



PRESENTATION

annual results

2008

5th MARCH 2009



2008 annual results presentation

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Summary

- A. Economic and real estate background
- B. STE confronting the crisis
- C. Credence in the business model
- D. Real estate portfolio
- E. Financial results
- F. Conclusion
- G. Calendar



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A. Economic and real estate background

Rueil Malmaison - CityZen



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A. Economic and real estate background

Global recession

- Somber macro economic outlook
- Financial context
 - Crisis of confidence
 - Credit crunch
 - Traditional values under threat
 - Global fall in all categories of asset values
- Economic recession
 - Negative growth, increased unemployment
 - Impact on take up of space
- Accentuated decline since October 2008
 - Before and after Lehman Brothers !



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A. Economic and real estate background

France – relative resilience

- Political stability :
 - Credible executive
 - State intervention, active support of the economy
- Economy appears less vulnerable than other Euro Zone countries
- Banking system « relatively » sound
- Fall in interest rates
- Property supply inventories low
 - Residential
 - Commercial



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A. Economic and real estate background

Real estate market in France (1/3)

► Leasing market (Paris offices) – Demand weakening

- Recession causes leasing market contraction
 - 2008 → – 15%; 2009 projection → – 25% (1.7 million m²)
 - 2009 expected out-turn in the lower end of the spectrum of last 10 years (2.2 million m² on average)
 - Increasing vacancy rate
 - Rents under pressure, notably prime and CBDs
 - Enquiries motivated by rationalisation and cost cuttings
 - Protracted negotiations
 - Increased tenant incentives
 - Absence of over-supply for the present
 - ✓ New or refurbished segment declining
 - ✓ Development pipeline uncertain
 - No dominant tenant category (e.g. financial services)



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A. Economic and real estate background

Real estate market in France (2/3)

► Annual indexation : under fire

- Hike in cost of construction indice
- Consensus for a new index (ILT)
- Rent renewals likely to prove more complex
- STE adopts a moderate and pragmatic stance in tenant relations



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A. Economic and real estate background

Real estate market in France (3/3)

► Investment market : hitting the buffers

- Year on year transaction fall off (-50%) masks abrupt dislocation since September
- Drastic reduction in lot size
- Majority French institutions, equity buyers
- Few foreign / leveraged buyers
- Development market shut down
- Yield expansion



B. STE confronting the crisis

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Porte des Lilas - Domino



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B. STE confronting the crisis

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2008 key figures

En M€	31/12/2008	31/12/2007
Consolidated key figures		
Gross rental income	70.6	72.4
Current operating income	50.6	52.7
Fair value adjustment and disposal gains	-34.3	62.7
Net consolidated profit	-16.7	91.6
In € per share		
Cash Flow per share	3.6 €	4.5 €
NAV excl. transfer costs	88.5 €	101.9 €
NAV incl. transfer costs	93.3 €	107.4 €
Dividend per share (*) (proposal to the AGM of 14/05/2009)	5 €	6 €

