

PRESS RELEASE

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2010 results and outlook

Excellent results for 2010

For 2011, 85% growth in rental income has already been secured (vs. TERREÏS alone in 2010)

Margins for financial manoeuvre appreciably rebuilt
thanks to the merger with Avenir & Investissement and the capital increase

Active continuation of an opportunistic strategy for developing the portfolio
and focusing on commercial assets

The Board of Directors of TERREÏS has signed off the consolidated financial statements ¹ for the year ended 31 December 2010. Because a major resizing operation was completed on 6 January 2011 (merger with Avenir & Investissement), the financial statements presented below suggest, in addition to the normal accounting data for TERREÏS alone, an "economic" view of the new scope of TERREÏS on a post-merger basis, i.e. by integrating the elements of the income statement or assets and liabilities of A&I as at the end of 2010.

<i>In millions of euros</i>	2009	2010	2010 after merger	% change 2010/2009	% change 2010 after merger/2009
Rental income	13.5	21.2	29.0	+57%	+114%
Cash flow	7.9	10.7	15.2	+36%	+92%
Revalued assets (excl. transfer duties)	293.7	458.4	672.8	+56%	+129%
NAV per share (liquidation) (€/s)	14.82	18.28	18.81	+23%	+27%
NAV per share (replacement) (€/s)	16.86	21.83	21.28	+29%	+26%

¹ The audit of the financial statements was performed by the statutory auditors. The audit report for certification purposes will be issued shortly.

- **Excellent level of activity in 2010, significant growth in cash flow**

TERREÏS' rental income for 2010 was €21.2 million, up by 57% compared with the previous year. Disregarding the effect of acquisitions made during the last twelve months, rents collected increased by 1.8%: organic growth was faster than that of its benchmark index (ICC), which grew by 0.4% on average, year-on-year.

Given the €7.6 million in rent collected by Avenir & Investissement for 2010, rental income for the post-merger group was €28.8 million.

Cash flow grew by 36% and was €10.7 million. Good control of operating charges and the increase in the size of the portfolio explain this development: current operating income followed the same growth pattern as that for rental income. In particular, the conversion rate of gross rental income into net rental income was 94.3%, and the financial occupancy rate remained particularly high at 98.6%. In addition, financial charges were higher than in 2009 because funds were borrowed for the acquisitions made.

- **An asset base which increased from €293 million to €673 million (+130%), driven by acquisitions, revaluations and the integration of Avenir & Investissement**

At 31 December 2010, an expert opinion set the value of the asset base at €458 million, up by 56% compared with end 2009. The total spend on investments in 2010 was €142 million, with an expected total yield of 6.5%.

Once the €214 million of assets contributed by Avenir & Investissement at the beginning of 2011 was taken into account, TERREÏS' portfolio was valued at €673 million at the end of 2010 by the experts from BNP Real Estate. Therefore, in two years, the value of TERREÏS' assets has been multiplied by 4.5. It should also be noted that the **experts revalued the group's property upwards by 9% in 2010.**

These expert reports take a figure of €6,180/square meter for residential assets, located fundamentally in the west of Paris, and a yield of 6.60% for all the offices and retail assets owned.

The net asset value on a liquidation basis was €18.28 per share, up by 23% compared with 2009. On a replacement value basis, it was €21.83 per share, up by 29% compared with 2009. On a post-merger basis, the NAV was €18.81 per share (liquidation) and €21.28 per share (replacement).

- **Margins for financial manoeuvre appreciably rebuilt**

At the end of December 2010, the consolidated equity was €72.3 million. After the merger with Avenir & Investissement and the inclusion of the €96.3 million capital increase made on 18 February last, TERREÏS' equity was €174 million.

Knowing that the investments made in 2010 were fundamentally funded from money borrowed from the banks, TERREÏS' net indebtedness after the merger with Avenir & Investissement and after the capital increase was €203 million. All these loans were at fixed or swapped variable rates, for an average weighted cost of 4.29%. Their weighted average term to maturity is 12 years. More than 80% of the loans are repayable, with the annual repayments scheduled over a long period.

The Loan to Value ratio (ratio of the net financial debt to asset value) was therefore 30% post-transactions. TERREÏS therefore now has appreciably reconstituted margins for manoeuvre, which will enable it to pursue its strategy of opportunistic and controlled growth.

- **Outlook for 2011: maintenance of a opportunistic and controlled growth dynamic in a commercial market which remains favourably positioned**

At the beginning of this year, the investment market in offices and retail premises was still weighted in favour of buyers. The differential between the asset yields and the cost of loans has been held at a level that is still attractive. On the other hand, the residential property market in Paris is still highlighted by a scarcity of property available for sale, in particular high quality apartment blocks in sought after districts. This is why selling prices should remain structurally at a high level for Parisian residential assets.

More specifically for TERREÏS, the integration in a full year of the acquisitions made in 2010 and at the beginning of 2011 and the addition of the Avenir & Investissement assets now suggest an increase in rental income of more than 85% in 2011.

Backed by a strong financial foundation, TERREÏS will actively pursue its opportunistic development strategy, aimed at developing the asset base and increasing the representation of the commercial assets in its portfolio, with a target asset base of €1 billion, consisting of at least 90% of commercial assets. As of now, €48 million of investment funds have been committed since the beginning of the year, including one signed contract for two office buildings with an area of 3,883 m² and 37 car parking spaces in the 8th *arrondissement* in Paris, at a price of €32.5 million and a yield of 6.1%.

- **Dividend of €0.49 per share (+6.5%)**

The Board of Directors will propose to the General Meeting of Shareholders on 4 May the distribution of a dividend of €0.49 per share for 2010, i.e. a rise of 6.5% compared with the previous year. As an interim dividend of €0.23 was paid last November, the balance of €0.26 will be released on 10 May 2011. As at this date, the new shares created for the two transactions made on TERREÏS' capital will be assimilated with the former shares and listed on a single line on the NYSE Euronext market, thus improving the liquidity of the stock.

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Publication of the sales figures for the 1st quarter of 2011 on 21 April 2011.

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About TERREÏS (www.terreis.fr)

TERREÏS is a property company whose assets consists of small- and medium-sized office premises as well as the bricks and mortar of retail premises located mainly in city centres, in Paris and in the major regional urban centres in France. TERREÏS has been listed on the regulated NYSE Euronext market in Paris since December 2006, and opted for the status of listed property investment company ("SIIC") from 1 January 2007. Its stock has been included in the SBF 250 index since September 2010.

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