Press release

2022 annual results

- **Transformative acquisition of two properties from Altarea in late 2022**
  - Flins and Ollioules shopping centres included in MRM's portfolio from 16 November 2022
  - Significant increase in portfolio size to €245 million (+51%)
  - Increase in annualised net rents to €15 million (+62%)
  - Sharp fall in the operating expenses/rental income ratio from 31% in 2021 to 19% in 2022 pro forma[1]
- **Good operational performance[2]**
  - Retailer revenue up 3% compared with 2019 at constant scope[3]
  - 13 leases signed in 2022, representing 9.4% of the rental base
- **Solid financial performance[4]**
  - Net rental income up 2.4%
  - Net operating cash flow up 2.7%
  - Net LTV ratio kept under control at 43.6%
  - End-2022 EPRA NDV per share up 1.3% compared with the end-2021 figure adjusted for the shareholder pay-out[5]
- **Proposed pay-out of €1.80 per share**
  - Pay-out per share unchanged from last year
  - 47% increase in the total pay-out to €5.8 million

[1] Assuming acquisition of the two shopping centers on 01/01/2022
[2] On the historic scope, i.e. excluding the Flins and Ollioules shopping centres acquired at the very end of the year
[3] Based on available revenue figures for tenants already in place in the comparison year
[4] Reported revenue taking into account the consolidation of the Flins and Ollioules shopping centres for 1.5 months
[5] Total of €3.9 million paid out with respect to FY 2021

Paris, 7 March 2023: MRM (Euronext code ISIN FR00140085W6), a real estate investment company specialising in retail property, today announced its results for the year ended 31 December 2022. This press release follows on from the review and approval of the financial statements by MRM's Board of Directors in its meeting of 7 March 2023.

François Matray, Chief Executive Officer of MRM, said: ***"In late 2022, MRM moved to a whole new level in terms of scale by acquiring two shopping centres from Altarea. This increased the value of our portfolio by more than 50% and our rental base by more than 60%. In addition, by funding the deal with a balance of debt and equity, we kept our LTV ratio under control, while welcoming Altarea among our shareholders. Our existing portfolio also performed well in operational terms in 2022. Retailer revenue in our shopping centres rose above its 2019 level and lettings activity remained firm, resulting in an increase of almost 3% in our annualised net rents. From 2023, the acquisitions will have their full effect, boosting our revenue as well as our operating margin through better coverage of fixed costs. Above all, we will be able to apply our asset management and value-enhancement skills across a larger portfolio. We are therefore highly confident that we will be able to increase annualised net rents to above €16 million by 2025 at constant scope."***

A year marked by the structuring acquisition of two shopping centers

In late 2022, MRM acquired two shopping centres from Altarea for a total of €90.4 million including transfer taxes. These shopping centres have been part of MRM's portfolio and consolidated in its financial statements since 16 November 2022.

One shopping centre is located in Flins in the Yvelines region of France, and the other one in Ollioules in the Var region. They are successful properties combining yields with value-enhancement potential. Both have a Carrefour hypermarket as food retail anchor and are leading shopping centres within their catchment areas. Integrating these shopping centres has taken MRM's scale to a whole new level. The value of its portfolio has increased by more than 50% and its annualised net rents by more than 60%, and this is opening up new perspectives.

As announced in late July 2022, the deal was funded through two capital increases totalling €50 million, subscribed by SCOR SE and Altarea in an amount of €25 million each. The rest of the transaction cost was financed through a €42 million bank loan. This scheme enabled MRM to keep its LTV ratio under control at less than 44%.

Ongoing good momentum in operational terms

Within MRM's historic scope[6], retailer revenue was 3% higher than in 2019. This strong performance was due to a 2% increase in retailer revenue for stores of over 500 sqm and a 5% increase for stores of less than 500 sqm.

[6] Excluding the Flins and Ollioules shopping centres acquired at the very end of the year

Retailer revenue[7]	**2022 vs. 2019**	2022 vs. 2021[8]
Large stores (> 500 sqm)	+2%	+2%
Small stores (< 500 sqm)	+5%	+7%
Total	**+3%**	+3%

In MRM's historic scope, 13 leases were signed in 2022, representing total rents of €0.9 million and a total floor area of 4,900 sqm. The average reversion rate compared with market rental values was +1%.

New leases notably include:

- Ongoing lettings activity at the Valentin shopping centre (near Besançon): new leases totalling 270 sqm were signed, further improving the retailer mix;
- The reletting of the 2,000 sqm medium-sized unit within the Carré Vélizy mixed-use development (Vélizy-Villacoublay), vacated by Office Depot in January 2022, to fitness chain On Air, with the new lease coming into effect on 29 April 2022;
- The addition of two Rougié & Plé stores with total floorspace of 1,100 sqm in Passage de la Réunion in Mulhouse;
- A 700 sqm unit in Aria Parc in Allonnes let to Takko Fashion, taking the occupancy rate of this retail park – which is discount-focused with two key retailers Action and Centrakor – to 100%.

