



# 2014 half-year results

23<sup>rd</sup> July 2014

# Main achievements first half 2014

Stated 2014 objectives	Achievements to date
✓ <b>New acquisitions</b>	<ul style="list-style-type: none"> <li>■ One agreement contracted for a 8,300 m<sup>2</sup> office building in the southern inner rim of Paris</li> <li>■ 10.5-year rents</li> </ul>
✓ <b>Leases extensions</b>	<ul style="list-style-type: none"> <li>■ € 5.3m / Walb: + 10%</li> </ul>
✓ <b>Leverage below 45% LTV</b>	<ul style="list-style-type: none"> <li>■ 44.0%</li> </ul>
✓ <b>Reduction in corporate expenses</b>	<ul style="list-style-type: none"> <li>■ In line with objective of 20% decrease as from H2 2014</li> </ul>



# Agenda

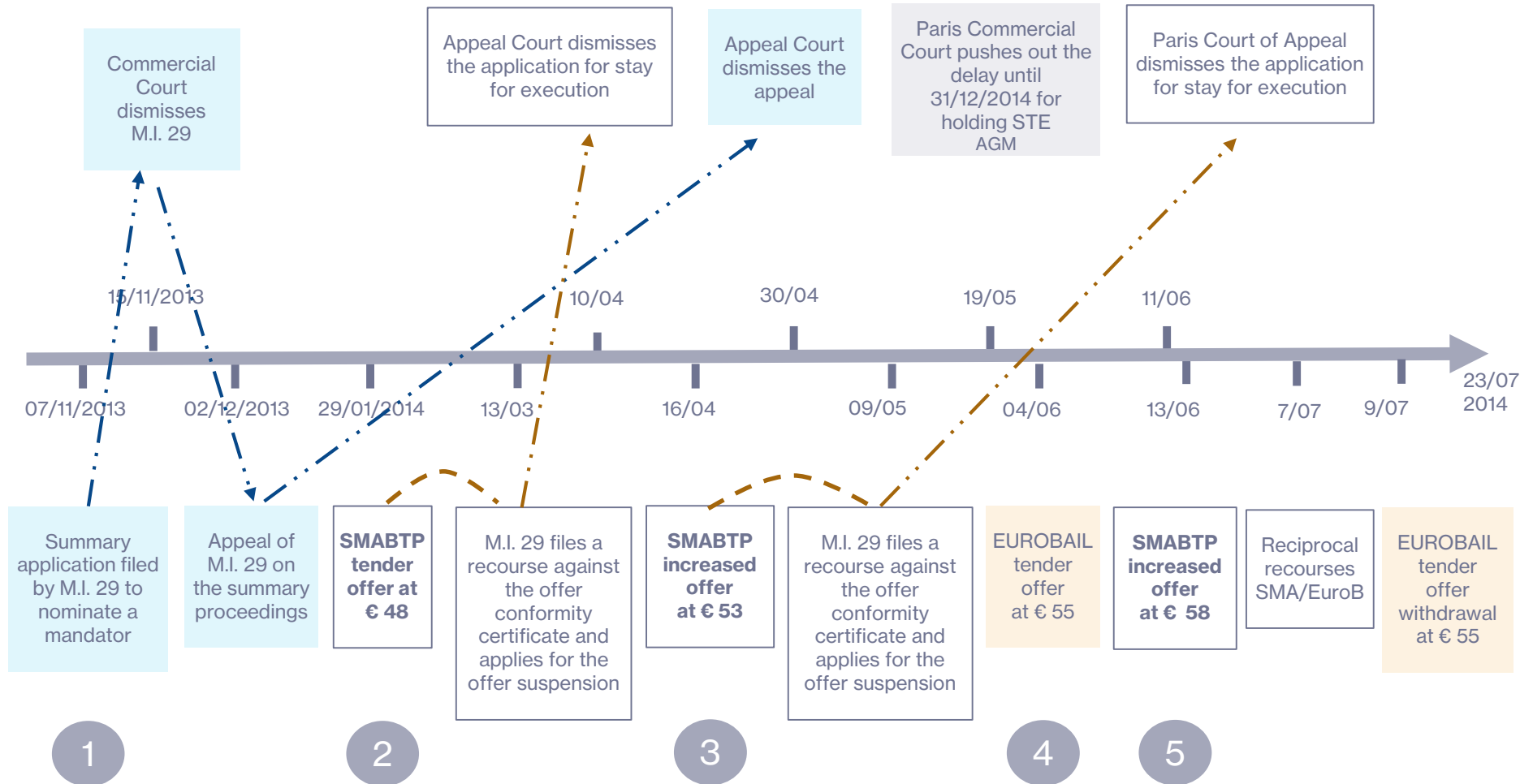
- I. Current tender offer
- II. Strategic plan: progress as at 30 June 2014
- III. 2014 half-year results



