MRM Newsletter

Shareholders, investors, analysts

2020 key figures

Annualised net rents
€9.1m
+6.8%

Net Operating Cash Flow
€3.0m
Stable

Portfolio
€161m
-4.1% like-for-like

EPRA NDV
€2.13
per share

Find the whole press release and 2020 annual results presentation in the Finance section of the MRM website: www.mrminvest.com

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Dear Readers and Shareholders,

MRM's diversified asset portfolio has enabled us to hold up well against the crisis we faced as from March 2020. Our performance was severely curtailed by the various measures restricting authorised retail activity taken by the French government to address the epidemic. However, we benefited from a favourable retailer mix with a large proportion of our revenues generated by resilient activities: food, household equipment, discount retailers and services. Over the whole year 2020, based on our annualised gross rents, the average opening rate of our areas reached more than 80%.

Given the economic impact of the crisis, we decided to support our tenants that were forced by the government to shut down their stores or whose business was severely affected during the lockdowns in 2020. Rent write-offs, discussed on a case-by-case basis, represented in total 1.7 months of rents invoiced across the portfolio for the financial year.

Despite this significant support for our tenants, we managed to generate stable net operating cash flow thanks to new leases coming into effect throughout the year and control of our operating expenses. At the same time, the fall in the value of our properties at end-2020 was limited.

Finally, after letting activity came to a virtual halt during the first lockdown, as of June 2020 we returned to a brisk rate of lettings to discount retailers, which generate footfall, and stores enhancing our retailer mix.

At the height of the restrictions imposed by the French government, with the national lockdown applied on 3 April 2021, the opening rate of the areas in our portfolio stood at just over 50%. This result is better than in the spring of 2020 since the opening rate was then 27%.

With the lifting of these restrictions as of 19 May 2021, we have seen consumers returning to shopping centres and an upturn in business for many retailers. We are therefore more determined than ever to capitalise on the positioning of our properties and the prospects relating to the extension of the Valentin shopping centre, with the first shells delivered to retailers at the end of 2020 and external works currently nearing completion. We are fully involved to make the most of the recovery and to continue actively to let our available space while also maintaining our solid financial position.

The Board of Directors decided in early May 2021 to propose to shareholders the payout in cash of a gross amount of €0.05 per share in respect of the 2020 financial year. This represents 45% of the amount paid in 2019, the last year before the crisis. As a reminder, the Board of Directors decided in 2020 to cancel, by way of caution, the initially planned payout to shareholders in respect of the 2019 financial year.

We maintain our target of total annualised net rents of over €10 million, assuming an occupancy rate of 95%, it being specified that this target is based on our current portfolio. However, we do not rule out the possibility of looking into any opportunities for acquisitions and asset sales.

It is our sincere regret not to be able to welcome you to the Annual General Meeting, which will be held behind closed doors. We are therefore inviting our shareholders to watch the meeting, which will be broadcast live on our website, and to vote by post in advance.

I hope that the health situation will soon enable us to resume the meetings organised regularly by MRM with its shareholders and investors. In the meantime, I would like to thank you for your support.

