumstances on behalf of the Company subject to the limitations set forth hereunder. He exercises those powers within the limits of the corporate purpose, 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.

The Chief Executive Officer represents the Company in its relations with third parties.

In accordance with the Board's internal regulations, the Chief Executive Officer may not undertake the following without prior authorisation from the Board:

- **(i)** Approve and make any significant changes to the Company's or Group's annual budget or multiannual business plan;
- **(ii)** Acquire or dispose of any Group assets (including Company shares and fund units), and carry out any capital expenditure above €1,000,000;
- **(iii)** Carry out any operating expenditure for the Group above €100,000 a year;
- **(iv)** Sign on behalf of the Group any lease agreement relating to a total surface area of more than 1,000 sqm and for which the economic terms fall short of those stipulated in the multiannual business plan;
- **(v)** Incur any new debt or change the terms of any existing debt (including any early repayment, renegotiation or refinancing of bank loans);
- **(vi)** Make any corporate decision requiring advance approval by the Group's banks pursuant to existing financing arrangements or which are likely to impact the Company and its subsidiaries' compliance with their respective declarations and obligations pursuant to said financing arrangements;
- **(vii)** Hire any employee under a permanent or fixed-term employment contract;
- **(viii)** Issue any guarantee, bond or security or grant any collateral and make any off-balance sheet commitment on the part of a Group entity for an amount above €100,000;

(ix) Sign any transaction agreement relating to a dispute in which the Company and/or its subsidiaries must pay or are likely to have to pay an amount above €100,000;

(x) Carry out any intra-group restructuring such as a merger, spin-off, partial asset contribution, dissolution or creation of an entity;

(xi) Change any of the Group's accounting methods; and

(xii) Carry out any significant transaction that does not form part of the Company's announced strategy.

No annual authorisation was given by the Board of directors to the Chief Executive Officer to give deposits, 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 ceiling set by the Board. Thus every guarantee, bond or security given by the Company with regard to commitments entered into by third parties must be authorised in advance by the Board in accordance with Article L.225-35 of the French Commercial Code.

1.7 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 head office or in any other place specified in the notice of meeting. Board meetings may be convened by the Chairman or any person delegated by the Chairman, by any means. If the Board has not met for more than two months, at least one-third of its members may ask the Chairman to call a meeting to consider a particular agenda. In the event of separation of the functions of Chairman of the Board of directors and Chief Executive Officer, as has been the case since 29 May 2013, the Chief Executive Officer may also ask the Chairman to call a Board meeting 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.

These internal regulations stipulate in particular that the Board must meet at least four times a year. A draft schedule of meetings is approved in October at the latest for the following year, 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. Such participation via video conferencing or telecommunications is not applicable to Board meetings called in relation to the appointment, remuneration or dismissal of the Chairman, the appointment, remuneration or dismissal of the Chief Executive Officer, the approval of the annual financial statements, consolidated financial statements and the management report.

1.8 Meetings of the Board of directors in 2017

The Board met six times in 2017 with meetings lasting two to three hours.

The main work carried out during 2017 related to:

- Reviewing financial matters, namely approving the 2016 annual financial statements, 2017 interim financial statements and 2017 budget, reviewing the 2016 Registration Document, approving the 2017 half-year financial report, and selecting the co-Statutory Auditors for the 2017-2022 period;
- Reviewing corporate governance and human resources, namely setting the remuneration of the Chief Executive Officer, conducting a self-assessment of the Board, assessing the independence of the members of the Board, allocating directors' fees, deliberating gender equality and equal pay (annual exercise), and adopting a succession plan for executive corporate officers;
- Reviewing and validating business matters, namely monitoring the disposal plan of office properties, upgrading retail properties, refinancing maturing bank loans, and extending the loan granted by SCOR SE;
- Convening General Meetings and approving related reports (Board reports and the Chairman's report on internal control).

The Board's review of the Chief Executive Officer's performance takes place without the latter's presence, and he does not take part in the vote determining his remuneration.

In 2017, the average attendance rate of the Board's members was 92.9%. The following table shows the attendance of each Board member during the past year:

Members of the Board of directors	Attendance rate
François de Varenne	5 meetings out of 6 (83.3%)
Jacques Blanchard	6 meetings out of 6 (100%)
Gérard Aubert	6 meetings out of 6 (100%)
Brigitte Gauthier-Darcet	6 meetings out of 6 (100%)
Jean Guitton	5 meetings out of 6 (83.3%)
Valérie Ohannessian	6 meetings out of 6 (100%)
SCOR SE represented by Karina Lelièvre	5 meetings out of 6 (83.3%)
OVERALL RATE	**92.9%**

Furthermore, pursuant to Recommendation 6.2 of the AFEP-MEDEF Code, the Board will set, at a meeting in 2018, the objectives, modalities and results of its diversity policy to encourage gender balance and a basket of nationalities, international experience and expertise.

1.9 Assessment of the Board of directors in 2017

For the fourth consecutive year, the Company devised an assessment questionnaire based on the Board's working method and sent it to the directors in November 2017. This helped it to identify areas for improvement as well as those where progress has been made. The questionnaire covered the composition of the Board, its organisation, its operation and the composition and operation of both its committees (Audit Committee and Strategic Committee).

Six directors out of seven responded to the questionnaire and the Board dedicated an item on the agenda of its meeting of 7 December 2017 to present a summary of responses to the questionnaire and discuss the topic.

The main conclusions of this analysis were as follows: on a five-point scale (where five is the highest), the directors gave scores of between 3.8 and 4.8.

In summary, the directors particularly praised the following positive points:

- Compliance with the AFEP-MEDEF Code recommendations;
- Gender balance;
- The quality of working documents provided;
- Improved access to documents giving satisfactory knowledge of the Company;
- Improved involvement in setting the annual remuneration (fixed, variable, benefits in kind) of the executive corporate officer;
- Improved quality and speedier circulation of minutes;
- Compliance with legal and ethical rules;
- Respect for the freedom of speech within the Board.

The Board also discussed possible new improvements identified by directors, in particular reviewing the Group's key ratios and putting them into perspective, introducing biannual offsite working sessions, and facilitating communication between directors and executive corporate officers outside Board and Committee meetings.

1.10 Composition and duties of the Audit Committee

On 20 April 2009, the Board decided to establish an Audit Committee with the following duties:

- Monitoring the process used to prepare the financial information and notably:
  - Analyse the annual and interim financial statements prepared by the Company before they are approved and study certain elements before presenting them to the Board,
  - Ensure the relevance and consistency of the regulatory accounting methods adopted to prepare the corporate and consolidated financial statements,
  - Study changes in and amendments to accounting principles and rules,
  - Ensure the relevance and consistency of accounting methods, in particular those used to record significant transactions undertaken by the Company,
  - Examine the scope of consolidated entities and, where applicable, the reasons entities are not included,
  - Examine significant off-balance sheet commitments;

- Monitoring the efficiency of the internal control and risk management systems (especially with regard to risks relating to preparing, collecting, processing and auditing accounting and financial information) and, where necessary, internal audit systems regarding the procedures for preparing and processing accounting and financial information without jeopardising its independence. As such, it must give an opinion on the Chairman's report on internal control which must be prepared in accordance with the law;
- Monitoring the Statutory Auditors' audit of the corporate and consolidated financial statements, taking any follow-up observations and conclusions by the High Council of Statutory Auditors (H3C) into account. As such, it must specifically:
  - Note and examine the audit methods and the main risks and uncertainties relating to the corporate and consolidated financial statements (including the interim statements) identified by the Statutory Auditors under the conditions set by law, and discuss their findings with them, sometimes without the presence of managers,
  - Where applicable note significant weaknesses in internal control identified by the Statutory Auditors and inform the Board accordingly,
  - Discuss with the Statutory Auditors their conclusions on all items requiring their closer scrutiny (e.g. capital increases, forecasts and projections);
- Steering the selection of the Statutory Auditors put to the General Meeting for appointment and giving its recommendation in accordance with applicable legal and regulatory provisions, examining the Statutory Auditors' schedule and recommendations, giving an opinion on the auditing fees proposed, approving beforehand other nonauditing services provided to the Company or a Group company after looking at the risks to the independence of the Statutory Auditors, and ensuring that fees for other nonauditing services do not exceed the maximum rate set by applicable legal and regulatory provisions. As such the Committee obtains information on the fees payable by the Company and its Group to the Statutory Auditors and their respective networks;
- Questioning the Group's financial and accounting managers on all matters within its remit whenever it wishes.

In terms of ethics the Committee is responsible for:

- Ensuring the quality of processes enabling compliance with stock market regulations;
- Reviewing all agreements concluded directly or through an intermediary between the Company and the following persons:
  - The Chairman of the Board,
  - The Chief Executive Officer,
  - A director,
  - A shareholder holding more than 10% of voting rights,
  - The company controlling one of its shareholders (holding more than 10% of voting rights) as defined by Article L.233-3 of the French Commercial Code.

including agreements to which one of these persons is an indirect party;

- Analysing all agreements between the Company and a firm if the Chairman of the Board, the Chief Executive Officer or one of the directors is an owner, a partner with unlimited liability, a manager, a director, a member of the Supervisory Board or in general an executive of that firm;
- Presenting a report to the Board for each of these agreements outlining their parties, purpose, amount, main terms and interest for the Company, notably in respect of their financial conditions, and giving its conclusions on the prior authorisation procedure applicable;
- Answering all employee queries on the legality of Company practices in terms of internal control, preparation of financial statements and accounting methods;
- Analysing the exhaustive list of reports prepared by the Chairman of the Board when an alert procedure is triggered.

Since 1 June 2017, the Audit Committee has comprised the following members:

- Brigitte Gauthier-Darcet, independent director, Chairperson of the Audit Committee;
- Gérard Aubert, independent director;
- Jean Guitton, director;
- Valérie Ohannessian, independent director.

Three of the Audit Committee's four members are deemed independent with regard to the criteria indicated in section 1.3.3 above, i.e. more than the two-thirds ratio recommended by the AFEP-MEDEF Code.

Brigitte Gauthier-Darcet, Chairperson of the Audit Committee, has special expertise in finance and accounting. She also has more than 35 years of professional experience in engineering, construction, communications and investment.

Having started her career at Serete, where she headed the finance department, Brigitte Gauthier-Darcet held a number of finance and senior management positions at Lagardère Active. She now oversees the support functions at CBRE France.

