TERREÏS

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Record levels for key indicators

• Liquidation NAV	€23.86 per share (+21%)
• Rental income	€58.3 million (+40%)
• Net income	€60.0 million
• Cash flow after disposals	€100,0 million (+68%)
• Revalued portfolio[1]	€1,138 million (x 2.5 in two years)
• % of assets in Paris	81%, o/w 75% in/near Central Bus. District
• Value created since 2009 via asset revaluations[2]	€201.7 million
• Proposed 2012 dividend	€0.61 (+7%)

The Terreïs Board of Directors has approved the Group's consolidated financial statements for the 2012 financial year. These statements set new records, both in terms of rental income and net income, as well as of cash flow from operations and NAV[3].

- **Continued growth in results and cash generation**

Terreïs' rental income for 2012 amounted to €58.3 million, up 40% compared with 2011 (including internal growth of 6%).

Tight cost controls enabled current operating income of €29.3 million to be generated, a year-on-year increase of 45%.

Net income reached a record level of €60 million. In addition to a €6.2 million contribution from the rental business, which was up 35%, net income included a €38.3 million profit on asset disposals. Net income was also boosted by proceeds of €15.5 million on exceptional items, which correspond to the favourable resolution of the remaining tax disputes relating to the takeover of Avenir & Investissement.

[1] *Portfolio value arising from the real estate appraisal performed by BNP Real Estate*
[2] *Value created by the Group since 1 January 2009, determined on the basis of real estate appraisals*
[3] *Net Asset Value, which corresponds to the book value plus the difference between the real estate appraisal value and the net consolidated value of the investment properties.*

Cash flow from operations before disposals rose by 69% to €43.8 million. Cash flow from operations after disposals amounted to €100.0 million.

The financial occupancy rate was a high 96%. The offices at 51 rue d'Anjou have been fully let to Maurel & Prom since 1 February 2013, and the asset at 14-16 rue Volney has been 90% let to multiple tenants, including the Richemont Group and Interlinks.

- **Net assets have increased by 100% to €1,138 million in two years, with 75% of these assets located in or near Paris' Central Business District**

As at 31 December 2012, the appraisal value of the net assets was €1,138 million. The only revaluation of the Group's assets, which was performed by BNP Real Estate, amounted to €65 million. Since 2009, Terreïs has therefore created over €200 million in value, thanks to its capacity to buy high-quality assets according to strict criteria.

As at 31 December 2012, the adjusted liquidation net asset value amounted to €23.86 per share, an increase of 21% compared with 2011. The replacement net asset value amounted to €26.66 per share, and increased by the same amount.

The refocus on commercial sector property in Paris now enables Terreïs to hold a portfolio where 81% of the assets are located in Paris (75% in the Central Business District and on its borders) and 14% are located in the Ile-de-France Region.

During the 2012 financial year, Terreïs sold assets worth around €60 million at a price that was well above their appraisal value (€24.9 million of disposals in the French regions and €34.9 million of residential asset disposals), thereby generating a net book value gain of €38.3 million.

At the same time, Terreïs acquired two assets at rue de La Boétie and rue Réaumur in the Paris Central Business District for €32 million.

- **A financial structure that remains very sound**

Net debt amounted to €517 million, a decrease of 3.5%. The LTV (Loan to Value) ratio amounted to 46%, a net improvement. All the loans, which essentially consist in redeemable loans, are fixed-rate or hedged variable-rate loans, with an average weighted cost of 4.35% excluding credit lines.

- **Outlook: continued refocusing on Paris commercial sector property at a controlled rate**

Terreïs' goal is to achieve a portfolio where 90-95% of the assets are located in Paris.
In keeping with this aim, Terreïs will continue its opportunistic purchases in the Paris commercial sector property market, and will continue to dispose of its residential portfolio and regional assets as and when opportunities arise.

An investment of €55.5 million has already been made in early 2013 (10-12 avenue de Messine, in Paris' 8th District). This is a top-quality asset that consists of 4,000 m^2 of office space (return of 5.60%) and of 1,500 m^2 of residential space.

Furthermore, agreements to dispose of assets worth around €30 million have already been signed since the start of the year; these assets are equally divided between regional and residential assets.

- ## Details and changes in key data

In millions of euros	2012	2011 restated	*Change 2012/ 2011 restated*	2011 reported
Rental income	**58.3**	**41.5**	***+40.4 %***	**41.5**
Current operating income	**29.3**	**20.2**	***+45.0 %***	**19.7**
Net income	**60.0**	**9.6**	***NS***	**35.9**
Cash flow from operations (before disposals)	**43.8**	**25.9**	***+69.1%***	**25.9**
Cash flow from operations (after disposals)	**100.0**	**59.7**	***+68.0%***	**59.7**
Investments committed	**32.0**	**345.0**	***NS***	**345.0**
Adjusted assets	**1,138.0**	**1,085.0**	***+4.9 %***	**1 085.0**
Liquidation NAV per share (€/s)	***23.86***	***19.70***	***+21.1%***	***19.70***

Pursuant to IAS 8 and in order to correct a mistake in the accounting of the Exit Tax as part of the merger with Avenir & Investissement, the 2011 income statement has been restated. This tax, which was initially recorded under balance sheet assets (investment properties) in the 2011 financial statements, was expensed in the same financial year. The table above therefore provides a comparison of the items reported and restated for the 2011 financial year.

The impact of this restatement on the 2011 financial statements was neutral in terms of cash flow, cash and NAV. It resulted in a net expense of €26.2 million and a reduction in the book value of the residential assets in the former Avenir & Investissement portfolio in the same amount. We would point out that the impact of this restatement will be a mechanical increase in the gains generated as and when this residential portfolio is disposed of.

- ## Dividend of €0.61 per share (+7.0%)

The Board of Directors will propose the distribution of a dividend of €0.61 per share for 2012 to the General Meeting of Shareholders on 14 May this year, i.e., a rise of 7% compared with the previous year. This level of dividend corresponds to the distribution of 85% of the current income for the financial year, plus more than half the legal minimum of 50% of the taxable capital gains generated.

An interim dividend of €0.30 was already paid last November, while the €0.31 balance will go ex-dividend on 22 May 2013.

Publication of the sales figures for the 1st quarter of 2013 on 24 April, 2013.

Contact: Fabrice Paget-Domet, Chief Executive Officer - Tel: 33 (0)1 82 00 95 23
Laurent Jauffret, Deputy Chief Executive Officer, Ovalto Investissement – Tel: 33 (0)1 82 00 95 00

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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