



SOCIÉTÉ DE LA
TOUR EIFFEL

presentation

Half-year results **2012**

26th July 2012

A quick reminder



Commercial real estate is:

- tangible assets
- stable, long-term attractive returns
- annual rent escalation / inflation resistant
- medium to long-term discernible trends

But illiquidity and long-term positions are unfashionable!

Excepting the core!



Why not therefore associate real estate and the stock market?

ie a SIIC!

- **Steadfast / Secure**
- **Indefectible**
- **Imperial**
- **Creative**

To quote a leading French analyst P. DUJARDIN :
« *Why do investors acquire properties or shares in non quoted vehicles at their « fair value », when a substantial price reduction is available through the acquisition of shares in quoted companies which in addition generally offer higher returns?* »

However...



We have come to accept that quoted real estate is not flavour of the month! Regrettably so as hopefully this presentation will again demonstrate

One day, our prince will come...

Summary



- A. Economic context and office market observation
- B. Financing focus
- C. Other highlights and key figures
- D. Portfolio
- E. Financial results
- F. Outlook
- G. Agenda

A. Economic context

The last six months have seen a notable deterioration

- Eurozone crisis
- Electoral uncertainty
- Increasing unemployment

Two saving graces for property:

- Limited office development pipeline
- Low interest rates

Office market observation



A recent BNP Paribas Real Estate statement echoes our company's strategy:

« Large transactions are clearly motivated by rationalisation requirements. The two most apparent drivers behind this tendency are the premium accorded to new space (75% of transactions) and the quest for low cost rents (50% between 250-330 €/m²) »

As for investment

- « *Encore le Core* »
- Investor hesitation
- Transaction closings arduous
- Size and liquidity remain critical factors
- Non core transactions are however achievable as STE has demonstrated!

« Not surprisingly offices remain the most sought after asset class like last year accounting for nearly three quarters of French investment transactions since January » Cushman & Wakefield

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B. Financing focus



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Financing focus



2012 targets

First half 2012 achievements

Portfolio
fine-tuning

€ 50 – 80 M
disposals

€ 50M of sales completed, € 18 M under contract

LTV = 55.2% (vs 59% as at 30/06/2011)

Refinancing

Maturities
2012/2013

2012: € 8M (10 and 15 years)

2013 by anticipation: € 117 M (7 years)

