



SOCIÉTÉ DE LA
TOUR EIFFEL

presentation

Half-year results

2011

28th July 2011

2011

Half-year
Results

Summary

Aided and abetted by Jean de la Fontaine



Earnest endeavour



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Summary

- A. A perceptive vision
- B. Financial and economic context
- C. Offices – macro view
- D. Highlights and key figures
- E. Portfolio
- F. Financial results
- G. Outlook
- H. Agenda
- I. Addendum



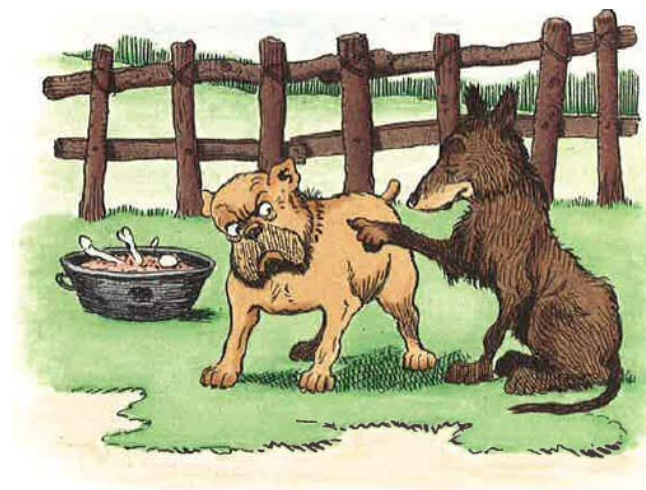
A. A perceptive vision

- Despite uncertainties, the threshold of a new economic and property cycle beckons
- Société de la Tour Eiffel has made its first post-crisis acquisition
- And intends to continue its development along two parallel axes :
 - Continued accent on new green developments
 - The acquisition in tandem of cash-flow deals to assure a dividend flow during the interim construction period
- Whilst kindling the organic growth potential of its site reserves
 - Massy: 60.000 m²
 - and Parcs Eiffel: 50.000 m²

A perceptive vision

- It is only a question of time before lackluster leasing markets revive
- Refinancing parameters of the existing portfolio as well as new acquisitions gradually improving
- The amount of equity attracted to property prompts consideration as to means of strengthening the balance sheet

The wolf and the dog



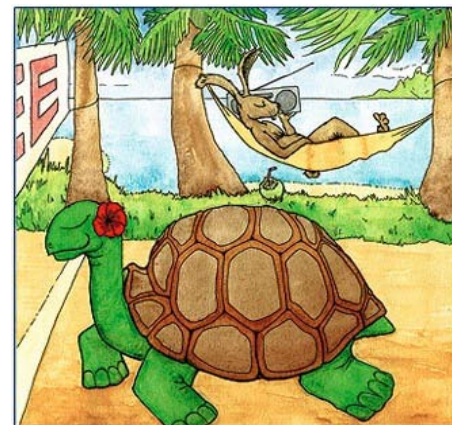
Freedom of
action



B. Financial and economic context

- Global economic recovery appears resilient in the face of reversals
 - Overall economic recovery slower than anticipated
 - Fukushima
 - Arabian spring
- Uncertainties remain:
 - Sovereign debt
 - Rising cost of oil and commodities
 - Emerging economies overheating

The hare and the tortoise



The tortoise leads!



Financial and economic context

- Corporate confidence restored but cost cutting and efficiency remain overriding considerations
- Slight improvement in office leasing thanks to small and mid-sized deals, dearth of large transactions
- New space shortage not apparent yet

C. Offices – spotlight on the macro

Paris Ile-de-France : why look elsewhere ?

Euro zone's largest conurbation

Population : 11.6 M

GNP : 600 Bn€ (like Benelux, Australia or Poland)

The ploughman and his sons



Cultivate one's own garden



Spotlight on the macro

EURO ZONE	Paris	Madrid	Francfort	Brussels	London Core
Largest office market	53M m ²	14.5M m ²	12.0M m ²	13.5M m ²	30M m ²
Highest take-up	2.1M m ²	0.44M m ²	0.45M m ²	0.4M m ²	1.2M m ²
Lowest vacancy rate	7%	10.5%	15.0%	12.20%	8-10%
Highest rent	750 €/m ²	335 €/m ²	420 €/m ²	275 €/m ²	1 050 €/m ²
Lowest yield	4.75%	5.50%	5.25%	6.00%	4.50%

