

2017 Annual Results

Construction of solid and sustainable cash flow continues

The Board of Directors of the Société de la Tour Eiffel, meeting on 7 March 2018, approved the annual financial statements as at 31 December 2017. The review procedures for these accounts have been completed and the corresponding reports are being issued.

Consolidated figures (audited)

	31/12/2017	31/12/2016
Portfolio value excluding transfer duties	€ 1 168.9m	€ 1 135.1m
Portfolio value at amortised cost	€ 950.2m	€ 934.4m
Net financial debt	€ 436.1m	€ 410.1m
Financial debt rate	2.06%	1.85%
Net LTV	37.3%	36.2%
EPRA NNAV (in €/share) *	58.3	58.9
	2017	2016
Rental income	€ 68.4m	€ 59.6m
Gross Operating Profit	€ 52.8m	€ 46.2m
<i>EPRA financial occupancy rate</i>	<i>87.5%</i>	<i>87.5%</i>
Net profit/loss	€ 17.3m	€ 17.1m
Net recurring profit/loss	€ 17.3m	€ 16.5m
EPRA earnings	€ 43.6m	€ 35.4m
Cash-flow	€ 45.2m	€ 38.9m
Cash-flow in €/share **	3.7	4.0

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

(**) weighted average of outstanding shares over FY

Significant improvement in operating indicators

Gross rental income amounted to €68.4 million in 2017, compared with €59.6 million in 2016, an increase of 14.8%.

The increase in rental income was mainly due to acquisitions made in 2016 (3 assets in Guyancourt, Puteaux and Nanterre-Préfecture and the Défense-Nanterre-Seine Eiffel park).

The increase in property expenses to €5.3 million in 2017 compared with €4.2 million in 2016 is due to the integration of the Défense-Nanterre-Seine Eiffel Park, which had a vacancy rate of 39% when acquired. Despite this, the charge rate remained well under control at 7.7% in 2017.

Net rental income available on the property portfolio amounted to €63.1 million in 2017 compared with €55.3 million in 2016.

Operating income on ordinary activities amounted to €26.3 million in 2017 after taking into account depreciation and corporate expenses (€25.4 million in 2016).

Current cash flow rose sharply by more than 16% to €45.2 million against €38.9 million for 2016.

Development projects on all land reserves

In line with its accumulation strategy, which consists in making acquisitions and developments at the same time, the Group is currently pursuing the opening-up of its land reserves for development, in Ile-de-France and in the other regions of France:

- ✓ In **Nanterre**, the focus is on three projects in the Défense-Nanterre-Seine Eiffel Park located alongside the A86 motorway, consisting of 19 office buildings and light industrial premises:
 - The NANTEUIL building (completed project): restoration work as part of a 6-year firm lease involving a floor space of 5,500 m², effective in the first quarter of 2018;
 - The NAVARQUE building (ongoing project): restructuring of a building with 6,300 m² of floor space for upgrading into light industrial and offices with handover scheduled for early 2019 and BREEAM RFO Good certification as an objective; 50% of the building is already leased and negotiations are well advanced on the remaining floor space;
 - The NANTURRA building (project under study): development of a new building for light industrial and offices with 2,760 m² of floor space;

- ✓ In **Massy** within the Ampère Atlantis integrated development zone (ZAC), the "Campus Eiffel Massy" project for the construction of more than 24,000 m² of floor space for light industrial and offices in several buildings: the objective of this campus which focuses on modularity and services is to propose a diversified commercial offer. The project has been divided into two phases:
 - Phase 1: a building permit was issued in July 2016 for the construction of a property complex of 4 HQE Excellent buildings with a surface area of 12,600 m². Work began in October 2017 with delivery scheduled for the second half of 2019;
 - Phase 2: approval was obtained in September 2016 for the construction of 12,150 m².

- ✓ in **Orsay** in the Parc Eiffel, (17,000 m² already existing for 16 buildings). A building permit was obtained in January 2018 for an additional building project involving 13,600 m², consisting of two HQE Excellent buildings (6,000 m² of offices and 7,600 m² of light industrial and offices premises and a restaurant).

- ✓ in **Marseille**, in the Parc Eiffel des Ayalades, (18,000 m²),
 - a 1,967 m² building certified BREEAM Good will be leased by SERAMM during Q2 2018 as part of an off-plan lease agreement (BEFA);
 - advanced negotiations are also underway for the leasing of a 2,600 m² building to be refurbished;
 - these projects will be followed by the construction of a new building, the Olivier, at the entrance to the park, with a surface area of 3,634 m² of offices and shops;

- ✓ in **Aix-en-Provence**, (30,000 m²) in the Parc du Golf, the construction of a new BREEAM Good building with 4,300 m² leased to Capgemini as part of an off-plan lease agreement (BEFA). Delivery took place in January 2018.

The Group has also expanded its presence in two business parks and a cluster with several acquisitions:

- ✓ Two buildings with 1,500 m² and 1,050 m² located in the Parc du Golf in Aix-en-Provence. These acquisitions enable the Group to increase its property portfolio to 30,000 m² out of a total surface area of 47,000 m², or 64% of the business park;
- ✓ A 1,300 m² building in the Eiffel Orsay business campus. This acquisition means the Group now owns the entire business park;
- ✓ in Montigny-le-Bretonneux, Diagonale Sud, an approximately 5,500 m² office building. This acquisition, which is part of the business cluster development strategy of Société de la Tour Eiffel, completes the Company's presence with more than 58,500 m² of premises held on the Yvelines cluster.