Finance cost
control

Sub 4.5%

Average cost: 3.2 %

Spot cost end June 2012 : 2.7%

Deleverage: soft landing

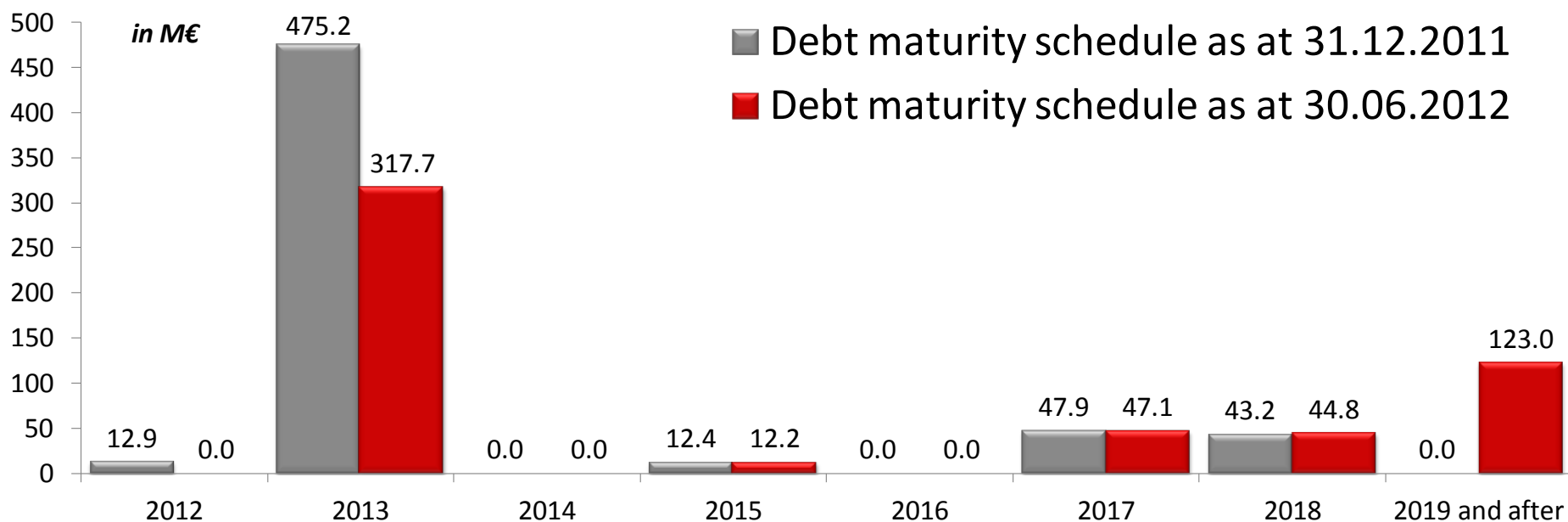


- **Refinancing** of the original RBS credit line (117 M€) for a term of 7 years (amortizable) with a German mortgage bank
- **Refinancing** of the outstanding Natixis corporate loan through an amortizable mortgage loan of €8M in two tranches of 10 and 15 years with Crédit Agricole IDF and the company's own resources for €3.4M
- **Reduction in outstanding Deutsche Pfandbrief Bank facility during the last year by €54M and progress in negotiations for refinancing of remaining €318M (maturity 2013)**

Financing: work in progress



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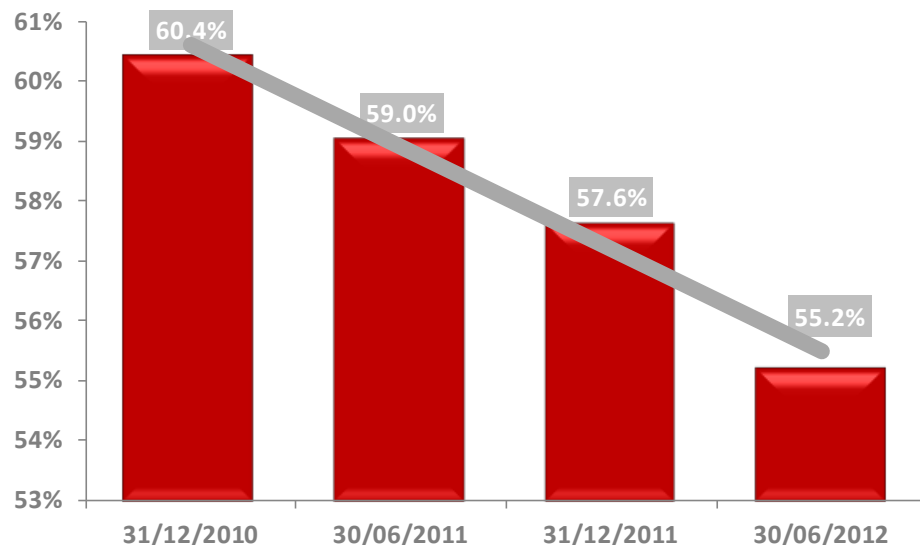


