

Press release 29th July 2010

2010 half year results



SOCIÉTÉ DE LA
TOUR EIFFEL

Continued improvement in results and cash flow

The Board meeting on 28th July 2010, under the chairmanship of Mark Inch, adopted the company's accounts as at 30 June 2010.

Consolidated figures

In M€	H1 2010	H1 2009
Rents	37.4	37.1
Net operating income	30.6	30.4
Net recurrent profit	18.2	16.4
Fair value adjustments and disposals	+0.4	-73.7
Net result	18.2	-57.9
Net current cash flow	18.7	15.9
Net current cash flow (in €/share)*	3.4	2.9

Distribution (in €/share) *	2**	2
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	31/12/2010	31/12/2009
Portfolio value excl. transfer rights (M€)	1052.3	1044.7
Liquidation NAV (in €/share) *	71.8	70.0

* number of shares as at 31 December 2009 and as at 30 June 2010 : 5,433,036

** interim dividend with payment in cash or shares, at the shareholder's discretion

Despite the turbulent macro-economic environment, Société de la Tour Eiffel (STE) has again achieved satisfactory trading results during the first half of 2010, both in terms of leasing on the existing portfolio and delivery of new developments. This performance justifies the company's proven investment strategy and the **quality of its portfolio adapted to user demand**: modern buildings, secure modest rents, high occupancy levels, robust cash flow and buildings of a manageable size.

Modest rental progression

Rents increased by 0.8 % between the first half of 2009 and 2010 notwithstanding recent property disposals and negative rental indexation. Setting aside asset disposals completed in 2009 and 2010, the progression would have been 3.1%.

The physical and financial occupancy rates (excluding developments delivered during the first half 2010) remain stable as at 30 June 2010, being respectively 89.5% (unchanged) and 90.1% (91.1% end 2009).

The tenancy profile continued to consolidate through lease renewals and new lettings, representing € 2.4 M of annual rent for a floor area of 27,000 m², exclusive of La Poste. With regard to this specific portfolio, the average break date on leases has been extended to 2015 for an annual rental income of approximately € 9M. Negotiations in hand on recently delivered developments are anticipated to further enhance this trend.

Rejuvenation of the portfolio and increase in NAV

With 32,000 m² of development deliveries in 2010, **the rejuvenation of the portfolio** (666,300 m² with 81% in value of offices) continues. **The proportion of new or refurbished buildings now represents 59% of which 30% have a green certification.**

Comprising medium lot sizes (€ 17.5M average), **STE's portfolio stands at € 1,052.3M** in the consolidated accounts as at 30 June 2010, compared to € 1,044.7M at end 2009. This slight increase results from a combination of value variation (€ + 0.5M) and expenditure on buildings delivered during the first half 2010 or under construction on 30 June 2010 (€ + 15,9M), allowance having been made for 2010 disposals (€ - 8.8M).

The liquidation NAV has increased from € 70.0 as at the 31 December 2009 **to € 71.8** (+ 2.6%).

Finances under control

In the face of financial market instability and sensitivity towards macro-economic issues, be it in terms of liquidity, credit margins or interest rates volatility, STE has stringently managed its debt level which remains virtually unchanged at € 653M. Increased drawdown occasioned by development activity has been largely offset by reimbursements made possible through asset disposals and by refinancing of the corporate credit line of € 76.5M at the end of the first quarter of 2010.

The average cost of finance has reduced further to 3.4% (3.9 % end 2009), reflecting lower interest rates applicable to the 50% portion of capped, floating rate debt.

The company has taken advantage of the low interest rate environment to extend its hedging arrangements, subscribing on favorable terms to € 127M in CAPs and € 80M in SWAPs, covering the extended period from 2010 to 2013.

2010 interim dividend

In view of these operating results and cash flow status (€ 3.4 per share, i.e. +17% compared to € 2.9 for the first half 2009), the Board decided **an interim dividend of € 2 per share, payable in cash or in shares at the shareholder's discretion.**

In the case of payment in shares, **the price at which new shares will be issued has been set at € 42.04**, corresponding to 90% of the average closing market value for the 20 days prior to 28th July 2010 minus the amount of the final dividend payment.

The dividend will be detached on 9th August and payment made on the 6th October 2010; the period granted to shareholders to exercise their option for a payment in cash or in shares is from the 9th August to the 24th September 2010.

Outlook

Buoyed by these satisfying half year results, the company aims to continue concentrating on value creation within its property portfolio, whilst optimizing its finances in the wake of current asset disposals, pending the emergence of a more favorable economic cycle conducive to tangible growth.

Limited audit procedures on consolidated accounts have been performed and the statutory auditors report is pending.

AGENDA:

- **6th October 2010**: interim dividend payment (in cash or shares)
- **9th November 2010**: 3rd quarter turnover

About Société de la Tour Eiffel

A « SIIC » quoted on the Euronext Paris Exchange, the company pursues a strategy focused on the ownership and the development of quality office and business space capable of attracting a wide range of tenants in both established and emerging locations. The company's portfolio stands at over 1 billion Euros of assets spread evenly between the Paris area and the regions.

*Société de la Tour Eiffel is listed on NYSE Euronext Paris (compartment B) – ISIN code: 0000036816
– Reuters : EIFF.PA – Bloomberg : EIFF.FP*

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