François Matray
Directeur Général

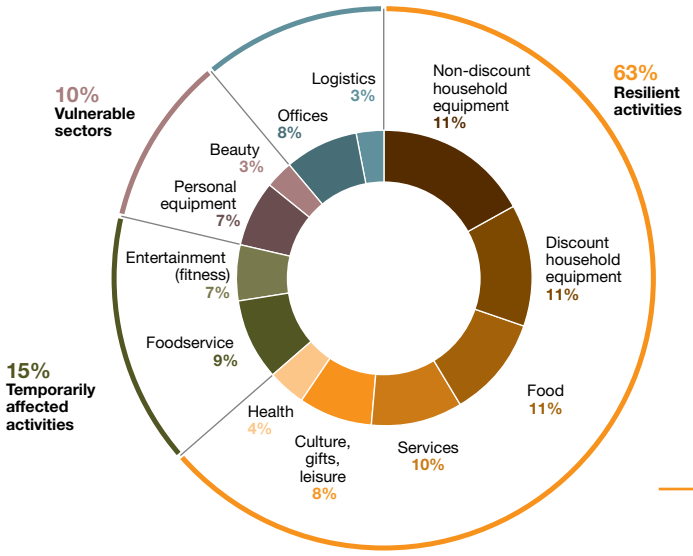
MRM's strengths to weather the crisis

MRM's diversified asset portfolio, with a focus on convenience and discount stores, has enabled it to hold up well against the health crisis and its consequences on retail activity. While adapting its operations and access to its stores to the various measures restricting store openings, MRM has provided a high level of support for its tenants and maintained brisk letting activity.

A favourable retail mix

The food, household equipment, discount and services sectors account for around two thirds of MRM's rental base, while the hardest hit activities affected by the structural difficulties accelerated by the crisis, such as personal equipment and beauty, account for just 10%. When reopened, bars, restaurants and gyms, temporarily affected by the crisis, will benefit from the strong customer appetite.

Breakdown by sector
as at 31.12.2020, as % of annualised gross rents



Brisk letting activity

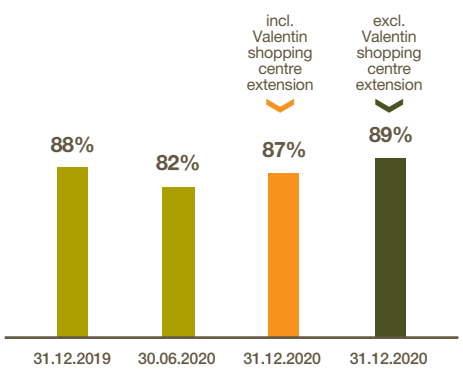
Letting activity, which came to a virtual halt during the first lockdown, picked up again as of June 2020. Leases signed in 2020 concern in particular discount retailer Action, which moved into the Valentin shopping centre near Besançon and opened its third store within MRM's portfolio, restaurant Crescendo, also at the Valentin shopping centre, as well as V&B at Passage du Palais (Tours) and a specialist factory surplus store that opened at Aria Parc (Allonnes) on a short-term lease.

19 leases*
signed in 2020

representing
€1.0m
of annual rent

** New leases or lease renewals, excluding contracts renegotiated within the framework of measures granted for tenants*

Physical occupancy rate
as % of floor area



"Thanks to the brisk pace of letting activity recovered in the second half of the year, we were able to continue to enhance our offering with discount stores, restaurants and food retailers, sectors that are particularly well suited to our customers' expectations. This is the case in particular for our Valentin shopping centre, for which the delivery of new retail space, staggered over the last few months, is nearing completion."

Damien Chiaffi
Head of Asset Management

Support for tenants

Retail activity was severely curtailed in 2020 by the measures restricting shop opening taken by the French government to address the health crisis. Overall, depending on the nature of their business, some MRM's tenants saw their stores closed for up to five months.
Given the economic impact of these restrictions, MRM decided to implement support measures, discussed on a case-by-case basis, for tenants that were forced by the government to shut down their stores or whose business was severely affected during the lockdowns.

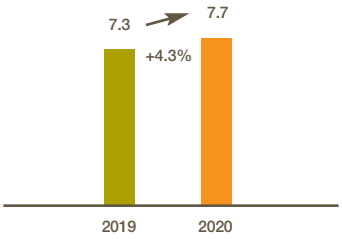
€1.4m
Total amount of rent write-offs in 2020
or

1.7 months
rents invoiced across the portfolio

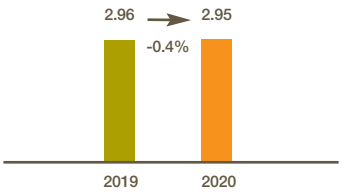
93%
Recovery rate, as at 31 March 2021, of rents and charges due in respect of 2020*