(*) including contributions from disposal gains 2007/08



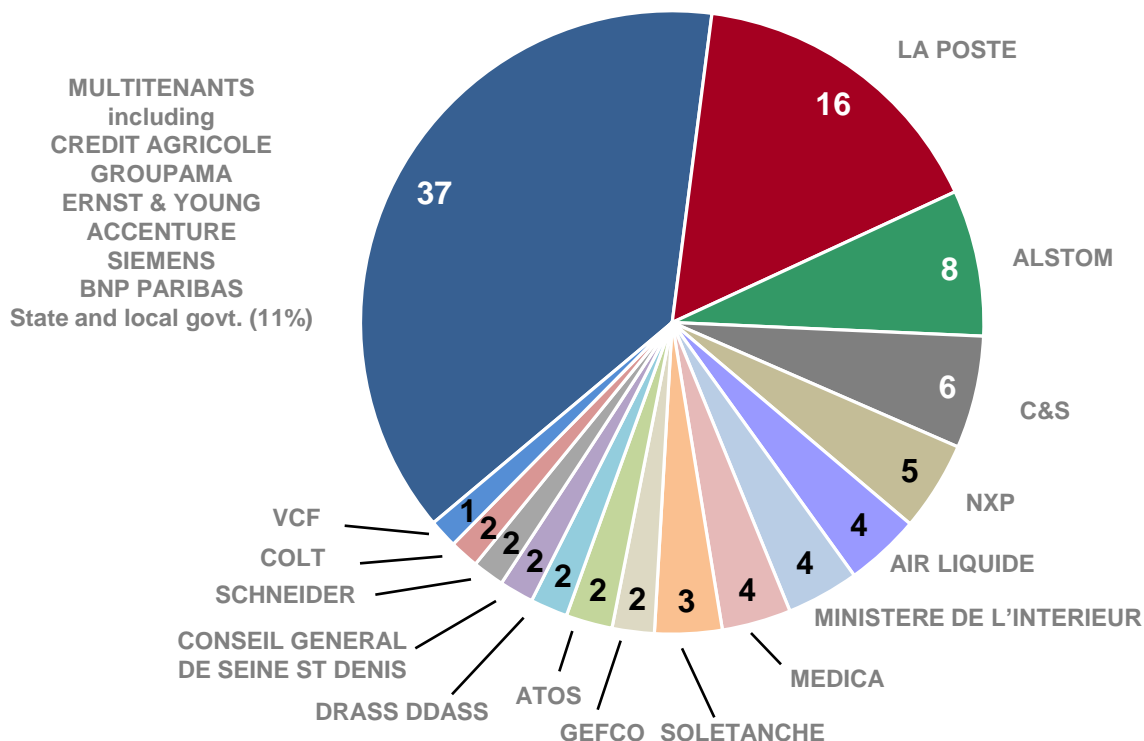
D. Real estate portfolio

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A portfolio secured by quality covenants