An increase in portfolio value

At 31 December 2017, the value of the Group's property portfolio amounted to €1,168.9 million, excluding transfer duties and fees, compared with €1,135.1 million as at 31 December 2016, the change being mainly due to developments launched over the period and the acquisition of the Diagonale Sud building.

Office buildings in Ile-de-France represent 86% of this value.

The valuation of the buildings represents an average net yield (EPRA topped up) of 5.5%, a figure that remained stable compared with year-end 2016.

The EPRA vacancy rate remained at a level of 12.5% at 31 December 2017, marked by the vacancy resulting from the recently acquired Défense-Nanterre-Seine Eiffel Park, in which some of the buildings are undergoing renovation or restructuring.

On this basis and after dividend distribution of €3 per share, the EPRA Triple Net Asset Value per share stands at €58.3. It was €58.9 per share at year-end 2016.

Extension of debt maturity and maintenance of the *Loan To Value* (LTV) ratio

Overall gross debt as at 31 December 2017 stood at €449.1m, as against €432.7m at 31 December 2016.

Net debt (adjusted for cash and cash equivalents) amounted to €436.1m.

The Group's level of indebtedness at 31 December 2017 therefore represented 37.3% of its property assets, against 36.2% at 31 December 2016.

In fiscal 2017, the Group carried out the operations it had announced to extend the maturity of its debt with the issuance of a 10-year bond (EURO PP) of €90 million and the signing of two 7-year loans (Revolving Credit

Facility) for a total amount of €160m, of which €120m was drawn as at 31 December 2017. A total of €174 million was used to partially repay a €210 million bank loan maturing in October 2018.

The Group's average financing rate increased slightly compared with 2016, rising from 1.85% to 2.06% but remaining at a historically low level.

Given these items, the Group's average term of debt stood at 7.2 years at 31 December 2017 against 4.6 years at year-end 2016, or 2.6 additional years of debt maturity.

An attractive dividend will be proposed in shares or cash

The Board of Directors will propose to the Shareholders' Meeting the distribution of a dividend of €3.0 per share in shares or cash, payment of which will be made within the legal time-frame. The dividend represents a return of 5.6% based on the average share price of 2017.

Future prospects

"The results of the 2017 fiscal year are consistent with the progress of the plan we have deployed for more than 3 years. Having strengthened its fundamentals, the property company is now pursuing its strategy to increase the size of its property portfolio to €1.5bn. The priority today is the pre-leasing of projects under development and the teams of Société de la Tour Eiffel are taking action to upgrade the service offer that underpins the change and development of our business parks both in Ile-de-France and in the other regions. Backed by that dynamic, I have every confidence that we shall see the Group undertake new developments and projects in 2018," said Philippe Lemoine, Managing Director of Société de la Tour Eiffel.

About Société de la Tour Eiffel

A listed real estate investment company (SIIC) on Euronext Paris, the company pursues a strategy focused on the ownership and the development of quality offices capable of attracting a wide range of quality tenants. The company's portfolio stood at 1.169bn Euros for close to 500,000 m² of assets mainly located in the Paris region as at 31 December 2017.

Société de la Tour Eiffel is listed on Euronext Paris (Compartment B) – ISIN Code: FR0000036816 - Reuters: TEIF.PA – Bloomberg: EIFF.FP - Indexes: IEIF Foncières, IEIF Immobilier France

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Key figures

Portfolio

Result

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Market capitalisation

Financial structure

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EPRA key performance indicators



Key figures

	31Dec2017	31Dec2016
Portfolio		
Portfolio valuation at depreciated cost (€m)	950.2	934.4
Portfolio valuation at Fair Value (excl. Transfer costs) (€m)	1 168.9	1 135.1
EPRA NAV (*)	58.2	58.8
EPRA NNAV (*)	58.3	58.9

	FY2017	FY2016
Results		
Rental income (€m)	68.4	59.6
Current operating profit (€m)	26.3	25.4
Net profit - Group share (€m)	17.3	17.1
Net profit - Group share per share (€) (**)	1.4	1.8
EPRA earnings	43.6	35.4

	FY2017	FY2016
Cash flow and dividend		
Recurring Cash Flow (€m)	45.2	38.9
Recurring Cash Flow per share (€) (**)	3.7	4.0
Dividend per share (€)	3.0	3.0
Pay out Ratio (Dividend / recurring Cash flow)	81%	75%

	31Dec2017	31Dec2016
Market capitalisation		
Number of outstanding shares at the end of the period	12 254 546	12 110 509
Share price (€)	55.4	52.5
Market capitalisation (€m)	679.4	635.8

	31Dec2017	31Dec2016
Financial structure		
Consolidated Equity (€m)	495.2	506.9
Gross financial debt / Shareholders' equity	0.9	0.9
Net Group LTV	37.3%	36.2%
EBITDA / Financial costs	5.7	5.8

	31Dec2017	31Dec2016
Valuation ratios		
Cash flow multiple (Capitalisation / cash flow)	15.0	16.3

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

(**) weighted average of outstanding shares over FY (12 177 133 as at 31/12/2017 compared to 9 713 279 as at 31/12/2016)



EPRA key performance indicators

	FY2017	FY2016	Diff %
EPRA earnings (1)			
EPRA earnings in €m	43.6	35.4	23.2%
EPRA earnings in € per share (**)	3.58	3.64	-1.8%

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

	31Dec2017	31Dec2016	Diff %
EPRA NAV and EPRA NNAV			
EPRA NAV in €m	714.3	713.5	0.1%
EPRA NAV in € per share (*)	58.2	58.8	-1.0%
EPRA NNAV in €m	715.1	714.6	0.1%
EPRA NNAV in € per share (*)	58.3	58.9	-1.0%

	31Dec2017	31Dec2016	Diff %
EPRA yield (EPRA NIY)			
EPRA topped-up yield (2)	5.47%	5.54%	-1.3%
EPRA yield (3)	5.29%	5.27%	0.3%

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

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

	31Dec2017	31Dec2016	Diff %
EPRA vacancy rate (4)			
Portfolio up and let	12.5%	12.5%	-0.3%

(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.