Deleveraging and finance cost control

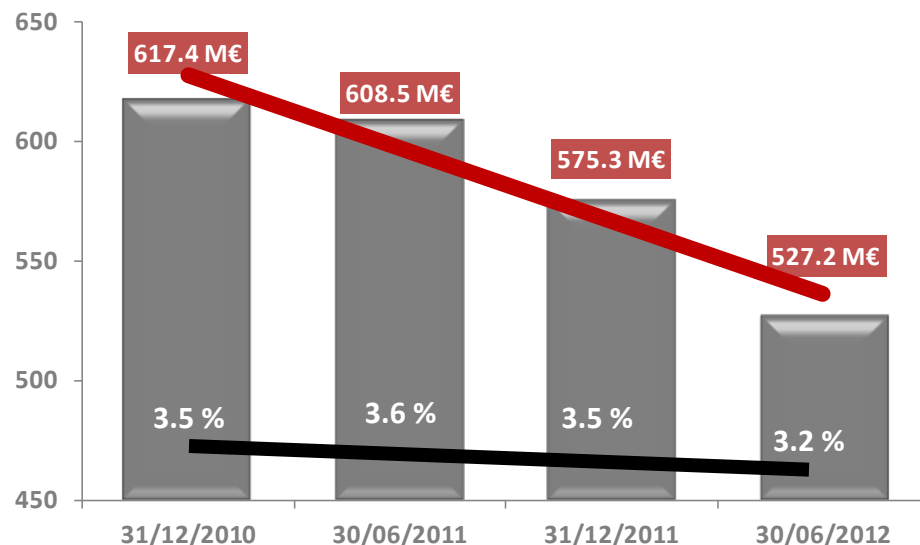


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Net LTV



Level and cost of debt



First half 2012

- Average finance cost: 3.2 %
- Hedging: 99 %
- Global ICR: 2,5

B. Other highlights and key figures



Topaz, Vélizy

**Sense of
anticipation !**

© Tristan DESCHAMPS



Other highlights

- Non strategic asset disposals
 - 4 nursing homes
 - Small isolated assets sold in Nantes, Bezons, Bordeaux and others under negotiation (Strasbourg, Herblay and Caen)
- Marked improvement of financial occupancy rate
- Partial take-up of scrip issue in lieu of 2011 final dividend results in €6M cash economy

2012

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Key figures



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	1H2012	1H2011
Consolidated figures		
In M€		
Rental income	35.0	34.7
Net operating income	27.2	27.0
EPRA earnings	16.4	15.3
Net consolidated result	16.3	20.6
<i>Value adjustments and disposal results</i>	0.5	5.3
Cash flow	16.7	16
Portfolio value excluding transfer costs	955.3	1031.4
In € per share*		
Cash flow	2.8	2.8
EPRA NNAV	68.9	69.4
Net LTV	55.2%	59.0%
Financial occupancy rate	92.3%	88.2%

* Number of shares: 5 919 688 as at 30/06/2012 and 5 731 977 as at 30/06/2011

NB Dilution of 3.3% due to scrip issue 2011 dividend payment

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D. Portfolio



Montrouge
98-100, rue
Maurice Arnoux
Delivery
1Q2013
5 500 m²

Reserve early!

© Agence Haour Architectes



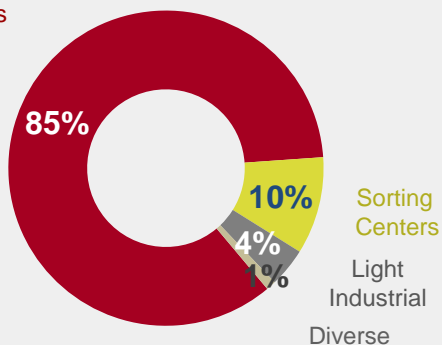
Portfolio value and breakdown



Commitments as at 30.06.2012

Value

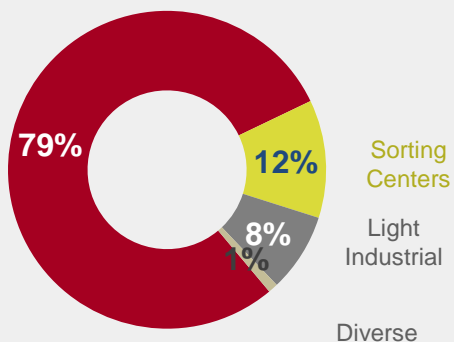
Offices



€966M

Rents

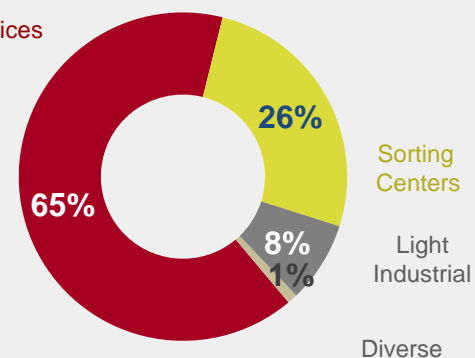
Offices



€71M

m²

Offices



598 840 m²

Paris / IdF €549M (57%)