Valérie Ohannessian has special expertise in banking and financial law, financing and communications. She has been Deputy Director General of the French Banking Federation since 2008. As such, she is responsible most notably for the "strategy, public affairs, communication" and "retail banking, payment methods and systems, digital" sectors. She previously held various management positions in marketing, communication and public affairs at Gan, the French Federation of Insurance Companies, and Andersen Consulting.

Gérard Aubert has special expertise in finance and real estate. He was Chairman of CB Richard Ellis France for over 20 years as well as a director of Eurosic and is currently, inter alia, Chairman of SASU Trait d'Union.

Jean Guitton is a real estate specialist. He joined the SCOR Group in 2000 and is Head of Real Estate. A Chartered Architect, he holds a Masters (DESS) degree in Urban Planning from the Paris Institute of Political Studies (IEP) and is an associate member of the French Institute of Property Appraisers. After a first experience as an urban planning architect, he successively held the positions of analyst, property appraiser, then Head of International at the Bourdais group. He pursued his career as Head of International Development at Pelege Entreprises, Head of Commercial Real Estate Programs at SMCI, and Head of Real Estate and Investor Relations at Sagitrans/Safitrans.

The Audit Committee is responsible for auditing the financial statements for financial years beginning on or after 1 January 2009. It is governed by internal regulations which were modified on 26 February 2014, 23 February 2017 and 22 February 2018. These internal regulations, appended to the Board's internal regulations, are available on the Company's website at www.mrminvest.com.

The Audit Committee's internal regulations stipulate that it may call on external experts, that it must have sufficient time to examine the financial statements, and that in order to examine the financial statements it shall receive a report from the Statutory Auditors highlighting the essential points not only of the results but also of the accounting methods chosen, and a report from Financial Management outlining the Company's exposure to risk and material off-balance sheet commitments.

1.11 The Audit Committee's work in 2017

The Audit Committee met six times during 2017 and its meetings, lasting two to three hours, mainly covered:

- Monitoring the financial commitments of the Company and its subsidiaries;
- Meeting with the Statutory Auditors and Financial Management regarding the preparation of the interim consolidated financial statements;
- Meeting with the Statutory Auditors and Financial Management regarding the preparation of the annual corporate and consolidated financial statements and in particular a presentation by the Statutory Auditors highlighting the essential points of the results of the statutory audit and of the accounting methods chosen;
- Meeting with the Statutory Auditors and Financial Management regarding the internal control procedures and in particular a presentation by the Statutory Auditors on the results of their "interim" duties;
- Meeting with independent appraisers for the Group's twice-yearly appraisal valuation of properties;
- Reviewing the annual budget and monitoring the Group's 12-month cash flow forecast;
- Approving the provision of services other than certifying the financial statements by the Statutory Auditors;
- Steering the selection of the co-Statutory Auditors for the 2017-2022 period (including a tender process from seven firms, objective and predefined selection criteria, and a ratings grid).

In 2017, the average attendance rate of the Audit Committee members was 90.9%. The following table shows the attendance of each member of the Audit Committee during the past year:

Members of the Audit Committee	Attendance rate
Brigitte Gauthier-Darcet	6 meetings out of 6 (100%)
Gérard Aubert	5 meetings out of 6 (83.3%)
Jean Guitton	5 meetings out of 6 (83.3%)
Valérie Ohannessian	4 meetings out of 4 (100%)
OVERALL RATE	**90.9%**

1.12 Composition and duties of the Strategic Committee

On 29 May 2013, the Board decided to establish a Strategic Committee with the following duties:

- Studying strategic issues involving the Group;
- Supervising the execution of Group strategy by general management;
- Reviewing any major investment, acquisition or disposal plans;
- Supervising the drafting of a business plan and monitoring its implementation;
- Examining the financing policy of the Company and its subsidiaries (including any plans to change, repay early, renegotiate or refinance the existing debt).

The Strategic Committee gives opinions and recommendations to the Board on matters within its competence.

The following directors make up the Strategic Committee:

- François de Varenne, Chairman of the Board of directors;
- Jacques Blanchard, Chief Executive Officer;
- Jean Guitton.

1.13 The Strategic Committee's work in 2017

The Strategic Committee met 11 times during 2017 and its meetings, lasting two to three hours, mainly covered:

- Approving the conditions for marketing the main rental properties and asset disposals;
- Approving and monitoring planned investments above €1,000,000;
- Updating and monitoring the three year business plans;
- Managing bank debt;
- Monitoring changes in the retail property market;
- Drafting the financial communication policy;
- Checking the work performed by the Head of Asset Management and CBRE Global Investors France;
- Monitoring procedures related to disputes.

In 2017, the average attendance rate of the Strategic Committee members was 100%. The following table shows the attendance of each member of the Strategic Committee during the past year:

Members of the Strategic Committee	Attendance rate
François de Varenne	11 meetings out of 11 (100%)
Jacques Blanchard	11 meetings out of 11 (100%)
Jean Guitton	11 meetings out of 11 (100%)
OVERALL RATE	**100%**

1.14 Delegations for capital increases

In accordance with the provisions of Article L.225-37-4 paragraph 3 of the French Commercial Code, we inform you that no delegation granted by the General Meeting of shareholders to the Board of directors in respect of capital increases pursuant to articles L.225-129-1 and L.225-129-2 of the French Commercial Code was in force as of 31 December 2017.

1.15 Management of conflicts of interest

To the Company's knowledge, and on the day of this report, no member of the Board of directors and general management, in the past five years:

- Was found guilty of fraud;
- Was associated as a corporate officer in any insolvency, sequestration proceedings or liquidation;
- Was accused of any offence and/or incurred any official public penalty imposed by statutory or regulatory authorities;
- Was prevented by a court order 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;
- 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.

Potential conflicts of interest exist concerning SCOR SE in its dual role as majority shareholder and director of the Company and concerning directors from SCOR Group. Directors have a duty of loyalty to the Company and are bound to act in its best interests. Conflicts of interests between companies and majority shareholders are governed by the legislation and case law in force, and the Company has also drawn up specific rules to prevent conflicts of interests in the internal regulations adopted at the Board's meeting of 22 February 2018.

The rules to prevent and manage conflicts of interest set out in the internal regulations are as follows:

"Each director has a duty of loyalty towards the Company. They can under no circumstances act for their own interest against that of the Company.

Each director undertakes not to seek or accept from the Company or the Group or any third party, directly or indirectly, positions, benefits or situations likely to be considered as being of a nature to compromise their independence of analysis, judgement or action in the performance of their duties on the Board (a "Conflict of Interest"). They must also reject any direct or indirect pressure that may be exerted on them by other directors, particular groups of shareholders, creditors, suppliers and any third party in general.

In this regard, they undertake to submit to the Board and the Audit Committee, in accordance with the procedure described in appendix 1, any draft agreement, prior to its signature, falling under Article L.225-38 of the French Commercial Code.

They ensure their participation on the Board is not a source for them or the Company of a Conflict of Interest on a personal level and in terms of the professional interests they represent.

When in doubt regarding conflicts of interest, a director may consult the Chairman of the Board who will give them guidance on this point.

In the event of a known Conflict of Interest at the time a specific matter is submitted to the Board, the director concerned must fully inform the Board before its meeting on this point and must abstain from participating in discussions and Board decisions on this point (they are in this instance excluded from the quorum and voting calculations).

Each director also undertakes, in the event of a known general Conflict of Interest, to:

Notify the Chairman of the Board of it as soon as possible; and

If this situation has not ended within one (1) month following its notification, immediately resign from their office as director."

In this regard, Brigitte Gauthier-Darcet highlighted a potential conflict of interest concerning her which the Board considered and rejected at its meeting of 15 December 2015 (see report of the Chairman of the Board of directors on the operation of the Board and on internal control in section 4.5 of the 2016 Registration Document).

Thus, to the Company's knowledge, and on the day of this report, no conflict of interests was identified among the duties of each member of the Board and General Management regarding the Company as corporate officers and their private interests or other duties.

To the Company's knowledge, and on the day of this report, no arrangement or agreement with main shareholders, customers or suppliers exists under the terms of which any member of the Board acts in this capacity.

To the Company's knowledge, and on the day of this report, no restrictions have been agreed with the members of the Board and General Management concerning the sale of their shareholding in the Company.

Lastly, given that the functions of Chief Executive Officer and Chairman of the Board are separate, and given that the Company took care to set out rules in the Board's internal regulations to prevent conflicts of interest, the Board found it unnecessary to appoint a lead director to handle conflicts of interest.

1.16 Participation of shareholders in the General Meeting

In accordance with Article L.225-37-4 paragraph 9 of the French Commercial Code, the methods relating to shareholders' participation in the General Meeting are outlined in Article 16 of the Articles of Association.

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 "Rights attached to each share – threshold crossing" of the Articles of Association. Any shareholders other than natural persons holding directly or indirectly at least 10% of dividend rights in the Company must confirm or contradict the information declared in accordance with Article 8 of the Articles of Association no later than three days before the date of the General Meeting.

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 their shares are registered in their name or the name of the agent registered on their behalf, in accordance with Article L.228-1 paragraph 7 of the French Commercial Code, at midnight on the second 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 a majority, shareholders attending General Meetings by video conference or by telecommunications media permitting their identification and complying with applicable regulations, when the Board of directors decides on such methods of participation, before sending notice of General Meetings, shall be counted.

1.17 Agreements between a corporate officer or a shareholder and a subsidiary

None.

1.18 Agreements referred to in Articles L.225-38 and L.225-40-1 of the French Commercial Code

1.18.1 Agreements and commitments approved in previous years which were effective in the year ended 31 December 2017

Severance pay of the Chief Executive Officer

On 31 July 2013, the Board of directors approved severance pay for the Chief Executive Officer in the event of a forced departure before the end of his term of office, capped at his gross annual fixed remuneration, under the following conditions:

- In the event of the termination of his duties as Chief Executive Officer related to a change in control or strategy of the M.R.M. Group ("Forced Departure"), Jacques Blanchard shall receive severance pay capped at €200,000, i.e. the amount of his gross annual fixed remuneration as Chief Executive Officer, as set by the Board on 29 May 2013 (the "Allowance"). This Allowance will be subject to prior verification of the Performance Condition defined below.