** taking account of agreements to write off rents.*

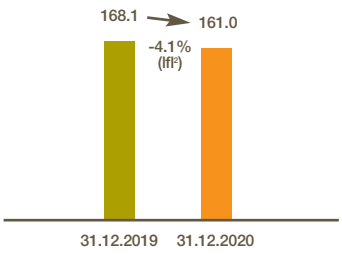
Net rental income
in €m



Net operating cash flow
in €m



Portfolio value[1]
in €m



1 Based on appraisal values excluding transfer taxes
2 Like-for-like, or -4.2% on a reported basis
3 Accounting treatment of rent write-offs differs depending on the case.
a/ The impact on rental income of rent write-offs granted in respect of the first lockdown and accompanied by counterparts amending the terms of leases within the meaning of IFRS 16 (€0.3 million) is spread out over the firm term of the leases.
b/ Rent write-offs granted in respect of the first lockdown without a counterpart amending the terms of leases (€0.7 million) are recognised under 2020 operating expenses, as are support measures relating to the second lockdown (estimated at €0.4 million of rent write-offs), for which a provision has been set aside for impairment of trade receivables.

Resilient indicators in 2020

Limited decline in appraisal values

The portfolio value stood at €161.0 million at 31 December 2020, down 4.1% on a like-for-like basis relative to 31 December 2019, with contrasting performances depending on the property. On average, the expert appraisers assumed higher capitalisation rates as well as longer letting periods and longer durations of rent-free periods to be granted to tenants for vacant space.
Investments made in 2020 totalled €3.1 million, relating primarily to the progress of extension works (+2,600 sqm) at the Valentin shopping centre.

Increase in net rental income

2020 consolidated revenues, which correspond to gross rents invoiced, were only marginally affected by support measures for tenants[3]. They totalled €9.5 million, up 4.2% relative to 2019. This increase in gross rental income mainly reflects new leases coming into effect in 2019 and 2020, and – to a lesser extent – the positive impact of indexation. Taking account of non-recovered property expenses of €1.8 million, net rental income rose by 4.3% to €7.7 million compared with €7.3 million in 2019.

Stable net operating cash flow

Despite an impact of -€1.4 million relating to support granted to tenants, net operating cash flow remained stable relative to 2019 at €2.95 million. It is specified that the payment in 2020 of the remainder of the sale price of Urban generated a net gain of €0.4 million. Net cost of debt was stable at €1.2 million.

Impact of the health crisis on net income

In view in particular of the rent write-offs recognised as operating expenses, the negative change in the fair value of the portfolio of €10.0 million, and a stable net financial expense of €1.4 million, MRM sustained a consolidated net loss of €7.2 million in 2020 compared with a profit of €3.2 million in 2019.

Healthy financial position

As at 31 December 2020, gross debt stood at €76.8 million compared with €77.1 million as at 31 December 2019, and MRM had cash and cash equivalents of €10.2 million compared with €12.3 million a year earlier. The net LTV ratio was 41.4% compared with 38.6% at the end of 2019.

EPRA NDV was €93.1 million (€2.13 per share) compared with €100.3 million (€2.30 per share) at 31 December 2019. The positive impact of net operating cash flow generated during the year was more than offset by the negative change in fair value of properties.
In view of the uncertainties relating to how long the public health crisis will last and its impact on MRM's activity, it is reminded that the Board of Directors decided in May 2020 to withdraw, by way of caution, the proposed payout in respect of the 2019 financial year.

"MRM's financial position is healthy. Our next significant debt repayment is in June 2022. Furthermore, by way of caution, in order to strengthen the Group's liquidity position in the exceptional circumstances we are currently experiencing, we have reached an agreement with our partner bank deferring the instalments scheduled for 2021 until the loan matures."

Marine Pattin
Chief Financial Officer

First quarter 2021 revenues

Revenues for the first quarter of 2021 totalled €2.42 million, up 0.8% like-for-like relative to the first quarter of 2020. As a result of the successes achieved in terms of lettings last year despite the health crisis, MRM benefited during the first quarter of 2021 from the full effect of new leases signed in 2020 for the Valentin shopping centre (near Besançon), the Carré Vélizy mixed-use complex (Vélizy-Villacoublay), Passage du Palais (Tours) and Les Halles du Beffroi (Amiens). This positive impact was partially offset by the decline in revenues relating to the effects of the crisis[4].
Leases signed during the period for a total floor area of 2,700 sqm represent rents of €0.5 million, with a positive reversion rate of 4%. During the first quarter of 2021, there were no departures and no notices were given. The physical occupancy rate of the portfolio as at 31 March 2021 was stable at 87%.