Regions €417M (43%)

€38M (53%)

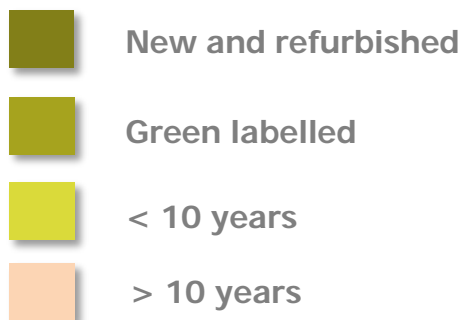
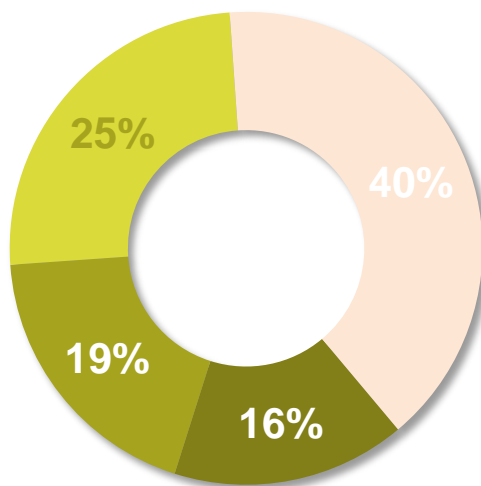
€33M (47%)

213 218 m² (36%)

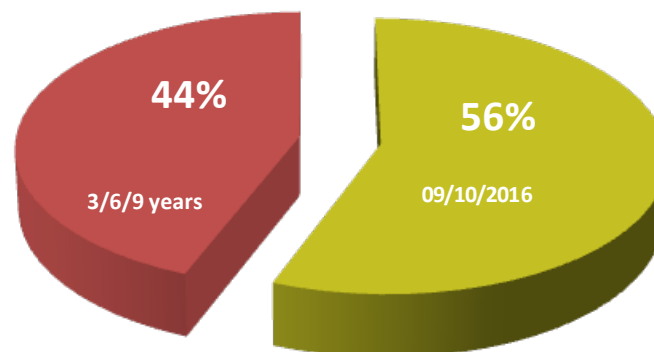
385 622 m² (64%)



60% recent or new



Average lease term



2012

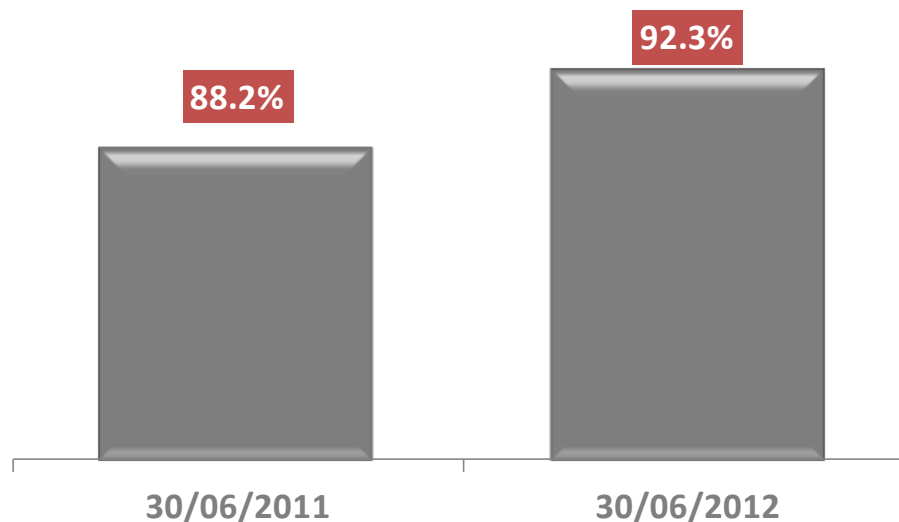
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Occupancy progression – *Riders on the storm*



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Financial occupancy rate



■ Portfolio average yield:
7.9 %

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E. Financial results



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New is
beautiful!