  The Performance Requirement (the "Performance Requirement") shall be realised in a given financial year if one of the following criteria is matched consecutively during the two years immediately preceding the date of departure of the Chief Executive Officer:

  1. The Internal Rate of Return of the M.R.M. Group must be at least 5%; or
  2. M.R.M."s share price over the reference period must be no more than 10% below that of the IEIF SIIC France index;
- In the event of a forced departure, the Board of directors will decide if the Performance Condition is realised. If the Board observes the realisation of the Performance Condition, the allowance shall be paid to the Chief Executive Officer as soon as possible. In the case of a Forced Departure before the expiration of a period of two years after the taking of duties as Chief Executive Officer by Jacques Blanchard, the Performance Condition will be considered as completed if one of the above criteria is verified on the entirety of the duration of the mandate of Jacques Blanchard.

Apart from the assumption of a Forced Departure particularly, but without limitation, in case of the event of a revocation due to the Chief Executive Officer following a performance famously negative of the Company, or if the Chief Executive Officer left his functions on its own initiative to exercise a new position inside or outside the Group, no compensation of any kind whatsoever will be due to the Chief Executive Officer.

This commitment, which ended on 30 June 2017 at the end of Jacques Blanchard's first term of office as Chief Executive Officer, was not executed in the year ended.

Pledge of shares and guarantee at first request

As of 14 January 2016, the Board of directors approved (i) the conclusion of an intra-group loan agreement with SCOR SE for the refinancing of SCI Noratlas (subsidiary wholly owned directly and indirectly by M.R.M. SA) and (ii) the granting of collateral and guarantees in this context, by M.R.M. SA and its subsidiaries DB Neptune SAS and SCI Noratlas, in favour of SCOR SE.

The main conditions of the intra-group loan agreement were as follows:

This loan was granted on 15 January 2016 by SCOR SE to SCI Noratlas for a principal amount of €22,000,000 bearing interest at the 3-month Euribor plus a margin of 180 basis points. With an initial maturity of one year, the loan expired on 16 January 2017 and was repayable on maturity.

The collateral and guarantees granted to SCOR SE under the intra-group loan are as follows:

- The pledge of all shares held by M.R.M. SA and DB Neptune SAS in SCI Noratlas;
- The granting by M.R.M. SA of an autonomous first-demand guarantee, taking effect as of 16 February 2017, and a maximum amount of €24,000,000 corresponding to the amount of the intra-group loan agreement in principal and the amount of accessories plus the amount of interest set out in the intra-group loan agreement;

- A mortgage pledge on the Nova building with registration exemption to be granted by SCI Noratlas;
- The pledge of receivables relating to rents and insurance benefits under all insurance policies for damage to property (excluding structural damage), including in respect of any compensation for loss of rental income, pertaining to the Nova building, to be granted by SCI Noratlas.

This intra-group loan agreement enabled the refinancing of bank debt held by SCI Noratlas maturing on 15 January 2016 for which M.R.M. had granted various guarantees and collateral in favour of the lender. The Board noted that a default in repayment of amounts owed by SCI Noratlas to the bank would have resulted in the realisation of the guarantees and collateral granted by M.R.M. to the bank in consideration of this loan. The establishment of an intra-group refinancing facility, albeit agreed at market conditions, also allowed M.R.M. and its subsidiaries to save on substantial transaction costs and collateral arrangement fees. For these reasons, the Board felt it was in the interest of the Company to allow the conclusion of the intra-group loan agreement between SCOR SE and SCI Noratlas (pursuant to the terms of its internal regulations) and the granting by M.R.M. of guarantees and collateral in this respect in favour of SCOR SE in the terms put to the Board.

On 8 December 2016, the Board of directors then approved (i) the signing of a rider to the intra-group loan agreement with SCOR SE and SCI Noratlas on 15 January 2016 and (ii) the renewal of collateral and guarantees granted in this context, by M.R.M. SA and its subsidiaries DB Neptune SAS and SCI Noratlas, in favour of SCOR SE.

The loan was thus extended until 15 January 2018 and the autonomous first-demand guarantee granted by M.R.M. SA to SCOR SE was extended for a period ending one month after the maturity date of the extended loan, i.e. until 15 February 2018. The financial terms of the loan and the related guarantees and collateral were renewed in an identical manner.

Because the sale of the Nova building, the proceeds of which were to be used to pay SCOR SE the amounts due under the loan, was postponed to 2017, the Board felt that it was in the Company's interest that the amounts owed to SCOR SE should be paid by SCI Noratlas using the sale proceeds of the Nova building rather than consider setting up a new bank refinancing.

1.18.2 Agreement to be submitted for approval to the next General Meeting

Pledge of shares and guarantee at first request

On 7 December 2017, the Board of directors approved (i) the signing of a second rider to the intra-group loan agreement with SCOR SE and SCI Noratlas on 15 January 2016 and (ii) the renewal of collateral and guarantees granted in this context, by M.R.M. SA and its subsidiaries DB Neptune SAS and SCI Noratlas, in favour of SCOR SE.

The loan was thus extended until 15 January 2019 and the autonomous first-demand guarantee granted by M.R.M. SA to SCOR SE was extended for a period ending one month after the maturity date of the extended loan, i.e. until 15 February 2019. With the exception of the margin, which went from 180 to 280 basis points from 15 January 2018, the financial terms of the loan and the related guarantees and collateral were renewed in an identical manner.

Because the sale of the Nova building, the proceeds of which were to be used to pay SCOR SE the amounts due under the loan, was postponed to 2018, the Board felt that it was in the Company's interest that the amounts owed to SCOR SE should be paid by SCI Noratlas using the sale proceeds of the Nova building rather than consider setting up a new bank refinancing.

1.18.3 Agreements and commitments approved after 31 December 2017

None.

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.

2. Information on the remuneration of corporate officers

2.1 Remuneration policy (2018 ex ante vote)

This section is prepared in accordance with Articles L.225-37-2 and R.225-29-1 of the French Commercial Code and is an integral part of the corporate governance report.

Law 2016-1691 of 9 December 2016 stipulates that in companies listed on regulated markets, the principles and criteria used to determine, allocate and grant the components of total remuneration and benefits in kind due to executive corporate officers in respect of their office must be submitted at least once a year for approval to the Ordinary General Meeting of Shareholders (ex ante vote).

2.1.1 Principles and criteria used to determine, allocate and grant the fixed, variable and exceptional components of the total remuneration and benefits in kind due to the Chief Executive Officer in respect of his office

The principles and criteria used to determine, allocate and grant the components of the total remuneration and benefits in kind due to the Chief Executive Officer will be submitted for approval to the General meeting to be held in 2018 (ex-ante vote).

As such, the Board of directors has taken the following principles into account in accordance with the recommendations of § 24-1 of the AFEP-MEDEF Corporate Governance Code of November 2016:

- Comprehensiveness: the remuneration must be comprehensive. All components of remuneration must be taken into account in the overall remuneration evaluation;
- Balance between the compensation components: each component of the remuneration must be clearly motivated and be in line with the Company's interests;
- Comparability: the remuneration must be assessed in the context of a business line and the benchmark market. If the market is a benchmark, it must not be the only one as the remuneration of an executive corporate officer depends on his/her responsibilities, the results obtained and the work performed. It can also depend on the nature of the duties entrusted to him/her and on specific situations (e.g. rescuing a firm in difficulty);
- Consistency: the remuneration of the executive corporate officer must be consistent with that of the other Company managers and employees;
- Understandability of rules: the rules must be simple, stable and transparent. Performance criteria used must correspond to the Company's objectives, be demanding and explicit and last for as long as possible;
- Proportionality: the components of remuneration must be determined in a fair and balanced way and take into account the Company's interest, market practices and the performance of managers and other Company stakeholders.

The principles and criteria used to determine, allocate and grant the components of the total remuneration and benefits in kind due to the Chief Executive Officer, set by the Board of directors, are as follows:

Annual fixed remuneration

The Chief Executive Officer receives annual fixed remuneration payable in twelve monthly instalments whose amount is determined according to the extent of his duties and responsibilities, taking into account market practices.

Annual variable remuneration

The Chief Executive Officer receives annual variable remuneration capped at a percentage of the annual fixed remuneration, set in advance annually by the Board and not exceeding 100%. Payment of this remuneration is subject to achieving quantitative and/or qualitative targets set by the Board of directors for the year in question.

At its meeting of 22 February 2018, the Board of directors capped annual variable remuneration for 2018 at 40% of the annual fixed remuneration and decided that its amount and payment would be subject to achieving the following targets:

- Selling the last two office properties at the values indicated in the financial statements as of 31 December 2017;
- Implementing the value-enhancement plans for retail properties;
- Increasing rental revenue from the retail properties;
- Acquiring and disposing of retail assets;
- Preparing a complete data-room on the retail properties.

Multiyear variable remuneration in cash

The Board of directors reserves the right to award a multiyear variable remuneration in cash to the Chief Executive Officer whose amount and payment will be subject to achieving quantitative and/or qualitative objectives assessed over a minimum period of three years, such as reaching a target IRR over the period in question.

Allocation of stock options/bonus shares

None.

Exceptional remuneration

The Board of directors may decide to grant exceptional remuneration to the Chief Executive Officer in view of very specific circumstances. Payment of this type of remuneration must be justified by an event such as pulling off a major transaction for the Company.

Directors' fees

The Chief Executive Officer receives no directors' fees in respect of his duties.

Benefits in kind

The Chief Executive Officer has healthcare and personal risk cover as well as a company car.

Commitments mentioned in Article L.225-42-1 paragraphs 1 & 6 of the French Commercial Code

In the event of the early termination of his duties, the Chief Executive Officer may receive severance pay subject to fulfilling a performance condition.

Other components of remuneration and benefits due or likely to be due or allocated in respect of office (e.g. under an agreement signed with the Company, a subsidiary, a controlling company or a sister company)

None.

In accordance with the recommendations of the AFEP-MEDEF Code, the Chief Executive Officer does not have an employment contract.

Should the Board of directors decide to appoint one or more Deputy Chief Executive Officers, the principles and criteria applicable to the Chief Executive Officer would be applicable to the Deputy Chief Executive Officers.

Should the Board of directors decide to combine the positions of Chairman and Chief Executive Officer, the principles and criteria applicable to the Chief Executive Officer would be applicable to the Chairman and Chief Executive Officer.

Payment of the components of variable remuneration and where applicable exceptional remuneration allocated for 2018 to the Chief Executive Officer by virtue of his office is subject to approval by the Ordinary General Meeting of the components of remuneration paid or allocated to the Chief Executive Officer for said year (ex-post vote). Consequently, payment of these components will be made, subject to this condition, after the General Meeting to be held in 2019 to approve the financial statements for 2018.