## I // Current tender offer



# Highlights

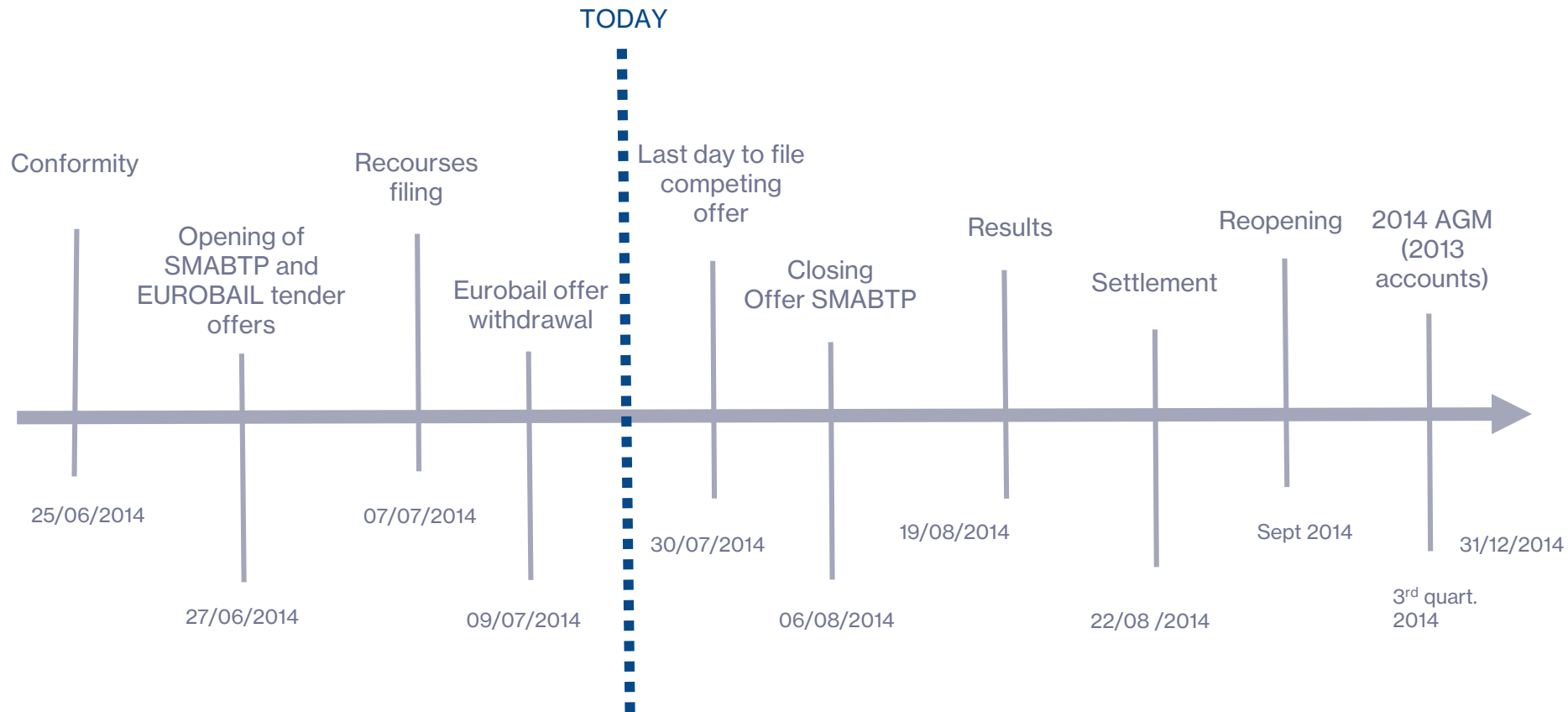


# Current tender offer

	SMABTP
<b>Price</b>	<ul style="list-style-type: none"> <li>▪ 58 euros per share, dividend included</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>▪ Voluntary tender offer</li> <li>▪ For all of the shares</li> <li>▪ No threshold condition</li> </ul>
<b>Company</b>	<ul style="list-style-type: none"> <li>▪ Continued growth and deleveraging strategy</li> <li>▪ Equity strengthening by capital increase and LTV reduction to circa 30/35%</li> <li>▪ Wish to double the size of the portfolio</li> </ul>
<b>Workers</b>	<ul style="list-style-type: none"> <li>▪ No impact on the Company's policy regarding employment</li> </ul>
<b>Board's reasoned opinion</b>	<p>The Board recommends the SMABTP tender offer:</p> <ul style="list-style-type: none"> <li>▪ Price above Eurobail offer by 5.5%</li> <li>▪ Price = NAV as at 31 December 2013</li> <li>▪ Better offer for continued Company's growth</li> </ul>

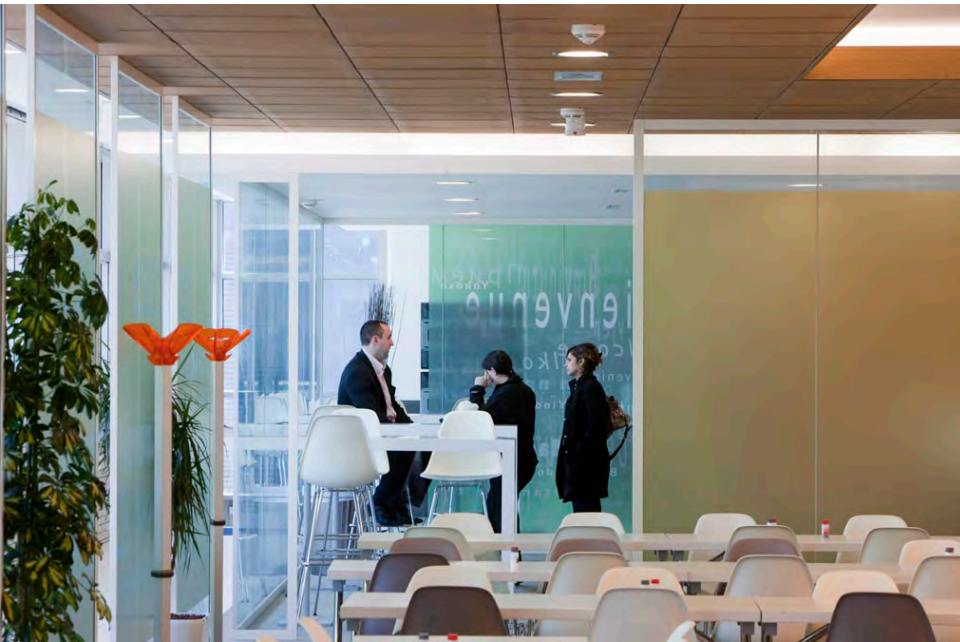


# Tender offer agenda



# Alstom – Massy

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## II // Strategic Plan



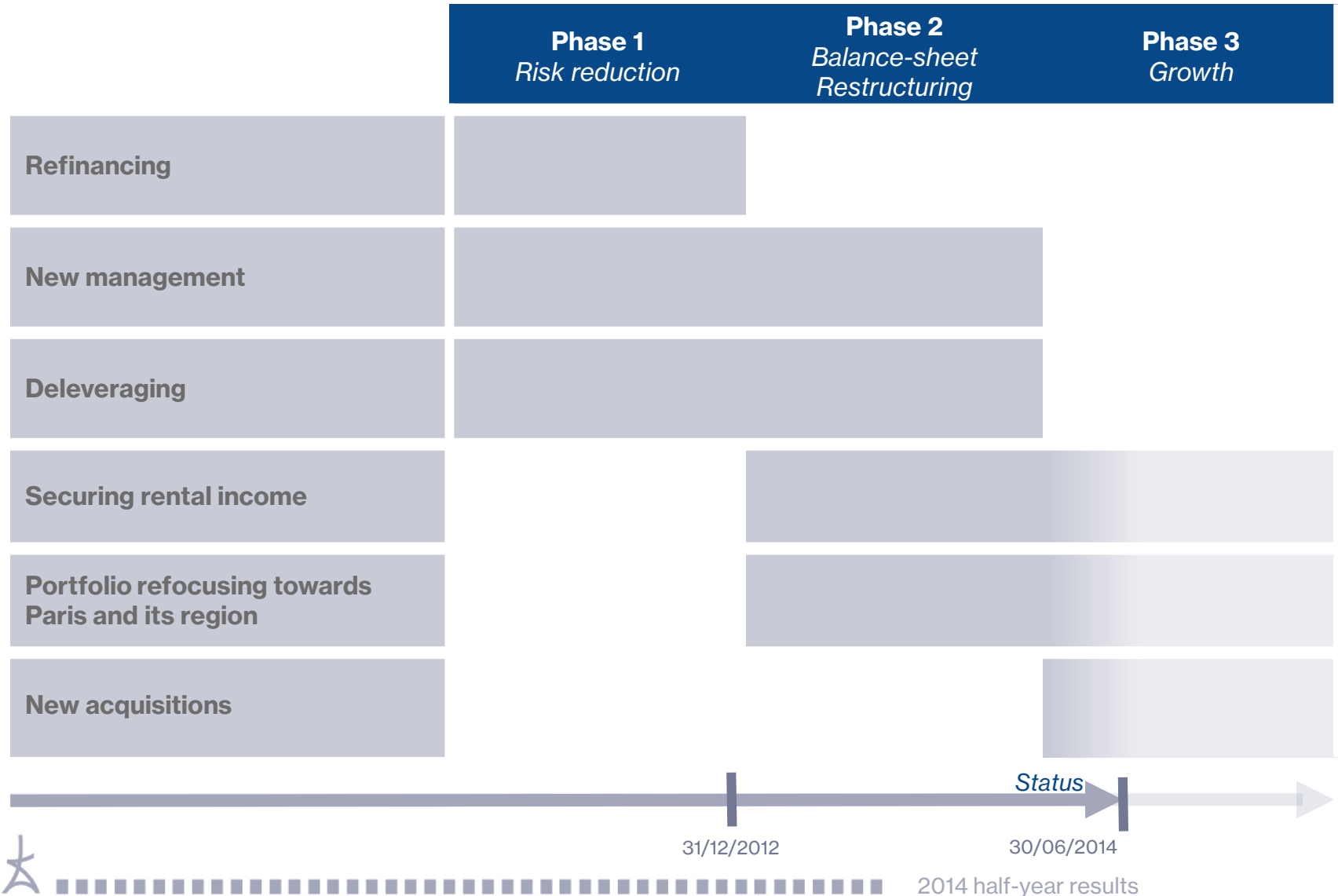
# Achieved strategic turnaround

	31.12.2011	Today proforma*
<b>Portfolio</b>	<ul style="list-style-type: none"> <li>■ <b>Offices Paris core: 45%</b></li> <li>■ Non-core: 55%</li> <li>■ Total: € 999m</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Offices Paris core: 74%</b></li> <li>■ Non-core: 26%</li> <li>■ Total: € 671m</li> </ul>
<b>Debt</b> <ul style="list-style-type: none"> <li>■ <b>LTV</b></li> <li>■ Duration</li> <li>■ Cost</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>58%</b></li> <li>■ 2.2 years</li> <li>■ 3.5%</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>42.7%</b></li> <li>■ 3.9 years</li> <li>■ 3.8%</li> </ul>
<b>Occupancy rate</b>	<ul style="list-style-type: none"> <li>■ 91%</li> </ul>	<ul style="list-style-type: none"> <li>■ 94%</li> </ul>
<b>Rental income</b>	<ul style="list-style-type: none"> <li>■ € 69m</li> </ul>	<ul style="list-style-type: none"> <li>■ € 52.3m</li> </ul>
<b>Net initial yield EPRA</b>	<ul style="list-style-type: none"> <li>■ 6.5%</li> </ul>	<ul style="list-style-type: none"> <li>■ 7.1%</li> </ul>