Tenant breakdown as a % of total rents



Average rent:
128 €/m²



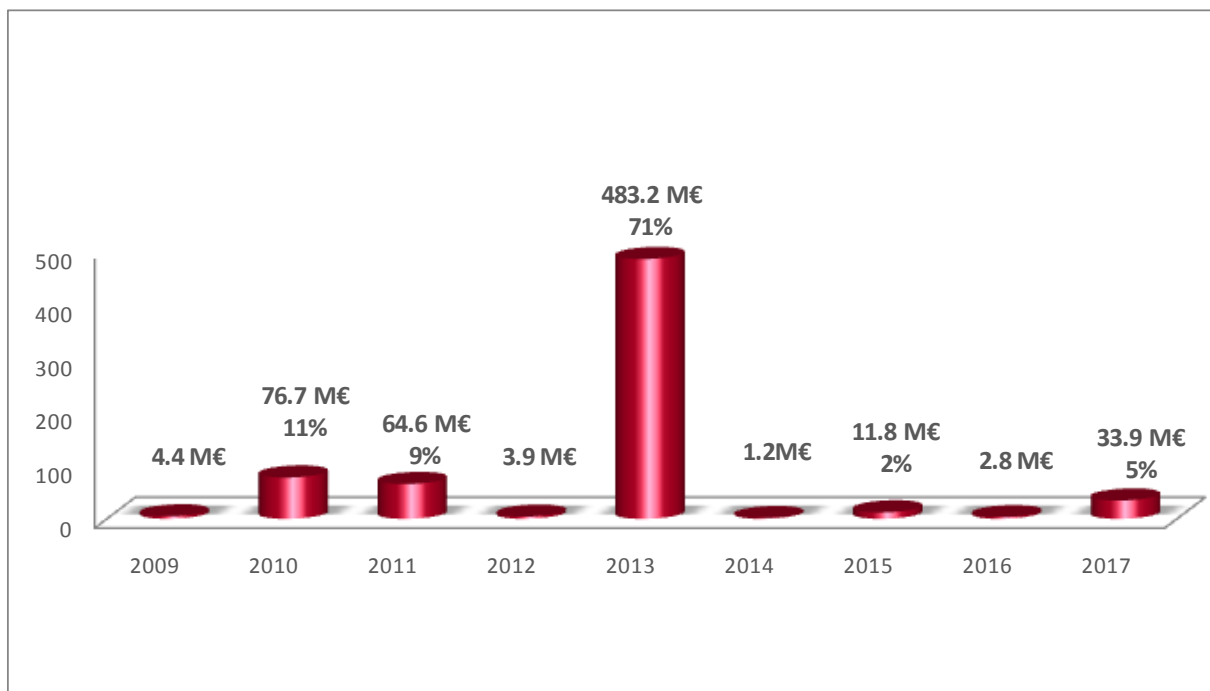
B. STE confronting the crisis

Debt maturity profile

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Drawn down debt as at 31/12/08: 682.5 M€



Average debt cost	5.2%
Hedged	91%
Of which fixed rate	55%
Maturity (years)	4.3

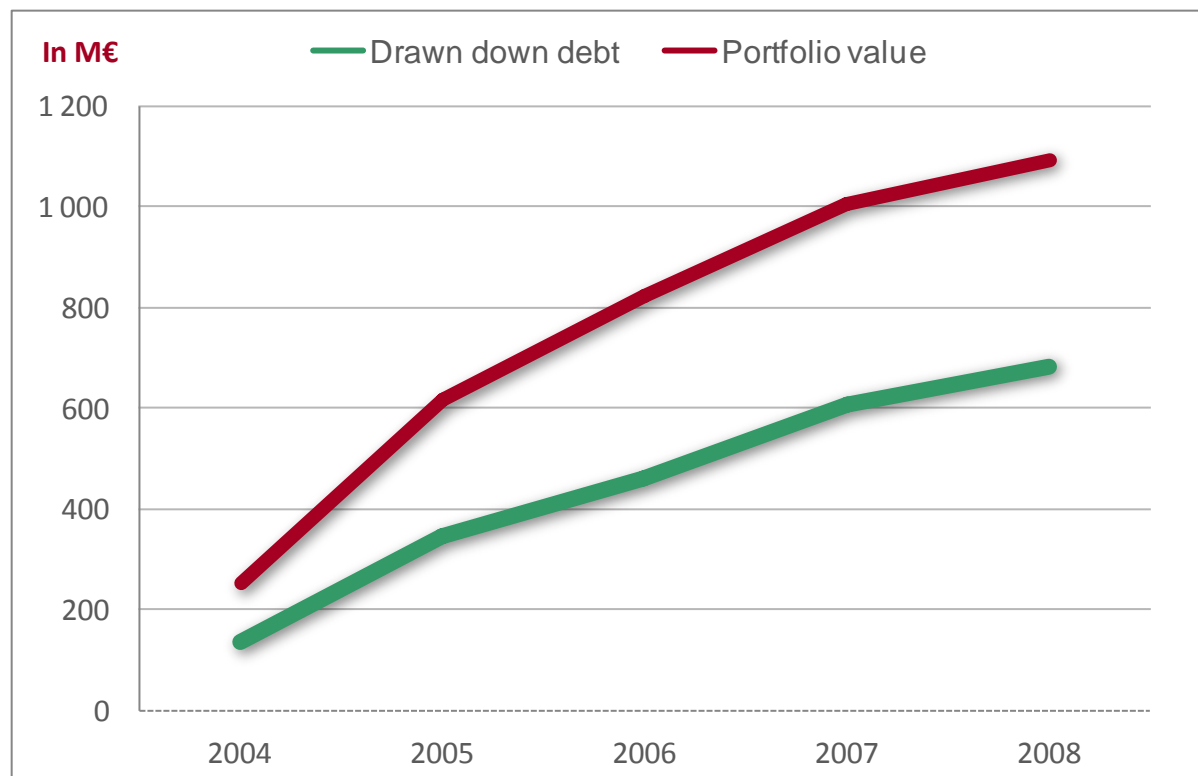


B. STE confronting the crisis

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Portfolio valuation and bank debt





B. STE confronting the crisis

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Banking covenants summary: under control

