Société de la Tour Eiffel
2011 annual results

SOCIÉTÉ DE LA TOUR EIFFEL

Operational and financial consolidation

The 2011 year end accounts were adopted by the board of directors at its meeting of the 14th March 2012 under the chairmanship of Mark Inch.

Consolidated figures

M€	2011	2010
Rent*	**69.4**	**72.2**
Net operating income	54.2	56.5
EPRA earnings	**30.6**	**31.0**
Net profit (Group share)	29.4	42.5
Of which value adjustments and disposal results	*-0.4*	11.8
Recurring cash flow	**33.0**	**33.4**
Portfolio value (net of transfer costs)	999.2	1 022.1
Net LTV	**57.6%**	**60.4%**
€ / share **		
Recurring cash flow	5.8	6.0
EPRA NNNAV	69.2	68.6
Dividend	4.2***	4.2

** disposals of € 37.4M in 2011 and € 52.6M in 2010 (mainly during H2)*
*** number of shares : 5,736,272 as at 31 December 2011 and 5,592,284 as at 31 December 2010*
**** € 2.10 interim dividend paid in September 2011 and € 2.10 final dividend to be proposed to the AGM on 24 May 2012*

Recurring results underwrites a high level of distribution

The EPRA earnings (€ 30.6M) and cash flow (€ 33M) remained stable in 2011 in spite of reduced rents (from € 72.2 to 69.4M) due to disposals aimed at improving the overall quality of the portfolio. This rent reduction was largely offset by lower reduced finance costs (from € 24.8 to 22.6M) and property operating expenses.

The net profit (Group share) came out at € 29.4M in 2011 against € 42.5M for the previous year due to lesser value adjustments to the properties and hedging instruments.

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PRESS RELEASE

SOCIÉTÉ DE LA TOUR EIFFEL

Strong operating performance

A combination of an appropriate strategy and a dynamic asset management enabled the company to reap the benefits of its quality modern portfolio. Some 60 000 m² of lease renewals and new lettings (€ 8M of annual rent) were completed, the year's highlight being the leasing up of Topaz in Vélizy, a 13 000 m² labelled office development on a 9 year-closed lease to Altran and to General Mills providing € 3.3M of annual rent.

This satisfactory operating performance has resulted in **a significant improvement in the physical and financial occupancy rates**, to respectively 89.1% and 91.1%, against 85.8% and 86% in 2010.

This encouraging tendency **prompted the company to initiate new acquisitions** within the guidelines of its strategic focus: new labelled offices in suburban locations with competitive rents. A first investment concerned the future purchase of a 5 000 m² office building in the southern Parisian suburb of Montrouge for an investment of € 24M offering a projected return of 7.5%. The construction of a pre-let green office building in Lyon-Vénissieux subject to a 9-year closed lease (€ 3.3M of investment for € 0.3M of annual rent) was also initiated.

A recent portfolio and an increased NAV

The Group's portfolio comprises 18 % of green buildings with an HQE or LEB qualification and 44 % of recent or new buildings. The net of transfer costs value at the end of 2011 was € 999M compared to € 1 022M; this reduction is the result of core portfolio value adjustments (-3.1 M€) and sales achieved in 2011 (-€ 37.4 M), set off against investment in development projects and Capex on the standing portfolio (+€ 17.5 M).

The year-end liquidation NAV comes out at € 73,7 per share in 2011, as opposed to € 73 in 2010; adjusted for the optimisation of transfer costs and share dilution, **the EPRA NNNAV increases from € 68.6 to € 69.2 per share**.

Financial structure strengthened and cost of debt under control

The net LTV reduction, from 60.4% to 57.6% stems from 7% net debt redemption (€ 42M), from disposals together with the regular debt reimbursement and from the leasing of newly delivered properties.

Stringent financial management enabled the company to extend its hedging arrangements by € 110M on favourable terms **enabling Société de la Tour Eiffel to have an attractive 3.5% average interest cost**.

Dividend maintained

Following the € 2.10 interim payment last September, **a final dividend of € 2.10 per share** will be proposed to the AGM on 24 May next, **i.e an overall distribution for 2011 of € 4.20 per share**, representing 72% of the net recurring cash flow.

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Outlook

While seeking to diversifying funding sources, the company continues negotiations aimed at an early refinancing of two major 2013 mortgage debt maturities, **the medium-term objective being to attain an LTV below 50%.**

With regard to the portfolio, the company intends to accelerate r**epositioning towards rational, labelled offices at moderate rents located in the Parisian suburbs.** In a low-growth market context, the overriding motivation driving tenant demand is inevitably rationalisation and cost cutting, a tendency which the company has long anticipated in its strategy.

This ability to read market trends largely sustains a secure rental stream underwriting **a high distribution policy**.

Future portfolio growth and development of land reserves will be considered through ad-hoc joint-ventures as a means of creating value and capitalizing on the know-how and international reputation of Tour Eiffel Asset Management.

CALENDAR :

- 10th May 2012: 2012 first quarter's turnover
- 24th May 2012: Annual General Meeting, Automobile Club de France, Place de la Concorde, 75008 Paris

Audit procedures on 2011 accounts have been performed. The statutory report is pending.

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 close to 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 : TEIF.PA – Bloomberg EIFF.F. Indexes : GPR 250, IEIF Foncières, IEIF Immobilier France.

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