

Letter to Shareholders

The Chief Executive Director

Paris, 31 March 2014

Dear Fellow Shareholders,

**Consolidated key figures¹
as at 31/12/13**

**Portfolio valuation
(net of transfer costs)**
€ 701 million

Net financial debt
€ 327 million
Indebtedness ratio
LTV 46.7%

EPRA NNAV
€ 58.1 /share

Rental income
€ 61.5 million
+3.3% on a like-for-like basis
-11,5% on a current basis

**EPRA financial
occupancy rate**
93.7%
(vs. 91.8% in 2012)

The 2013 year-end accounts were adopted by the board of directors at its meeting of the 19th March 2014 under the chairmanship of Mark Inch.

The figures reflect the successful refocusing of your Company on Paris office property, the sharp decline in our debt load, and sound operating performance in a relatively complex environment.

Société de la Tour Eiffel met all the commitments in its strategic plan, and, as should be emphasized, has even entered the “growth phase” of its plan one year ahead of schedule.

On January 29, 2014, la SMABTP filed a public tender Offer on the Company, declared compliant on March 4 by the French stock market regulator (AMF). This offer having been appealed has been put on hold pending decision by the competent authorities.

On March 19, the Board of Directors renewed its confidence in management to vigorously pursue the implementation of a strategic plan that has been tried and tested, and take advantage of your Company’s extremely sound fundamentals, now refocused on high-quality Paris office property.

I should like to take this opportunity to thank you for your loyalty and trust and remain personally available to answer any questions you may have.

Yours sincerely,



Renaud Haberkorn
Chief Executive Officer

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Successful refocus on the Paris office property segment and a sharp reduction in debt level

The 2013-2015 Strategic Plan presented 12 months ago had a particularly successful first year, allowing your company to be one year ahead of schedule.

First of all, the Company completed the sale of some € 190 million of non-core assets during the financial period, compared with a target of € 200 million of disposals over two years, scheduled for 2013 and 2014. The disposals mainly involved business parks and logistics warehouses in the provinces. The policy has made the Group portfolio considerably more homogeneous, with 69% of office buildings in Paris at year-end 2013, against only 49% one year earlier. In addition, the disposals were made at the appraisal value, reflecting the ability of Société de la Tour Eiffel teams to manage and make the most of the property portfolio.

In addition to refocusing on a more coherent portfolio, the disposals have resulted in a major reduction in the Group's debt level, with a Loan-to-Value ratio (LTV) of 46.7% at year-end 2013 compared with 55.9% one year earlier. Here again, your Company is close to reaching its goal for year-end 2014 (an LTV ratio of 45%) in just one year.

This proactive policy has led *ispo facto* to a temporary contraction in most of the Company's financial aggregates with two vectors causing the change:

- a) That of volume, i.e. the reduction in rents and the underlying cash flows
- b) That of non-recurring expenses, with asset disposals resulting in a high level of non-recurring operating expenses of around € 1.8 million.

Sound operating performance in a complex rental market

In a complex rental market, Société de la Tour Eiffel has fared well in terms of asset management.

On a like-for-like basis, rents increased 3.3%, reflecting both the positive effect of indexing as well as a net gain in terms of the arrivals of new tenants.

The latter item bolstered the improvement in the financial occupancy rate of the portfolio, which gained 2.1% to reach a record level of 93.7% at year-end 2013 against 91.6% at year-end 2012. The ratio was also improved by the disposal of assets in the provinces with higher vacancy rates.

The cost reduction policy in support of the deliberate downsizing in business announced in July 2013 is also beginning to bear fruit. Recurring operating expenses (EPRA) were down approximately 10% in 2013 and on track to achieve the goal of 20% as of the second half of 2014.

Dividend as announced

As stated in March 2013, subject to approval by the General Meeting of shareholders, the 2013 dividend will be 3.20 euros / share, paid entirely in cash. This includes the interim dividend paid in the second half of 2013 (1.20 euros / share) and the balance to be paid in June 2014 (2.0 euros / share). The level of the dividend, adjusted last year to support the deliberate downsizing in business, represents a total shareholder return in 2013 of 16%.

Next step: return to growth

As a result, the Company is entering the growth phase of its strategic plan one year ahead of schedule, and has started to identify acquisition targets involving offices buildings in Paris. The change in the shareholding structure will necessarily affect the implementation of this new stage in our development plan.

Consolidated figures

	2013	2012
Portfolio valuation excl. Transfer costs	€ 701m	€ 915m
Net financial debt	€ 327m	€ 512m
Net LTV	46.7%	55.9%
EPRA NNAV (in €/share*)	58.1	62.2
Rental income	€ 61.5m	€ 69,5m
LFL growth	3.3%	4.5%
EPRA financial occupancy rate	93.7%	91.6%
Current EPRA operating result	€ 47.3m	€ 53.7m
% rents	77.0%	77.3%
EPRA earnings	€ 28.0m	€ 34.0m
IFRS net result (Group share)	-€ 1.9m	-€ 6.1m
Recurring cash flow	€ 29.5m	€ 35.7m
in €/share*	4.7	5.8

(*) number of shares: 6,253k as at 31 December 2013 and 6,111k as at 31 December 2012, i.e. a dilution of 2.3%