2.1.2 Principles and criteria used to determine, allocate and grant the fixed, variable and exceptional components of the total remuneration and benefits in kind due to the Chairman of the Board in respect of his office

The Board of directors decided that if the Chairman of the Board is an employee of SCOR Group, he will not receive remuneration in respect of his office as Chairman of the Board of M.R.M.

Therefore, François de Varenne, Chairman of the Board of M.R.M. and an employee of SCOR Group, receives no remuneration or benefits from the Company and its subsidiaries. Similarly, he does not receive any remuneration or benefit likely to be due or allocated in respect of his office as Chairman of the Board of M.R.M.

However, should the Board decide to appoint a new Chairman of the Board who is not an employee of SCOR Group, it would take the following principles into account as part of its remuneration policy in accordance with the recommendations of § 24-1 of the AFEP-MEDEF Corporate Governance Code of November 2016:

- Comprehensiveness: the remuneration must be comprehensive. All components of remuneration must be taken into account in the overall remuneration evaluation;
- Balance between the compensation components: each component of the remuneration must be clearly motivated and be in line with the Company's interests;
- Comparability: the remuneration must be assessed in the context of a business line and the benchmark market.

If the market is a benchmark, it must not be the only one as the remuneration of an executive corporate officer depends on his/her responsibilities, the results obtained and the work performed. It can also depend on the nature of the duties entrusted to him/her and on specific situations (e.g. rescuing a firm in difficulty);

- Consistency: the remuneration of the executive corporate officer must be consistent with that of the other Company managers and employees;
- Understandability of rules: the rules must be simple, stable and transparent. Performance criteria used must correspond to the Company's objectives, be demanding and explicit and last for as long as possible;
- Proportionality: the components of remuneration must be determined in a fair and balanced way and take into account the Company's interest, market practices and the performance of managers and other Company stakeholders.

The principles and criteria used to determine, allocate and grant the components of the total remuneration and benefits due to the Chairman of the Board who is not an employee o SCOR Group would be as follows:

Annual fixed remuneration

The Chairman of the Board would receive annual fixed remuneration payable in twelve monthly instalments whose amount is determined according to the extent of his duties and responsibilities, taking into account market practices.

Directors' fees

The Chairman of the Board could receive directors' fees in respect of his duties.

Benefits in kind

The Chairman of the Board could have healthcare and personal risk cover as well as a company car.

The principles and criteria used to determine, allocate and grant the components of the total remuneration and benefits in kind due to the Chairman of the Board will be submitted for approval to the General Meeting to be held in 2018 (*ex ante* vote).

2.2 Total remuneration and benefits paid to corporate officers in 2017

In accordance with Article L.225-37-3 of the French Commercial Code and in accordance with the principles and criteria applying to the remuneration of corporate officers approved by the General Meeting of 1 June 2017 in its fifteenth resolution, the Company now reports on the total remuneration and benefits in kind paid in the year ended to each corporate officer by the Company, entities under its control or the entity controlling it as defined by Article L.223-16 of the French Commercial Code.

In 2017, the Company's executive corporate officers were François de Varenne, Chairman of the Board, and Jacques Blanchard, Chief Executive Officer.

In 2017, the Company's non-executive corporate officers were Gérard Aubert, Brigitte Gauthier-Darcet, Jean Guitton, Valérie Ohannessian and SCOR SE.

The Company's executive and non-executive corporate officers received no stock options or bonus shares, given that the Company has not set up any stock option or bonus share award plans.

At its meeting of 1 June 2017, the Board decided to use the amount of €55,000 which had been allocated to directors' fees for the year ended 31 December 2017 by the General Meeting of 1 June 2017, to remunerate the attendance of the independent directors, namely Gérard Aubert, Brigitte Gauthier-Darcet and Valérie Ohannessian.

Since 1 August 2013, Jacques Blanchard has received remuneration in his capacity as Chief Executive Officer but has not received any director's fees.

The table below provides a summary of the total remuneration and options and shares allocated by the Company and its parent company SCOR SE to the executive corporate officers over the last two years:

	2017	2016
François de Varenne, Chairman of the Board (1)		
Remuneration due for the financial year	€922,224	€974,580
Value of multiyear variable remuneration awarded during the year	-	-
Value of options allocated by SCOR SE during the year	€1,351,200	€1,263,200
Value of bonus shares awarded by SCOR SE during the year	€2,692,200	€132
TOTAL	**€4,965,624**	**€2,237,912**
Jacques Blanchard, Chief Executive Officer		
Remuneration due for the financial year	€265,638	€388,495
Value of multiyear variable remuneration awarded during the year	-	-
Value of options allocated during the year	-	-
Value of bonus shares allocated	-	-
TOTAL	**€265,638**	**€388,495**

(1) François de Varenne receives no remuneration or any benefits from the Company or its subsidiaries. He is remunerated by SCOR SE, the Company's parent company as defined by Article L.233-16 of the French Commercial Code, as a member of its Executive Committee. To this end, no remuneration is due or awarded to him as Chairman of the Board of directors of M.R.M. The remuneration and benefits paid to François de Varenne by SCOR SE are presented in section 2.2.2. of this report.

The table below provides a summary of executive corporate officers' employment contracts, specific pensions, severance pay and non-compete clauses agreed with the Company:

	Employment contract		Supplementary pension plan		Compensation or benefits due or likely to be due following termination or change of duties		Compensation due under a non-compete clause	
Executive corporate officers	Yes	No	Yes	No	Yes	No	Yes	No
François de Varenne Chairman of the Board of directors Start of term of office: 29 May 2013 End of term of office: General Meeting to be held in 2021 to approve the financial statements for the year then ended		X (1)		X		X		X
Jacques Blanchard Chief Executive Officer Start of term of office: 29 May 2013 End of term of office: General Meeting to be held in 2019 to approve the financial statements for the year then ended		X		X	See section 2.2.1 below	X (2)		X

(1) François de Varenne has an employment contract with SCOR SE.
(2) In the event of the early termination of his first term of office (set to end on 30 June 2017), the Chief Executive Officer was entitled to severance pay subject to fulfilling a performance condition. This commitment is now void.

Insofar as neither the Company, nor its subsidiaries, operate any pension or supplementary pension schemes, these companies have not set aside, or recognised, any sums for the payment of pension, retirement or other benefits.

2.2.1 Remuneration of the Chief Executive Officer

Pursuant to the recommendations of the AFEP-MEDEF Code applicable to the Chief Executive Officer, Jacques Blanchard does not have an employment contract with the Company.

Annual remuneration

At its meeting on 6 April 2017, the Board of directors decided that the Chief Executive Officer would receive, for 2017:

- Gross fixed annual remuneration of €200,000 in 12 monthly payments; and
- Variable annual remuneration of up to 40% of his gross fixed annual remuneration (or €80,000) conditional on (i) refinancing a bank loan maturing in 2017, (ii) implementing the value-enhancement plans for retail properties, (iii) increasing rental revenue from the retail properties, (iv) selling the last two office buildings, (v) acquiring and disposing of retail assets as and when the opportunity arises.

At its meeting of 22 February 2018, the Board assessed the rate of targets reached by the Chief Executive Officer at 70%, corresponding to annual variable remuneration of €56,000 for 2017, payment of which is subject to approval by the Ordinary General Meeting of Shareholders of the components of remuneration paid or allocated to the Chief Executive Officer for said year (ex-post vote).

Consequently, payment of this component will be made, subject to this condition, after the General Meeting to be held in 2018 to approve the financial statements for 2017. See section 2.3 below.

Multiyear variable remuneration

At its meeting of 6 April 2017, the Board of directors decided that the Chief Executive Officer would not receive a multiyear variable remuneration for 2017.

For reference, in 2013 it had been planned that if Jacques Blanchard completed his term of office as Chief Executive Officer until the end of the Ordinary General Meeting held in 2017 to approve the financial statements for the year ended 31 December 2016, he would receive a maximum deferred multiyear gross bonus of €250,000, the breakdown and terms of which were as follows:

- A maximum amount of €150,000 gross in proportion to the achievement of a target internal rate of return ("IRR") of 10% per annum in the period beginning 29 May 2013;
- A maximum of €100,000 gross paid on the basis of an average annual evaluation, measured on a discretionary basis by the Board, within a range of between one and five, using the following method of calculation.

► INDIVIDUAL PERFORMANCE BASED ON THE PROGRESS OF WORK ON THE FOUR-YEAR BUSINESS PLAN – WEIGHTED OVER FOUR YEARS

Evaluation	Bonus paid
1	100%
2	75%
3	50%
4	25%
5	0%

Regarding the share of the multiyear variable remuneration based on achieving a target IRR over the period, the Board at its meeting of 23 February 2017 noted that the target had been attained at 17.2%, corresponding to an amount due of €25,800 gross.

Regarding the share of the multiyear variable remuneration based on the average annual evaluation, the ratings for each financial year over the period of 2013: 1–2014: 2–2015: 2–2016: 2 give a weighted average annual rating over four years of 1.75, corresponding to an amount due based on the evaluation of the Board of €81,250 gross.

Consequently, given that his term of office lasted until the General Meeting held in 2017 to approve the financial statements for the year then ended, the Chief Executive Officer received a multiyear variable remuneration for 2013-2016 of €107,050 gross in 2017.

Benefits in kind

In accordance with the Board's decision of 6 April 2017, the Chief Executive Officer has healthcare and personal risk cover as well as a company car.

Severance pay

None.

Summary of total remuneration of the Chief Executive Officer

The table below provides a summary of the total remuneration, including gross remuneration due and paid, awarded to the Chief Executive Officer for the last two years:

	2017		2016	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration	€200,000	€200,000	€200,000	€200,000
Annual variable remuneration	€56,000	€72,000	€72,000	€72,000
Multiyear variable remuneration	-	€107,050 (1)	€107,050 (1)	-
Exceptional remuneration	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind (2)	€9,638	€9,638	€9,445	€9,445
TOTAL	**€265,638**	**€388,688**	**€388,495**	**€281,445**

(1) Remuneration paid subsequent to continuing his term of office until the General Meeting to be held in 2017 to approve the financial statements for the year then ended. Multiyear variable remuneration is described above in section 2.2.1.
(2) Company car, healthcare (mutual) and personal risk cover.

Jacques Blanchard received no stock options or performance shares from the Company.

