



## 2014 Half-year results Start of the acquisition phase

The Board of Directors' meeting held on July 23, 2014 under the chairmanship of March Inch approved the half-yearly accounts for 2014.

### Consolidated figures (audited)

In €m	H1 2014	H1 2013
<b>Rents</b>	<b>26.1</b>	<b>32.8</b>
<i>LFL Growth</i>	<i>-0.5%</i>	<i>5.2%</i>
<b>EPRA recurring operating result</b>	<b>20.0</b>	<b>25.5</b>
<i>% rents</i>	<i>76.7%</i>	<i>77.6%</i>
<b>EPRA earnings</b>	<b>12.5</b>	<b>14.7</b>
<i>% rents</i>	<i>47.9%</i>	<i>44.7%</i>
IFRS net result (Group share)	-8.2	-0.7
<i>Of which fair value adjustments and proceeds from disposals</i>	<i>-19.2</i>	<i>-14.9</i>
<b>Cash flow</b>	<b>13.7</b>	<b>14.0</b>
<i>In € / share (**)</i>	<i>2.2</i>	<i>2.2</i>

	30/06/2014	31/12/2013
<b>Portfolio valuation</b>	<b>682</b>	<b>701</b>
<b>Net LTV</b>	<b>44.0%</b>	<b>46.2%</b>
<b>EPRA financial occupancy rate</b>	<b>93.2%</b>	<b>93.7%</b>
<b>EPRA NNNAV (In € / share)</b>	<b>56.6</b>	<b>58.1</b>

Note: the LTV now includes the cash collateral accounts as a deduction from the net financial debt (LTV stands at 46.7% as at 31/12/2013 and 44.6% as at 30/06/2014 excluding this adjustment).



## **1 – Continuation of the implementation of the strategic plan**

### **Start of the acquisition phase**

After eighteen months of active refocusing of the portfolio, via more than € 260m of disposals of non-core assets in 2012 and 2013, the Group has kicked off the acquisition phase of its strategic plan. A purchase agreement was contracted in May 2014 for the € 23.3m acquisition of an 8,300 m<sup>2</sup> building, located in the inner Southern rim of Paris. This building benefits from a 12-year lease (of which 10.5 fixed years) with a top-quality tenant, member of the CAC 40, guaranteeing an annual income of circa € 2m .

### **Sustained focus on the renewals of leases**

In a difficult rental environment, over € 5.3m of extensions or new leases were signed during the first half of 2014. This reinforces (i) the strong financial occupancy EPRA rate at 93.2 % at June 30, 2014, as compared to 91.8% one year beforehand and (ii) the resilience of the growth of rents on a like-for-like basis, which are virtually stable over the half year (-0.5%) in spite of the absence of an indexing effect over the period.

As regards significant transactions, it should be noted that the team has already handled two major leases received during the half year: partial renewal over 9 years in Plessis and long-term lease signed with a new tenant (France Télévisions) in Saint Cloud.

### **Further improvement of debt ratios**

The marginal disposals of the first half (€ 8.2m) and the generation of operating cash flow lead to a further improvement of the consolidated LTV ratio at 44.0% as compared to 46.2% at December 31, 2013. Taking into account all the assets under contract (sales/purchases), the ratio is limited to 42.7%.

### **Significant reduction in operating costs**

Over a year ago, the Company set up a programme to control and reduce its operating costs with new reporting tools. This programme has started to bear fruit, as the recurring operating costs dropped from € 7.8m to € 6.1m between the first half of 2012 and the first half of 2014 (-22%), i.e. a decrease equivalent to the decline in rents between these two periods.

Over the first half of 2014, the Group also recorded € 1.4m of non-recurring costs, linked in particular to the current shareholding situation and to the end of the governance transition period.

## **2 – Impact on the half-yearly accounts: improvement of the net margin**

### **Profit and loss account**

In EPRA basis, the decrease in operational costs combined with the very sharp contraction of financial costs allows an improvement of the net margin at 47.9% as compared to 44.7% over the first half of 2013, for a net result of € 12.5m as compared to € 14.7m for the first half of 2013.



In IFRS basis, the non-recurring costs (€ 1.4m ), but more significantly the depreciation of assets (€ 14.0m) and the decline in the valuation of hedging instruments (€ 5.2m out of the € 5.4m of non-recurring financial costs) have led to an € 8.2m loss being recorded for the half year.

### **Balance sheet**

The positive side effect of the disposals carried out is a new improvement in debt ratios with, in particular, the LTV ratio which fell below 45% as at June 30, 2014 (44.0%). Taking into account the contracted disposals and acquisition, the ratio falls to 42.7% on a pro forma basis. The Group is therefore clearly ahead of its target on this dimension.

The fixed assets have also decreased as a direct consequence of the disposals and adjustments of values related to the valuations carried out each semester on the entire portfolio. This reduction is offset by a significant increase in the Group's cash position, which allows a stability of the balance sheet total over the half year.

### **3 – Dividends**

Taking the shareholding context into account, the Commercial Court granted the Company the possibility to postpone its General Shareholder's Meeting, initially planned for May 28, 2014, until December 31, 2014. The main purpose of this Meeting will be to approve the 2013 annual accounts and to determine the 2013 dividend balance.

### **4 – Take-over Bid**

The Take-over bid initiated by SMABTP on the shares of Société de la Tour Eiffel at € 58/share will close on August 6, 2014, according to AMF notice n° 214C270 published on July 2, 2014. Following the withdrawal of Eurobail's bid at € 55/share on July 9, 2014, this bid is the only one in the running.