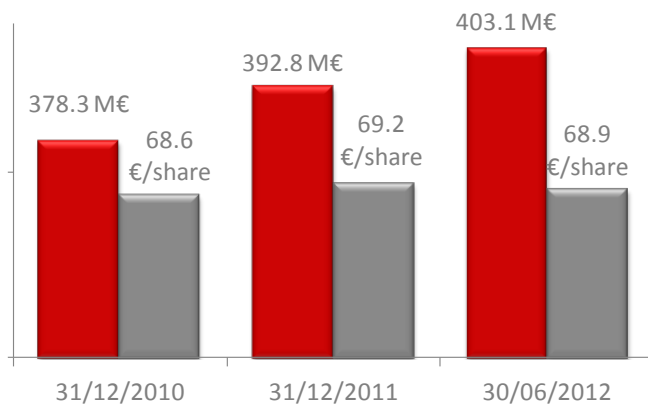


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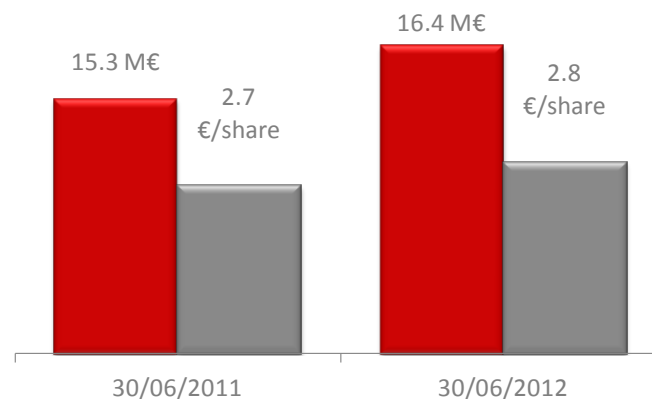
Encouraging financial performance



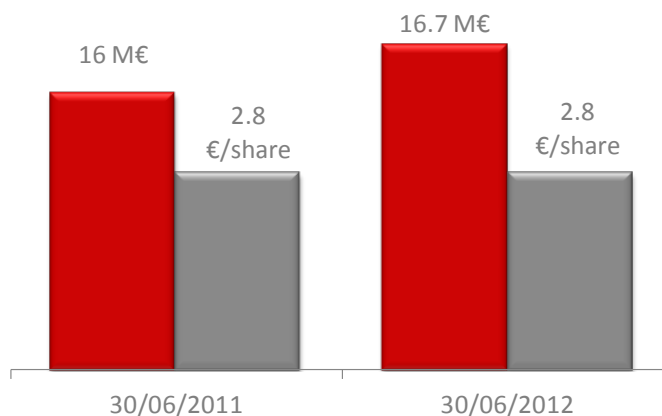
EPRA NNNAV*



EPRA net recurring result *



Cash-flow *



* Number of shares: 5 919 688 as at 30/06/2012, 5 736 272 as at 31/12/2011 and 5 731 977 as at 30/06/2011

2012

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Cash-flow



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in M€	1H2012	1H2011	Variation
Gross rental income	35.0	34.7	0.9%
Property service charges	5.5	5.4	1.9%
Operating expenses	2.2	2.1	4.8%
Net finance costs	10.6	11.2	-5.4%
Cash flow	16.7	16.0	4.4%

in €/share *

Cash flow	2.8	2.8
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* Number of shares: : 5 919 688 as at 30/06/2012 and 5 731 977 as at 30/06/2011. Dilution of 3.3% due to capital increases linked to the option of scrip issue for the payment of the interim and final 2011 dividend