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Office investment

- Three dominant EMEA markets
 - UK: rapid repricing and sterling area
 - Germany: strong economy
 - France: depth of real estate market
- Real estate an established sought after asset class
- Core dominates but limited supply
- Movement up the risk curve
- 40% increase in volumes expected this year

The lion and the mouse



Patience
and time



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D. Highlights and key figures

Montrouge

98-100, rue
Maurice Arnoux



© Agence Haour Architectes

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Highlights

- Forward purchase in Montrouge of 5,200 m² - Green building – Delivery 1Q 2013 – Investment of €23.5M for €1.8 M of anticipated rent – Speculatively financed
- Disposal (€2.9M) and Sale agreement (€1.3M) in the Parc Eiffel in Strasbourg
- Three anticipated disposals amounting to €35M under contract
- Overall leasing: 22 350 m² representing €3M of additional rent including leasing of Topaz (2.500 m²) & Energy II (900 m²) in Vélizy
- Refinancing progress on portfolio

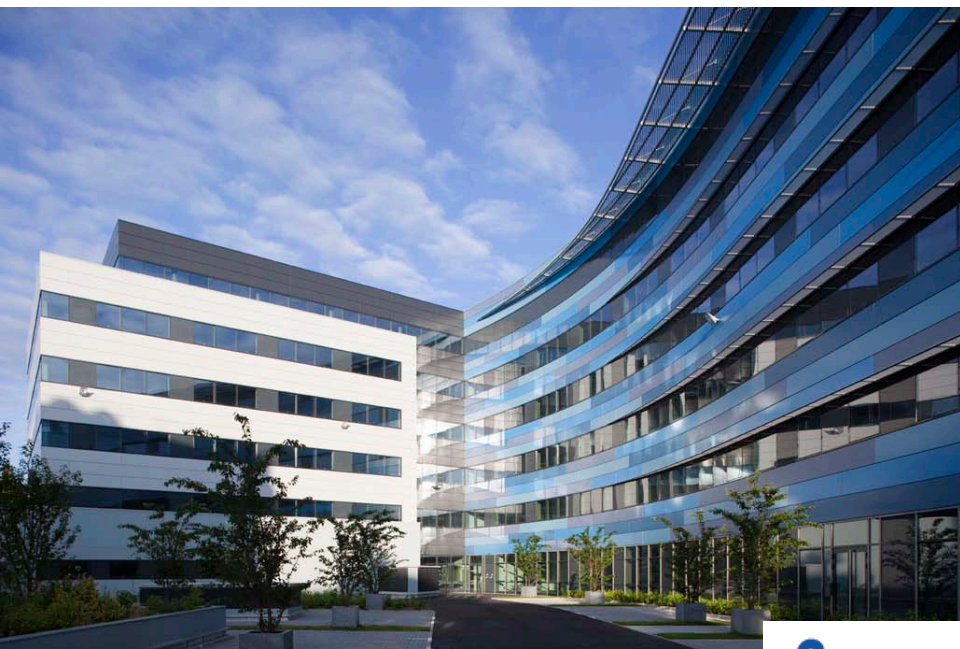
The grasshopper and the ant



Discipline pays



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© Tristan DESCHAMPS



Vélizy - Topaz

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Key figures

In M€

H1 2011

H1 2010

Gross rental income *

34.7

37.4

Net operating income *

27.2

30.6

Net recurring profit *

15.7

18.2

Fair value adjustments and disposals

+5.3

+0.4

Net consolidated result

20.6

18.2