#### **Important dates:**

- August 6, 2014: closure of the take-over bid in progress
- November 14, 2014 post market close: turnover and activity for the 3rd quarter of 2014

#### ***About Societe de la Tour Eiffel***

*A listed real estate investment company (SIIC) on NYSE Euronext Paris, the company pursues a strategy focused on the ownership and the development of quality offices mainly in Paris and its region capable of attracting a wide range of tenants. The company's portfolio stood at 682 million Euros of assets as at 30 June 2014. Societe de la Tour Eiffel is listed on NYSE Euronext Paris (compartment B) – ISIN code: 0000036816 – Reuters: TEIF.PA – Bloomberg EIFF.F. Indexes: GIEIF Foncières, IEIF Immobilier France.*

#### **Press contact**

Jean-Philippe MOCCI

Capmot

Tel : +33 (0)1 81 70 96 33 / +33 (0)6 71 91 18 83

[jpmocci@capmot.com](mailto:jpmocci@capmot.com)

[www.societetoureiffel.com](http://www.societetoureiffel.com)

# APPENDIX

<i>Key figures</i>	<b>Page 5</b>
<i>Portfolio</i>	<b>Page 8</b>
<i>Rental Income</i>	<b>Page 12</b>
<i>Financing</i>	<b>Page 14</b>
<i>NAV</i>	<b>Page 17</b>
<i>Cash flow and financial statements</i>	<b>Page 19</b>

# Key figures

*Portfolio*

*Result*

*Cash flow and dividend*

*Market capitalisation*

*Financial structure*

*Valuation ratios*

*EPRA key performance indicators*



## Key figures

	30June2014	31Dec2013
<b>Portfolio</b>		
<b>Portfolio value (excl. Transfer costs) (€m)</b>	<b>681.6</b>	<b>701.0</b>
<i>of which IFRS portfolio value</i>	681.6	701.0
EPRA NAV (*)	58.9	59.6
EPRA NNAV (*)	56.6	58.1
<b>Results</b>		
<b>Rental income (€m)</b>	<b>26.1</b>	<b>32.8</b>
Current operating profit (€m)	18.7	24.1
Net profit - Group share (€m)	-8.2	-0.7
Net profit - Group share per share (€) (**)	-1.3	-0.1
EPRA earnings	12.5	14.7
<b>Cash flow and dividend</b>		
Recurring Cash Flow (€m)	13.7	14.0
<b>Recurring Cash Flow per share (€) (**)</b>	<b>2.2</b>	<b>2.3</b>
Dividend per share (€)	0.0	2.1
Pay out Ratio (Dividend / recurring Cash flow)	0%	93%
<b>Market capitalisation</b>		
Number of shares (**)	6 253 916	6 253 916
Share price (€)	58.1	48.6
<b>Market capitalisation (€m)</b>	<b>363.4</b>	<b>303.8</b>
<b>Financial structure</b>		
Capital (€m)	348.3	356.2
Shareholder's equity / Investment properties values	51.1%	50.8%
Gross finance debt / Shareholder's equity	1.0	1.0
<b>Net Group LTV</b>	<b>44.0%</b>	<b>46.7%</b>
EBITDA / Financial costs	2.5	2.3
<b>Valuation ratios</b>		
Cash flow multiple (Capitalisation / cash flow)	13.3	10.8

(\*) fully diluted number of shares end of period

(\*\*) number of shares end of period



## EPRA key performance indicators

	H1 2014	H1 2013	Diff %
<b>EPRA earnings (1)</b>			
EPRA earnings in €m	12.5	14.7	-14.5%
EPRA earnings in € per share (**)	2.0	2.4	-14.8%

(1) EPRA earnings are defined as net recurring result coming from recurring activity.

The drop in the EPRA earnings mainly stems from the decrease in rental income due to asset disposals.

	30June2014	31Dec2013	Diff %
<b>EPRA NAV and EPRA NNAV</b>			
EPRA NAV in €m	368.3	371.0	-0.7%
EPRA NAV in € per share (*)	58.9	59.6	-1.0%
EPRA NNAV in €m	353.9	361.8	-2.2%
EPRA NNAV in € per share (*)	56.6	58.1	-2.5%

EPRA NNAV was impacted by the property fair value adjustment (-€ 14.0m), and hedging instruments fair value revaluation (- € 5,2m).

	30June2014	31Dec2013	Diff %
<b>EPRA yield (EPRA NIY)</b>			
EPRA topped-up yield (2)	7.3%	7.4%	-2.4%
EPRA yield (3)	7.0%	7.0%	1.4%

(2) EPRA topped-up yield (Net Initial Yield EPRA topped-up) : annual rent as at 30 June, not adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included

(3) EPRA yield (Net Initial Yield EPRA) : annual rent as at 30 June, adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included

	30June2014	31Dec2013	Diff %
<b>EPRA vacancy rate (4)</b>			
Portfolio up and let	6.83%	6.32%	8.0%

(4) EPRA vacancy rate : it corresponds to an end of period spot rate defined as the ratio between the vacant space market rent and the up and let global portfolio (net of developments and redevelopments) market rent.