2.2.2 Remuneration of the Chairman of the Board of directors

François de Varenne, Chairman of the Board of directors, does not receive any remuneration from the Company or its subsidiaries.

As a member of the Executive Committee of SCOR SE (the entity controlling the Company as defined by Article L.233-16 of the French Commercial Code), he receives from SCOR SE remuneration and benefits which are listed below. To this end, no remuneration is due or awarded to him as Chairman of the Board of directors of M.R.M.

The following table shows the gross remuneration and its components, due and paid for the last two years, to François de Varenne by SCOR SE:

	2017		2016	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration	€525,000	€525,000	€525,000	€525,000
Annual variable remuneration	€392,007	€444,360	€444,360	€431,550
Multiyear variable remuneration	-	-	-	-
Exceptional remuneration	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind (1)	€5,217	€5,217	€5,220	€5,220
TOTAL	**€922,224**	**€974,577**	**€974,580**	**€961,770**

(1) Company car.

François de Varenne's variable remuneration is based on quantitative and qualitative criteria. The expected achievement level of these criteria is preset but not made public for confidentiality reasons.

The following table sets out the stock option plans by SCOR SE for François de Varenne as of 31 December 2017:

Options exercised	Number of shares under stock options	Plan dates	Price	Potential transaction volume	Exercise period
7,308	7,308	16/09/2005	€15.90	€116,197	from 16/09/2009 to 15/09/2015
15,688	15,688	14/09/2006	€18.30	€287,090	from 15/09/2010 to 14/09/2016
20,000	20,000	13/09/2007	€17.58	€351,600	from 13/09/2011 to 12/09/2017
24,000	24,000	22/05/2008	€15.63	€375,120	from 22/05/2012 to 21/05/2018
32,000	32,000	23/03/2009	€14,917	€477,344	from 23/03/2013 to 22/03/2019
40,000	40,000	18/03/2010	€18.40	€736,000	from 19/09/2014 to 18/03/2020
40,000	40,000	22/03/2011	€19.71	€788,400	from 23/03/2015 to 22/03/2021
-	40,000	23/03/2012	€20.17	€806,800	from 24/03/2016 to 23/03/2022
-	40,000	21/03/2013	€22.25	€890,000	from 22/03/2017 to 21/03/2023
-	40,000	20/03/2014	€25.06	€1,002,400	from 03/21/2018 to 20/03/2024
-	40,000	20/03/2015	€29.98	€1,199,200	from 21/03/2019 to 20/03/2025
-	40,000	10/03/2016	€31.58	€1,263,200	from 11/03/2020 to 10/03/2026
	40,000	10/03/2017	€33.78	€1,351,200	from 11/03/2021 to 10/03/2027
218,996	**418,996**			**€9,644,551**	**TOTAL**

The following table sets out the SCOR SE bonus share award plans for François de Varenne as of 31 December 2017(1):

Plan	Rights to bonus shares	Award value per share	Total award value	Total amount acquired at the allocation date	Date of transfer
2005 Plan	7,000	€17.97	€125,790	€125,790	01/09/2007
2006 Plan	15,000	€14.88	€223,200	€223,200	08/11/2008
2007 Plan	20,000	€15.17	€303,400	€303,400	25/05/2009
2008 Plan	24,000	€17.55	€421,200	€421,200	08/05/2010
2009 Plan	32,000	€18.885	€604,320	€604,320	17/03/2011
2010 Plan	40,000	€19.815	€792,600	€792,600	03/03/2012
2011 Plan	40,000	€22.61	€904,400	€904,400	08/03/2013
2011-2019 Long-Term Incentive Plan	40,000	-	€1,398,000	€1,328,100	02/09/2017
2012 Plan	40,000	€24.46	€978,400	€978,400	20/03/2014
2012 Plan (PPP)(2)	5	€24.55	€123	€123	27/07/2014
2013 Plan	40,000	€30.60	€1,224,000	€1,224,000	06/03/2015
2014 Plan	40,000	-	€1,294,200	€1,294,200	05/03/2018
2014 Plan (PPP)(3)	5	€26.33	€132	€132	31/07/2016
2015 Plan	40,000	-	-	-	19/12/2018
2016 Plan	40,000	-	-	-	24/02/2019
2016-2022 Long-Term Incentive Plan	40,000	-	-	-	24/02/2022
2017 Plan	40,000	-	-	-	22/02/2020
TOTAL	**498,010**		**€8,269,765**	**€8,199,865**	

(1) Shares allocated since 2008 are subject to performance conditions. These conditions relate to one-third of the shares allocated under the plan of 7 May 2008, half of the shares allocated under the plan of 16 March 2009, and all of the shares allocated since the plan of 2 March 2010. Nevertheless, as regards the Chairman and Chief Executive Officer, all shares allocated since the plan of 16 March 2009 are subject to performance conditions. For further details on the performance conditions applicable to bonus shares, see section 17.3 of SCOR's 2014 Registration Document and its Registration Documents filed with the AMF on 5 March 2014 and 6 March 2013 under numbers D.14-0117 and D.13-0106.

(2) This bonus share plan is for all SCOR Group employees residing in France in accordance with the collective agreement signed on 20 July 2012 as part of nationwide negotiations between management and labour on the profit sharing measures introduced by Law 2011-894 of 28 July 2011 on rectifying the financing of social security for 2011. The plan provides for a uniform allocation of five free shares without presence or performance conditions.

(3) This bonus share plan is for all SCOR Group employees with French employment contracts in accordance with the collective agreement signed on 3 July 2014 as part of nationwide negotiations between management and labour on the profit sharing measures introduced by Law 2011-894 of 28 July 2011 on rectifying the financing of social security for 2011. The plan provides for a uniform allocation of five free shares without presence or performance conditions.

2.2.3 Remuneration of non-executive corporate officers

Directors' fees are the only component of remuneration paid to non-executive corporate officers.

The Ordinary General Meeting of 1 June 2017 decided to set the total amount of directors' fees for the year ended 31 December 2017 at €55,000.

At its meeting of 1 June 2017, as in previous years, the Board decided to use this amount to remunerate the attendance of the independent directors, within the following limits and changes, specifically linked to industry practice, as follows:

- Remuneration of €1,100 per Board meeting attended by the independent director;
- Remuneration of €1,100 per Audit Committee meeting attended by the independent director;
- Remuneration of €2,200 per Committee meeting attended by the Chairperson (independent director) of the committee in question;
- Remuneration of €1,100 per independent director to be invested in Company shares.

Except for the last item, which is new and intended to promote compliance with the share ownership requirement imposed by the internal regulations, this remuneration is variable in full and based entirely on independent directors' attendance and participation in Board and Audit Committee meetings.

The table below summarises the remuneration received by non-executive directors over the last two years:

Directors' fees and other remuneration received by non-executive corporate officers	Amounts paid in 2017	Amounts paid in 2016
Gérard Aubert		
Directors' fees	€13,200	€14,500
Other remuneration	-	
Brigitte Gauthier-Darcet		
Directors' fees	€20,900	€19,500
Other remuneration	-	
Jean Guitton		
Directors' fees	-	
Other remuneration(1)	-	
Valérie Ohannessian		
Directors' fees	€12,100	€6,000
Other remuneration		
SCOR SE represented by Karina Lelièvre		
Directors' fees	-	-
Other remuneration(1)	-	-
TOTAL	**€46,200**	**€40,000**

(1) Non-executive corporate officers from SCOR Group are remunerated by SCOR. Their remuneration is not presented here for confidentiality reasons in view of their status as SCOR employees. To this end, no remuneration is due or awarded to them by virtue of sitting on the Board of directors of M.R.M.

2.3 Proposal to approve the components of remuneration and benefits in kind paid or allocated for 2017 to the Chief Executive Officer (*ex post* vote)

As a reminder, François de Varenne, Chairman of the Board, receives no remuneration or benefits from the Company and its subsidiaries. Similarly, he does not receive any remuneration or benefit likely to be due or allocated in respect of his office as Chairman of the Board of M.R.M.

Pursuant to Law 2016-1691 of 9 December 2016 and Article L.225-100 of the French Commercial Code, the General Meeting to be held in 2018 will be asked to approve the fixed, variable and exceptional components of the total remuneration and benefits in kind paid or allocated for 2017 to Jacques Blanchard in respect of his office as Chief Executive Officer (ex-post vote).

This section constitutes the report prepared in accordance with Article L.225-100 of the French Commercial Code which will be submitted for approval to the General Meeting of 31 May 2018.

The table below presents all the proposed components of remuneration subject to approval by the General Meeting of 31 May 2018 in accordance with the principles and criteria applying to the remuneration of corporate officers approved by the General Meeting of 1 June 2017 in its fifteenth resolution:

Components of remuneration paid or allocated for the year ended	Amount or accounting valuation put to the vote	Presentation
Fixed remuneration	€200,000 (gross amount in equal monthly payments in 2017)	Annual fixed gross remuneration of €200,000 (unchanged since 1 August 2013).
Annual variable remuneration	€56,000 (amount payable subject to approval by the General Meeting)	Payment of annual variable remuneration for 2017 is conditional on achieving the following targets: (i) refinancing a bank loan maturing in 2017, (ii) implementing the value-enhancement plans for retail properties, (iii) increasing rental revenue from the retail properties, (iv) selling the last two office buildings, (v) acquiring and disposing of retail assets as and when the opportunity arises. At its meeting of 22 February 2018, the Board assessed the rate of targets reached by the Chief Executive Officer at 70%.
Multiyear variable remuneration in cash	-	The Board of directors reserves the right to award a multiyear variable remuneration in cash to the Chief Executive Officer whose amount and payment will be subject to achieving quantitative and/or qualitative objectives assessed over a minimum period of three years, such as reaching a target IRR over the period in question. The Board awarded no such remuneration for 2017.
Exceptional remuneration	-	The Board of directors may decide to grant exceptional remuneration to the Chief Executive Officer in view of very specific circumstances. Payment of this type of remuneration must be justified by an event such as pulling off a major transaction for the Company. The Board awarded no such remuneration for 2017.
Directors' fees	-	The Chief Executive Officer receives no directors' fees which are reserved for independent directors.
Components of remuneration due following termination or change of duties, retirement benefits and non-compete commitments	N/A	In the event of the early termination of his first term of office (set to end on 30 June 2017), the Chief Executive Officer was entitled to severance pay subject to fulfilling a performance condition. This commitment is now void. Not applicable given his reappointment until the 2020 General Meeting.
Accounting valuation of benefits in kind	€9,638 (allocated monthly in 2017)	The Chief Executive Officer has healthcare and personal risk cover as well as a company car.