Cash flow *

16.0

18.7

Cash flow (€/share)**

2.8

3.4

Net LTV

59%

62%

Distribution per share

2.1 €

2 €

30/06/2011

31/12/2010

Portfolio value net of costs

1 031.4

1 022.1

Liquidation NAV (€/share)***

74.3

73.0

Replacement NAV (€/share)***

78.2

77.0

* of which 2.4 M€ of rental decrease due to 2010 disposals

** dilution of 5.5% due to scrip issue dividend payment

*** Number of shares: 5 731 977 as at 30/06/2011 and 5 592 284 as at 31/12/2010



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E. Portfolio

The oak and the reed

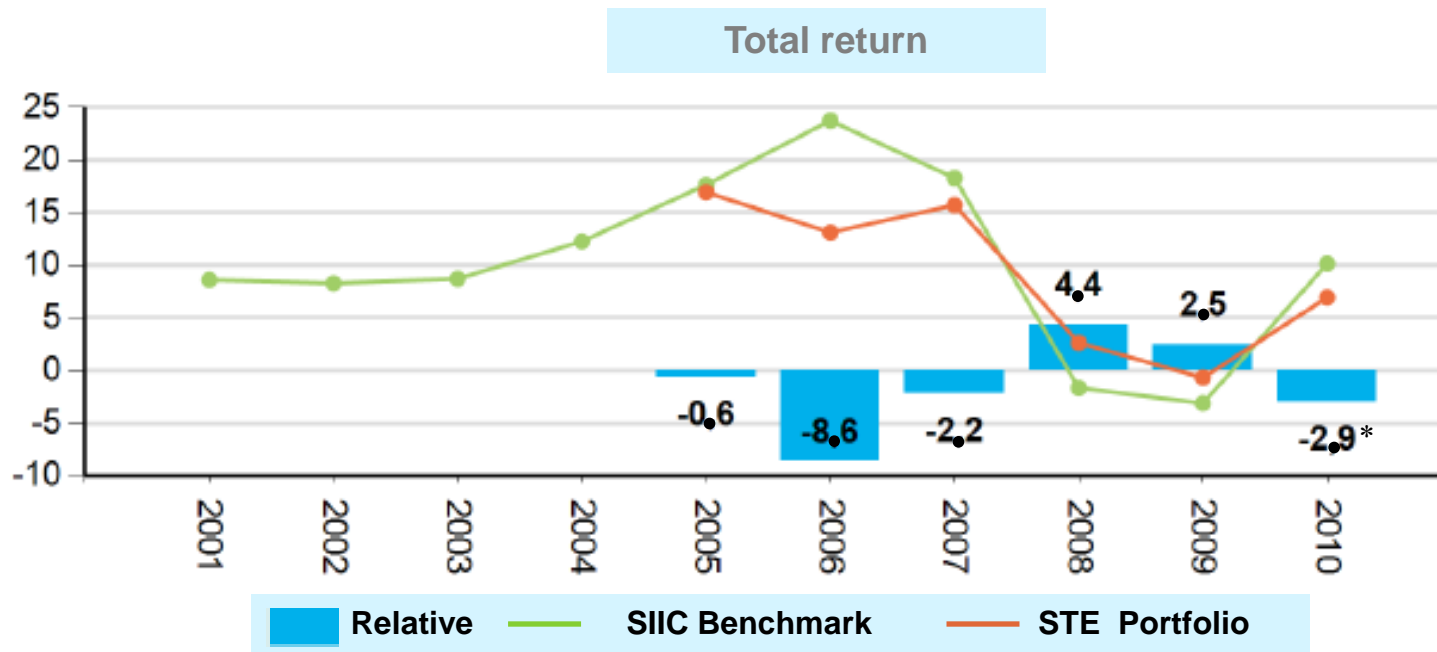


Strength and guile



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IPD performance



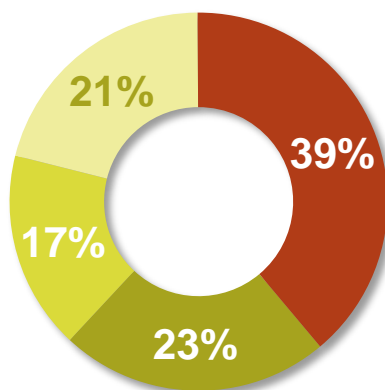
Overall performance of the portfolio last three years

* Rental return: +1%
* Capital return: -3,9%

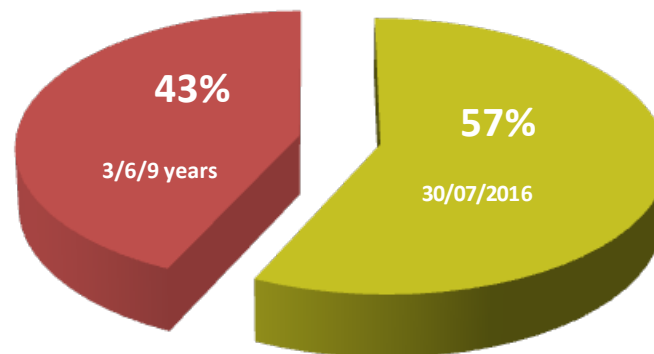
- Benchmark performance reflects capital rate compression – prime privileged
- STE strategy focuses on cash-flow and rental income
- Increased interest rates will benefit income approach

Portfolio

61% recent or new



Average lease term



Portoflio

- **61% of new or recent buildings of which 28% green**
- Modest rents
- Manageable capex liability
- Physical and financial occupancy rates (ex. Paris-Charonne) **slightly improved compared to 31.12.2010** : respectively 87.8% (85.9%) and 88.2% (86%)
- Long-term leases, on average until July 2016 for single tenant buildings
- Value of commitments (1.049 M€) despite disposals: 0.3% increase on a like-for-like basis
- Average gross yield: 7.7%



