TERREÏS

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2012 1st half results

- **Rental income: €28.5 million (+56%)**
- **Cash flow from operations: €14.6 million (+55.4%),**
- **Interim 2012 dividend: €0.30 per share on 15 November (+11%)**
- **Continuation of the strategy aimed at refocusing on Paris office real estate**
- **€11.5 million gain on residential and regional property disposals**

The TERREÏS Board of Directors has approved the consolidated financial statements, as reviewed by the Statutory Auditors, for the 1st half of 2012.

In millions of euros	1st half 2012	1st half 2011	*Change (%)*
Rental income	**28.5**	18.3	*+55.9%*
Current operating income (before disposals)	**14.7**	8.8	*+67.6%*
Current operating income (after disposals)	**26.2**	14.0	*+87.4%*
Cash flow from operations (before disposals)	**14.6**	9.4	*+55.4%*
Cash flow from operations (after disposals)	**30.0**	17.5	*+71.1%*
Net income, Group share	**15.0**	7.5	*+101.1%*
Interim dividend (€/share)	**0.30**	0.27 €	*+11.1%*

- **Another year of strong growth in rental income and operating cash flow**

TERREÏS' rental income amounted to €28.5 million in the 1st half of 2012, an increase of 56% compared with the 1st half of 2011. After restatements for the acquisitions and disposals made in 2011, the Group's organic growth rate amounted to 6.1%.

Tight control over expenses in an environment where business volumes increased enabled the Group to post current operating income of €14.7 million, up almost 68% compared with the same period in 2011. EBITDA amounted to €25.2 million, i.e. an EBITDA/Rental income margin of 88%, compared with 85% as at 30 June 2011.

As part of TERREÏS' arbitrage policy, which aims to focus on office and retail portfolio in Paris and the near-Paris region, the launch of the regional portfolio disposal programme and ongoing disposals of residential assets as they became vacant generated capital gains of €11.5 million in the 1st half of 2012, compared with €5.1 million in the 1st half of 2011.

After taking these gains into account, operating income was €26.2 million, up nearly 88% compared with the 1st half of 2011.

The cost of net financial debt amounted to €11.1 million, which should be compared with €6.3 million in the 1st half of 2011. Net income amounted to €15.1 million, i.e. double the amount reported in the 1st half of 2011. Excluding the profits from asset disposals net of tax, net income amounted to €3.6 million compared with €2.4 million for the same period in 2011.

Cash flow from operations before disposals posted a 55.4% increase to €14.6 million. Cash flow from operations post-disposals amounted to €30.0 million (€1.19 per share), which should be compared with €17.5 million in the 1st half of 2011, or €0.69 per share.

- **A sound financial structure, and a debt profile that is exceptionally comfortable**

TERREÏS' consolidated equity capital amounted to €237.5 million as at 30 June 2012, while net financial debt amounted to €506.5 million. Over 85% of loans outstanding consisted of repayment loans with an average maturity of 13 years. These loans are almost all fixed-rate loans.

The Loan to Value ratio (net financial debt to asset value ratio) was 47% as at 30 June 2012. Terreïs therefore continues to benefit from a sound financial structure that allows the Group to remain on the lookout for any opportunities offered by the Paris market.

- **An interim dividend of €0.30 per share will be paid on 15 November 2012**

TERREÏS has traditionally paid its dividend in two instalments, in the form of an interim payment, followed by payment of the balance in May. Given the results for the 1st half of 2012, and the business outlook for the year as a whole, the Board of Directors has decided to set the 2012 interim dividend at €0.30 per share, an increase of 11% compared with 2011. This interim dividend will be paid on 15 November.

- **Outlook for 2012: continuation of the strategy aimed at refocusing on Paris commercial real estate**

TERREÏS is confirming its outlook for the 2012 financial year, namely an increase in rental income of over 35%, and the gradual refocusing of its property portfolio on commercial real estate in Paris.

In the second half of 2012, TERREÏS is expected to keep continuing the disposal process of a significant proportion of its regional property portfolio.

In addition, completed residential asset disposals are expected to reach €33 million by the end of the year.

TERREÏS will keep following with attention the acquisition market.

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About Terreïs (www.terreis.fr)
TERREÏS is a real estate company where the assets consist of offices and retail premises that are primarily located in Paris. TERREÏS has been listed on the NYSE Euronext regulated market in Paris since December 2006, and has been included in Compartment B since January 2012. The Group has opted for the status of listed property investment company ("SIIC") since 1 January 2007. Its shares have been included in the SBF Index (now the CAC-All Tradable Index) since September 2010.
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