Principal banking covenants

in M€	31/12/2008	Principal covenants		Posted ratio as at 31/12/2008		Maturity
	Drawn down debt	Maximum LTV	Minimum ICR	LTV	ICR	
RBS / AXA / Calyon	144.4	75%	170%	52%	318%	15/06/2013
RBS / AXA / Crédit Foncier / Calyon	72.5	75%	180%	66.2%	247%	31/03/2010
Calyon	60.6	80%	125%	52.0%	207%	15/04/2011
Société Générale/ Crédit Foncier	38.6	-	110%	-	n/a	17/03/2017
Hypo Real Estate (*)	349.3	72,5%	140%	62.6%	179%	30/06/2013

(*) ICR improved as from 2009 given the rate drop



C. Credence in the business model

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Vélizy - Topaz





C. Credence in the business model

A crisis resistant portfolio

- Majority new or recent buildings
- Geographical spread and balanced user mix
- 15 major tenants (63% of rental income)
- 413 multi tenants / 675 m² average
- Sustained occupancy level
- Secure, identifiable cashflow
- Annual indexation of rents
- Recession resistant portfolio:
 - Reasonable lot size (average value: 18M€) favouring liquidity in case of disposal
 - Combination of long leases and multi tenancy
 - Competitive moderate rents



C. Credence in the business model

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2008 highlights (1/2)

- HRE debt rescheduled – 2013 maturity
- Massy: Financing and ground breaking of phase I prelet to Alstom
- 40M€ of acquisitions generating 3.1M€ of annual rent
- Disposals for 107M€ (incl. Paris-Dumont d'Urville) – double the previous year
- « PARC EIFFEL » branding launch
- Acquisition of minority interests in business parks (Marseilles and Nantes)
- Deliveries of new buildings: 50,000 m²
- Continued upgrading of core portfolio
- 35% leasing of Domino (Paris-Porte des Lilas)



C. Credence in the business model

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2008 highlights (2/2)

- Major lease renewals (preempted in some cases)
 - Alstom – Massy: 9-year closed
 - Air Liquide – Champigny: 9-year closed
 - La Poste – Champs sur Marne: 6/9-year closed
 - Atos Origin – Aubervilliers: 4/6/9-years
 - Colt Telecom – Malakoff: negotiation in progress
 - **Total: 76,000 m² of offices and light industrial space for 12.5M€ of secure annual rent (165 €/m²)**



C. Credence in the business model

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2009 outlook

- Focus on marketing
 - Space delivered remaining to let
 - ✓ Domino (Paris-Porte des Lilas): 6,000 m² of offices
 - ✓ Energy II (Vélizy): 5,500 m² of offices
 - ✓ Le Bourget - Parc de l' Espace: 7,500 m² of light industrial
 - ✓ Bordeaux - Cadera Nord: 2,000 m² of offices
 - Deliveries down the line (2009/10)
 - ✓ Topaz (Vélizy): 13,000 m² of offices
 - ✓ Chartres - Business Park: 10,000 m² of light industrial
 - ✓ Marseilles - La Mazarade: 3,000 m² of offices
 - **Total: 47,000 m² representing a potential annual rent of 8.5 M€ (180€/m²)**



C. Credence in the business model

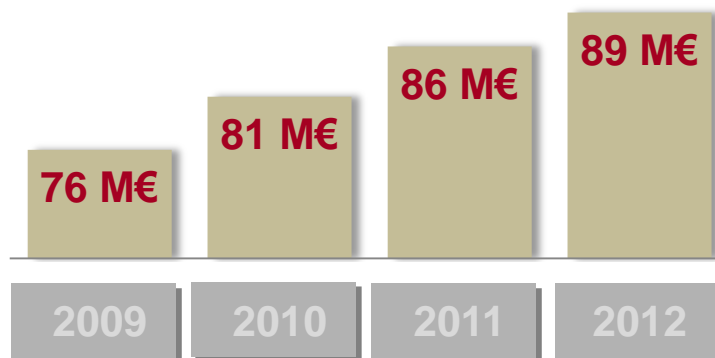
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Rental projections