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F. Financial results

The raven and the fox



Avoiding distractions



Cash-flow

in M€	H1 2011	H1 2010	Variation
Gross rental income	34.7	37.4	-7.2%
Property operating expenses	5.4	4.7	14.9%
Operating expenses	2.1	2.0	5.0%
Net finance costs	11.2	12.0	-6.7%
Cash flow	16.0	18.7	-14.4%

in €/ share (*)

Cash flow**	2.8	3.4	-17.6%
Cash flow ex. dilution**	2.95	3.4	-13.2%

* Number of shares: 5 731 977 as at 30/06/2011 and 5 433 036 as at 30/06/2010. Dilution of 5.5% due to capital increases linked to the option of scrip issue for the payment of the interim and final 2010 dividend

** Cash-flow / share as at 31.12.2010: €6

Financial structure

- Group's debt level and net LTV reduced
 - **59% as at 30/06/2011**
 - compared to 62% as at 30/06/2010
- Average cost of debt: 3.6%
- Partial scrip issue in lieu of payment of 2010 final dividend (€2.20 per share) resulted in €8M cash retention
- €80M of new hedging instruments (CAPs, tunnels) contracted
- Cover ratio: 88% (51% SWAPs and 49% CAPs)

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Financing – Work in Progress

- Completed during half
 - La Poste portfolio refinancing: **€45M** for 7 years
 - Speculative financing
Montrouge: **€15M** for 7 years
- Agreement on
 - Corporate facility extension: **€20M**
 - Refinancing of clinics : **€28M** for 7 years
- Advanced negotiations for €23M (€9M for 10 years, €14M for 12 years)
- In hand: €400M

The milkmaid and her pail



Not shooting for the moon



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2011 interim dividend

- Current cash-flow: **2.8€/share**
- 2011 interim dividend: **2.1 €/share**
- Choice of payment in cash or shares; option period:
8th August to 13th September 2011
- Payment: 23rd September 2011

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Consolidated result

in M€	30/06/2011			30/06/2010		
	Recurring activity	Fair value and disposals	Result	Recurring activity	Fair value and disposals	Result
Gross rental income	34.7		34.7	37.4		37.4
Property operating expenses	-5.4		-5.4	-4.7		-4.7
Net rental income	29.3	0.0	29.3	32.7	0.0	32.7
Corporate expenses	-2.1		-2.1	-2.0	-0.1	-2.1
Operating income	27.2	0.0	27.2	30.7	-0.1	30.6
Proceeds from disposals			0.0		0.3	0.3
Property fair value adjustment		0.2	0.2		0.6	0.6
Other operating income and expenses		-0.4	-0.4		-0.4	-0.4
Current operating income	27.2	-0.2	27.0	30.7	0.4	31.1
Net finance costs	-11.5		-11.5	-12.5		-12.5
Other financial income and expenses		5.1	5.1		-0.4	-0.4
Net financial result	-11.5	5.1	-6.4	-12.5	-0.4	-12.9
Profit / loss before tax	15.7	4.9	20.6	18.2	0.0	18.2
Tax			0.0			0.0
Net profit / loss	15.7	4.9	20.6	18.2	0.0	18.2
Minority interests			0.0			0.0
Net profit / loss (Group share)	15.7	4.9	20.6	18.2	0.0	18.2

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Balance sheet

Assets	(in M€)	30/06/2011	31/12/2010
Investment properties		994.6	1 004.8
Assets earmarked for disposal		36.8	17.3
Other fixed assets		0.7	1.1
Receivables		35.0	31.8
Cash and equivalent		17.5	10.3
Total Assets		1 084.6	1 065.3
Liabilities	(in M€)	30/06/2011	31/12/2010
Share capital and reserves		390.0	373.4
<i>of which Result</i>		20.6	42.5
Long term debt		626.0	627.7
Other liabilities		68.6	64.2
Total Liabilities		1 084.6	1 065.3



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H. Outlook

The frog that wishes to be as big as the ox



Not lacking ambition ?