3. Information on factors likely to have an impact in the event of a takeover bid

Factors likely to have an impact in the event of a takeover bid as defined by Article L.225-37-5 of the French Commercial Code are as follows:

3.1 The Company's capital structure

See sections 3.2 and 3.6.3 of the 2017 Registration Document.

3.2 Statutory restrictions on the exercise of voting rights and share transfers or the provisions of agreements brought to the attention of the Company pursuant to Article L.233-11

See section 3.1.11 of the 2017 Registration Document.

3.3 Direct or indirect shareholdings in the share capital of the Company known to it pursuant to Articles L.233-7 and L.233-12

See section 3.2.12 of the 2017 Registration Document.

3.4 Direct or indirect shareholdings in the share capital of the Company known to it pursuant to Articles L.233-7 and L.233-12

See section 3.2.12 of the 2017 Registration Document.

3.5 List of holders of any securities with special control rights and a description thereof

None.

3.6 Control mechanisms scheduled in an employee share ownership scheme when the control rights are not exercised by said party

None.

3.7 Agreements between shareholders of which the Company is aware which may result in restrictions on the transfer of shares and the exercise of voting rights

None.

3.8 Rules governing the appointment and replacement of members of the Board of directors and the amendment of the Articles of Association

For more information on the rules governing the appointment and replacement of members of the Board of directors, see section 1.2 "Rules governing the composition of the Board of directors" of this report.

The rules governing the amendment of the Articles of Association are the legal rules.

3.9 Powers of the Board of directors, in particular to issue or redeem shares

To date, the Company's Board of directors has no delegation empowering it to issue shares. See section 1.14 "Delegations for capital increases" in this report.

The Combined General Meeting of 1 June 2017, in its sixteenth ordinary resolution, authorised the Board of directors for a period of 18 months, in accordance with Articles L.225-209 et seq. of the French Commercial Code, to purchase Company shares, on one or more occasions, at the time of its choosing, up to 10% of the number of shares comprising the share capital, adjusted if need be to take any capital increases or decreases that may take place in that period into account.

This authorisation ended the authorisation granted to the Board of directors by the Ordinary General Meeting of 2 June 2016 in its seventh resolution.

Shares may be bought back to:

- Stimulate the trading of M.R.M. securities on the secondary market, or the liquidity of M.R.M. shares via a liquidity contract concluded with an investment services provider in accordance with the ethics charter of the AMAFI (French association of financial markets) recognised by regulations in force, bearing in mind that the number of shares taken into account for the aforementioned calculation corresponds to the number of shares acquired minus the amount sold;
- Retain shares for subsequent payment or exchange purposes in the event of acquisitions;

- Ensure the hedging of stock option plans and/or bonus share plans (or similar) reserved for employees and/or corporate officers of the Group, as well as any share allocations under company or group savings plans (or similar plan), employee profit-sharing and/or any other form of allocation of shares to employees and/or corporate officers of the Group;
- Ensure the hedging of securities giving access to the Company's shares in accordance with regulations in force;
- Cancel all or part of the shares which would be acquired, in accordance with the authorisation granted, or to be granted, by an Extraordinary General Meeting of Shareholders.

These share purchases may be made by any means, including via the purchase of blocks of securities, whenever the Board of directors deems it appropriate.

The Company reserves the right to use option mechanisms or derivatives within the framework of the applicable regulations.

The maximum unit price is fixed at €3 per share. In the event of any transactions being carried out on the share capital, in particular share splits, reverse splits and free-share allocations, the number of purchasable shares indicated above would be adjusted accordingly by applying a multiplying factor equal to the ratio between the number of shares comprising the share capital prior to the transaction, and the number after the transaction.

The maximum amount that can be invested in the share buyback programme is capped at €13,100,344.

3.10 Agreements entered into by the Company that are amended or terminated in the event of a change of control of the Company, unless such disclosure, save in cases of mandatory disclosure, would seriously undermine its interests

None.

3.11 Agreements providing for compensation to members of the Board of directors or employees if they resign or are dismissed without just cause or if their employment is terminated due to an IPO

None.

4.2 Transactions with related parties

4.2.1 Regulated agreements

Regulated agreements are presented in paragraph 1.18 "Agreements referred to in Articles L.225-38 and L.225-40-1 of the French Commercial Code" of section 4.1 "Corporate governance report" of this Registration Document.

The Statutory Auditors' special report on regulated agreements and commitments can be found in section 4.3 "Statutory Auditors' report on regulated agreements and commitments" of this Registration Document.

4.2.2 Other agreements with related parties

To the Company's knowledge, there are no service contracts linking members of the Board of directors or General Management to the Company or one of its subsidiaries and providing for benefits.

4.3 Statutory Auditors' report on regulated agreements and commitments

To the Shareholders,

As Statutory Auditors of your Company, we hereby present our report on regulated agreements and commitments.

It is our responsibility to inform you, on the basis of the information provided to us, of the terms and conditions, the purpose, and the benefits to the Company of the agreements and commitments of which we were informed or became aware during our engagement. It is not our role to determine whether they are beneficial or appropriate or to ascertain whether any other agreements and commitments exist. It is your responsibility, in accordance with Article R.225-31 of the French Commercial Code, to assess the merit of these agreements and commitments with a view to approving them.

In addition, it is our responsibility to inform you, where appropriate, in accordance with Article R.225-31 of the French Commercial Code, of the agreements and commitments that were approved in prior years and continued to apply during the period.

We performed the procedures that we deemed necessary in accordance with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux comptes*) for such engagements. Our work entailed verifying that the information provided is consistent with the documents from which it was derived.

Agreements and commitments submitted for the approval of the General Meeting of Shareholders

In accordance with Article L.225-40 of the French Commercial Code, we have been advised of the following commitment made in the year ended which received prior authorisation from your Board of directors.

Pledge of shares and guarantee at first request

- **Date of authorisation:** Board meeting of 7 December 2017.
- **Director concerned:** SCOR SE, shareholder with more than 10% of the voting rights of your company.
- **Nature and purpose:** following the second one-year extension of the intra-group loan agreement between SCI Noratlas and SCOR SE, your company renewed the collateral and guarantees previously granted to SCOR SE. These collateral and guarantees consist in a pledge of securities of SCI Noratlas and a guarantee at first request. The term of the guarantee was kept at one month after the date of maturity of the intra-group loan, i.e. 15 February 2018, for a maximum amount of €24,200,000. With the exception of the margin, which went from 180 to 280 basis points from 15 January 2018, the financial terms of the loan and the related guarantees and collateral were renewed in an identical manner.
- **Terms and conditions:** this agreement had no impact on the financial statements for the year ended.
- **Benefit to the Company according to the Board:** your Board deemed it in the interest of the Company for the loan due by SCI Noratlas to SCOR SE to be repaid using the proceeds of the disposal of the Nova building (held by SCI Noratlas) rather than taking out a new bank loan.

The original agreement was authorised by your Board on 14 January 2016 and approved by the Shareholder's Meeting on 5 July 2016.

The renewal of the agreement after the first extension was authorised by your Board on 8 December 2016 and approved by the General Meeting of 1 June 2017.

Agreements and commitments already approved by the General Meeting

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the following agreement, already approved by the General Meeting in previous years, remained in force but was not applied during the year ended.

Severance pay granted to the Chief Executive Officer

- **Date of authorisation:** Board meeting of 31 July 2013.
- **Director concerned:** Jacques Blanchard, Chief Executive Officer of your company.
- **Nature and purpose:** severance pay for the Chief Executive Officer in the event of a forced departure before the end of his term of office.
- **Terms and conditions:** in the event of the termination of his duties as Chief Executive Officer related to a change in control or strategy of the M.R.M. group ("Forced Departure"), Jacques Blanchard shall receive severance pay capped at €200,000, i.e. the amount of his gross annual fixed remuneration as Chief Executive Officer, as set by the Board on 29 May 2013 (the "Allowance"). This Allowance will be subject to prior verification of the Performance Condition defined below.

The Performance Requirement shall be realised in a given financial year if one of the following criteria is matched consecutively during the two years immediately preceding the date of departure of the Chief Executive Officer:

1) The Internal Rate of Return of the M.R.M. Group must be at least 5%; or
2) M.R.M.'s share price over the reference period must be no more than 10% below that of the IEIF SIIC France index.

In the event of Forced Departure, the Board of directors will decide if the Performance Condition has been realised. If the Board observes the realisation of the Performance Condition, the allowance shall be paid to the Chief Executive Officer as soon as possible. In the event of a Forced Departure before the expiration of a period of two years after Jacques Blanchard assumed his duties as Chief Executive Officer, the Performance Condition shall be considered as completed if one of the above criteria is verified on the entirety of the duration of his term of office.

Apart from the assumption of a Forced Departure particularly, but without limitation, in case of the event of a revocation due to the Chief Executive Officer following a performance famously negative of the Company, or if the Chief Executive Officer left his functions on its own initiative to exercise a new position inside or outside the Group, no compensation of any kind whatsoever will be due to the Chief Executive Officer.

This commitment, which ended on 30 June 2017 at the end of Jacques Blanchard's first term of office as Chief Executive Officer, was not executed in the year ended.

Paris La Défense and Paris, 6 April 2018

The Statutory Auditors

Mazars	**RSM Paris**
Gilles Magnan	Hélène Kermorgant

4.4 Statutory Auditors

The Company's principal Statutory Auditors are:

Mazars

61, rue Henri Regnault

92075 Paris-La Défense Cedex, France

Represented by Gilles Magnan.

Date first appointed: Combined General Meeting of 1 June 2017.

Date appointment ends: General Meeting held in 2023 to approve the financial statements for the year ending 31 December 2022.

Following a call for tender, on the recommendation of the Audit Committee and the proposal of the Board of directors, the General Meeting of 1 June 2017 decided to appoint Mazars as principal auditor to replace KPMG Audit FS I.

RSM Paris

26, rue Cambacérès

75008 Paris

Represented by Hélène Kermorgant.

Date first appointed: Combined General Meeting of 1 June 2017.

Date appointment ends: General Meeting held in 2023 to approve the financial statements for the year ending 31 December 2022.

Following a call for tender, on the recommendation of the Audit Committee and the proposal of the Board of directors, the General Meeting of 1 June 2017 decided to appoint RSM Paris as principal auditor to replace RSM Rhône-Alpes.