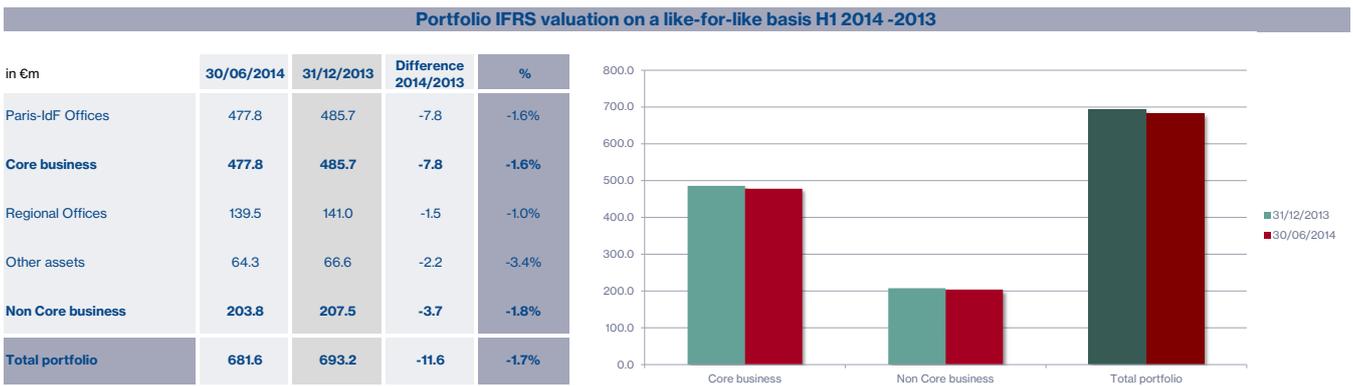
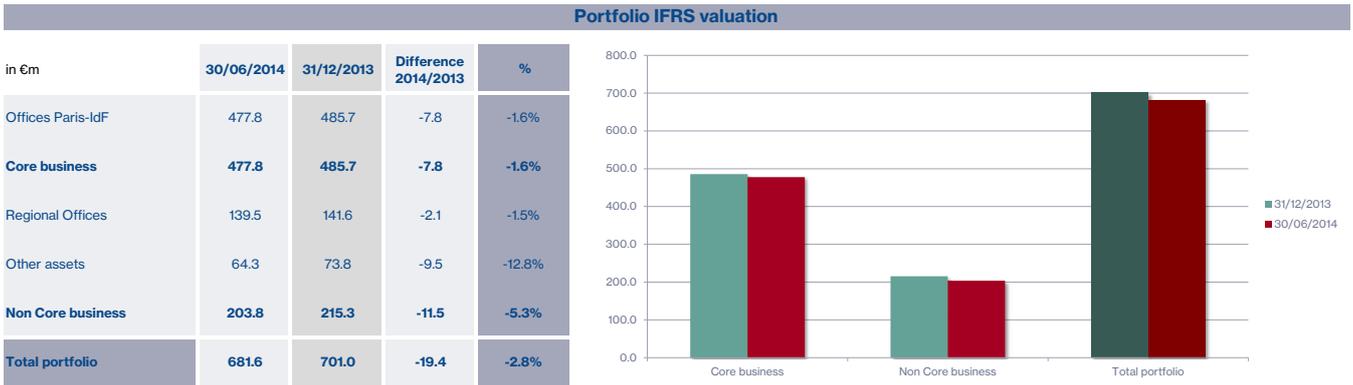
(\*) fully diluted number of shares end of period

(\*\*) number of shares end of period

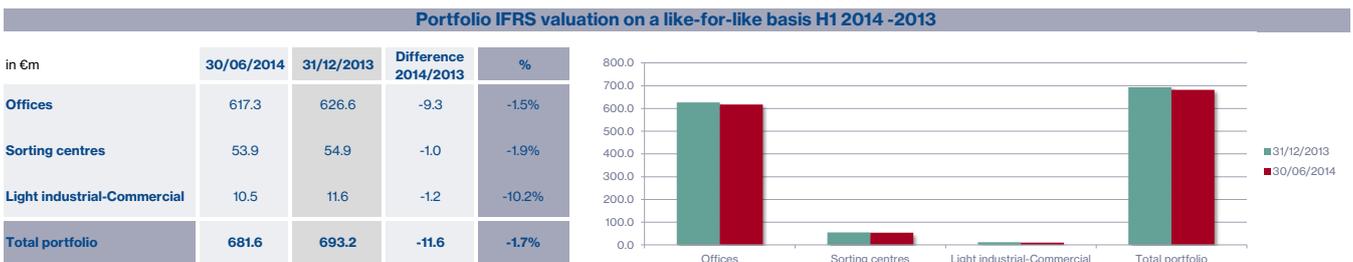
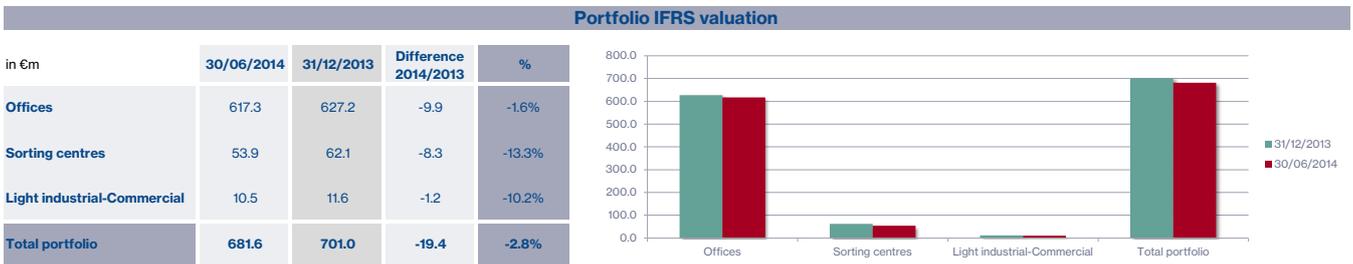
# Portfolio



