

2016 Results

The strategy of focusing on Prime Parisian commercial property assets is demonstrably working: renewed double-digit increase of EPRA NAV (+21,4 %)

3.9% increase of Dividend: €0.79 per share

- **EPRA NAV: €45.08 per share (+21.4 %)**
- **Rental income from Parisian office assets: €57.0m (+7.4 %)**
- **Revalued portfolio (excl. duties): €1,944m (+13.5 %)**
- **95% of assets in central Paris (+5 pts)**
- **LTV: 39 % (-5 pts)**

- **Continuation of the strategy of focusing on Prime Parisian office assets**
- **Dividend: €0.79 per share (+3.9 %): balance of €0.40 per share to be paid on May 17**

On March 6, 2017, the TERREÏS Board of Directors signed off the consolidated financial statements for the fiscal year 2016. Audit procedures have been performed and audit reports are currently being issued. They are once again characterized by a double-digit growth of EPRA NAV (+21.4 %) and an improvement of the financial structure (LTV 39 %).

- **EPRA NAV: +21.4 % at €45.08 per share; Asset portfolio: 95% Paris-based**

As of December 31, 2016, appraisal value of the group asset portfolio amounted to €2,088m (replacement value) and €1,944m (excluding duties), up €232m (+13,5 %) compared to the end of 2015. Revaluation of group assets (+€211m, up 12.2 %) made by BNP Paribas Real Estate is mainly due to the compression of yields in Paris. Since 2009, asset revaluation has created an extra value of €737m.

At the end of 2016, EPRA NAV amounts to €45.08 per share, up 21.4 % over the year, and replacement NAV to €50.71 per share, up 22.9 %.

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 TERREÏS' business model.

At the end of 2016, TERREÏS portfolio was made up of 95% of Parisian assets, 4% in the Paris area and 1% in the regions. The office assets based in the Paris CBD have been valued on the basis of a 3.7 % yield (4.3 % in 2015). Residential assets have been valued on the basis of €9,457 per sq.m. (€9,361 per sq.m. at the end of 2015).

- **Acquisitions for €109m, disposals for €89m**

2016 acquisitions amounted to €109m (including duties). TERREÏS thus reinforced its office portfolio in Paris with the acquisition of three office buildings from the « Centre National du Cinéma et de l'Image Animée » (CNC), located 11 rue Galilée, 32/34 rue Galilée and 10/12 rue de Lübeck (Paris 16e). The total rental surface is 8,316 sq.m. CNC will remain the only tenant until the end of Q1 2018, before reshaping of the buildings. Globally, TERREÏS spent €8m on refurbishment.

Disposals reached €89m (€88m based on appraisal value). They consist mainly (60 %) of office assets in the Paris area and in the regions. The balance is made up of Residential assets. Disposals were made at prices above the appraisal value and in accordance with the planned program.

At December 31, 2016, €59m of additional promises were signed. They will be acted over the next few months. They consist mainly in the Lebrun office building in Antony, sold on January 9, 2017, as well as office assets in the regions and parisian residential assets.

- **Office rental income in Paris up 7.4 %**

Rental income (€m)	2016	2015	Change %
Parisian office assets	57.0	53.1	+ 7.4 %
Other assets	9.7	17.6	-44.9 %
Total	66.7	70.7	-5.7 %

Parisian Tertiary rental income increased by nearly €4m (+7.4 % on a year, and +10.8 % on Q4). It now represents 85 % of total rental income (75 % in 2015). Residential and non-Parisian office assets rental income continue to decrease, reflecting the on-going policy of disposing of these assets. The 5.7 % decrease in total rental income is a direct consequence of the continuation of the strategy of focusing on Prime Parisian office assets. That strategy implies a slight erosion of rental income due to lower yields, largely compensated by a significant increase in the market value of these assets, which exceeds €200m for 2016.

Over the whole year, EPRA vacancy rate in the Parisian Tertiary, based on the leasable assets, was 4.4 %, compared to 5.8 % in 2015.

- **EPRA Earnings**

EPRA Earnings stand at €29.9m (€1.17 per share), to be compared to € 33.5m (€1.31 per share) in 2015. The decrease is mainly due to the vacancy of the Saint-Raphaël office building in Ivry, which is on sale. EPRA Earnings also take into account a net cost of debt of €28m (€28.3m in 2015).

EPRA cost ratio including direct vacancy costs was 9 % in 2016, stable on 2015. Excluding those, it stood at 6.8 % (6.4 % in 2015).

Profit margin on asset disposals was €31.6m, up €4.5m on 2015.

- **Comfortable financial structure with a LTV ratio at 39% (-5 pts)**

As of December 31, 2016, net debt stood at €761m (€746m at the end of 2015) and LTV ratio was 39 % (44 % at the end of 2015).

All loans, which are essentially made up of redeemable loans, are at fixed or swapped rates.

- **BREEAM Certification of parisian office buildings**

TERREÏS entered a BREEAM certification process of its parisian office buildings. At the end of 2016, 40 % of the Parisian office assets were certified « Very good » or « Good ». An additional 37 % should be certified in 2017, so that 77% could be certified at the end of 2017.

- **Outlook: continued focus on Paris CBD**

The goal of TERREÏS is to increase its Parisian commercial portfolio and to focus on the Paris CBD. In the current prime Parisian market conditions, while remaining attentive to opportunities that may arise, TERREÏS will concentrate on the disposal of its non-strategic assets (residential, regional and Paris area) in optimal conditions. Net proceeds from disposals will be reinvested in office buildings within Paris CBD.

Two assets in the Paris area represent 63 % of office assets on sale:

- The office building located 11-15 Avenue Lebrun in Antony, of which the sale has been acted on January 9, 2017, for an amount of €44m.
- The 13,000 sq.m. building « Le Saint Raphaël », in Ivry-sur-Seine, vacant since February 14, 2016. Its relocation, or conversion into hotel residence, is under study. The disposal of that building is planned for 2018/2020.

- **€0.79 per share dividend (+3.9 %)**

The Board of Directors will propose to the General Meeting of Shareholders on May 10, 2017, the distribution of a dividend of €0.79 per share, an increase of 3.9 % compared to 2015 dividend.

As an interim dividend of €0.39 per share was paid last November, the balance of €0.40 per share will be paid on May 17, 2017.

2017 Q1 income revenue to be released on April 19, 2017.

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About Terreïs (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 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.