

**First Half 2016 Results: renewed increase of EPRA NAV (+8.8 %)**

- **EPRA NAV at 30 June: €40.40/share (+8.8 % vs end of 2015)**
- **Revalued portfolio at 30 June: €1,845m (+7.8 % vs end of 2015)**
- **94% of assets in Paris intra-muros (vs 90 % end of 2015)**
- **Rental income from office buildings in Paris : €27.2m (+4.1 % over H1 2015, +5.7 % over Q2 2015)**
- **EPRA vacancy rate in the Parisian offices all-time low at 3.7 %**
- **LTV of 43 % (-1 point vs end of 2015)**
- **2016 interim dividend: €0.39 per share paid on 16 November (+2.6 %)**
- **Continuation of the strategy of focusing on Parisian commercial property assets**

TERREÏS Board of Directors held on July 28, 2016 under the Chairmanship of Jacky Lorenzetti has approved the consolidated financial statements for the first half of 2016.

Results are characterized by a renewed growth of EPRA NAV (+8.8 %), an increase of rental income from strategic assets located in the Paris and a continued improvement of the financial structure (LTV of 43 %).

- **Change in the asset portfolio over the 1<sup>st</sup> half of the year**

On June 30, TERREÏS acquired from the « Centre National du Cinéma et de l'Image Animée » (CNC), for an amount of €91.5m excluding duties, three office buildings in the middle of Paris CBD. They are located 11 rue Galilée, 32/34 rue Galilée and 10/12 rue de Lübeck (Paris 16<sup>e</sup>). The total rental surface is 8,316 sq.m. CNC will remain the only tenant until the end of Q1 2018.

Over the first half of the year, TERREÏS also spent €4m in restructuring capex related to acquisitions.

Pursuing its strategy of focusing on Parisian commercial property assets, TERREÏS also disposed of non-strategic assets for €62m: €45m of these were office assets in the regions and in the Paris area, of which the office building in Issy-les-Moulineaux. The remaining part was made of €17m of Residential assets.

These disposals have been completed at prices very similar to the last appraisal values. Gain on asset disposals was €18.0m, up €13m over H1 2015.

- **EPRA liquidation NAV: +8.8 % at €40.40/share; Assets portfolio: 94 % Paris-based**

At June 30, 2016, appraisal value of the group assets portfolio amounted to €1,845m, up €133m (+7.8 %) compared to the end of 2015. It takes into account BNP Paribas Real Estate' revaluation of group assets for an amount of €91m.

At the end of June 2016, TERREIS portfolio was made of 94 % of Parisian assets (90 % at the end of 2015). The Tertiary assets based in the Paris CBD have been valued on the basis of a 4.1 % yield, down 0.3 point on the end of 2015.

At June 2016, EPRA NAV amounted to €40.40/share, up 8.8 % over 6 months. Replacement NAV was €45.76/share, up 10.9 % on the end of 2015.

This increase reflects and validates the strategy of focusing on Paris CBD assets, as well as the mechanical effect of annual repayment of redeemable loans, a key element of TERREIS' business model.

- **Rental income**

Over the first half of 2016, Parisian Tertiary rental income were €32.8m (€35.4m over the same period of 2015). The €2.6m gap is the combination of an increase by €1m of rental income from strategic assets (Parisian Tertiary) and a €3.6m decrease of non-strategic assets rental income (Residential and non-Parisian Tertiary) reflecting the selling off policy of these assets in line with the annual program.

Over Q2, the impact of the strategy of focusing on Parisian commercial property assets was much stronger: Tertiary Parisian rental income increased by 5.7 % (vs +4.1 % over Q1). They represented 86 % of total rental income, to be compared to 79 % over Q1 2016 and 74 % over the first half of 2015.

Rental income (€m)	1 <sup>st</sup> Half					2 <sup>nd</sup> Quarter				
	2016		2015		Change %	2016		2015		Change %
	€m	%	€m	%		€m	%	€m	%	
Offices in Paris	27.2	83 %	26.1	74 %	+4.1 %	14.0	86 %	13.2	74 %	+5.7 %
Other assets	5.7	17 %	9.3	26 %	-39.3 %	2.2	14 %	4.7	26 %	-52.4 %
Tertiary outside Paris	3.9		7.2			1.3		3.6		
Residential	1.8		2.1			0.9		1.1		
<b>Total</b>	<b>32.8</b>	<b>100 %</b>	<b>35,4</b>	<b>100 %</b>	<b>-7.3 %</b>	<b>16.2</b>	<b>100 %</b>	<b>17.9</b>	<b>100 %</b>	<b>-9.4 %</b>

Growth of rental income from strategic assets was driven for half by 2015 acquisitions (office buildings located 44 rue Copernic (16<sup>e</sup>) and 1 Cité Paradis (10<sup>e</sup>)). Relocation of 70 rue St Lazare (9<sup>e</sup>), 198bis rue Lafayette (10<sup>e</sup>), 19 rue Galilée (16<sup>e</sup>) and 41 avenue de Friedland (8<sup>e</sup>) more than compensated the vacancy of two office spaces at 50-52 boulevard Haussmann (9<sup>e</sup>), respectively relocated on April 15 and May 1st.

Over the first six months, EPRA vacancy rate on office buildings in Paris, calculated on the basis of the running assets, was 3.7 % versus 5.8 % as of December 31<sup>st</sup>, 2015.

- **EPRA earnings**

EPRA earnings stood at €15.1m for the first half of 2016, down 9.6% on H1 2015. Main reasons are planned vacancy on the Residential portfolio and the pursuit of the strategy of refocusing the property assets on Paris CBD.

It takes into account a net cost of debt of €13.6m (€14.4m over H1 2015).

- **Strengthening of financial structure with a LTV ratio at 43 % (-1 pt vs end of 2015)**

At June 30, 2016, net debt stood at €786m (€746m at the end of 2015) and LTV ratio was 43 % (44 % at the end of 2015).

All loans, which are mostly made up of redeemable loans, are at fixed or swapped rates. TERREÏS took advantage of particularly low interest rates to refinance Parisian assets for an amount of €82m.

- **€0.39 per share for interim dividend (+2.6 %) paid on November 16, 2016**

Taking into consideration the business outlook for the year as a whole, the Board of Directors has decided to set the 2016 interim dividend at €0.39 per share, an increase of 2.6 % compared with the interim dividend paid last year. This interim dividend will be paid on November 16, 2016.

- **Outlook: ongoing refocus on high-quality Paris office real estate**

TERREÏS' goal is to increase its Paris commercial property portfolio, and to focus on Paris CBD. Over the 2<sup>nd</sup> half of 2016, TERREÏS will actively concentrate on the disposal of its regional and residential assets.

This press release should be read in conjunction with information available on the company web site [www.terreis.fr](http://www.terreis.fr)

### **Release of the sales figures for the 3rd quarter of 2016 on October 19, 2016.**

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**About Terreïs ([www.terreis.fr](http://www.terreis.fr)) - ISIN Codes: FR0010407049 - Ticker symbol: TER**

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.