\* Including all contracted agreements



# Implementation of the strategic plan



# Resuming investments

Acquisition		Sales*	
Contracted:		Achieved as at 23/07/2014:	
<ul style="list-style-type: none"> <li>▪ Southern inner rim of Paris                             <ul style="list-style-type: none"> <li>• 8,300 m<sup>2</sup> office property</li> <li>• Lease 10.5 years / CAC 40 company</li> <li>• Gross yield: 7.65%</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>▪ Parc du Perray – Nantes</li> <li>▪ La Poste – les Souhesmes</li> <li>▪ La Poste – La Roche-sur-Yon</li> <li>▪ Building 8 - Herblay</li> </ul>	
	€ 23 M		€ 27 M

\* Other assets/ lands under contracted agreements = € 22m

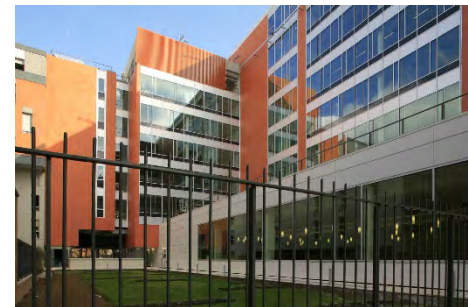


## III // 2014 half-year results

- 
1. Portfolio
  2. Financial results

# Domino – Paris Porte des Lilas

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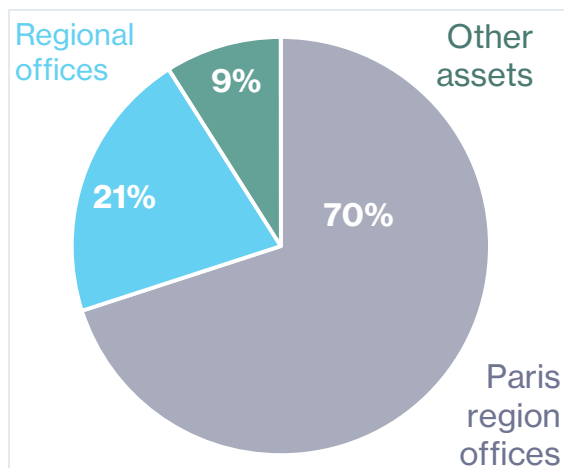