Based on the portfolio as at 31/12/2008

Annual rental indexation assumption: 2.5%





C. Credence in the business model

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Recurring cash flow

In M€	31/12/2008	31/12/2007	Commentaries
Gross rental income	70.6	72.4	Impact of disposals 2007/2008
Net operating charges	-12.7	-10.1	- Structural vacancy - Impact of 2008 deliveries being marketed
Corporate expenses	-5.8	-5.5	
Net finance costs	-33.8	-27.3	Interest rates peaked 2008 plus draw downs
Recurring cash flow	18.3	29.5	



D. Real estate portfolio

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Grenoble - Viseo



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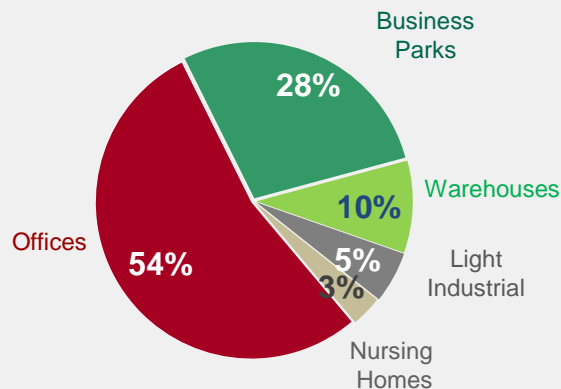
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Portfolio value and breakdown

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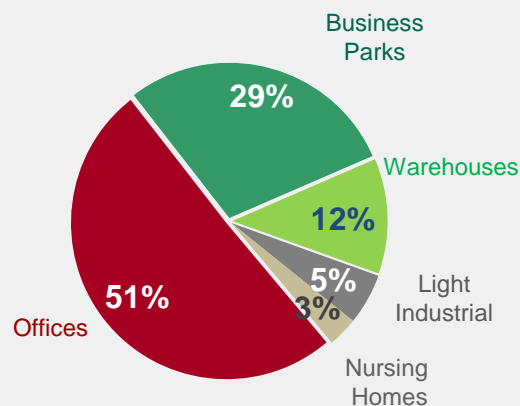
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By value



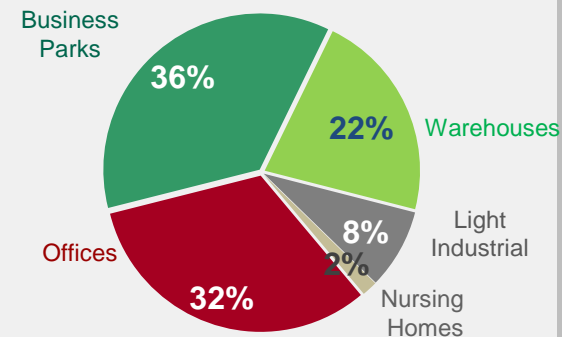
1 162 M€

By rent



84 M€

By m²



713 323 m²

Paris / IdF 640 M€ (55%)

43 M€ (51%)

274 644 m² (39%)

Régions 522 M€ (45%)

41 M€ (49%)

438 679 m² (61%)