The fees paid to the Statutory Auditors for 2017 are presented in note 11.2 "Relations with Statutory Auditors" in section 3.7 "Consolidated financial statements for the year ended 31 December 2017" of this Registration Document.

The General Meeting of 1 June 2017 noted that the appointments of KPMG Audit FS II and Roland Carrier as deputy Statutory Auditors were coming to an end and decided, pursuant to the law, not to reappoint or replace them.

5.

SIGNIFICANT CONTRACTS

M.R.M. and some of its subsidiaries were bound to CBRE Global Investors by a property asset management consultancy agreement. The agreement expired on 30 June 2017 for the office properties and on 30 September 2017 for the independent store retail properties and was not renewed.

For reference, CBRE Global Investors, the Company's majority shareholder until 29 May 2013, managed property transactions for the Company's subsidiaries under agreements signed with them between 2004 and 2007 before they were consolidated by the M.R.M. group.

CBRE Global Investors' scope of action and fee structure were first amended on 29 May 2013 in line with the M.R.M. Group's change in strategic direction in 2013 to focus on holding and managing retail property assets while planning the gradual disposal of its office building assets.

On 15 April 2015, the agreement of 29 May 2013 was terminated and a new agreement was signed.

Under the agreement of 15 April 2015, amended on 4 May 2016 and 4 January 2017, the duties and responsibilities carried out until then by CBRE Global Investors for the entire property portfolio of M.R.M., with an initial expiry date of 31 May 2016, were to be (i) continued for office properties and those parts of the retail portfolio classified as independent stores only, and (ii) extended to 30 June 2017 for office properties and to 30 September 2017 for independent store retail properties.

CBRE Global Investors' duties and responsibilities, in terms of providing advice on managing the aforementioned assets, were to:

- Advise the Company on (i) preparing, validating and implementing property valuation strategies, (ii) day-to-day property management policy, and (iii) property rental policy;
- Submit an annual Business Plan;
- Assist the Company in preparing the investment budgets for properties;
- Assist the Company in negotiating the property manager's contract, and to supervise the property manager and ensure they carry out their duties properly;
- Supervise the property manager in the day-to-day management of the properties, ensure the quality of the service providers used, and ensure the successful provision of maintenance and works;
- Supervise the property manager with regard to property rentals and making sure tenants fulfil all their contractual obligations, and ensure that a procedure for collecting and issuing receipts for rental payments is put in place and monitored;
- With regard to the marketing of properties, to:
  - Select estate agents, and negotiate and sign, on behalf of the subsidiaries, mandates to market rental properties based on assumptions made in the Business Plan, particularly in terms of remuneration and asking price,
  - Assist the Company and its subsidiaries in negotiating and signing property leases,
  - Monitor tenant relations and lease renegotiations and renewals;
- Fine-tune leases and their riders using standard leases, ensuring completeness and consistency with the schedule of works agreed with the tenant;
- Ensure that the Company fulfils its contractual obligations under the terms of such leases;
- Monitor disputes with tenants and companies;
- Supervise the quarterly preparation and update of detailed inventories of property fixtures and fittings and to check these inventories;
- Supervise the technical management provided by the property manager and to ensure, if necessary by calling on qualified professionals, that regulatory requirements are met in terms of safety, environmental standards, protection from hazardous materials (asbestos compliance testing, ICPE listing as an environmentally-sensitive installation) and the fight against illegal work;
- Monitor and manage procedures to obtain environmental certificates for properties;
- Advise the Company in negotiating and monitoring insurance policies covering the properties;
- Keep leases, files and records concerning the properties and to keep up-to-date a list of documents per asset using external companies where appropriate;
- Assist the Company in preparing half-yearly property appraisals by providing it with up-to-date inventories, an updated summary of capex commitment, a progress report of ongoing discussions with prospective clients, and all the information in their possession usually required by experts.

CBRE Global Investors' duties and responsibilities, in terms of providing advice and assistance in relation to property disposals, were to:

- Suggest a property disposal process to the Company and then organise and supervise it;
- Select estate agents, to negotiate, on behalf of the subsidiaries, mandates to sell properties based on conditions validated by the Company following consultation with agents, particularly in terms of remuneration and agency fees;
- Advise the Company on its choice of external advisors (in particular, legal counsel);
- Create property details and set up a data room;
- Help the Company in negotiating the contractual documentation relating to the disposal of properties or subsidiaries;
- Assist the Company in its relations with the purchaser after the sale as regards the marketing follow-up by the purchaser of vacant premises as part of the Company's rental guarantee and follow-up of the lifting of potential sequestration proceedings.

CBRE Global Investors charged (i) consulting fees in relation to asset management and (ii) consulting and assistance fees in relation to the disposal of property and stakes or shares in companies.

As regards consulting fees in relation to asset management:

- ***Until 31 December 2016, these were calculated as the sum of:***
  - 8.5%, on a quarterly basis, excluding taxes, of the rents excluding taxes received by the Company or its subsidiaries in respect of leased properties (gross rents received minus unrecoverable property expenses or property expenses not recovered), given that charges pertaining to vacant properties are not included in this calculation,
  - 0.025%, on a quarterly basis, excluding taxes, of the gross asset value, given that the gross asset value corresponds to the latest expert property appraisal published excluding transfer taxes;
- ***From 1 January 2017, asset management fees for independent store retail properties were calculated as the sum of:***
  - 8.5%, on a quarterly basis, excluding taxes, of the rents excluding taxes received by the Company or its subsidiaries in respect of leased properties (gross rents received minus unrecoverable property expenses or property expenses not recovered), given that charges pertaining to vacant properties are not included in this calculation,
  - 0.025%, on a quarterly basis, excluding taxes, of the gross asset value, given that the gross asset value corresponds to the latest expert property appraisal published excluding transfer taxes;
- ***While asset management fees for office properties were calculated as the sum of:***
  - 4.0%, on a quarterly basis, excluding taxes, of the rents excluding taxes received by the Company or its subsidiaries in respect of leased properties (gross rents received minus unrecoverable property expenses or property expenses not recovered), given that charges pertaining to vacant properties are not included in this calculation,
  - 0.025%, on a quarterly basis, excluding taxes, of the gross asset value, given that the gross asset value corresponds to the latest expert property appraisal published excluding transfer taxes.

These asset management fees were payable quarterly, in arrears.

As regards consulting and assistance fees in relation to the disposal of property and stakes or shares in companies:

- ***Until 31 December 2016, these were calculated as the sum of:***
  - 1.0%, excluding taxes, of the net sale price (excluding transfer taxes, costs and legal and brokerage fees, and net of any fees for which the seller is liable and any rent guarantees, or, where appropriate, net of the contractual value of the properties used to calculate the share price of the Company which, directly or indirectly, owns such properties);
- ***From 1 January 2017, they were calculated as the sum of:***
  - 1.0%, excluding taxes, of the net sale price for retail properties and 0.5%, excluding taxes, of the net sale price for office properties (excluding transfer taxes, costs and legal and brokerage fees, and net of any fees for which the seller is liable and any rent guarantees, or, where appropriate, net of the contractual value of the properties used to calculate the share price of the Company which, directly or indirectly, owns such properties).

These consulting and assistance fees in relation to property disposals were payable on the date of the actual sale of the properties or the actual transfer of the stake or shares in the company which, directly, or indirectly, owned the properties.

Until 31 December 2016, the fees paid to CBRE Global Investors at the transfer of ownership were supplemented, where appropriate, at the end of the rent guarantee period, by 1% of the portion of said guarantee not used by the purchaser, and/or, where appropriate, on payment by the purchaser of any price supplement, by 1% of said supplement. As of 1 January 2017, this was supplemented, where appropriate, at the end of the rent guarantee period, by 0.5% of the portion of said guarantee not used by the purchaser, and/or, where appropriate, on payment by the purchaser of any price supplement for up to 0.5% of said supplement.

The acquisition of property assets did not result in the payment of fees.

CBRE Global Investors' obligations are to:

- Perform its duties conscientiously and with due diligence in the best interest of the Company and in accordance with (i) standard professional practice, and (ii) professional standards of property asset management;
- Act in accordance with (i) current legislation and regulations, and (ii) the authorisations and licences granted to it in order to provide its services;
- Devote the time and allocate all the resources needed to successfully fulfil its obligations under the agreement, and to designate appropriate resources and skills with a view to fulfilling its duties;
- Notify the Company promptly of any change to the team set up by it to manage the properties, recruit a team with an equivalent level of experience so that continuity of the mission and quality of performance is ensured, and introduce said new team to the Company as soon as possible.

Services charged to M.R.M. subsidiaries totalled €0.2 million in 2017 compared with €1.0 million in 2016 and €1.1 million in 2015 and break down as follows:

(in millions of euros excluding VAT)	2017	2016	2015
Asset management consulting fees	0.2	0.7	0.9
Asset disposal consulting fees	-	0.3	0.2
TOTAL	**0.2**	**1.0**	**1.1**

6. INFORMATION ON INVESTMENTS

The list of entities included in the M.R.M. group's scope of consolidation appears in note 3.2 of the notes to the consolidated financial statements for the year ended 31 December 2017 in section 3.7 of this Registration Document.

The Group's subsidiaries are also presented in section 1.5 "Group ownership structure" of this Registration Document.

7. PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Jacques Blanchard

Chief Executive Officer.

8. FINANCIAL CALENDAR

4 May 2018	Financial information for Q1 2018
31 May 2018	General Meeting of Shareholders
27 July 2018	2018 half-year results
9 November 2018	Financial information for Q3 2018

9. DOCUMENTS ACCESSIBLE TO THE PUBLIC

Copies of this Registration Document are available free of charge from the Company and on its website (www.mrminvest. com) and the AMF's website (www.amf-france.org).

All legal and financial documents that must be made available to shareholders, in accordance with applicable regulations, may be viewed at M.R.M.'s head office: 5, avenue Kléber, Paris (16th *arrondissement*), France.

In particular, the following documents can be viewed:

(a) The issuer's Articles of Association;

(b) Any reports, letters and other documents, historical financial information, and valuations and declarations prepared by an expert at the issuer's request, some of which are included or referred to in the Registration Document;

(c) Historical 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» page on the Company's website is accessible at:

http://phx.corporate-ir.net/phoenix.zhtml?c=222981&p=irol-irhome-Financing

All the regulated information issued by M.R.M. in accordance with Articles 221-1 et seq. of the AMF's General Regulation can be found there.

10. CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

10.1 Person responsible for the Registration Document

Jacques Blanchard, Chief Executive Officer of M.R.M.

10.2 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 its consolidated entities and that the management report (included in section 3.6) presents a fair view of changes in the business, results and financial position of the Company and its consolidated entities 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 historical financial information presented in this document is the subject of Statutory Auditors' reports included on pages 104 and 117.

The corporate and consolidated historical financial information for the year ended 31 December 2016 is available on M.R.M.'s website at www.mrminvest.com and was filed with the AMF. These financial statements were the subject of the Statutory Auditors' reports included on pages 102 and 114 of the 2016 Registration Document.

The corporate and consolidated historical financial information for the year ended 31 December 2015 is available on M.R.M.'s website at www.mrminvest.com and was filed with the AMF. These financial statements were the subject of the Statutory Auditors' reports included on pages 103 and 115 of the 2015 Registration Document.

Jacques Blanchard

Chief Executive Officer

11. CROSS-REFERENCE TABLE

N°	Information	Sections
1.	**Persons responsible**	
1.1.	Person responsible for the Registration Document	10.1
1.2.	Certification by the person responsible for the Registration Document	10.2
2.	**Statutory Auditors of the accounts**	
2.1.	Name and address of the Statutory Auditors	4.4
2.2.	Statutory Auditors that have resigned, been removed or have not been reappointed	4.4
3.	**Selected financial information**	
3.1.	Selected financial information for each financial year of the period covered	1.2.2
3.2.	Selected financial information for interim periods	N/A
4.	**Risk factors**	**2**
5.	**Information about the issuer**	
5.1.	History and development	1.3; 1.4
5.1.1.	*Company and trade name*	*3.1.1.*
5.1.2.	*Place and number of registration*	*3.1.2*
5.1.3.	*Date of incorporation and term of Company*	*3.1.5*
5.1.4.	*Head office, legal status, laws governing the Company's business, country of origin, address and telephone number of registered office*	*3.1.3*
5.1.5.	*Significant events in the development of the issuer's activities*	*1.4.5; 1.4.6; 1.4.7*
5.2.	Investments	
5.2.1.	*Investments made during the last three financial years*	*1.4.6*
5.2.2.	*Principal current investments*	*1.4.5*
5.2.3.	*Principal future investments to which management bodies have made a firm commitment*	*N/A*
6.	**Overview of businesses**	
6.1.	Main businesses	
6.1.1.	*Nature of transactions carried out by the issuer and principal businesses*	*1.4.1*
6.1.2.	*New products or services launched on the market and that have been advertised*	*N/A*
6.2.	Main markets	1.4.2
6.3.	Exceptional events	N/A
6.4.	Dependence on patents or licences, on industrial or commercial or financial contracts or on new manufacturing processes.	N/A
6.5.	Factors on which any declaration made by the issuer concerning its competitive position is based	N/A
7.	**Ownership structure**	
7.1.	Group ownership structure	1.5
7.2.	List of major subsidiaries	3.7 note 3
8.	**Real estate, factories and equipment**	
8.1.	Significant tangible assets	1.4.4
8.2.	Description of any environmental issue that could affect the use of tangible assets	1.9, 3.6 part 4.2

N°	Information	Sections
9.	**Examination of the financial position and results**	
9.1.	Financial position	3.6
9.2.	Operating income	3.6
9.2.1.	*Major factors having a significant impact on operating revenue*	*N/A*
9.2.2.	*Basis of and significant changes in revenue*	*N/A*
9.2.3.	*Strategy or factors of a governmental, economic, budgetary, monetary or political nature that significantly influenced or could significantly influence the issuer's operations, directly or indirectly.*	*N/A*
10.	**Cash and capital**	
10.1.	The issuer's capital (short-term and long-term)	3.7
10.2.	Cash flow	3.7
10.3.	Terms of the issuer's borrowing and financing structure	2.3; 3.7
10.4.	Restrictions on the use of capital that has significantly or could significantly influence the issuer's operations, directly or indirectly	N/A
10.5.	Expected sources of finance	N/A
11.	**Research and development, patents and licences**	**N/A**
12.	**Information on trends**	
12.1.	Principal trends since the end of the financial year	1.4.2
12.2.	Known trends or events liable to have an effect on the issuer's prospects	1.4.2
13.	**Profit forecasts or estimates**	**N/A**
13.1.	Main assumptions on which the issuer has based its forecasts or estimates	
13.2.	Report by independent Statutory Auditors on the profit forecast or estimate	
13.3.	Comparability of forecasts or estimates with historical information	
13.4.	Declaration as to the validity of the forecasts	
14.	**Administrative, management, supervisory and general management bodies**	
14.1.	Administrative, management and supervisory bodies	4.1 parts 1.2 to1.13
14.2.	Conflicts of interest at the level of administrative, management and supervisory bodies	4.1 part 1.15
15.	**Remuneration and benefits**	
15.1.	Remuneration and benefits in kind	4.1 part 2
15.2.	Total amount provided or otherwise accounted for by the issuer or its subsidiaries for the purposes of paying pensions or retirement or other benefits	N/A
16.	**Functioning of administrative and management bodies**	
16.1.	Date of expiry of terms of office	4.1 part 1.3
16.2.	Service contracts linking members of the administration, management or supervisory bodies of the issuer or any of its subsidiaries and proving or benefits	4.2; 4.3
16.3.	Information on the Audit and Remunerations Committees	4.1 parts 1.10 and 1.11
16.4.	Compliance with the corporate governance regime in France	4.1 part 1.1
17.	**Employees**	
17.1.	Number of employees	1.7
17.2.	Profit-sharing and stock options	N/A
17.3.	Agreement providing for employees' investment in the issuer's share capital	N/A
18.	**Principal shareholders**	
18.1.	Significant shareholders not represented on the Board of directors	3.2.12
18.2.	Different voting rights	3.2.12
18.3.	Control	1.5; 3.2.12
18.4.	Agreement likely to result in a change of control of the issuer	N/A

N°	Information	Sections
19.	**Operations with affiliated companies**	**4.2**
20.	**Financial information regarding the issuer's assets, financial position and results**	
20.1.	Historical financial information	3.7; 3.9
20.2.	Pro forma financial information	N/A
20.3.	Financial statements	3.7; 3.9
20.4.	Verification of historic annual financial information	
20.4.1.	*Certificate of the Statutory Auditors concerning historical financial information*	*3.8; 3.10*
20.4.2.	*Other information verified by the Statutory Auditors*	*N/A*
20.4.3.	*Sources and information on the verification of information not derived from the verified financial statements*	*N/A*
20.5.	Date of the latest financial information	3.7; 3.9
20.6.	Interim and other financial information	N/A
20.6.1.	*Quarterly and half-yearly information*	
20.6.2.	*Interim financial information*	
20.7.	Dividend payout policy	3.5; 3.6
20.8.	Judicial and arbitration proceedings	2.1
20.9.	Significant changes in the financial or commercial position	N/A
21.	**Additional information**	
21.1.	Share capital	3.2
21.1.1.	*Amount of the share capital subscribed and for each class of share*	
(a)	Number of authorised shares	3.2.1
(b)	Number of shares issued, and fully paid-up and non-fully paid-up	3.2.1
(c)	Par value per share	3.2.1
(d)	Reconciliation of the number of shares in circulation at opening and at closing	N/A
21.1.2.	*Securities not representative of share capital*	*3.2.4*
21.1.3.	*Number, book value and par value of treasury shares*	*3.2.7*
21.1.4.	*Amount of convertible or exchangeable securities or securities with warrants attached*	*N/A*
21.1.5.	*Information on the conditions governing any right to purchase and/or any obligation related to share capital subscribed but not fully paid-up*	*N/A*
21.1.6.	*Information on the share capital of any member of the Group that is the subject of an option or conditional or unconditional agreement providing for it to be made subject to an option*	*N/A*
21.1.7.	*History of the share capital*	*3.2.11*
21.2.	Deed of incorporation and Articles of Association	
21.2.1.	*Corporate purpose*	*3.1.7*
21.2.2.	*Any provisions contained in the Articles of Association, a charter or regulations concerning the members of the administrative, management and supervisory bodies*	*3.1.9*
21.2.3.	*Rights, privileges and restrictions attached to each class of existing shares*	*3.1.11*
21.2.4.	*Actions necessary to change shareholder rights*	*3.1.11*
21.2.5.	*Method for convening General Meetings and conditions of admission*	*3.1.10*
21.2.6.	*Any provisions contained in the Articles of Association, a charter or regulations which could have the effect of delaying, deferring or preventing a change of control*	*N/A*
21.2.7.	*Any provisions contained in the Articles of Association, a charter or regulations setting the threshold above which any investment must be disclosed*	*3.1.11*
21.2.8.	*Conditions imposed in the Articles of Association, a charter or regulations governing changes to the share capital, when such conditions are stricter than those provided by law*	*N/A*

N°	Information	Sections
22.	**Significant contracts**	**5**
23.	**Information derived from third parties, experts' declarations and statements of interest**	**N/A**
24.	**Documents accessible to the public**	**9**
25.	**Information on investments**	**6**

To facilitate the reading of this Document, the cross-reference table below organises the information, in this Registration Document, making up the annual financial report that must be published by listed companies in accordance with Article L.451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulation.

N°	Information	Sections
1.	**Corporate financial statements**	**3.9**
2.	**Consolidated financial statements**	**3.7**
3.	**Management report (based on the French Monetary and Financial Code)**	**3.6**
3.1.	Information relative to the business of the Company and the Group	
	• Analysis of changes to the business, results and financial position	paragraphs 1.1 to 1.5 and paragraph 2
	• Key financial performance indicators	paragraph 1.3
	• Main risks and uncertainties	paragraph 1.6
	• Internal-control and risk-management procedures relating to the preparation and processing of accounting and financial information	paragraph 1.7
	• Purpose of and policy related to hedging transactions for which hedge accounting is used	paragraph 1.3.6
	• Financial risks related to the effects of climate change and presentation of measures taken to reduce such risks (low carbon strategy)	paragraph 4
3.2.	Company share buybacks	paragraph 3.2
4.	**Declaration by natural persons assuming responsibility for the annual financial report**	**10**
5.	**Reports of the Statutory Auditors on the corporate and consolidated financial statements**	**3.8 and 3.10**
6.	**Corporate governance report**	**4.1**

Direction and writing: MRM

Designed & published by LABRADOR +33 (0)1 53 06 30 80

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