## Portfolio value variation: core & non core business



## Portfolio value variation by type of assets



Portfolio value variation on a like-for-like basis = -1.7%

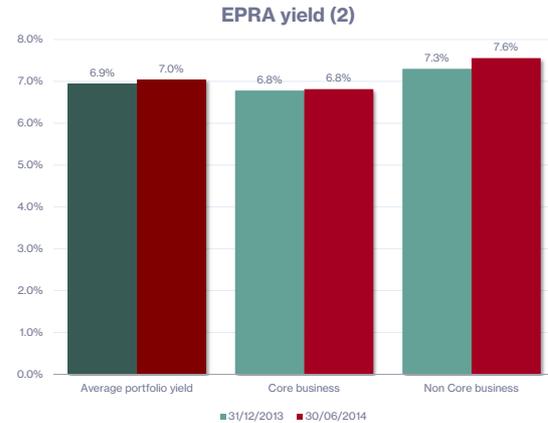
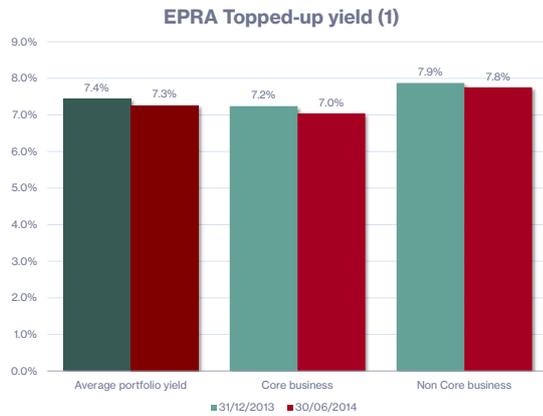
Amount of H1 2014 disposals: 8.3 M€



## Portfolio EPRA yield : core & non core business

EPRA Topped-up yield	30/06/2014	31/12/2013
<b>Average portfolio yield</b>	<b>7.3%</b>	<b>7.4%</b>
Offices Paris-IdF	7.0%	7.2%
<b>Core business</b>	<b>7.0%</b>	<b>7.2%</b>
Regional Offices	7.1%	7.1%
Other assets	9.2%	9.2%
<b>Non Core business</b>	<b>7.8%</b>	<b>7.9%</b>

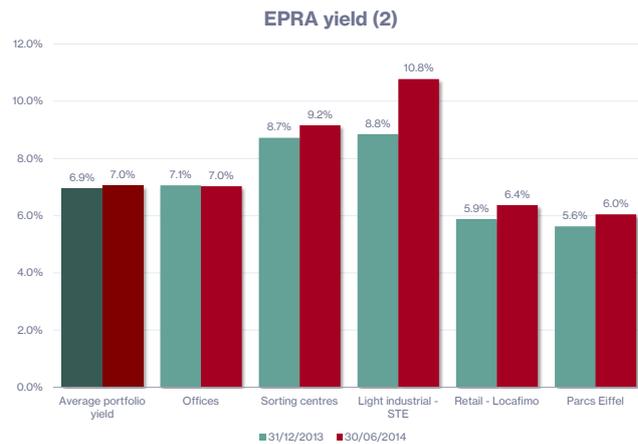
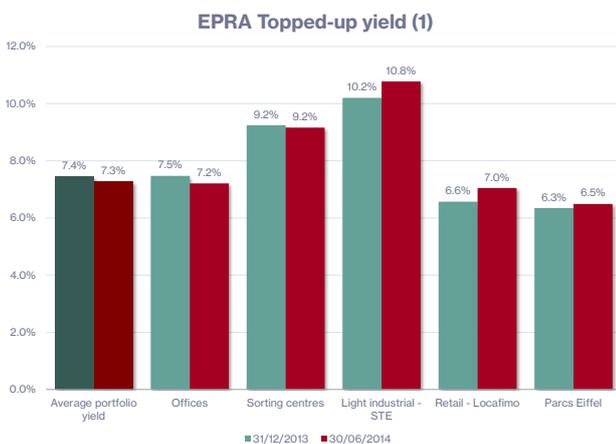
EPRA yield	30/06/2014	31/12/2013
<b>Average portfolio yield</b>	<b>7.0%</b>	<b>6.9%</b>
Offices Paris-IdF	6.8%	6.8%
<b>Core business</b>	<b>6.8%</b>	<b>6.8%</b>
Regional Offices	6.8%	6.6%
Other assets	9.2%	8.6%
<b>Non Core business</b>	<b>7.6%</b>	<b>7.3%</b>



## Portfolio EPRA yield by type of assets

EPRA Topped-up yield	30/06/2014	31/12/2013
<b>Average portfolio yield</b>	<b>7.3%</b>	<b>7.4%</b>
Offices	7.2%	7.5%
Sorting centres	9.2%	9.2%
Light industrial - STE	10.8%	10.2%
Retail - Locafimo	7.0%	6.6%
Parcs Eiffel	6.5%	6.3%

EPRA yield	30/06/2014	31/12/2013
<b>Average portfolio yield</b>	<b>7.0%</b>	<b>6.9%</b>
Offices	7.0%	7.1%
Sorting centres	9.2%	8.7%
Light industrial - STE	10.8%	8.8%
Retail - Locafimo	6.4%	5.9%
Parcs Eiffel	6.0%	5.6%



(1) EPRA topped-up yield (Net Initial Yield EPRA topped-up) : annual rent as at 30 June, not adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included