## III.1 Portfolio

# Portfolio summary as at 30 June 2014

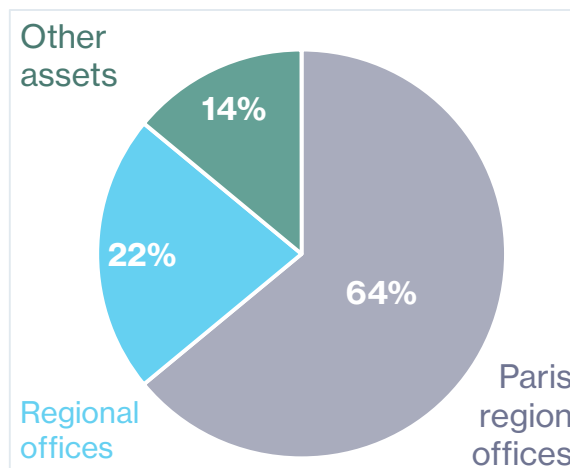
## By value



**€ 682m**

Office share: 91%

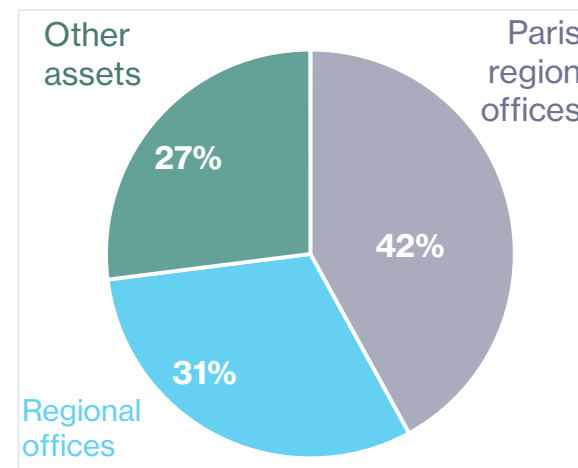
## By rent



**€ 53m**

Average rent: € 153/m²

## By m²



**375 699 m²**

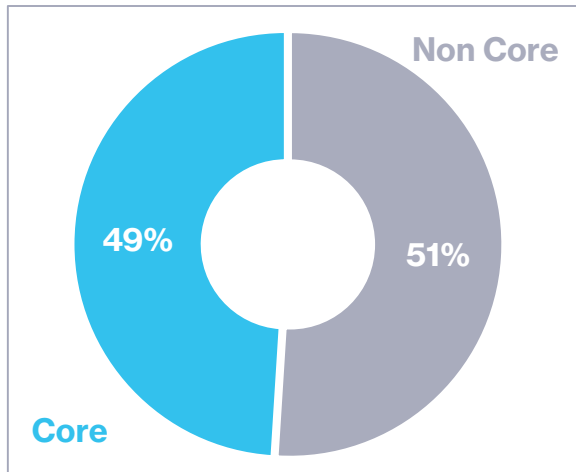
Number of assets: 30



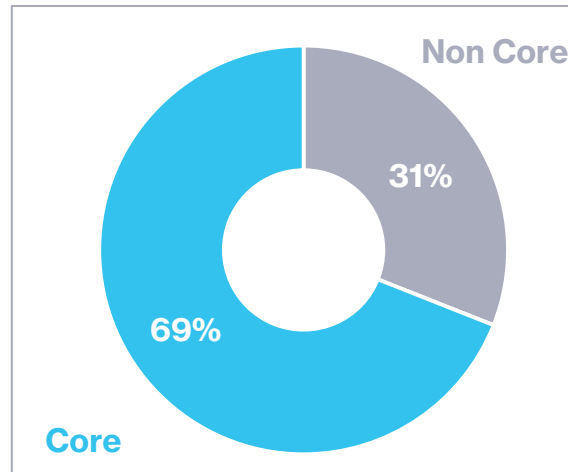


# Portfolio repositioned on Paris and its region

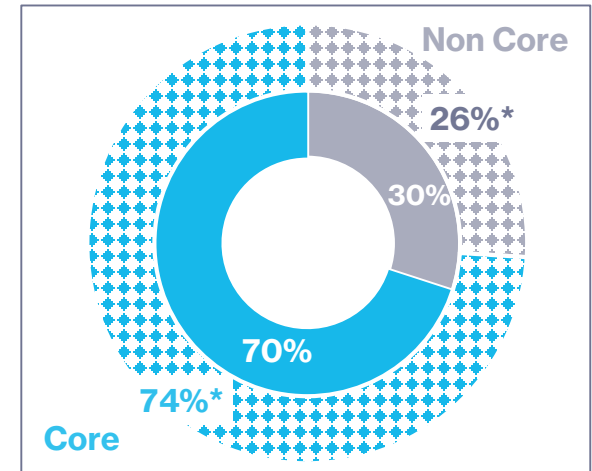
December 2012



December 2013



June 2014



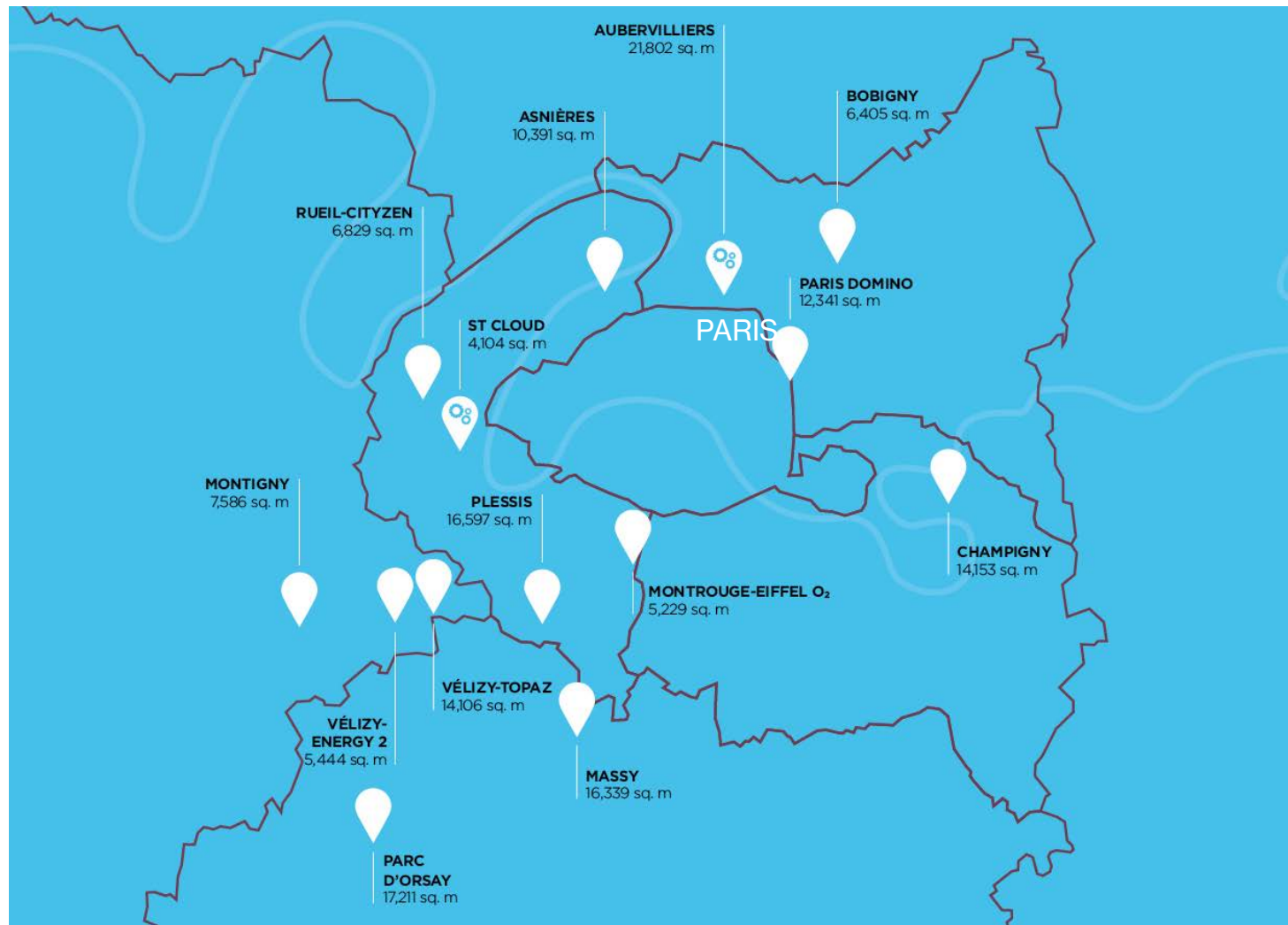
■ Core: Office buildings located in the Paris region  
■ Non core: Other properties

■ Proforma Core\*  
■ Proforma Non Core\*

\* Including all contracted agreements



# Mapping of the core portfolio



# Portfolio evolution as at 23/07/14

Disposal slow down	Acquisition reboot
<p><b>Sales completed: € 27m</b></p> <ul style="list-style-type: none"> <li>• <b>La Roche s/Yon</b>, « La Poste » parcel depot : 6 000 m<sup>2</sup> / annual rent € 360k</li> <li>• <b>Les Souhemes</b>, « La Poste » warehouse : 9 900 m<sup>2</sup> / annual rent € 362k</li> <li>• <b>Nantes</b>, Parc Eiffel : 14 500 m<sup>2</sup> / annual rent € 1 270k</li> <li>• <b>Herblay</b>, mixed use: 2 200 m<sup>2</sup>/ annual rent € 220k</li> </ul> <p><b>Contracted sales: € 22m</b>, including</p> <ul style="list-style-type: none"> <li>• <b>Chartres</b>, mixed use: 11 500 m<sup>2</sup> / annual rent € 735k</li> <li>• <b>Massy</b>, plot K3 (housing) + land Strasbourg (housing) et Orsay (public)</li> </ul>	<p><b>Contracted purchase: € 23m</b></p> <ul style="list-style-type: none"> <li>• 8 300 m<sup>2</sup> office building located in the southern inner rim</li> <li>• Rental status: 10.5 year-closed lease</li> <li>• Initial rent: circa € 1 900k</li> <li>• Covenant: 1<sup>st</sup> grade tenant (CAC 40)</li> <li>• Gross initial yield: 7.65%</li> <li>• Financing: <ul style="list-style-type: none"> <li>✓ LTC: 55%</li> <li>✓ Duration: 7 years</li> </ul> </li> </ul>

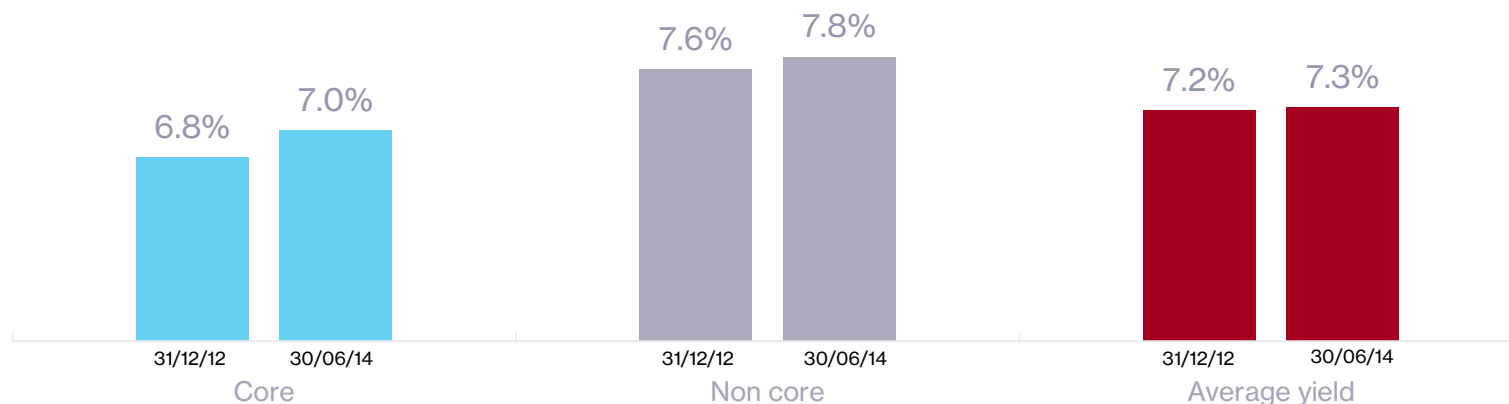


# Impact of portfolio repositioning on performance

	Occupancy rate (financial)	Gross margin (by % rents)	Yield (topped-up)
31/12/2012*	89.9 %	92.0%	7.2%
30/06/2014	93.2% ↑	93.4% ↑	7.3% =