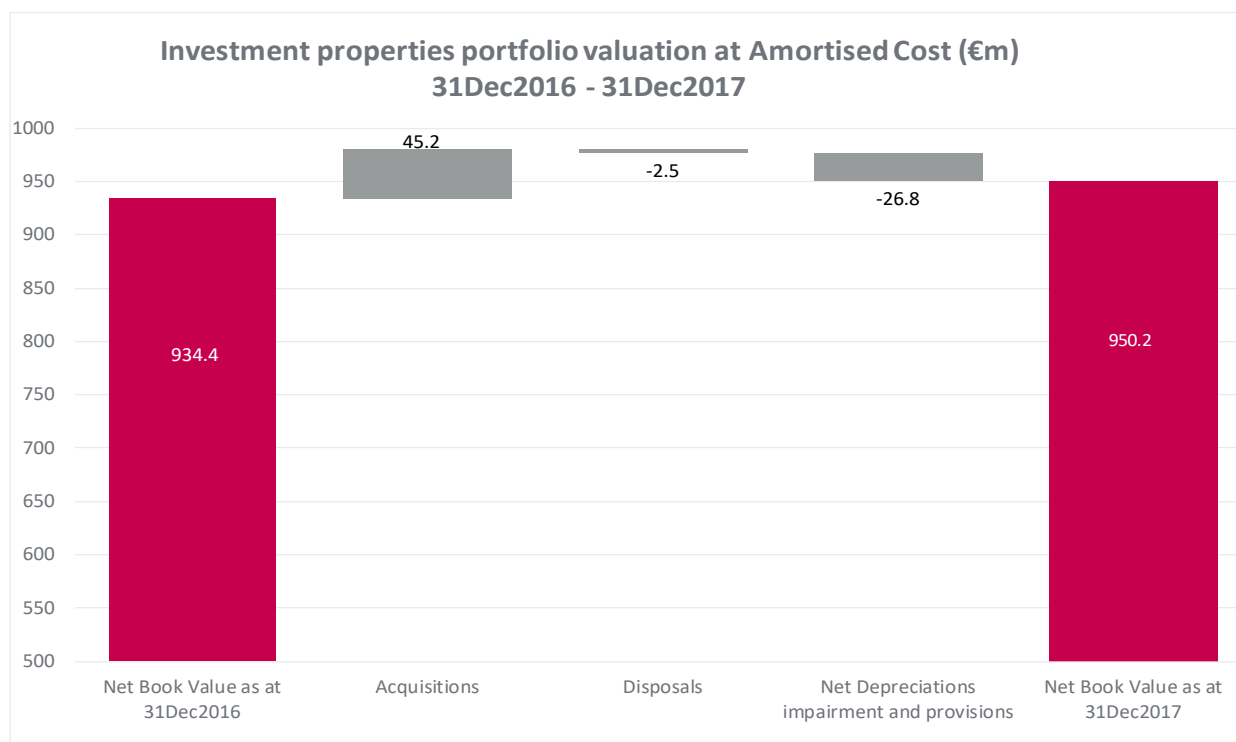
(*) fully diluted number of shares at end of period