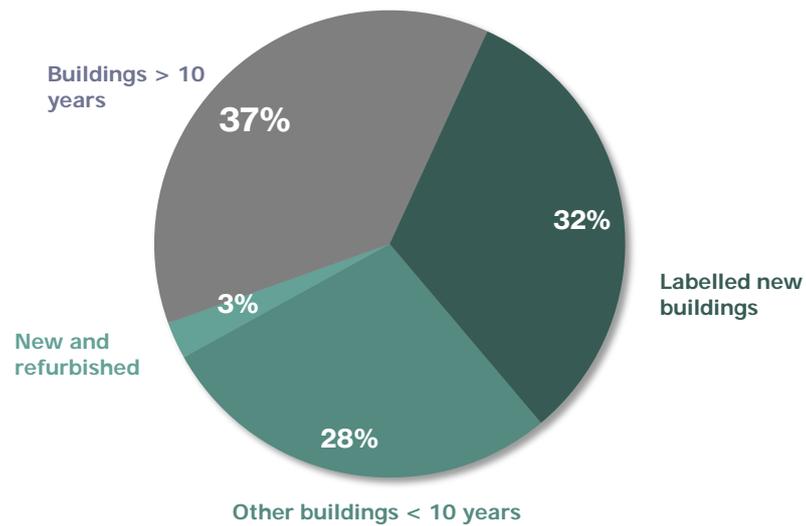
(2) EPRA yield (Net Initial Yield EPRA) : annual rent as at 30 June, adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included



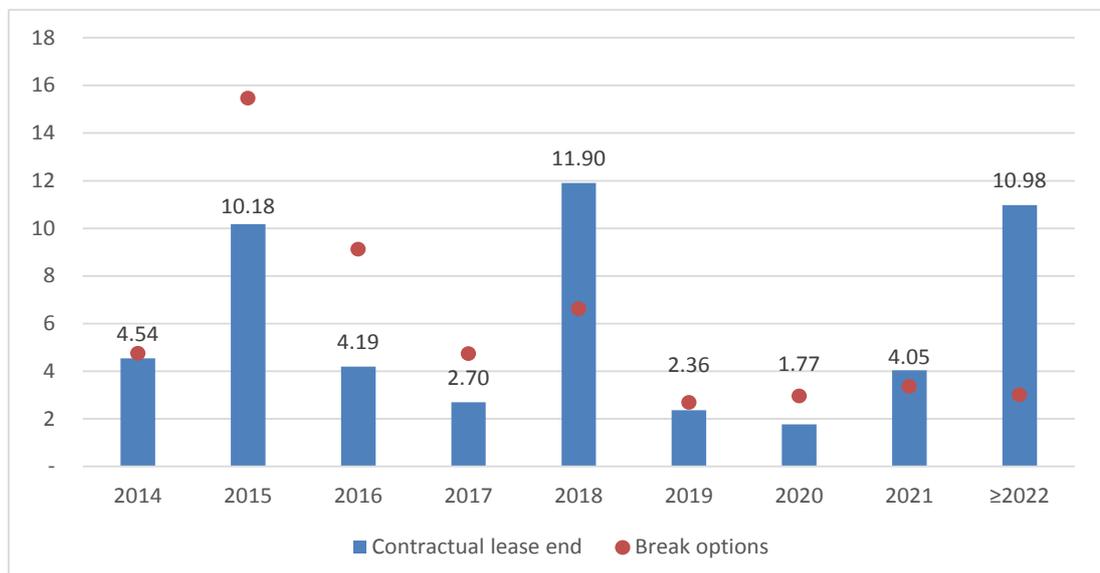
## Portfolio key indicators

### Buildings < 10 years : 63%

(in % of the net of transfer cost value)



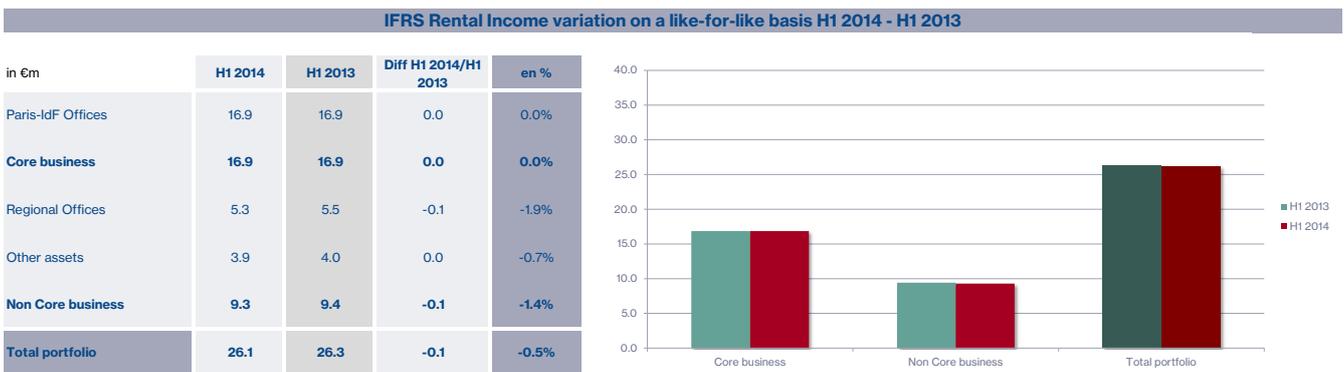
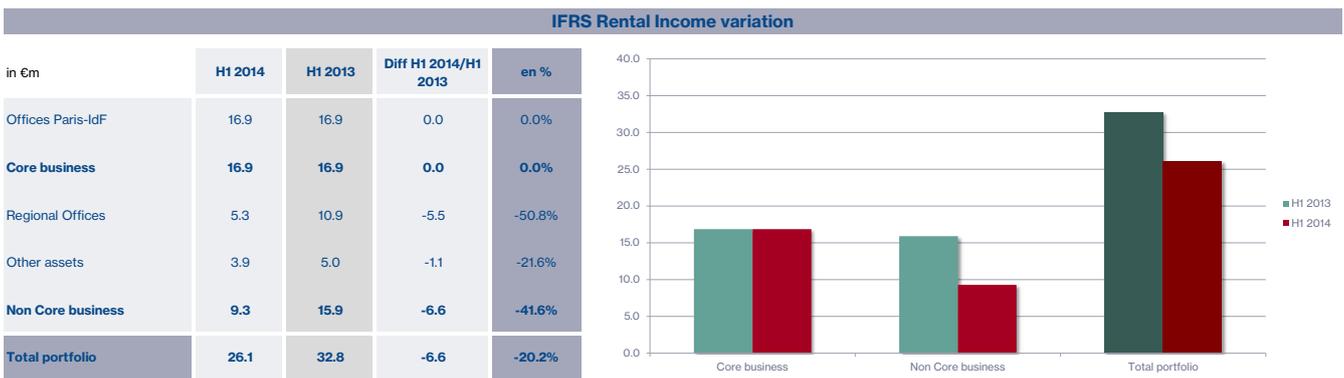
### Average lease term maturity in €m