\*date of the strategic plan implementation

## EPRA Topped-up NIY



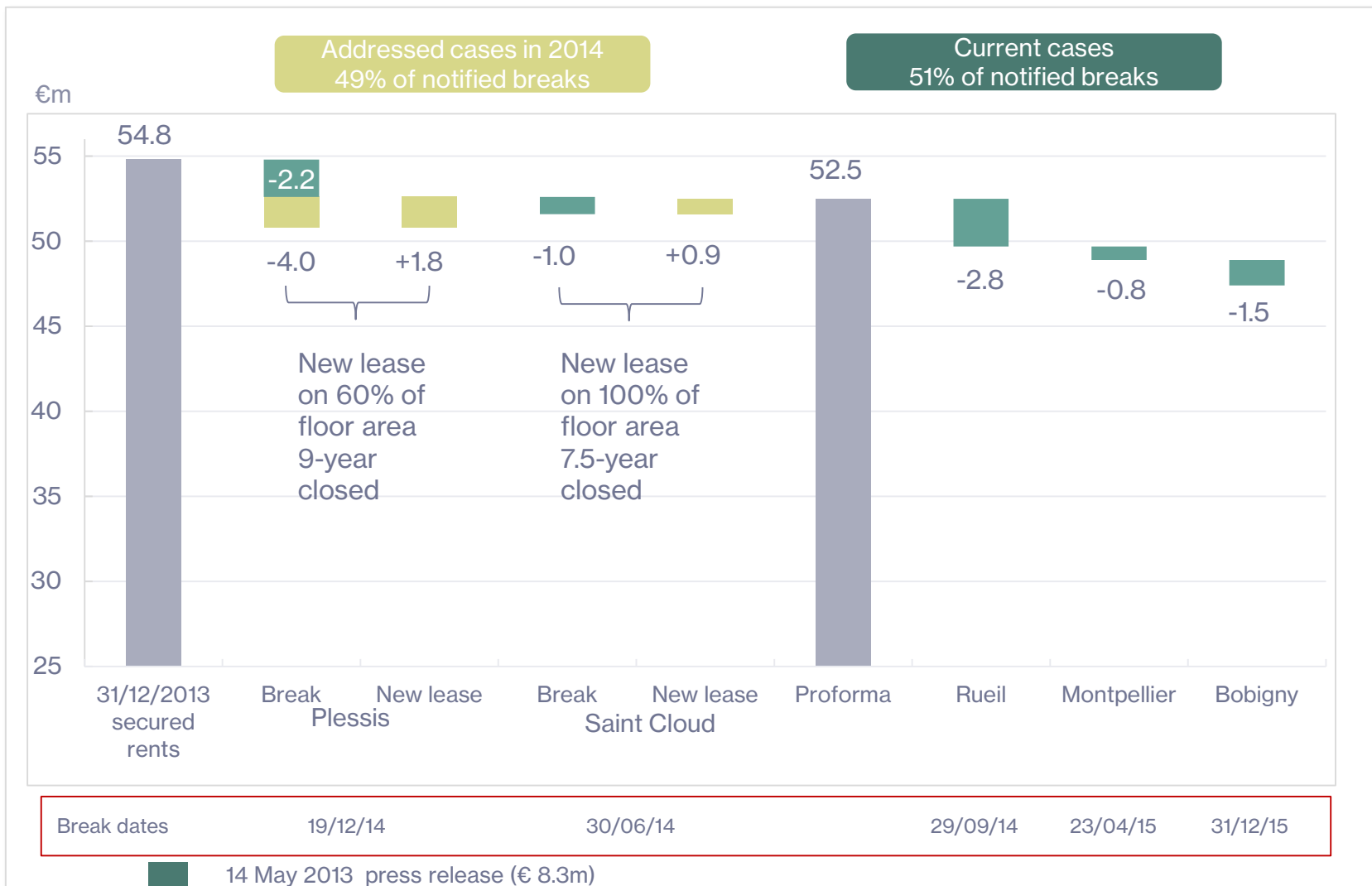
# Bobigny

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# Impact of notified lease breaks on secured rents

2 situations already addressed (out of 5), no new notification received to date



# Opportunities: towards a market correction

- Paris vacancy rate and rental incentive packages on the way to stabilization
  - *STE : vacancy rate steady at circa 6% and passing rents 6% above overall portfolio ERV (vs 7% end 2013)*
- Vendors / investors keen to drive their sales / acquisitions according to adjusted ERVs
  - *STE : back on the acquisition market while values are being readjusted*
- Tangible improvement on the debt market and financing conditions
  - *STE : in a strong position to resume its portfolio growth*





# Galilée - Le Plessis Robinson

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Renovation project







## III.2 Financial results

# Key figures

Positive underlying performance but negative impact of fair value adjustments

	30 June 2014	31 December 2013	
<b>Portfolio valuation excl. transfer costs</b>	<b>€ 682m</b>	<b>€ 701m</b>	<input type="checkbox"/> Portfolio stabilisation
<b>Net financial debt</b>	<b>€ 300m*</b>	<b>€ 324m*</b>	
<b>Net LTV</b>	<b>44.0%*</b>	<b>46.2%*</b>	<input type="checkbox"/> Continued deleveraging
<b>EPRA NNAV (in €/share*)</b>	<b>56.6</b>	<b>58.1</b>	
<b>Cash</b>	<b>€ 36.2m</b>	<b>€ 21.7m</b>	
	H1 2014	H1 2013	
<b>Rental income</b>	<b>€ 26.1m</b>	<b>€ 32.8m</b>	
<i>LFL growth</i>	- 0.5%	5,2%	
<i>EPRA financial occupancy rate</i>	93.2%	91.8%	<input type="checkbox"/> Occupancy rate improvement vs H1 2013
<b>Current EPRA operating result</b>	<b>€ 20.0m</b>	<b>€ 25.4m</b>	<input type="checkbox"/> Good recurring performance (EPRA)
<i>% rents</i>	76.7%	77.6%	
<b>EPRA earnings</b>	<b>€ 12.5m</b>	<b>€ 14.7m</b>	
<i>% rents</i>	47.9%	44.7 %	
<b>IFRS net result (Group share)</b>	<b>-€ 8.2m</b>	<b>-€ 1.9m</b>	<input type="checkbox"/> Negative impact of non cash value adjustments (property and hedging)
<b>Recurring cash flow</b>	<b>€ 13.7m</b>	<b>€ 14,0m</b>	
<i>in €/share</i>	2.2	2.2	

\* includes adjustment for Saar LB cash deposit in reduction of net financial debt (excluding this adjustment, LTV stands out at 44.6% as at 30/06/2014 and 46.7% as at 31/12/2013)



# EPRA key indicators

Resilience of the operating performance in a difficult leasing market

	30/06/2014	30/06/2013
EPRA earnings	€ 12.5m	€ 14.7m
EPRA net initial yield	7.0 %	6.9 %
EPRA topped-up net initial yield	7.3 %	7.3 %
	30/06/2014	31/12/2013
EPRA vacancy rate	6.8 %	6.3 %
NAV per share	58.9 €	59.6 €
NNNAV per share	56.6 €	58.1 €