This good level of lettings activity increased the historic scope's physical occupancy rate by 1.0 point and its financial occupancy rate by 0.6 point. The addition of the Flins and Ollioules shopping centres also boosted overall physical and financial occupancy rates by 0.3 and 0.6 point respectively. After retail chain Camaïeu has been placed in liquidation in September 2022, three units occupied by Camaïeu – one in MRM's historic portfolio and two in the Flins and Ollioules centres – entirely offset those increases, and so physical and financial occupancy rates as at 31 December 2022 remained stable at 90% and 88% respectively.

Annualised net rents totalled €15.1 million as at 1 January 2023, an increase of 62% relative to 1 January 2022. That major increase resulted from the addition of the Flins and Ollioules shopping centres while annualised net rents in the historic scope continued to rise from €9.3 million to €9.6 million, an increase of 3%.

Sharp rise in portfolio value

The value of MRM's portfolio was €244.9 million as at 31 December 2022, a year-on-year increase of 51.2% driven by the integration of the Flins and Ollioules shopping centres. The value of MRM's historic portfolio saw a limited decline of 0.9% over a year.

€ million	**31/12/2022**	31/12/2021	*Change*	*Like-for-like change*[9]
Portfolio value excl. TT	**244.9**	162.0	*+51.2%*	*-0.9%*

[7] Based on available revenue figures for tenants already in place in the comparison year
[8] Excluding the Valentin shopping centre, which was forced to close for Covid reasons for three months in 2021: including that centre, retailer revenue would have risen 5%, with a 14% increase for stores of less than 500 sqm
[9] Change in portfolio value adjusted for disposals in 2021 and acquisitions in 2022

Financial results

Rental income

Gross rental income for 2022, corresponding to rents billed, amounted to €10.2 million, an increase of 4.7%. This was mainly driven by changes in scope: the Flins and Ollioules acquisition had a positive effect of €0.7 million (consolidated for 1.5 months), while the October 2021 disposals had a negative impact of €0.2 million.

Like-for-like, gross rental income was stable, with new leases and indexation offsetting the effect of the medium-sized unit in Carré Vélizy becoming temporarily vacant from January 2022 (new lease effective from late April 2022).

After taking into account non-recovered property expenses, net rental income was €8.1 million compared with €8.0 million in 2021, an increase of 2.4%.

Rental income € million	**2022**	2021	*Change*	*Like-for-like change*
Gross rental income	**10.2**	9.7	*+4.7%*	*0.0%*
Recurring non-recovered property expenses	(1.9)	(1.6)		
Non-recurring items[10]	(0.2)	0.2		
Net rental income	**8.1**	8.0	*+2.4%*	

Unwinding of Covid-related debt waiver agreements

The unwinding of Covid-related debt waiver agreements, introduced to support tenants, resulted in the reversal of provisions set aside in previous years.

The collection rate for rents an charges also moved back to a normal level, rising above 95% for the year as a whole.

Net operating cash flow[11] of €4.0 million

As a result of the increase in net rental income, the positive impact from the unwinding of Covid-related debt waiver agreements and lower operating expenses, EBITDA rose by 5.4% to €5.8 million in 2022. The net cost of debt rose from €1.2 million in 2021 to €1.8 million in 2022. This was due to the new €42.0 million loan that partly funded the acquisition of the Flins and Ollioules shopping centres, but also the increase in the average cost of debt caused by higher interest rates.

Net operating cash flow was €4.0 million, up 2.7% relative to 2021.

[10] Related to adjustments of rental charges
[11] Net operating cash flow = consolidated net income before tax adjusted for non-cash items

€ million	**2022**	2021	*Change*
Net rental income	**8.2**	8.0	*+2.5%*
Tenant support measures	0.4	(0.2)	
Operating expenses	**(2.4)**	(2.5)	*-2.6%*
Other operating income and expenses	**(0.4)**	0.2	
EBITDA	**5.8**	5.5	*+5.4%*
Net cost of debt	**(1.8)**	(1.6)	
Net operating cash flow	**4.0**	3.9	*+2.7%*

On a full-year basis, the additional revenue from the two shopping centres acquired in late 2022 will result in better coverage of operating expenses. Operating expenses equalled 19.1% of net rental income based on pro forma 2022 figures[12] as opposed to 29.5% on the basis of reported 2022 figures and 31.0% in 2021.