(**) weighted average of outstanding shares over FY

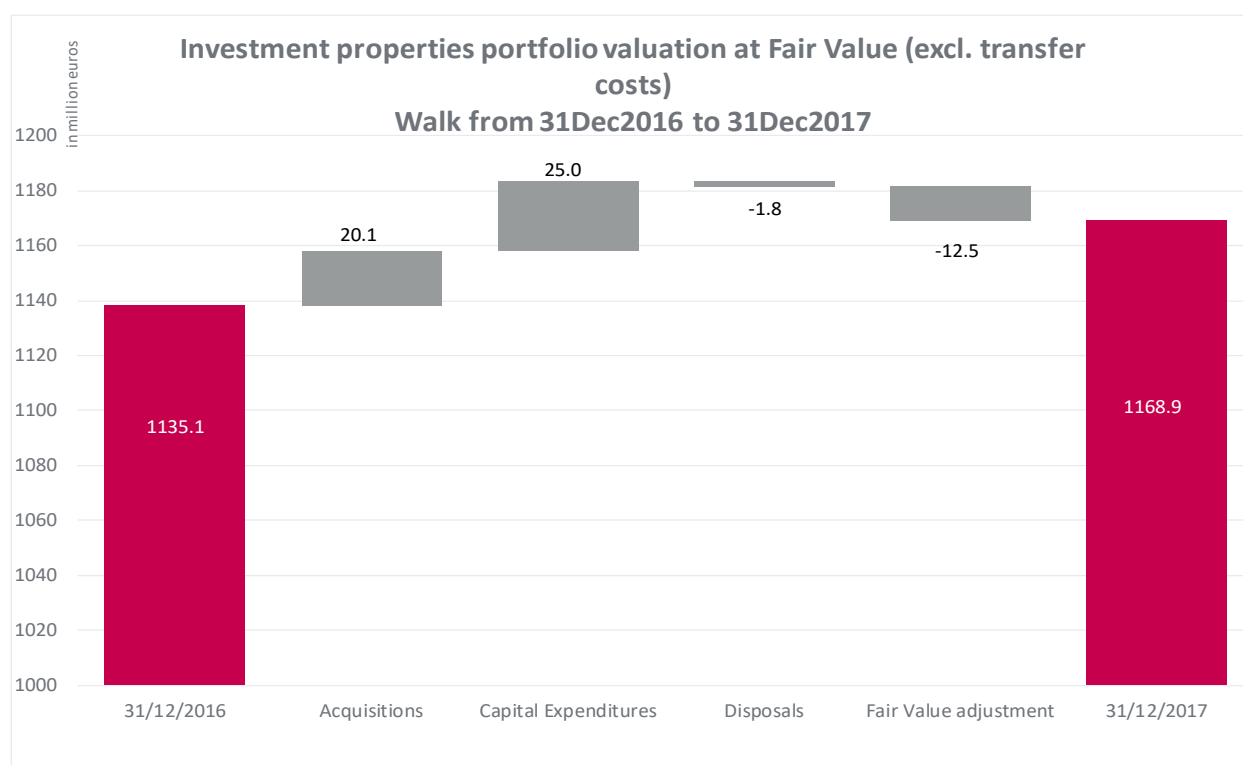
Portfolio



Portfolio valuation at Amortised Cost



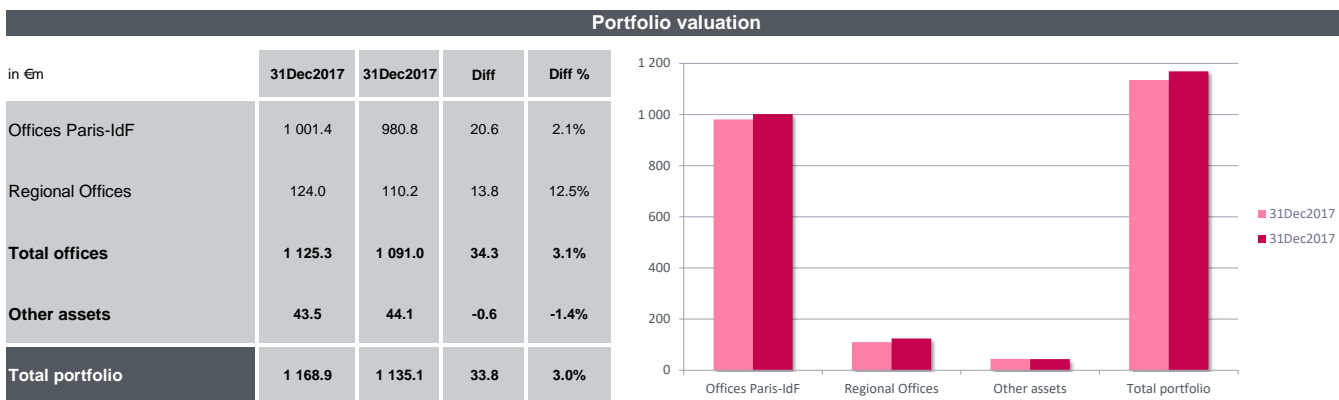
Portfolio valuation at Fair Value



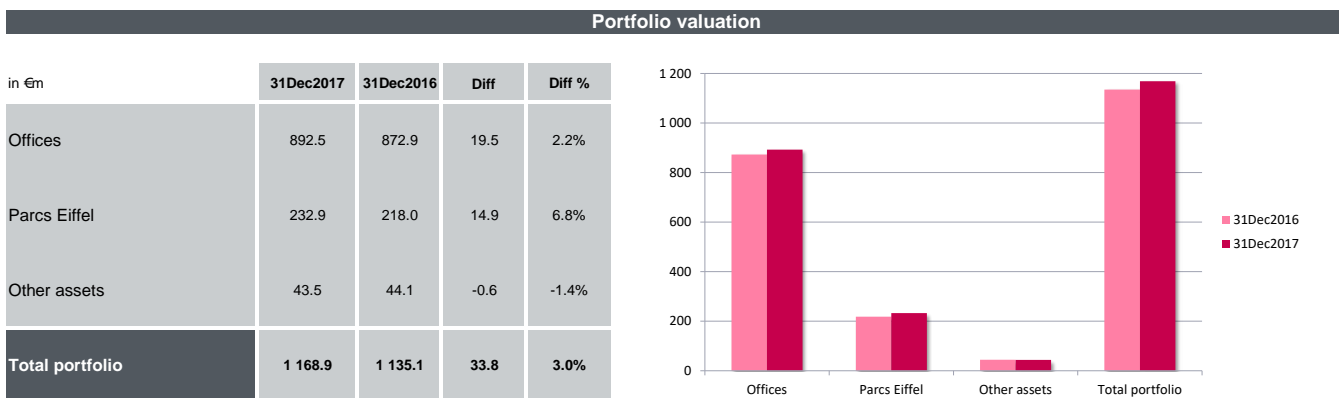


Portfolio valuation at Fair Value

Change in portfolio value : core & non core business



Change in portfolio value per type of assets



Amount of FY 2017 investments: €20.1 m (cost price)