# Rental income



**Rental income variation: core & non core business**



IFRS Rental income variation on a like-for-like basis = -0.5%	Impact of disposals on Rental income variation : € -6.5 m
---	---

# Financing

*Debt maturity schedule*

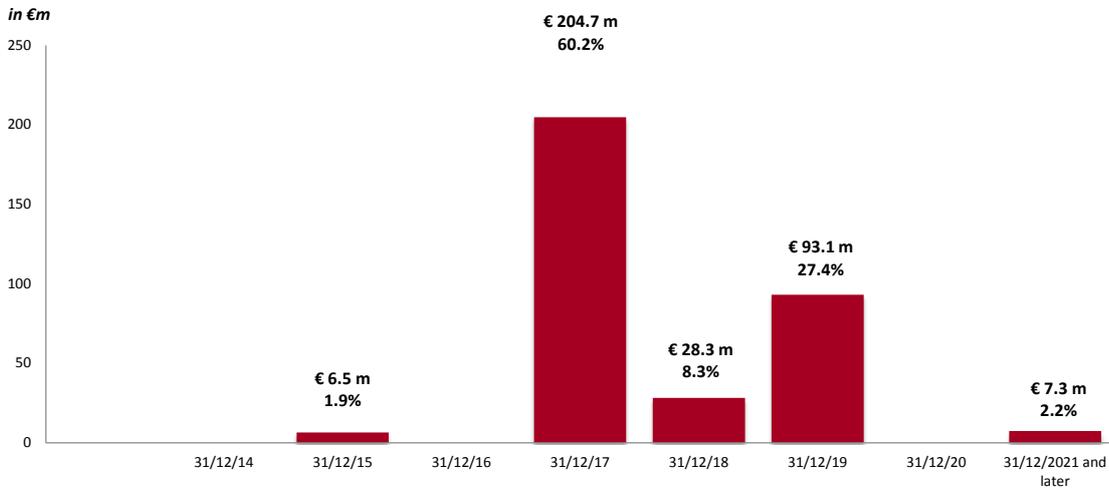
*Summary as at 30 June 2014*

*Financial structure*

*Hedging*



## Debt maturity schedule as at 30 June 2014



Amount of the consolidated debt as at 30 June 2014 : € 339.9m

## Financing - Summary as at 30 June 2014

As at 30 June 2014	Net consolidated debt in €m	Maturity	
PPB bank pool	160.8	11/17	- Average financial cost <b>3.84%</b>
Société Générale / Crédit Foncier	43.9	03/17	- Hedging <b>100%</b>
BECM / Société Générale	15.3	04/18	- Global net LTV <b>44.0%</b>
SAAR LB	93.1	06/19	- ICR global <b>253%</b>
OTHERS	26.9		
<b>TOTAL GROSS CONSOLIDATED DEBT</b>	<b>339.9</b>		
<b>TOTAL NET CONSOLIDATED DEBT</b>	<b>300.1</b>		



## Financial structure ratios

<i>in €m</i>	30 June 2014	31 Dec 2013	31 Dec 2012
Shareholder's equity	348.3	356.2	370.7
Gross financial debt	339.9	348.5	514.6
Net financial debt	300.1	327.1	511.5
<b>LTV (*)</b>	<b>44.0%</b>	<b>46.2%</b>	<b>55.9%</b>
<b>Average cost of finance</b>	<b>3.84%</b>	<b>3.9%</b>	<b>3.2%</b>
<b>Hedging</b>	<b>100%</b>	<b>100%</b>	<b>99%</b>
Debt maturity	3.9 years	4.4 years	5.3 years
<b>Group ICR (EBITDA / Financial cost)</b>	<b>2.5</b>	<b>2.3</b>	<b>2.7</b>