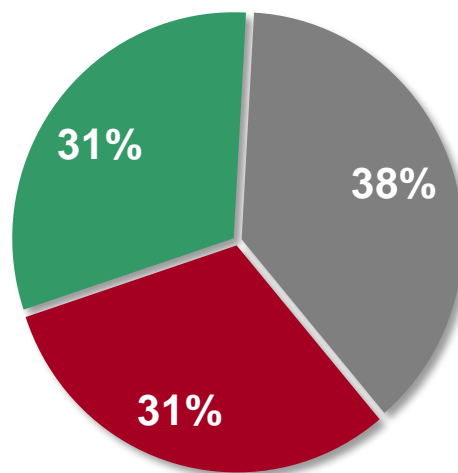
D. Real estate portfolio

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A recent portfolio

Buildings under 10 years of age: 62%



New and refurbished properties



Buildings - 10 years



Buildings + 10 years



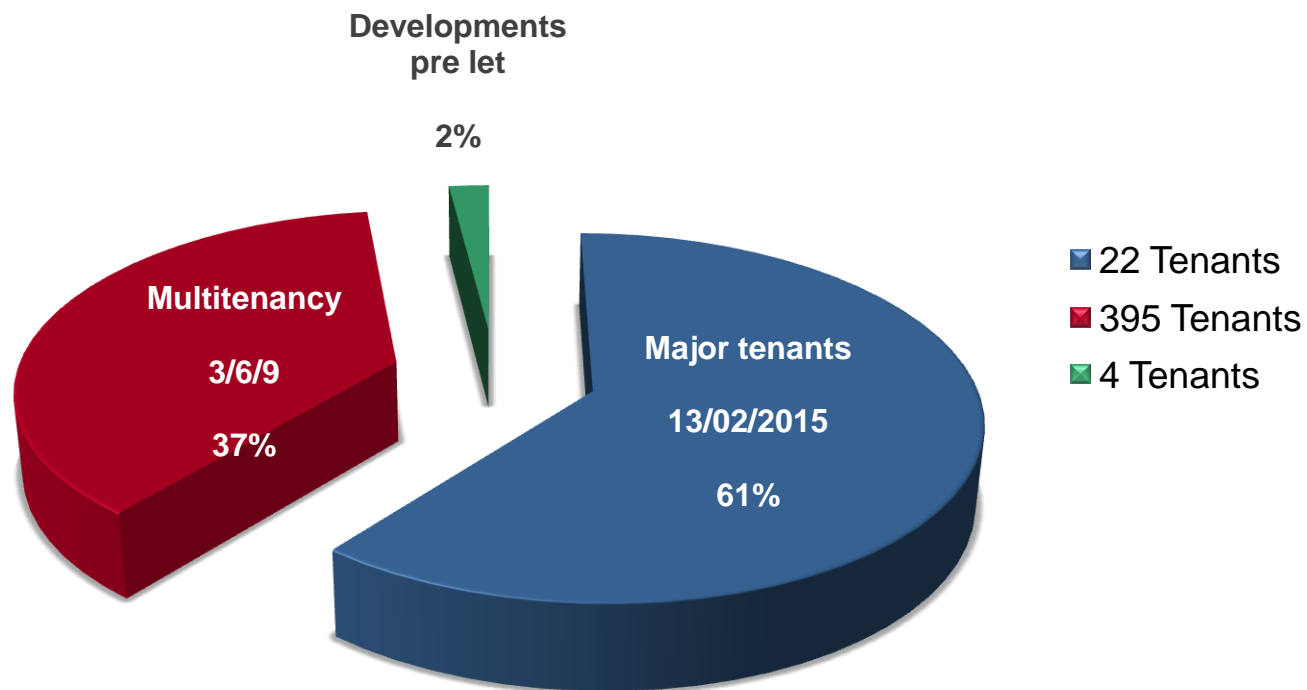
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Secure rental flow

Average weighted lease term (% passing rents)