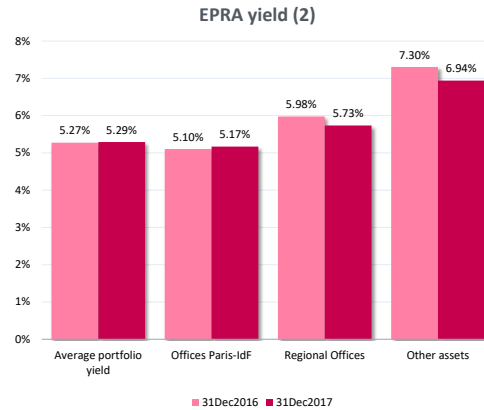
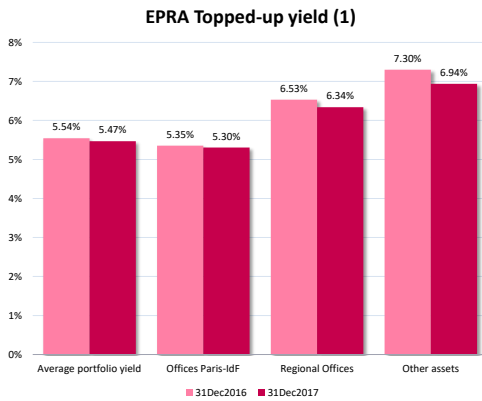
Amount of FY 2017 disposals: €1.8m



Portfolio EPRA yield

EPRA Topped-up yield	31Dec2017	31Dec2016
Average portfolio yield	5.47%	5.54%
Offices Paris-IdF	5.30%	5.35%
Regional Offices	6.34%	6.53%
Total offices	5.41%	5.47%
Other assets	6.94%	7.30%

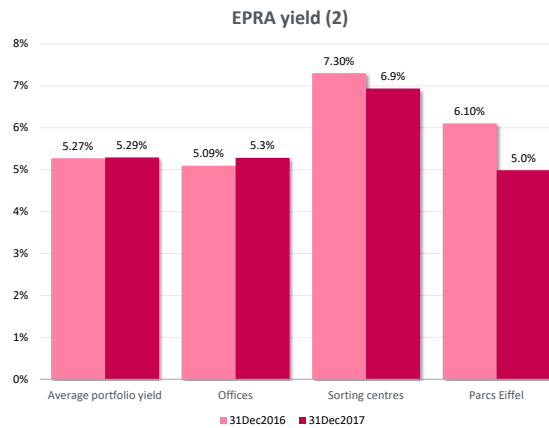
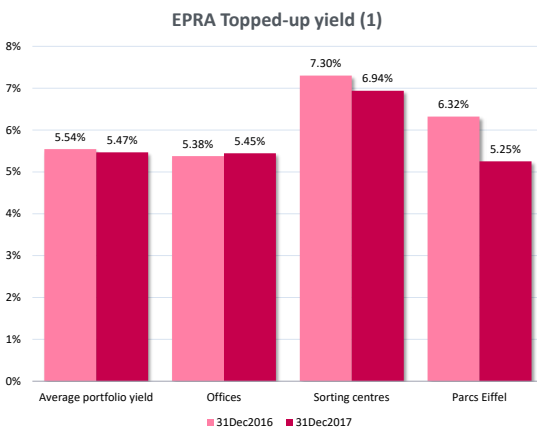
EPRA yield	31Dec2017	31Dec2016
Average portfolio yield	5.29%	5.27%
Offices Paris-IdF	5.17%	5.10%
Regional Offices	5.73%	5.98%
Total offices	5.23%	5.19%
Other assets	6.94%	7.30%



Portfolio EPRA yield per type of assets

EPRA Topped-up yield	31Dec2017	31Dec2016
Average portfolio yield	5.47%	5.54%
Offices	5.45%	5.38%
Sorting centres	6.94%	7.30%
Parcs Eiffel	5.25%	6.32%

EPRA yield	31Dec2017	31Dec2016
Average portfolio yield	5.29%	5.27%
Offices	5.3%	5.09%
Sorting centres	6.9%	7.30%
Parcs Eiffel	5.0%	6.10%



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

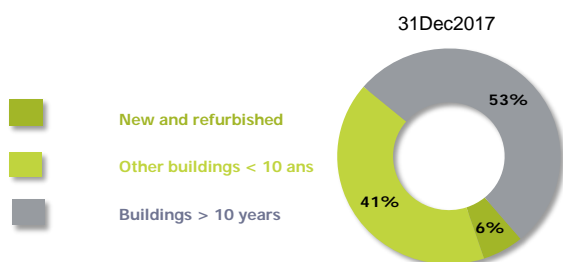
(2) EPRA yield (Net Initial Yield EPRA) : annual rent at end of period, adjusted for rental concessions, net of service charges, divided by the portfolio valuation (Fair Value), transfer costs included



Portfolio key indicators

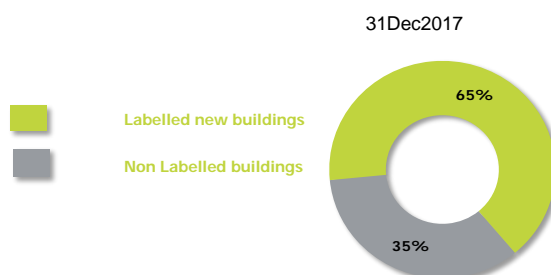
Buildings < 10 years: 47 %

(in % of the net of transfer cost value)

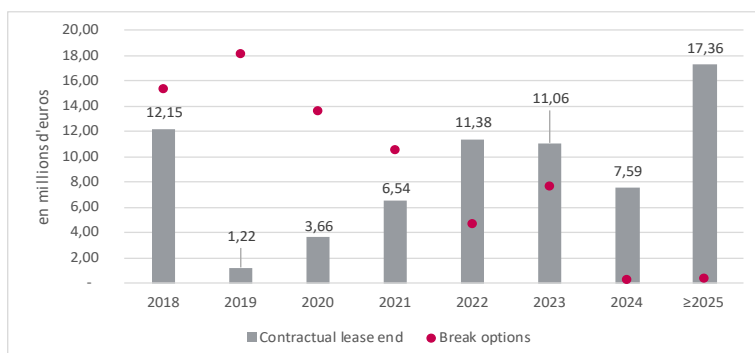


Labelled new buildings

(in % of the net of transfer cost value)