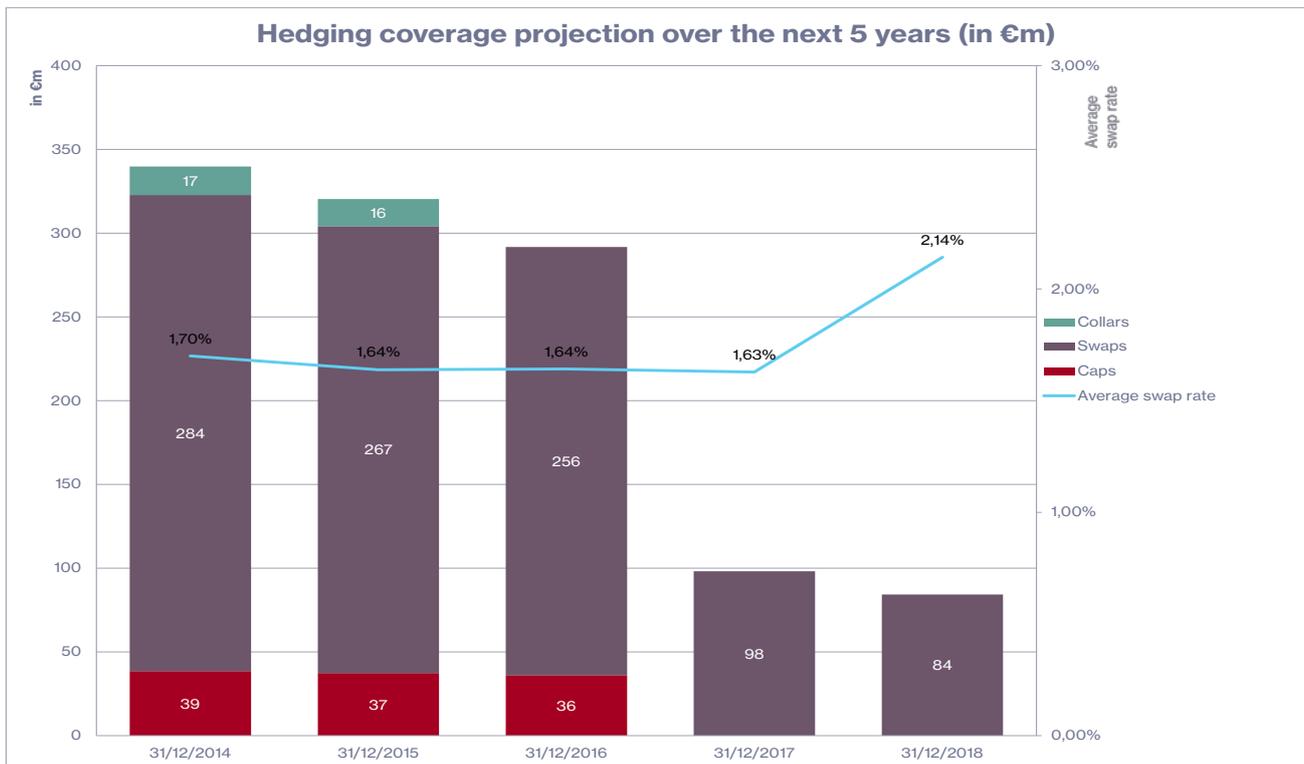
(\*) From H1 2014 onwards, cash deposits have been deducted from the net consolidated debt to determine the Group's LTV ratio. These cash deposits amount to € 3.9m as at 30 June 2014 (and € 2.9m as at 31 Dec 2013) and are recorded in the balance sheet as other financial assets. They are fully owned by the Group but are used as an additional guarantee to one of its core banks.

	30 June 2014	31 Dec 2013
LTV	44.60%	46.70%
LTV after Cash Deposit adjustment	44.00%	46.20%

**NB:**

- Sensibility to a 100 bp increase to Euribor 3M on cost of debt : +€ 0.4m

## Hedging - 30 June 2014



Hedging instruments notional as at 30 June 2014 : € 346.4m

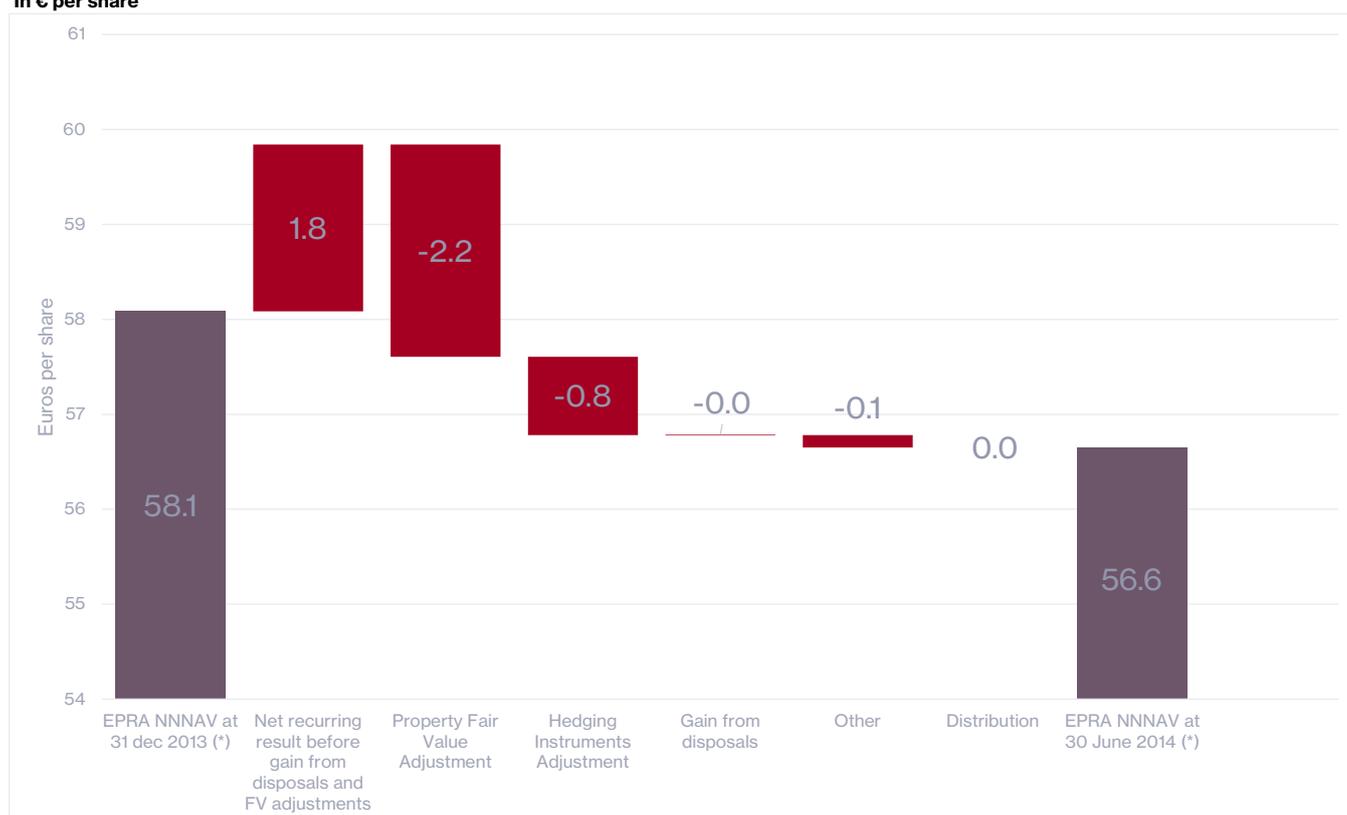
Difference with gross consolidated debt primarily linked to IFRS debt adjustment.