Find the full press release on first quarter 2021 revenues in the Finance section of the MRM website: www.mrminvest.com

4 Spreading out of rent write-offs granted in respect of 2020 and accompanied by counterparts amending the terms of leases as well as the decline in variable or ancillary revenues

Combined General Meeting of 24 June 2021

MRM's Annual General Meeting will be held behind closed doors at the head office

The meeting notice, including the agenda, the draft resolutions proposed by the Board of Directors and a description of the main procedures for taking part in the meeting, was published in the Bulletin des Annonces Légales Obligatoires (BALO) on 19 May 2021.
The convening notice was published in the BALO on 7 June 2021.

The meeting and convening notices, postal or proxy voting form and all documents to be presented during the meeting are available in the dedicated section of the MRM website.

In general, shareholders are invited to consult the section dedicated to the Annual General Meeting on the website www.mrminvest.com on a regular basis.

Within the framework of the relationship between the Company and its shareholders, the Company strongly encourages shareholders to send all their requests and documents by email to the following address: ***relation_finances@mrminvest.com.***

For more information:
www.mrminvest.com
Finance section
Shareholders/General Meetings tab

- Due to the current situation relating to the health crisis, the Board of Directors has decided to hold the meeting behind closed doors. This decision has been made in accordance with the provisions of order n°2020-321 of 25 March 2020 as extended and amended and decree n°2020-418 of 10 April 2020 as extended and amended.
- Shareholders will not be able to attend the meeting in person or be represented in person by someone else. No admission cards will be granted.
- Shareholders will not be able to take part and vote directly (by conference call or videoconference) due to the technical impossibility to identify them.
- Shareholders will be able to vote by post or grant proxy using the voting form provided for this purpose available on the Company's website: www.mrminvest.com, section "Shareholders – General Meetings".
- The Annual General Meeting will be broadcast live on the Company's website www.mrminvest.com and a recording will be available for the time period provided for by regulations.

Proposals submitted for approval by the Annual General Meeting

At its meeting of 10 May 2021, MRM's Board of Directors decided to seek the approval of the shareholders in particular on the following resolutions:

Payout in respect of 2020

Given the resumption of retail activity in France as from 19 May 2021, the Board of Directors has decided to propose a payout in cash of a gross amount of €0.05 gross per share in respect of the 2020 financial year.
The payout is scheduled for 2 July 2021 with an ex-dividend date of 30 June 2021.

Reverse share split

The Board of directors has also decided to propose to shareholders a reverse split of the Company's shares, with a view to being carried out within 18 months. The exchange ratio would be 1 new ordinary share for 20 existing ordinary shares. Therefore, 1 new ordinary share with a par value of €20 would be allocated in exchange for 20 ordinary shares held with a par value of €1.

Reverse share split: expected effects

1. What are the effects of a reverse share split?
This is a technical adjustment that does not affect either the total amount of the Company's share capital or the value of the share portfolio held by shareholders:

- The number of outstanding shares on the market would be reduced proportionally to the exchange ratio, i.e. divided by 20;
- The share price of each share when the reverse share split is completed would increase proportionally to the exchange ratio, i.e. multiplied by 20.

2. What is the aim of this reverse share split?
The aim is to make the share price less volatile, as volatility is higher for shares trading at a level of around €1.

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MRM share information
Ticker: MRM / ISIN code FR0000060196
Market: EURONEXT PARIS - Compartment C
Included in the IEIF SIIC France index
Type: Ordinary shares – Daily double fixing

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

For more information, visit the website: www.mrminvest.com
If you would like to receive MRM publications directly, please send a request with your email address to the contacts mentioned aboved.