Portfolio lease maturity in €m



Rental income



Rental income variation

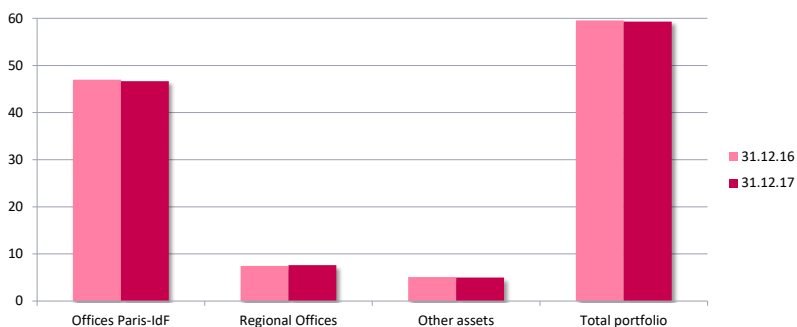
IFRS Rental Income variation

in €m	31.12.17	31.12.16	Diff	Diff %
Offices Paris-IdF	55.8	47.0	8.8	18.7%
Regional Offices	7.6	7.5	0.2	2.3%
Total offices	63.4	54.4	9.0	16.5%
Other assets	5.0	5.1	-0.1	-2.3%
Total portfolio	68.4	59.6	8.8	14.8%



IFRS Rental Income variation on a like-for-like basis HY 2017 - HY 2016

in €m	31.12.17	31.12.16	Diff	Diff %
Offices Paris-IdF	46.7	47.0	-0.3	-0.7%
Regional Offices	7.6	7.5	0.2	2.3%
Total offices	54.3	54.4	-0.1	-0.3%
Other assets	5.0	5.1	-0.1	-1.7%
Total portfolio	59.3	59.5	-0.2	-0.4%



IFRS Rental income variation on a like-for-like basis = -0.4%

Impact of investments on Rental income variation: +€9.1m
Impact of disposals on Rental income variation: none (investment property sold in Decembre 2017)



Financing

Debt maturity schedule

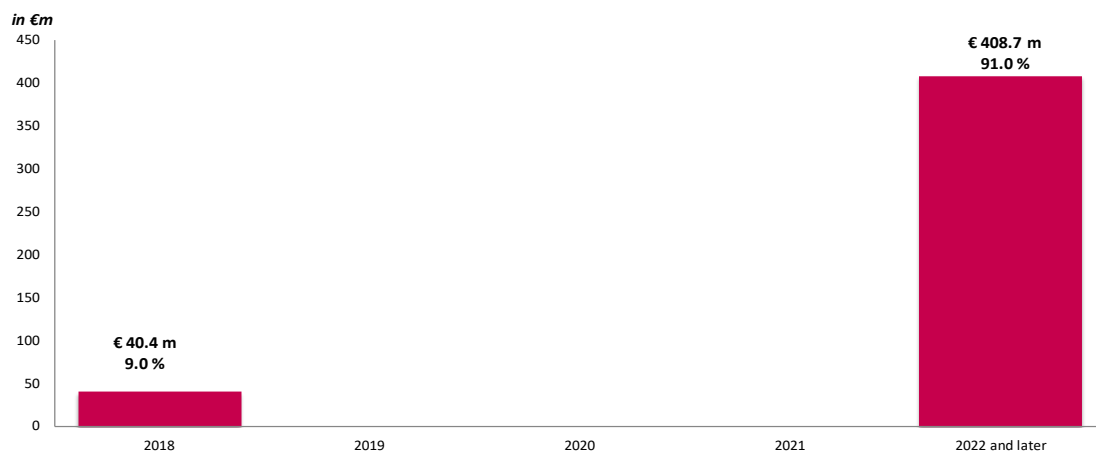
Summary as at 31 December 2017

Financial structure

Hedging instruments



Debt maturity schedule as at 31 12 2017



Amount of consolidated debt as at 31 December 2017: € 449.1 m

Financing - Summary as at 31 December 2017

As at 31 December 2017	Net consolidated debt in €m	Maturity	
RCF POOL BNP	35.9	10/2018	- Average financial cost 2.06%
RCF POOL Cadif	99.7	04/2024	- Hedging 100.0%
RCF Natixis (1)	19.6	12/2024	- Global net LTV 37.3%
Obligation Euro PP 2015	202.9	07/2025	- ICR global 570%
Obligation Euro PP 2017	91.0	07/2027	
TOTAL GROSS CONSOLIDATED DEBT	449.1		
TOTAL NET CONSOLIDATED DEBT	436.1		

(1) As of 31 December 2017, €20m have been drawn out of €60m total credit facility