# Consolidated P&L account (EPRA and IFRS)

Active restructuring of the real estate portfolio, impact of non-recurring costs

	H1 2014			H1 2013			Diff. EPRA (%)
<i>in €m</i>	EPRA earnings	Non recurring	Result	EPRA earnings	Non recurring	Result	
Gross rental income	26.1		26.1	32.8		32.8	-20.2%
Property operating expenses (*)	-4.5	-0.1	-4.6	-5.1	-0.4	-5.5	
Corporate expenses	-1.6	-1.3	-2.9	-2.2	-1.0	-3.2	
<b>Current operating income</b>	<b>20.0</b>	<b>-1.4</b>	<b>18.7</b>	<b>25.4</b>	<b>-1.3</b>	<b>24.1</b>	<b>-21.1%</b>
<b>% of rents</b>	<b>76.7%</b>		<b>71.4%</b>	<b>77.6%</b>		<b>73.5%</b>	
Result from disposals		0.0	0.0		0.9	0.9	
Property fair value adjustment		-14.0	-14.0		-24.5	-24.5	
Other operating income and expenses	-0.1		-0.1	0.1	-0.1	0.0	
<b>Operating income</b>	<b>19.9</b>	<b>-15.4</b>	<b>4.5</b>	<b>25.5</b>	<b>-25.0</b>	<b>0.5</b>	<b>-22.0%</b>
<b>% of rents</b>	<b>76.1%</b>		<b>17.4%</b>	<b>77.9%</b>		<b>1.6%</b>	
Net finance cost	-7.4		-7.4	-10.8		-10.8	
Other financial income and expenses		-5.4	-5.4		9.6	9.6	
<b>Net financial results</b>	<b>-7.4</b>	<b>-5.4</b>	<b>-12.7</b>	<b>-10.8</b>	<b>9.6</b>	<b>-1.1</b>	<b>-31.4%</b>
<b>Profit/loss before tax</b>	<b>12.5</b>	<b>-20.7</b>	<b>-8.2</b>	<b>14.8</b>	<b>-15.4</b>	<b>-0.6</b>	<b>-15.1%</b>
Tax	0.0		0.0	-0.1		-0.1	
<b>Net profit / loss (Group share)</b>	<b>12.5</b>	<b>-20.7</b>	<b>-8.2</b>	<b>14.7</b>	<b>-15.4</b>	<b>-0.7</b>	<b>-14.5%</b>
<b>% of rents</b>	<b>47.9%</b>		<b>-31.4%</b>	<b>44.7%</b>		<b>-2.1%</b>	
<b>Net profit / loss (Group share) per share (**)</b>	<b>2.0</b>	<b>-3.3</b>	<b>-1.3</b>	<b>2.4</b>	<b>-2.5</b>	<b>-0.1</b>	<b>-14.8%</b>

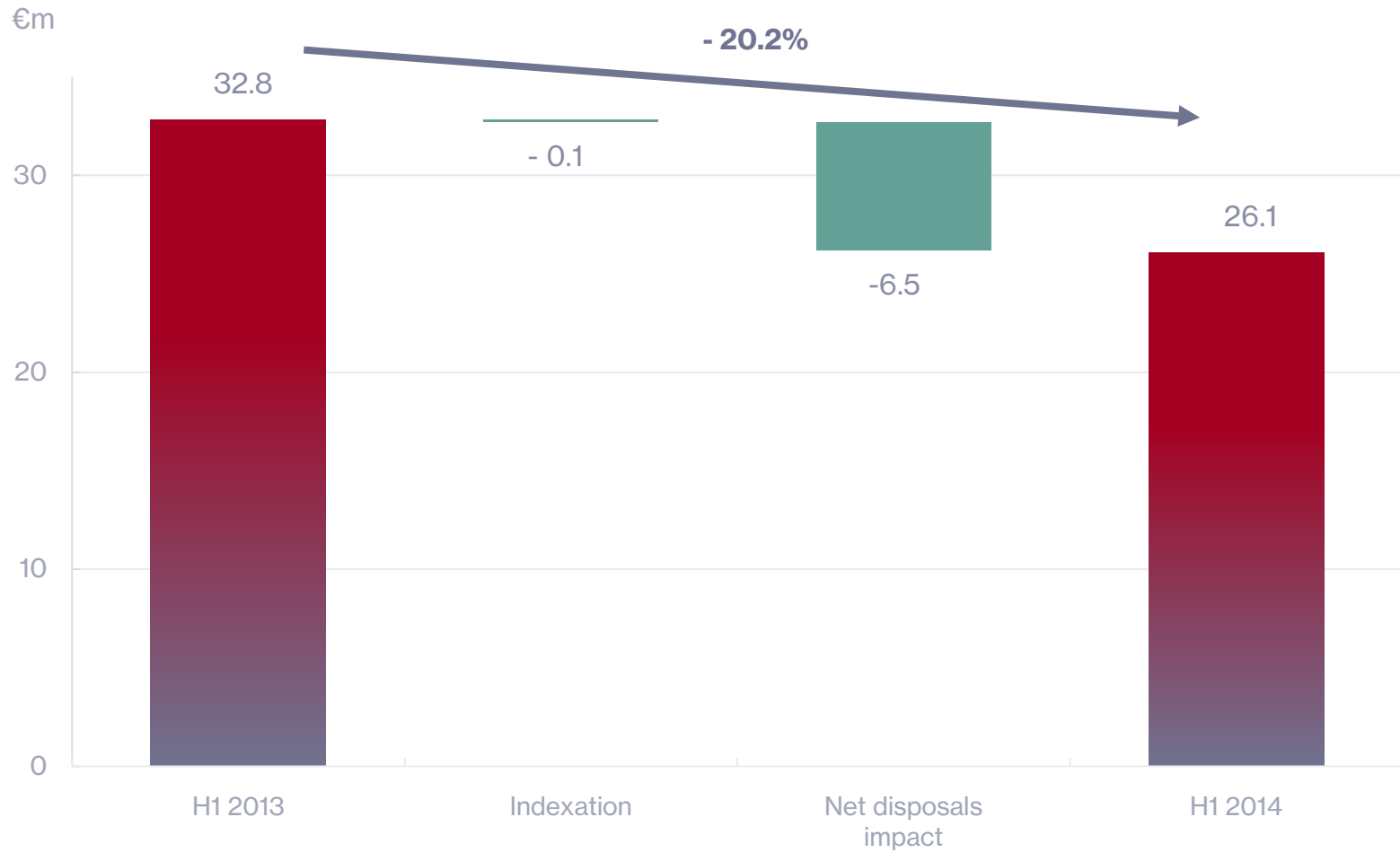
(\*) including Tour Eiffel Asset Management costs

(\*\*) number of shares as at 30/06/2014: 6 253 916 ; number of shares as at 30/06/2013: 6 227 218