** Cash-flow / share as at 31.12.2011: €5.8

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Consolidated result



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in M€

	1H2012			1H2011			Variation
	Recurring activity	Fair value and disposals	Result	Recurring activity	Fair value and disposals	Result	Recurring activity
Gross rental income	35.0		35.0	34.7		34.7	0.9%
Property operating expenses	-5.5	-0.6	-6.1	-5.4		-5.4	1.9%
Net rental income	29.5	-0.6	28.9	29.3	0.0	29.3	0.7%
Corporate expenses	-2.2	-0.1	-2.3	-2.1		-2.1	4.8%
Current operating income	27.3	-0.7	26.6	27.2	0.0	27.2	0.4%
Proceeds from disposals		2.5	2.5			0.0	
Property fair value adjustment		-1.7	-1.7		0.2	0.2	
Other operating income and expenses		-0.2	-0.2		-0.4	-0.4	
Operating income	27.3	-0.1	27.2	27.2	-0.2	27.0	0.4%
Net finance costs	-10.6		-10.6	-11.5		-11.5	-7.8%
Other financial income and expenses		-0.3	-0.3		5.1	5.1	
Net financial result	-10.6	-0.3	-10.9	-11.5	5.1	-6.4	-7.8%
Profit / loss before tax	16.7	-0.4	16.3	15.7	4.9	20.6	6.4%
Tax	0.0		0.0			0.0	
Net profit / loss	16.7	-0.4	16.3	15.7	4.9	20.6	6.4%
Minority interests	0.0		0.0			0.0	
Net profit / loss (Group share)	16.7	-0.4	16.3	15.7	4.9	20.6	6.4%

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Balance sheet



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Assets	(in M€)	30/06/2012	31/12/2011
Investment properties		937.6	990.3
Assets earmarked for disposal		17.6	8.9
Other fixed assets		0.4	0.4
Receivables		33.1	27.3
Cash and equivalent		17.6	16.4
Total Assets		1 006.3	1 043.3

Liabilities	(in M€)	30/06/2012	31/12/2011
Share capital and reserves		397.5	387.2
<i>of which Result</i>		16.3	29.4
Long term debt		544.8	591.6
Other liabilities		64.0	64.5
Total Liabilities		1 006.3	1 043.3

2012

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Results

2012 interim dividend



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- Recurring cash-flow: **2.8 €/share**
- Board confirmation September
- Choice of payment in cash or shares in October

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F. Outlook



City Zen,
Rueil Malmaison

Room with
a view



© Paul MAURER



- Finalisation of debt restructuring and attention to bolstering the balance sheet
- Diversification of financial resources and pursuit of partnership arrangements
- Cash flow maintenance and optimisation
- Turn-key development prospection on site reserves
- Disposals – year's target: € 50 - 80M

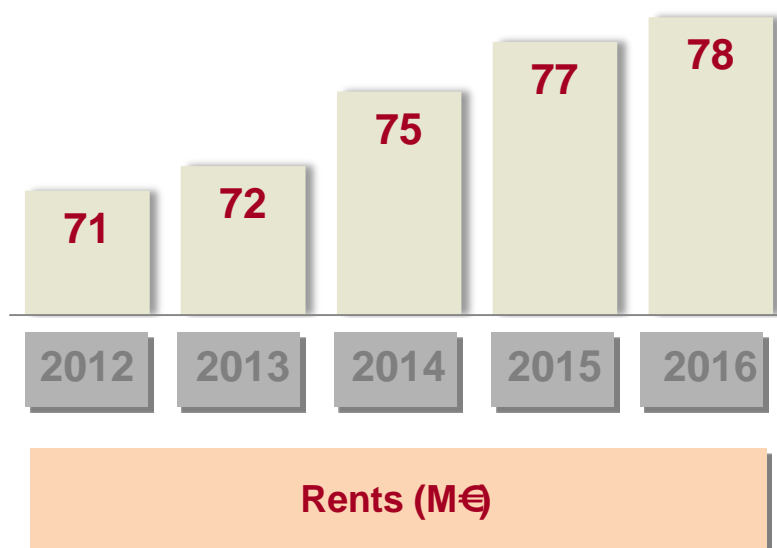
2012

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Rental projections



- Rents generated by portfolio as at 30/06/2012, **on a like-for-like basis**:



- Through active asset management
- Excl. disposals, investment and organic growth



Société de la Tour Eiffel :

- rejuvenates
- regenerates
- consolidates



Renaud HABERKORN



Frédéric MAMAN



Jérôme DESCAMPS

the seniors take a step back



Mark INCH



Robert WATERLAND

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G. 2012 agenda



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October 2012

- Payment of an interim 2012 dividend

14th November 2012

- Operational highlights and 3Q 2012 turnover



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PRESENTATION

2012 half-year results

END