Financial structure ratios

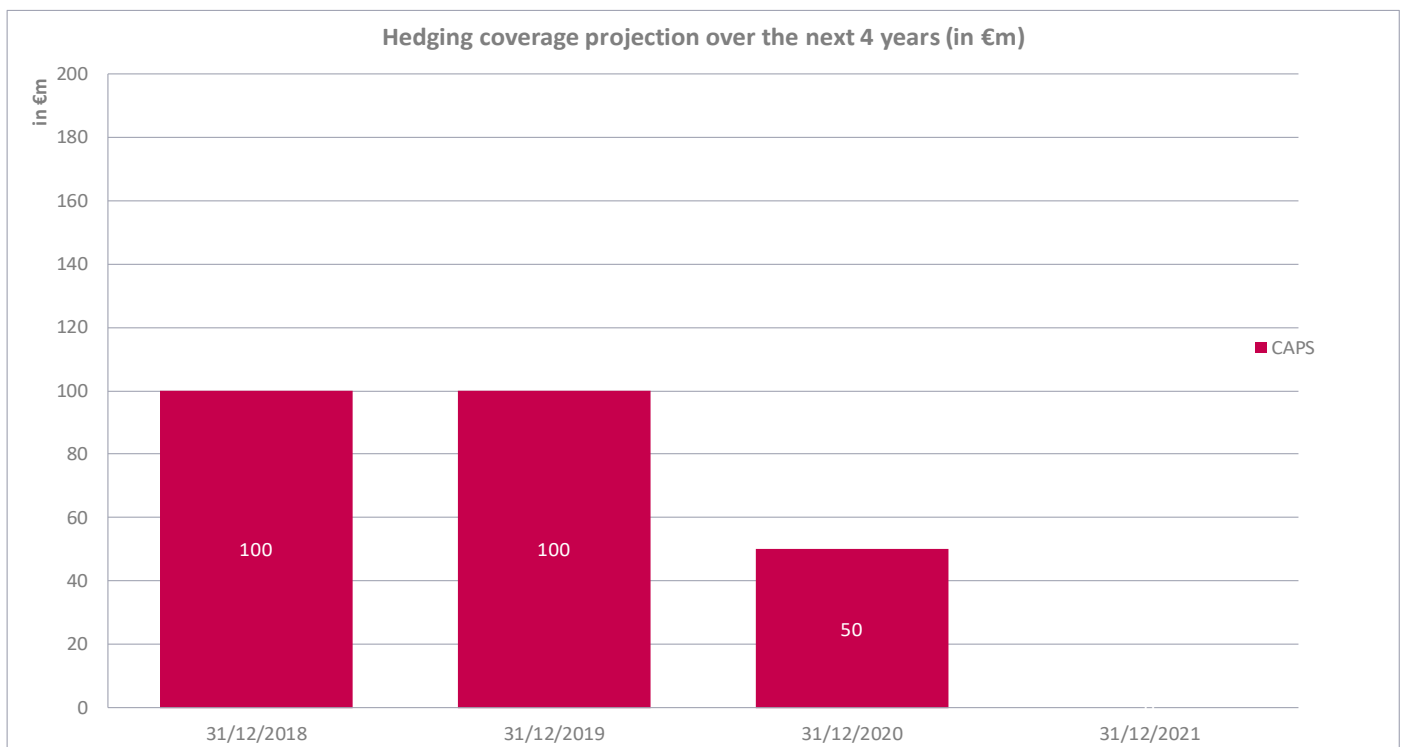
<i>in €m</i>	31Dec2017	31Dec2016	Diff %
Shareholders' equity	495.2	506.9	-2.3%
Gross financial debt	449.1	432.7	3.8%
Net financial debt	436.1	410.1	6.3%
LTV	37.3%	36.2%	3.1%
Average cost of finance	2.1%	1.8%	11.6%
Hedging	100.0%	97%	3.2%
Debt maturity	7.2 years	4.6 years	56.5%
Group ICR (EBITDA / Financial cost)	5.7	5.8	-1.0%

NB :

- Sensibility to a 100 bp increase to 3M Euribor on cost of debt: +€0.7m (on a yearly basis)

- Sensibility to a 100 bp decrease to 3M Euribor on cost of debt: -€1.0m (on a yearly basis)