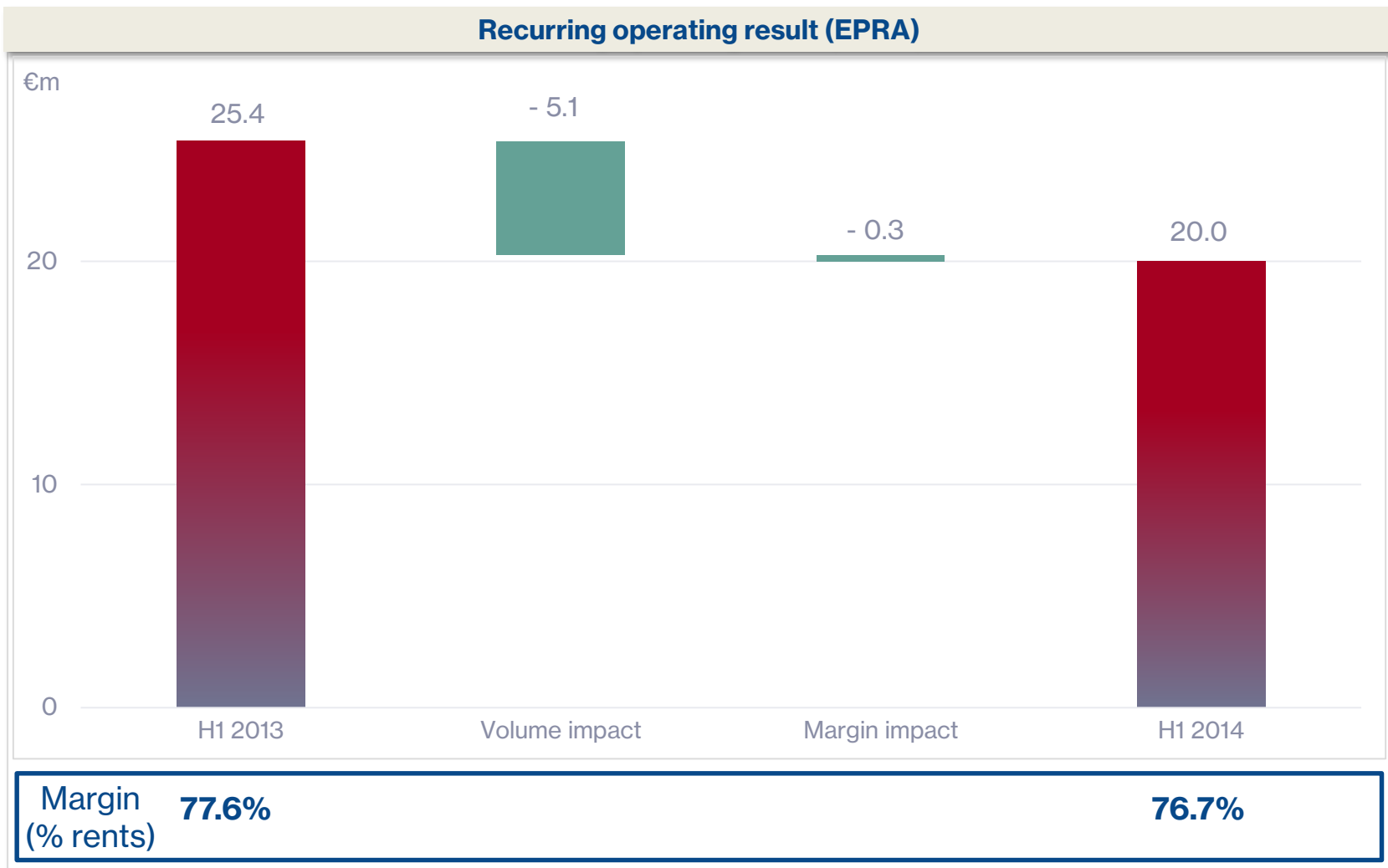
# Rents

Quasi stable on a like-for-like basis (-0.5%)



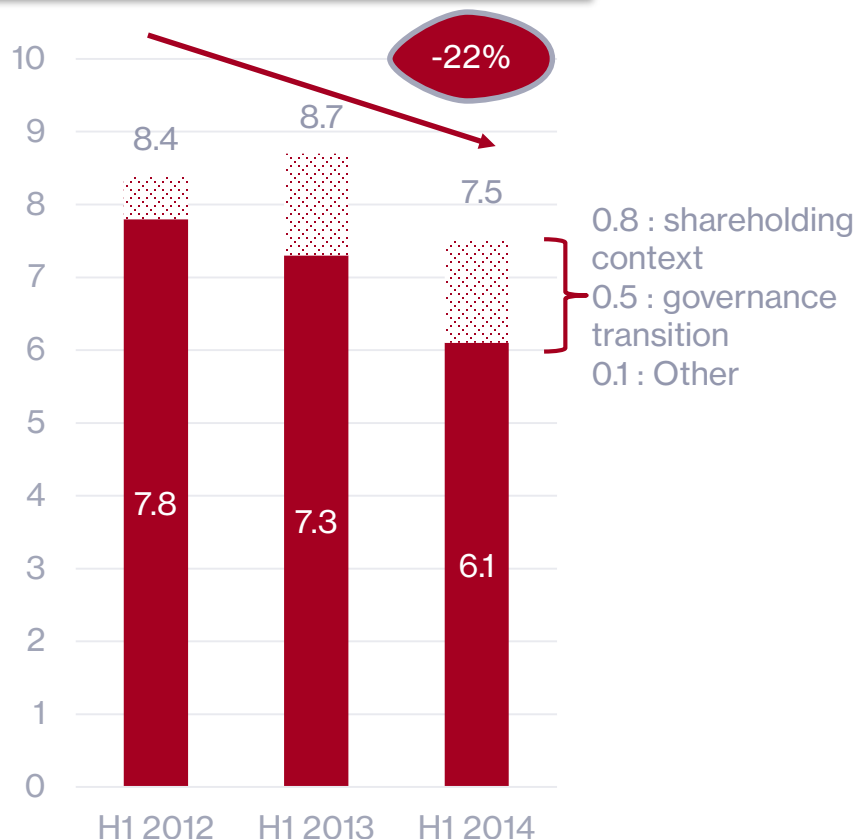
# EPRA recurring operating result

Contraction in line with perimeter change



# Cost structure adjustment

## Operating costs (€m)



EPRA costs (% rents)	H1 2012	H1 2013	H1 2014
	22.3%	22.3%	23.3%

■ EPRA ♦ IFRS

## 1. Property operating expenses:

- *Re-invoiceable: decrease (% of rents)*
- *Non re-invoiceable : decrease due to lower transaction fees (less disposals vs 2013)*

## 2. Corporate operating expenses

- *Continued decrease of the structural costs*
- *Offset (in IFRS) by the impact of the shareholding situation*



## Positive impact of deleveraging





# Consolidated balance sheet

Illustration of the deleveraging and refocusing strategy

In €m

Assets	30/06/2014	31/12/2013	Proforma* 30/06/2014	
Investment properties	640.5	692.4	666.0	-4% Assets
Assets earmarked for disposal	41.1	8.6	0.0	
Tangible assets	0.0	0.0	0.0	
Intangible assets	0.0	0.0	0.0	
Receivables	39.0	35.8	39.0	
Cash and equivalent	36.2	21.7	41.5	
<b>Total Assets</b>	<b>756.8</b>	<b>758.5</b>	<b>746.5</b>	
<b>Liabilities</b>	<b>30/06/2014</b>	<b>31/12/2013</b>	<b>Proforma 30/06/2014</b>	
Share capital and reserves	348.3	356.2	348.3	-12% Net debt
<i>of which Result</i>	-8.2	-1.9	-8.2	
Long term debt	339.9	348.5	329.7	
Other liabilities	68.6	53.8	68.6	
<b>Total Equity and Liabilities</b>	<b>756.8</b>	<b>758.5</b>	<b>746.5</b>	