Calculated on the basis of the implementation of the new €42.0 million loan at the start of 2022, and therefore of more favorable borrowing conditions than the current rates, the cost of debt amounts to €2.6 million in 2022 on a pro forma basis. Applying a 3-month Euribor rate of 3% to the whole of 2022, the pro forma 2022 cost of debt would be €4.4 million.

Solid financial position maintained

In November 2022, MRM arranged a new €42.0 million bank loan, due to mature in late 2029, to fund the acquisition of the Flins and Ollioules shopping centres.

MRM had €116.7 million of debt outstanding at 31 December 2022, as opposed to €75.7 million at end-2021. The average cost of debt was 2.07%. MRM's debt is fully remunerated at variable rate and 77% is hedged by caps (with strike rates between 1% and 2.5%).

The next significant redemption date is in late 2028.

At the end of December 2022, MRM had cash and cash equivalents of €10.4 million compared with €9.7 million a year earlier.

The funding scheme used to acquire the two shopping centres allowed MRM to keep its net LTV ratio under control at 43.6% at end-December 2022 as opposed to 40.0% a year earlier.

End-2022 NAV per share up 1.3% compared with the end-2021 figure adjusted for the shareholder pay-out

EPRA NDV amounted to €139.0 million at the end of December 2022. This compares with €97.4 million a year earlier, or €93.5 million after the €3.9 million pay-out to shareholders with respect to 2021. After pay-out, this represents a 48.7% increase in EPRA NDV. The increase mainly reflects the impact of:

- Capital increases in 2022, amounting to €49.1 million net of fees;
- Net operating cash flow of €4.0 million in 2022;
- An €-8.8 million change in the fair value of properties, comprising a €6.4 million charge related to transfer taxes and acquisition fees for the Flins and Ollioules shopping centres and a -€2.4 million change in fair value of the historic portfolio;
- A €1.6 million change in the fair value of financial instruments.

[12] Based on the two shopping centres being acquired on 01/01/2022 (see table in the appendix)

Adjusted for the shareholder pay-out with respect to 2021, EPRA NDV per share was €42.8 at the end of December 2021. At the end of December 2022, EPRA NDV per share was €43.4. This represents an increase of 1.3%, despite the increase in the number of shares caused by capital increases in 2022.

Shareholder pay-out

MRM's Board of Directors has decided to propose to the shareholders a pay-out premiums in an amount of €1.80 per share with respect to 2022, similar to the amount per share paid out with respect to 2021. This would correspond to a total pay-out of €5.8 million, as opposed to the €3.9 million paid out the previous year.

This represents a yield of 6.7% based on the share price at 6 March 2023.

The pay-out is subject to approval in the 7 June 2023 General Meeting of Shareholders. The ex date is expected to be 12 June 2023, with a payment date of 14 June 2023.

Outlook

With its larger store portfolio and its relationships with a greater number of retailers and chains, MRM intends to continue implementing its dynamic asset management policy, with the following priorities:

- Analysing and implementing investment programmes aimed at enhancing the value of properties, i.e. both the historic portfolio and the two shopping centres acquired in late 2022;
- Letting available space;
- Implementing the Company's ESG action plan and Climate Plan, paying particular attention to reducing energy consumption and proactively publishing a Statement of Non-Financial Performance (Déclaration de Performance Extra Financière, DPEF) in April 2023;
- Managing the property portfolio dynamically, looking at potential acquisitions and disposals.

From 2023, MRM will see the full impact of acquiring the Flins and Ollioules shopping centres, which will boost its revenue as well as its operating margin through better coverage of fixed costs.

MRM confirms that, including these acquisitions, it is aiming for annualised net rents of over €16 million by 2025, as opposed to €10 million previously. This target is based on the current portfolio (excluding any acquisitions and disposals).

Finally, MRM intends to maintain its policy of making regular pay-outs to shareholders.

Calendar

Financial information for the first quarter of 2023 will be published before the market opens on 11 May 2023.

The General Meeting of Shareholders will take place on 7 June 2023.

About MRM

MRM is a listed real estate investment company that owns and manages a portfolio of retail properties across several regions of France. Its majority shareholder is SCOR SE, which owns 56.63% of its share capital. MRM is listed on Compartment C of Euronext Paris (ISIN: FR00140085W6 - Bloomberg code: MRM:FP – Reuters code: MRM.PA).
MRM opted for SIIC status on 1 January 2008.

