

2018 Activity

- 98% of the portfolio in inner-city Paris
- New rise in Portfolio: up 5% to €2.2 Billion (excluding duties)
- 5% increase in Rental income on strategic assets of the Parisian tertiary sector to €63.3 million, due to improved occupancy rate and rent increase
- Total rental income up 4% to €67.2 million
- Maintien of a very low EPRA vacancy rate: 0.7% on strategic assets

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. TERREÏS is now able to take advantage of its strategy with a significant rise in rents at the time of leases renewal and when relocations follow departure of tenants. TERREÏS also benefits from positive indexations.

Portfolio of €2.2 billion (excluding duties) as at 31 December 2018, up 5%.

Revaluation of rents is the key driver of the €103 million increase in TERREÏS' portfolio appraisal value, from €2.09 billion at the end of 2017 up to €2.19 billion at the end of 2018 (€2.36 billion in replacement value).

Portfolio re-assessment, on a like-for-like basis, amounted to €139 million (+6.3%). It was mainly due to rental revalorisation and stabilisation in Parisian yields.

It largely offset the €42.6 million impact of residential assets disposals over the period under review. These were made on an average basis of €11,900 /sq.m (€10,400 /sq.m in 2017).

At end of 2018, the TERREÏS portfolio consisted of 98% Parisian assets.

5% growth in rental income from the strategic assets of the Parisian tertiary sector ; 4% growth in total rental income

Rental income from the tertiary business in Paris, which accounts for 94% of total rental income in 2018, is up 5% over the whole financial year, from €60.5 million to €63.3 million.

Out of the €2.8 million rise, €1.6 million comes from the purchases made in 2017. Organic growth accounts for the rest and mainly comes from the continued improvement in occupancy rates, the leases revalorisation and renegotiation as well as the positive indexing.

The EPRA vacancy rate (apart from property under renovation) as at 31 December 2018 was maintained at a very low level of 0.7%. Accompanying measures continued to decline and have almost disappeared during Q4 2018.

Rental income (€ million)	Year					4th quarter				
	2018		2017		Change %	2018		2017		Change %
	€m	%	€m	%		€m	%	€m	%	
Parisian Tertiary	63.3	94%	60.5	93%	+5%	15.8	95%	15.6	94%	+1%
Other assets	3.9	6%	4.2	7%	-8%	0.8	5%	1.0	6%	-21%
<i>Tertiary out of Paris</i>	<i>1.1</i>		1,3			<i>0.2</i>		0.3		
<i>Residential</i>	<i>2.8</i>		2.9			<i>0.6</i>		0.7		
Total	67.2	100%	64.8	100%	+4%	16.6	100%	16.6	100%	-

Outlook: continued pursuit of the strategy to focus on business property in the Paris CBD

The strategy adopted by TERREÏS consists of focusing its portfolio on the tertiary sector in the Paris CBD. Under current conditions on the Parisian prime market, whilst remaining attentive to any opportunities that may arise, TERREÏS will continue to make its sales as best it can, disposing of the remainder of its non-strategic assets (Residential property, Provincial property and property in Île-de-France). Current conditions of the rental market should lead to an increase of 2019 rental income.

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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 1st January 2007. TERREÏS is part of SRD « Classique » since December 2017. In 2019.