

### **2017 Results**

- **The strategy of focusing on Offices in Paris CBD is demonstrably working: renewed double-digit increase of EPRA NAV (+13.4 %)**
- **2.5 % Dividend increase: €0.81 per share**
  - **EPRA NAV: € 51.12 per share (+13.4 %)**
  - **Rental income from Parisian offices: € 60.5 million (+6.2 %)**
  - **Revalued portfolio: € 2,090 million (+7.5 %)**
  - **98% of the portfolio in the inner-city Paris (+3 pts)**
  - **LTV: 36 % (-3 pts)**
  - **Continuation of the strategy of focusing on Prime Parisian office assets**

On 12 March 2018, the TERREÏS Board of Directors signed off the consolidated financial statements for the fiscal year 2017. Audit procedures have been performed and audit reports are currently being issued. Results are once again characterized by a double-digit growth of EPRA NAV (+13.4 %) and an improvement of the financial structure (LTV 36 %).

Commenting on the results, Jacky Lorenzetti, Chairman of TERREÏS, said: « *Since 2012, TERREÏS made the choice to concentrate its portfolio on prime office units in Paris. This strategy, which prioritises asset optimisation, facilitates rental and assures a high occupancy rate. Naturally, the expected returns are somewhat lesser and, during arbitration, result in a slight erosion of rent.*

*TERREÏS is now able to take advantage of its strategy with a significant rise in rents, which will grow over the next months at the time of leases renewal and when relocations follow departure of tenants. TERREÏS will also benefit from positive indexations.*

*In 2017, TERREÏS once again strengthened its strategic assets under good conditions in the Parisian central business district (CBD), despite high prices per meter and fierce competition. In a parallel fashion, it continued to sell off its residential assets and offices in Île-de-France and in the province, in line with its program of disposals of non-strategic assets.*

*In a context which seems today favour a progressive increase in interest rates, TERREÏS business model demonstrates its solid and highly defensive profile. In particular, the fixed-rate debt structure, with a remaining life over 11 years and mainly made of mortgaged-redeemable loans, provides relative protection in case of any increase in interest rates. »*

- **EPRA NAV: +13.4 % at € 51.12 per share ; Asset portfolio: 98 % Paris-based**

At 31 December 2017, the appraisal value of the TERREÏS portfolio stands at €2,090 million, up € 146 million (+7.5 %) compared to the end of 2016. Acquisitions compensating for disposals, the rise is mainly due to assets revaluation, made by BNP Paribas Real Estate. Since 2011, assets revaluation generated € 837 million in additional value.

At the end of 2017, TERREÏS portfolio was made up of 98 % of Parisian assets. The office assets based in the Paris CBD have been valued on the basis of a 3.4 % yield. Parisian residential assets have been valued on the basis of € 9,447 per sq.m.

At 31 December 2017, EPRA NAV (liquidation) stands at € 51.12 per share, up 13.4 % on 2016. Replacement NAV stands at € 57.20 (+12.8 % over 2016).

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

- **2017 Operations**

Purchases (including duties) and valuation investments amounted to € 76 million, carrying an average expected yield of 4.9% for Offices.

The six assets acquired in 2017 for a total surface area of 7,400 sq.m., all within the Parisian CBD, include the following main three properties:

- A 1,500 sq.m. property at 73 rue Ste Anne (2e), fully let,
- a 2,400 sq.m. Haussmann-style complex at 11 rue de Milan (9e). Of the 1,300 sq.m. intended for office use, 1,000 sq.m. ("Second Empire" style private hotel), which will be renovated, is already fully let;
- a 2,300 sq.m. property at 5 avenue de Messine (8e), fully let.

TERREÏS has also carried out works to optimise its portfolio for € 7.6 million.

Disposals amounted to € 88 million. TERREÏS has continued its monetisation strategy, disposing of € 55 million in office assets in Île-de-France and the provinces and € 33 million in residential assets.

As of 31 December 2017, € 15.5 million in additional promises were signed and will be implemented over the coming months. They relate to housing lots situated at 43 rue de Lille (Paris 7e) and at 11 rue Margueritte (Paris 17e).

Re-assessment of the portfolio: +€ 151 million (+7.8 % at constant scope), mainly as a result of the low rates of return in Paris and the good purchase conditions achieved during the second half of 2017.

At end 2017, the TERREÏS portfolio consisted of 98 % Parisian assets and 2 % assets in Île-de-France and the provinces. Strategic assets (offices and commercials in Paris) now account for 90 % of the total portfolio value.

- **Rental income: 6.2 % growth from the strategic assets of the Parisian office sector**

Rental revenues (million of euros)	2017	2016	Change %
<b>Strategic assets (Parisian Offices)</b>	<b>60.5</b>	<b>57.0</b>	<b>+6.2 %</b>
Non-strategic assets	4.3	9.7	-55.7 %
<b>Total</b>	<b>64.8</b>	<b>66.7</b>	<b>-2.9 %</b>

Rental income from the Office assets in Paris increase by € 3.5 million, and account for 93 % of total rental income in 2017 (85 % in 2016). Rental income from non-strategic assets (non-Parisian Offices and Residential) kept decreasing in line with the disposals program of the all non-strategic assets.

The EPRA vacancy rate (apart from property under renovation) at 31 December 2017 significantly improved to 0.7 %, as compared with 4.4 % at the end of 2016.

- **EPRA Earnings**

EPRA Earnings stand at € 28.5 million (€ 29.9 million in 2016). It takes into account a net cost of debt of € 28 million (€ 28.8 million in 2016).

Profit margin on asset disposals was € 34.0 million, up € 2.2 million on 2016.

- **Reinforced financial structure: LTV ratio at 36 % (- 3 pts)**

As of 31 December 2017, net debt stood at € 749 million (€ 761 million at the end of 2016) and LTV ratio was 36 % (39 % at the end of 2016).

All loans, which are essentially made up of redeemable loans, are at fixed or swapped rates, protecting TERREÏS from any increase in interest rates.

- **BREEAM Certification of Parisian office buildings**

TERREÏS actively pursues the BREEAM certification process of its Parisian office buildings. At the end of 2017, 67 % of the Parisian office assets were certified « Very good » or « Good » (40 % at the end of 2016). An additional 18 % should be certified in 2018, so that 82 % could be certified at the end of 2018.

- **Outlook: continued focus on business property in the Paris CBD**

The goal of TERREÏS is to increase its Parisian office 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.

€ 200 million of assets remain to be sold, out of which € 155 million of Residential assets made of 198 apartments, € 32 million of Office assets in Ile-de-France and € 13 million of assets in the province.

As far the 13,000 sq.m. building « Le Saint Raphaël », in Ivry-sur-Seine, vacant since mid-February 2016, its relocation or conversion into hotel residence is under study. Disposal is planned for 2020.

- **€ 0.81 per share dividend (+2.5 %)**

The Board of Directors will propose to the General Meeting of Shareholders on 4 May 2018 the distribution of a dividend of € 0.81 per share, an increase of 2.5 % on 2016 dividend.

As an interim dividend of € 0.40 per share was paid last November, the balance of € 0.41 per share will be paid on 17 May 2018

### **2018 Q1 income revenue to be released on 24 April 2018.**

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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.