For more information, please contact:

MRM
5 avenue Kléber
75795 Paris Cedex 16
France
T: +33 (0)1 58 44 70 00
relation_finances@mrminvest.com

Isabelle Laurent, **OPRG Financial**
T: +33 (0)6 42 37 54 17
isabelle.laurent@oprgfinancial.fr

Website: www.mrminvest.com

Appendix 1: Retailer mix

Sector breakdown (CNCC categories) % of annualised gross rents	**31/12/2022**	**31/12/2021**
Household goods	18%	26%
Food and drink	18%	20%
Personal goods	17%	10%
Health and beauty	16%	9%
Culture, gifts, leisure	11%	8%
Services	8%	9%
Entertainment	7%	11%
Offices	5%	7%

Appendix 2: Fourth-quarter revenue

€ million	**Q4 2022**	**Q4 2021**	*Change*	*Like-for-like change*
Gross rental income	3.07	2.38	*+29.1%*	*-0.3%*

Appendix 3: Income statement

Simplified IFRS income statement € million	**2022**	**2021**
Net rental income	**8.1**	**8.0**
Operating expenses	(2.4)	(2.5)
Provisions net of reversals	0.8	(0.9)
Other operating income and expenses	(1.1)	(0.1)
Operating income before disposals and change in fair value	**5.4**	**4.5**
Net gains/(losses) on disposal of assets	-	0.4
Change in fair value of properties	(8.8)	2.6
Operating income	**(3.4)**	**7.6**
Net cost of debt	(1.8)	(1.2)
Other financial income and expense	1.6	(0.8)
Net income before tax	**(3.6)**	**5.6**
Tax	-	-
Consolidated net income	**(3.6)**	**5.6**

Operating income before disposals and change in fair value was €5.4 million in 2022, up 21.6% compared with 2021. That increase was due to:

- A 2.4% increase in net rental income from €8.0 million in 2021 to €8.1 million in 2022;
- A slight decrease in operating expenses from €2.5 million in 2021 to €2.4 million in 2022;
- The unwinding of Covid-related debt waiver agreements in 2022, which resulted in the reversal of provisions set aside in previous years: the sub-total of provisions net of reversals and other net operating income and expenses represented an expense of €0.3 million in 2022 as opposed to an expense of €1.0 million in 2021.

Transfer taxes and acquisition fees related to the Flins and Ollioules shopping centres represented an expense of €6.4 million. The fair value of the existing portfolio also fell by €2.4 million, leading to a total €-8.8 million change in the fair value of properties, as opposed to a €2.6 million change in 2021.

As a result, there was an operating loss of €3.4 million in 2022, as opposed to operating income of €7.6 million in 2021.

The net cost of debt rose from €1.2 million in 2021 to €1.8 million in 2022, due to the new loan that partly funded the acquisition of the Flins and Ollioules centres, but also the increase in the average cost of debt caused by higher interest rates.

MRM also benefited from a positive change in the fair value of financial instruments in an amount of €1.6 million. As a result, net financial expense was €0.2 million compared with €2.0 million a year earlier.

Overall, MRM made a consolidated net loss of €3.6 million in 2022, as opposed to net income of €5.6 million in 2021.

Appendix 4: 2022 pro forma figures

2022 pro forma figures are based on the Flins and Ollioules shopping centres being acquired on 1 January 2022.

€ million	**2022 pro forma**	2022 reported	2021
Consolidation of the Flins and Ollioules centres	*Assumed over 12 months*	*1.5 months*	
Gross rental income	15.1	10.2	9.7
Net rental income	13.1	8.1	8.0
Operating expenses	(2.5)	(2.4)	(2.5)
EBITDA	**10.6**	5.8	5.5
Net cost of debt	(2.6)	(1.8)	(1.6)
Net operating cash flow	**8.1**	4.0	3.9

If the new €42.0 million loan had been in place at the start of 2022, when borrowing conditions were more favourable than currently, the cost of debt would have been €2.6 million in 2022 on a pro forma basis. Applying a 3-month Euribor rate of 3% to the whole of 2022, the pro forma 2022 cost of debt would be €4.4 million and net operating cash flow would be €6.2 million.

Appendix 5: Balance sheet

Simplified IFRS balance sheet € million	**31/12/2022**	**31/12/2021**
Investment property	244.9	162.0
Current receivables / assets	11.0	7.6
Cash and cash equivalents	10.0	9.8
Total assets	**265.9**	**179.4**
Equity	139.0	97.4
Bank debt	116.7	74.4
Other debt and liabilities	10.2	7.6
Total equity and liabilities	**265.9**	**179.4**

Appendix 6: Net Asset Value

Net Asset Value	31/12/2022		31/12/2021	
	Total € m	**Per share** In €	**Total** € m	**Per share** In €
EPRA NDV	139.0	43.4	97.4	44.6
EPRA NRV	152.8	47.7	108.0	49.5
Number of shares (adjusted for treasury stock)	*3,201,950*		*2,181,266*	