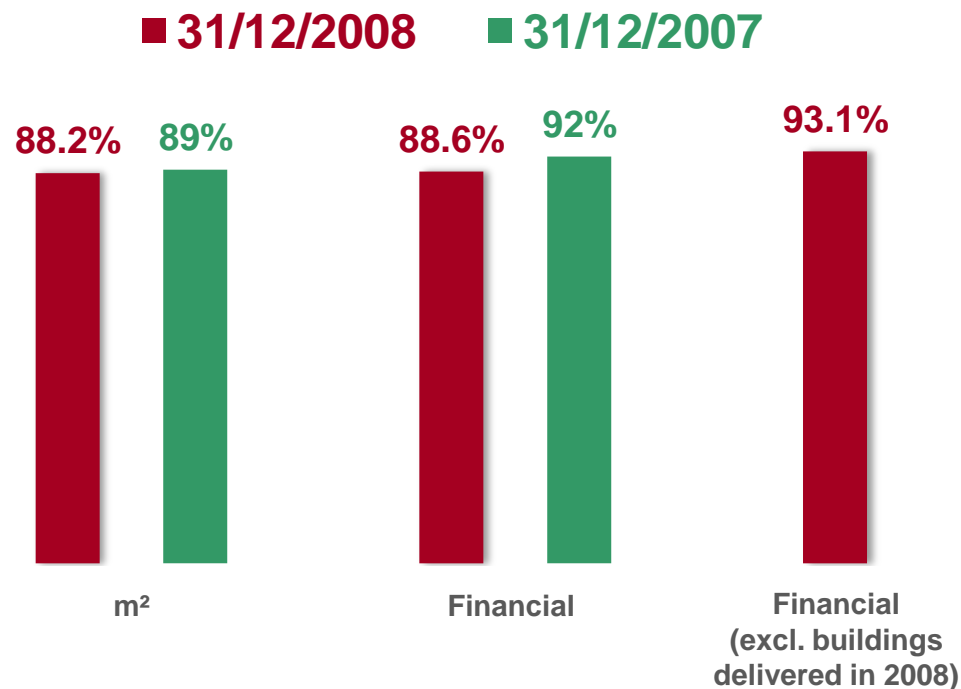


D. Real estate portfolio

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Stable occupancy rates





D. Real estate portfolio

Adding value to the portfolio

- Added value of developments and acquisitions (170M€) twice the amount of disposals (92M€)
- 5.6% rental indexation partially compensates for rise in cap rates (75 bp)
- Limited yield expansion on regional assets
- Stable occupancy rate of core portfolio
- **Active asset management on principal assets**



E. Financial results

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Aix-en-Provence – Parc du Golf



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E. Financial results

Consolidated result

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In M€	31/12/2008			31/12/2007		
	Recurring activity	Fair value and disposals	Result	Recurring activity	Fair value and disposals	Résultat
Rental income	70.6		70.6	72.4		72.4
Property operating expenses	-12.7		-12.7	-10.1		-10.1
Net rental income	57.9	0.0	57.9	62.3	0.0	62.3
Corporate expenses	-5.8	-1.5	-7.3	-5.5	-4.1	-9.6
Current operating income	52.1	-1.5	50.6	56.8	-4.1	52.7
Disposal gains		-0.4	-0.4		3.1	3.1
Property fair value adjustment		-13.1	-13.1		68.9	68.9
Depreciation and amortization		-0.9	-0.9		-1.1	-1.1
Net current operating income	52.1	-15.9	36.2	56.8	66.8	123.6
- Net finance costs	-33.8		-33.8	-27.3		-27.3
- Other financial income and expense (*)		-18.4	-18.4		2.0	2.0
Net financial result	-33.8	-18.4	-52.2	-27.3	2.0	-25.3
Profit before tax	18.3	-34.3	-16.0	29.5	68.8	98.3
Tax	-0.7		-0.7	-0.6	-6.1	-6.7
Net profit	17.6	-34.3	-16.7	28.9	62.7	91.6