# NAV



### Variation of EPRA NNAV from 31/12/2013 to 30/06/2014

In € per share



(\*) Post-dilution total shares outstanding: 6 247 639 as at 30/06/2014, and 6 227 986 as at 31/12/2013

# Cash flow and summarised financial statements

*H1 2014 Cash flow*

*Summarised consolidated accounts*

*Consolidated balance sheet and income statement*

*Corporate balance sheet and income statement*



## **Recurring cash flow**

<b>in €m</b>	<b>H1 2014</b>	<b>H1 2013</b>	<b>Variation</b>
Gross rental income	26.1	32.8	-20.2%
Recurring property operating expenses	-4.5	-5.1	-12.1%
Recurring corporate expenses	-1.3	-2.2	-42.3%
Net finance costs	-6.7	-11.4	-41.3%
<b>Recurring cash flow</b>	<b>13.7</b>	<b>14.0</b>	<b>-2.5%</b>
<b>Recurring cash flow (in € / share *)</b>	<b>2.19</b>	<b>2.25</b>	<b>-2.9%</b>

(\*) number of shares as at 30/06/2014: 6 253 916 , number of shares as at 30/06/2013: 6 227 218



## Net consolidated result and EPRA earnings

in €m	H1 2014			H1 2013			Diff. EPRA (%)
	EPRA earnings	Non recurring	Result	EPRA earnings	Non recurring	Result	
Gross rental income	26.1		26.1	32.8		32.8	-20.2%
Property operating expenses (*)	-4.5	-0.1	-4.6	-5.1	-0.4	-5.5	
Corporate expenses	-1.6	-1.3	-2.9	-2.2	-1.0	-3.2	
<b>Current operating income</b>	<b>20.0</b>	<b>-1.4</b>	<b>18.7</b>	<b>25.4</b>	<b>-1.3</b>	<b>24.1</b>	<b>-21.1%</b>
<b>% of rents</b>	<b>76.7%</b>		<b>71.4%</b>	<b>77.6%</b>		<b>73.5%</b>	
Result from disposals		0.0	0.0		0.9	0.9	
Property fair value adjustment		-14.0	-14.0		-24.5	-24.5	
Other operating income and expenses	-0.1		-0.1	0.1	-0.1	0.0	
<b>Operating income</b>	<b>19.9</b>	<b>-15.4</b>	<b>4.5</b>	<b>25.5</b>	<b>-25.0</b>	<b>0.5</b>	<b>-22.0%</b>
<b>% of rents</b>	<b>76.1%</b>		<b>17.4%</b>	<b>77.9%</b>		<b>1.6%</b>	
Net finance cost	-7.4		-7.4	-10.8		-10.8	
Other financial income and expenses		-5.4	-5.4		9.6	9.6	
<b>Net financial results</b>	<b>-7.4</b>	<b>-5.4</b>	<b>-12.7</b>	<b>-10.8</b>	<b>9.6</b>	<b>-1.1</b>	<b>-31.4%</b>
<b>Profit/loss before tax</b>	<b>12.5</b>	<b>-20.7</b>	<b>-8.2</b>	<b>14.8</b>	<b>-15.4</b>	<b>-0.6</b>	<b>-15.1%</b>
Tax	0.0		0.0	-0.1		-0.1	
<b>Net profit / loss (Group share)</b>	<b>12.5</b>	<b>-20.7</b>	<b>-8.2</b>	<b>14.7</b>	<b>-15.4</b>	<b>-0.7</b>	<b>-14.5%</b>
<b>% of rents</b>	<b>47.9%</b>		<b>-31.4%</b>	<b>44.7%</b>		<b>-2.1%</b>	
<b>Net profit / loss (Group share) per share (**)</b>	<b>2.0</b>	<b>-3.3</b>	<b>-1.3</b>	<b>2.4</b>	<b>-2.5</b>	<b>-0.1</b>	<b>-14.8%</b>

(\*) including Tour Eiffel Asset Management costs

(\*\*) number of shares as at 30/06/2014: 6 253 916 ; number of shares as at 30/06/2013: 6 227 218

## Consolidated balance sheet

in €m	30June2014	31Dec2013
<b>Assets</b>		
Investment properties	640.5	692.4
Assets earmarked for disposal	41.1	8.6
Tangible fixed assets	0.0	0.0
Intangible fixed assets	0.0	0.0
Receivables	39.0	35.8
Cash and equivalent	36.2	21.7
<b>Total ASSETS</b>	<b>756.8</b>	<b>758.5</b>
<b>LIABILITIES</b>		
Share capital and reserves	348.3	356.2
<b>of which result</b>	<b>-8.2</b>	<b>-1.9</b>
Long term debt	339.9	348.5
Other liabilities	68.6	53.8
<b>Total LIABILITIES</b>	<b>756.8</b>	<b>758.5</b>