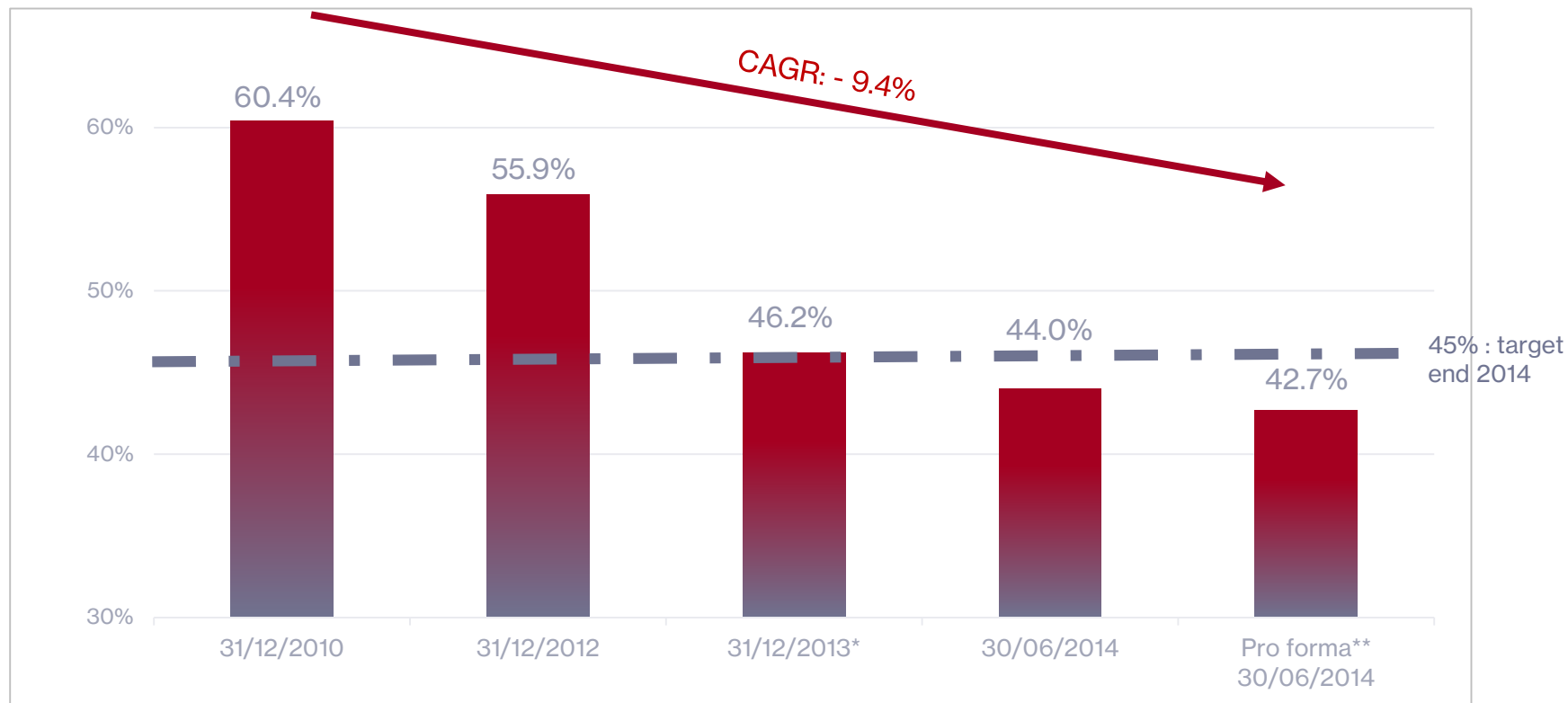
\* Includes impact of all contracted agreements (acquisition and disposals)



# Net financial debt

LTV < 45%

## LTV ratio



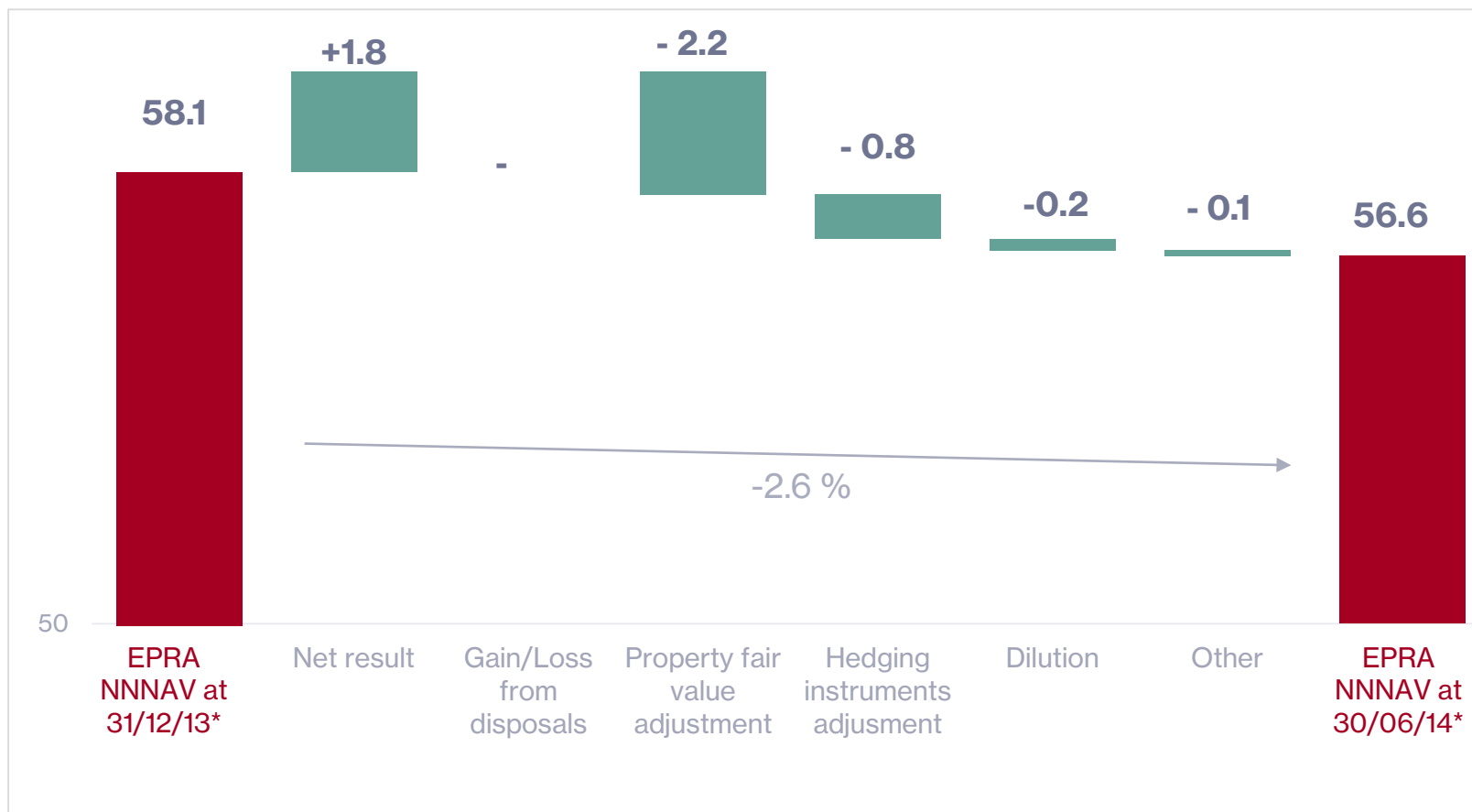
\* includes adjustment for Saar LB cash deposit (46.7% reported to 31/12/2013 excluding adjustment))

\*\* includes impact of 7 contracted sales and 1 contracted purchase as at 30 June 2014



# NNNAV variation per share (in €)

Significative impact of the value adjustments



\* Post-dilution total shares outstanding: 6 247 639 as at 30/06/2014 and 6 227 986 as at 31/12/2013



# Dividend – Annual General Meeting

2014 calendar impacted by shareholding context

❑ 2013 interim dividend (paid-up on 17 October 2013)	€ 1.20
❑ 2013 final pay-out (to be submitted to Annual General Meeting)	€ 2.00
	<hr/>
❑ Total	<b>€ 3.20</b>
	<hr/>



# Eiffel O<sub>2</sub> - Montrouge

© Tristan Deschamps



# Conclusion: for the shareholders



# Conclusion: for the company

The company has recovered leeway for redevelopment:

- Clear and understandable strategy
- Reduced gearing
- Ability to source accretive transactions
- Secured dividend for shareholders