Hedging - 31 December 2017



Hedging instruments notional as at 31 December 2017 : € 160.0m

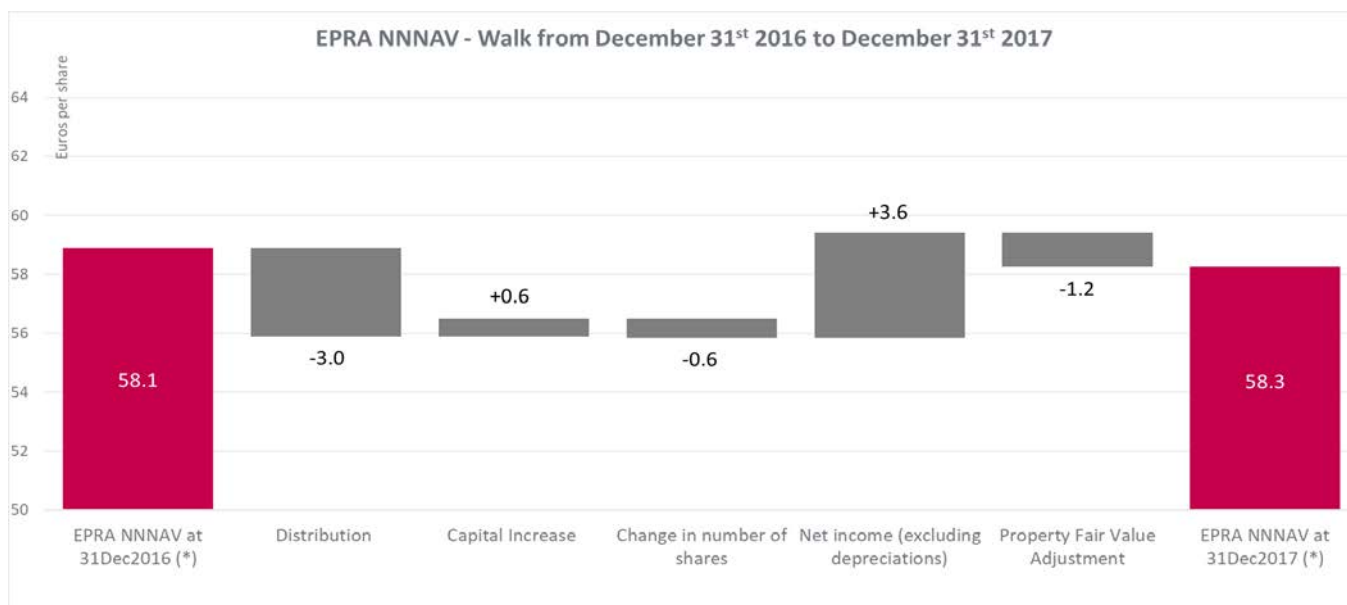
NAV



EPRA NNAV

Change in EPRA NNAV from 31Dec2016 to 31Dec2017

In € per share



(*) Fully diluted number of shares: 12 272 857 as at 31Dec2017, and 12 134 254 as at 31Dec2016

Cash flow and summarised financial statements

Cash flow

Net consolidated result and EPRA Earnings

Consolidated balance sheet



Recurring cash flow

in €m	FY 2017	FY 2016	Diff %
Gross rental income	67.6	59.1	14.5%
Recurring property operating expenses	-5.2	-4.1	27.3%
Recurring corporate expenses	-9.6	-8.5	13.1%
Net financial costs	-7.6	-7.6	0.4%
Recurring cash flow	45.2	38.9	16.1%
Recurring cash flow (in €/ share *)	3.7	4.0	-7.7%



Net consolidated result and Net recurring result

	FY 2017	FY 2016	
	Net Income	Net Income	Change in Net Income (%)
<i>En M€</i>			
Gross rental income	68.4	59.6	14.9%
Property operating expenses	-5.3	-4.2	
Net operating income	63.1	55.3	14.1%
Corporate expenses	-10.4	-9.1	
EBITDA	52.8	46.2	14.1%
Net depreciation	-26.8	-20.7	
Impairment & provisions	0.3	-0.2	
Current operating income	26.3	25.4	3.6%
<i>% of rents</i>	<i>38.4%</i>	<i>42.6%</i>	
Result from disposals	0.66	1.83	
Other operating income and expenses	0.3	-0.4	
Operating income	27.3	26.8	1.8%
<i>% of rents</i>	<i>39.8%</i>	<i>44.9%</i>	
Net financial cost	-9.3	-8.4	
Other financial income and expenses	-0.4	-1.2	
Net financial results	-9.7	-9.6	1.3%
Net income before tax	17.6	17.2	2.1%
Tax	-0.3	-0.1	
Net profit/loss (Group share)	17.3	17.1	1.1%
<i>% of rents</i>	<i>25.3%</i>	<i>28.7%</i>	
Net profit/loss (Group share) per share (*)	1.42	1.76	-19.4

(*) Weighted average number of outstanding shares for FY 2017: 12 177 133, number of shares for FY 2016: 9 713 279

EPRA Earnings

in €m	FY 2017	FY 2016	VAR %
Earnings per IFRS income statement	17.3	17.1	1.1%
adjustments to calculate EPRA Earnings, exclude:			
(i) Changes in value of investment & development properties / or net depreciation allowance	26.5	20.8	27.4%
(ii) P / L on disposal of investment & development properties	-0.7	-2.0	-66.5%
(iii) P / L on sales of trading properties including impairment charges in respect of trading properties	0.0	0.0	-100.0%
(iv) Tax on profits or losses on disposals	N/A	N/A	N/A
(v) Negative goodwill / goodwill impairment	N/A	N/A	N/A
(vi) Changes in Fair Value of financial instruments & close-out costs	0.5	-0.5	185.2%
(vii) Acquisition costs on share deals and non-controlling Joint Venture interests	N/A	N/A	N/A
(viii) Deferred tax in respect of EPRA adjustments	N/A	N/A	N/A
(ix) Adjustments above in respect of Joint Venture (non consolidated)	N/A	N/A	N/A
(x) Minority interests in respect of the above	N/A	N/A	N/A
EPRA Earnings	43.6	35.4	23.1%
Average weighted of outstanding shares over FY (millions)	12.177133	9.713279	25.4%
EPRA Earnings per share	3.58	3.64	-1.8%

(*) Weighted average number of outstanding shares for FY 2017: 12 177 133, number of shares for FY 2016: 9 713 279



Consolidated balance sheet

<i>in €m</i>	31Dec2017	31Dec2016	Diff	Diff%
Assets				
Investment properties	945.9	930.1	15.9	1.7%
Assets earmarked for disposal	4.3	4.3	-0.1	-1.8%
Tangible fixed assets	0.6	0.6	0.0	-4.8%
Intangible fixed assets	0.3	0.0	0.3	4171.4%
Receivables	41.8	42.4	-0.6	-1.5%
Cash and equivalent	13.0	22.6	-9.6	-42.4%
Total ASSETS	1 005.9	1 000.0	5.8	0.6%
LIABILITIES				
Share capital and reserves	495.2	506.9	-11.7	-2.3%
including result	17.3	17.1	0.2	1.1%
Long term debt	449.1	432.7	16.4	3.8%
Other liabilities	61.6	60.5	1.1	1.9%
Total LIABILITIES	1 005.9	1 000.0	5.8	0.6%