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Outlook

- Seeking new investments
- Prospection for build-to-suit opportunities on our land bank
- Disposals - annual objective: € 40M
- Breaking up, spreading and extension of the 2013 refinancing deadline
- Strengthening of the balance sheet and forging of new strategic partnerships
- Renewal of Board of Directors

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I. 2011 agenda

23rd September 2011

➤ Payment of an interim 2011 dividend

9th November 2011

➤ 3Q 2011 turnover



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J. Addendum

The hen with the golden egg



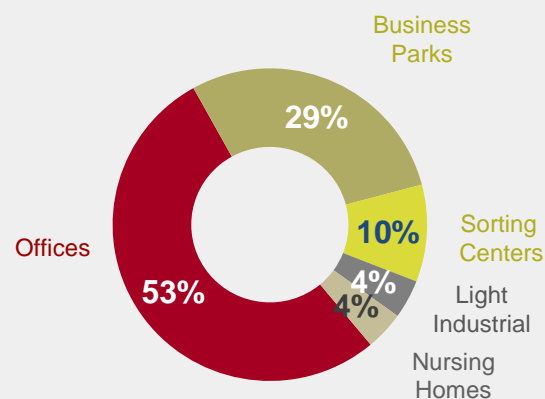
Make haste slowly



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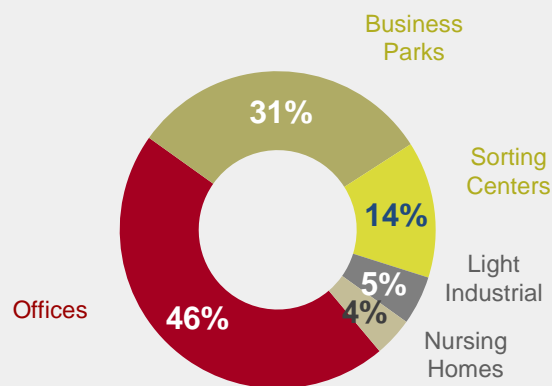
Portfolio value and breakdown

By value



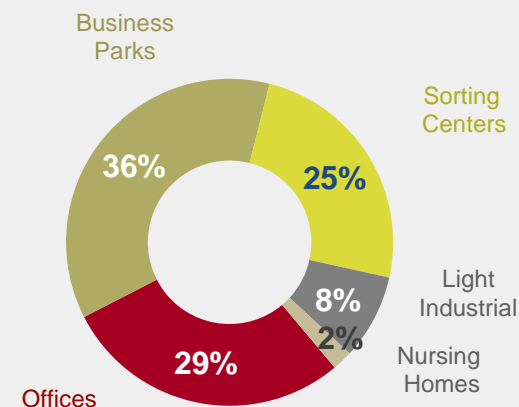
€1 049M

By secure rent



€72M

By m²



642 994 m²

Paris / IdF €561M (53%)

€34M (47%)

224 345 m² (35%)

Regions €488M (47%)

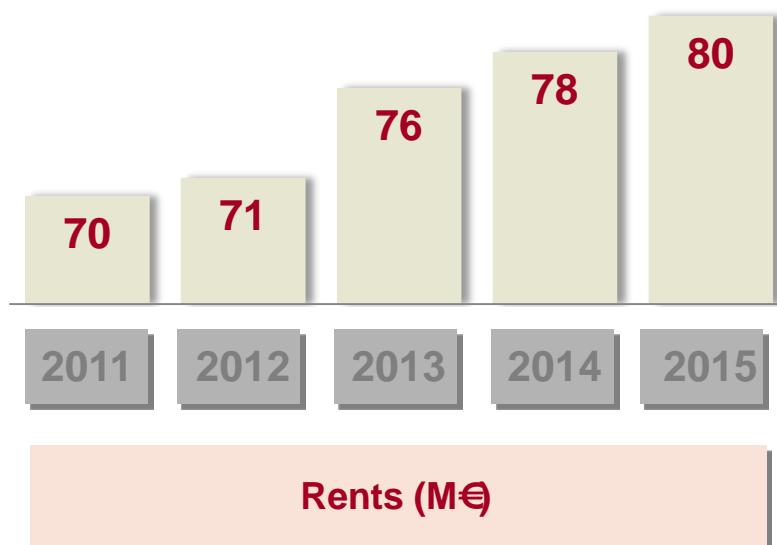
€38M (53%)

418 649 m² (65%)



Rental projections

- Rents generated by portfolio as at 30/06/2011, **on a like-for-like basis**:



- Indexation assumptions:
 - ✓ 2011 : + 0.5 %
 - ✓ 2012 : + 1%
 - ✓ 2013 : + 1.5%
 - ✓ 2014 : + 2%
 - ✓ 2015 : + 2.5%
- Excl. disposals, investment and external growth
- Rental flow Vélizy Topaz in 2013



PRESENTATION

2011 half-year results



The coach and the fly