(*) of which -19.2 M€ for value adjustment on hedging



E. Financial results

Consolidated balance sheet

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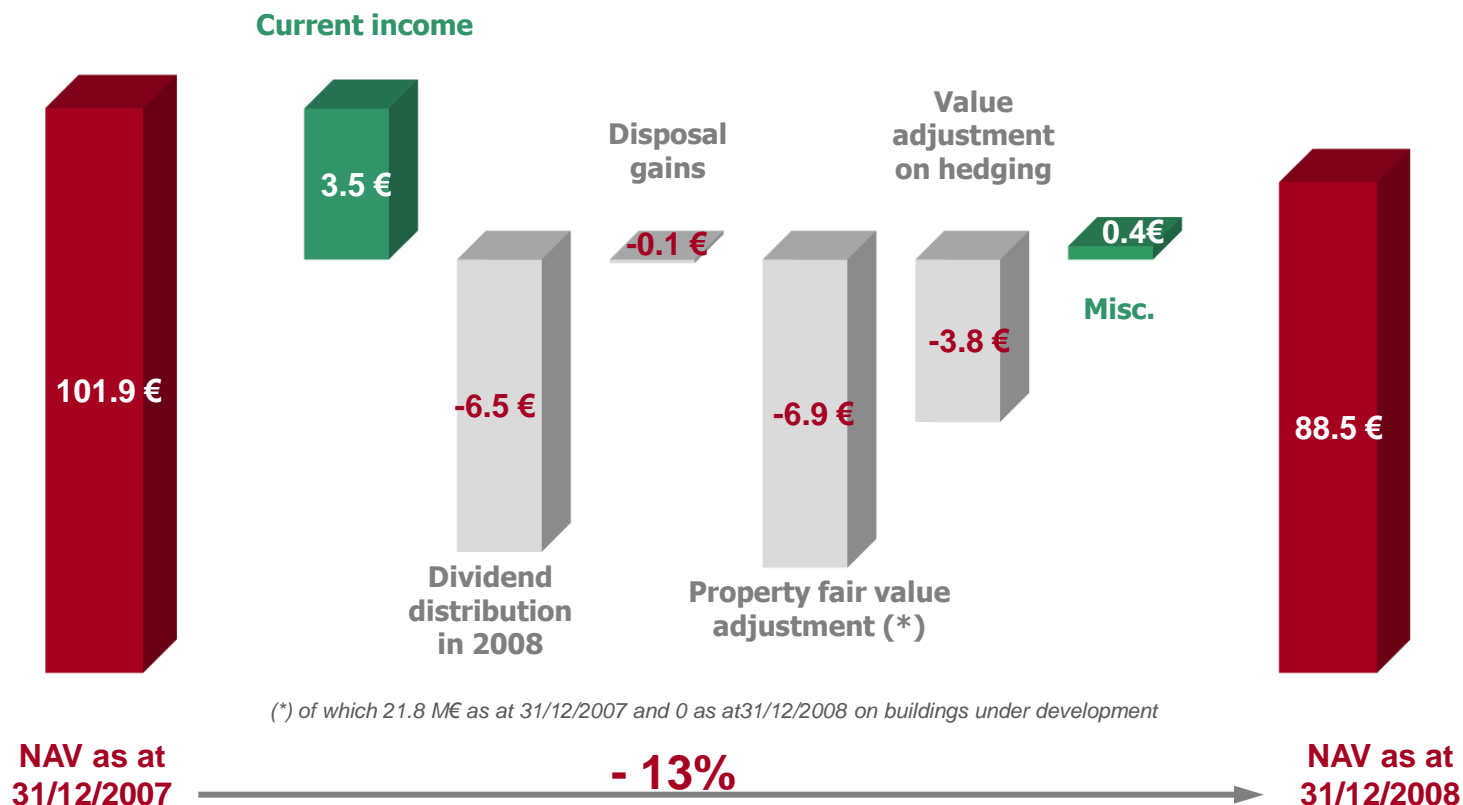
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Assets	(in M€)	31/12/2008	31/12/2007
Investment properties		1 077.2	1 007.9
Assets to be disposed of		18.3	0.0
Properties (under development)		8.8	74.9
Intangible assets		2.3	3.0
Receivables		54.3	46.2
Cash and equivalent		28.6	38.5
Total Assets		1 189.5	1 170.5
Liabilities		31/12/2008	31/12/2007
Share capital and reserves		418.7	471.6
<i>of which Result</i>		-16.7	91.6
Banking debt		682.5	606.1
Other liabilities		88.3	92.8
Total Liabilities		1 189.5	1 170.5



E. Financial results

Evolution of NAV (net of transfer costs) in 2008





F. Conclusion

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Le Bourget – Parc de l'Espace



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F. Conclusion

Focus 2009

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- Continue to secure rental income flows:
 - Strong diversified tenant roster
 - Spread of risk
 - Competitive moderate rents
- Selective disposals, market permitting
- Debt monitoring:
 - 2010 maturity
 - Drop in interest rates
- Massy : development of land reserves (65,000 m²) according to pre-leasing, sales, or alternative financing arrangements



G. Calendar

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Vélizy – Energy II



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2009 Calendar

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14th May 2009

27th May 2009

30th July 2009

- Shareholders' General Meeting
- Second 2008 dividend pay out
- First half 2009 results presentation



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- End -