

2015 Annual Results

A year of transition and consolidation marked by a growth dynamic

The Board of Directors of the Société de la Tour Eiffel met on 22 March 2016, chaired by Hubert Rodarie and approved the financial statements for fiscal 2015. The audit procedures on these accounts have been carried out. The certification reports are being issued.

Consolidated figures

	31/12/2015	31/12/2014
Portfolio value excluding transfer duties	€ 915.3m	€ 765.1m
Portfolio value at amortised cost	€ 751.6m	€ 616.9m
Net financial debt	€ 343.8m	€ 364.7m
Financial debt rate	3.2%	3.8%
Net LTV	37.6%	47.7%
EPRA NNAV (in €/share)	58.1	58.2
	2015	2014
Rental income	€ 53.0m	€ 51.9m
<i>EPRA financial occupancy rate</i>	89.7%	89.6%
Net profit/loss	€ 12.4m	€ 4.2m
Net recurring profit/loss	€ 10.4m	€ 12.4m
EPRA earnings	€ 26.3m	€ 21.9m
Cash-flow	€ 32.3m	€ 27.0m
in €/share	3.4	4.7

Stable operating indicators

- **2015 Turnover**

The consolidated turnover of the Société de la Tour Eiffel stood at € 65.6 million as at 31 December 2015, including € 53.0 million in rental income, the balance consisting of rental expenses re-invoiced to tenants and deferred income from the sale prior to completion of Building B2 in the Nantes business park.

- a. The recent acquisitions of 5 buildings in Bagneux (July 2014), Suresnes (October 2014), Vélizy-Villacoublay (March 2015) Guyancourt (April 2015) and Puteaux (November 2015) for a volume of € 265 million in investment had an impact of + € 8.1 million compared with the consolidated rental income for 2014 (+ € 16.5 million on a full-year basis). These acquisitions of secure, high-quality assets in good locations and leased to major tenants, reflect the new strategy of active development implemented since mid-2014.
- b. The group also ended during the year the divestment program initiated in 2012. As a result in 2015, disposals concerned € 10.5 million against € 39 million in 2014 and € 200 million in 2013. These residual disposals had an impact on rental income of -€ 1.3 million.
- c. The Company carried out large-scale proactive work on lease renewals and securing rental income, in particular on major lines of its portfolio (Le Plessis-Robinson, Asnières-sur-Seine, Champigny-sur-Marne, and Caen Colombelles). The work involved nearly a third of the company's overall income. The average firm lease period (excluding business parks) stood at over 4 years (as at 31 December 2015).
- d. The indexation effect was neutral.

The net balance of rental income on the existing portfolio underwent a downturn (due to the impact of lease extensions and the release of the property in Rueil-Malmaison on 30 September 2014).

- The EPRA financial occupancy rate remained stable, rising slightly from 89.6% at 31 December 2014 to 89.7% at 31 December 2015.
- Operating income on ordinary activities rose 6% to € 24.6 million.
- Current cash flow rose sharply to € 32.3 million for 2015, against € 27.0 million for 2014.

- **Developments**

In 2015, the company also implemented its development plan for its land reserves, with the programming of construction projects adapted to rental demand:

- On the Eiffel business park in Orsay, with an immediate construction project of 15,000 sq. m of additional offices;
- On the Eiffel Campus in Massy, with a development complex of 55,000 sq. m involving several buildings;
- In other regions, in Marseille and Aix-en-Provence with developments respectively representing 3,600 sq. m and 4,600 sq. m.

High growth portfolio

The IFRS value (excluding deferred tax on property) stood at € 915.3 million at 31 December 2015, increasing significantly by almost 20% compared with 31 December 2014 (€ 765.1 million). Offices account for 94% of this value, 88% of which are located in the Île-de-France region, which makes the Company one of the major stakeholders in the Greater Paris development project.

The valuation of the buildings indicates an average net yield (EPRA topped up) of 6%.

On a like-for-like basis, the portfolio appraisal values remained stable (+ 0.5%) at € 758.7 million.

Based on this IFRS assessment of the portfolio, the Group's indebtedness ratio ("loan-to-value") stood at 37.6% at 31 December 2015 and the EPRA NNAV reached € 58.1 per share against € 58.2 per share at 31 December 2014.

A successful capital increase

The Company's equity capital increased in 2015 with the opening of its capital to a total of € 180 million. This capital increase resulted in:

- an equity investment in the Company by several leading institutions,
- the reduction in SMA Group's holding to less than 60% of the capital (which represented almost 90% after the takeover bid launched in 2014)
- the maintenance of the Company's tax status as a listed real estate investment company (SIIC).
- the injection of funds with which to finance growth.

A renewed financing structure

The 2015 fiscal year and favourable market environment provided ideal conditions for the total restructuring of the Company's debt. A EURO PP bond issue of € 200 million and the signature of a "Corporate" type of bank financing for € 210 million enabled the prepayment of all of its mortgage loans (€ 302.6 million) and overdraft facilities granted by the SMA Group (€ 127.6 million). These reimbursements resulted in the release of all property guarantees attached to the portfolio.

This complete restructuring which occurred in the second semester enabled as from 2015 a reduction in the average debt rate to 3.2% (against 3.8% in 2014). This favourable impact will rise in full year in 2016. Moreover, this restructuring allowed a significant lengthening of the debt average maturity to 6.1 years (against 3.1 years in 2014), while setting up means of financing more in line with the Company's new profile.

A stable dividend

The Board of Directors will propose to the Shareholders' Meeting the distribution of a dividend of € 3.0 per share in cash, payment of which will be made within the legal time-frame.

Outlooks consistent with the strategic plan

Against an economic background that incites considerable caution, the objective of the Société de la Tour Eiffel is to increase the value of its portfolio to € 1.5 bn within 2 to 3 years. The property company is therefore approaching 2016 with strong fundamentals and realistic ambitions. The growth objective will be achieved through the acquisition of secure assets, by developments on the land reserves currently available and those that have yet to be acquired, but also through acquisitions of asset portfolios already established, compatible and consistent with the existing portfolio.

As a result, in 2016, the Société de la Tour Eiffel will be once again in line with a trend of significant growth in its cash flows.

"2015 confirmed the return of the Société de la Tour Eiffel on the road to growth, with a structured and ambitious project, backed by solid, long-term shareholders" declared Hubert Rodarie, Chairman of Société de la Tour Eiffel.

"The strengthening our capital and the refinancing of our entire debt in excellent conditions underscore the relevance of our positioning and the market's confidence," noted Philippe Lemoine, Managing Director of the Société de la Tour Eiffel. *"Continuing on from 2015, our recent acquisitions in 2016 in Puteaux and Guyancourt and the signature of an off-plan lease agreement (BEFA) in Aix-en-Provence for the construction of a new building of 4,600 sq. m reflect the dynamic of growth and value creation in which our Company is engaged."*

Agenda: - 25 May 2016 – Annual General Meeting

About Société de la Tour Eiffel

A listed real estate investment company (SIIC) on NYSE Euronext Paris, the company pursues a strategy focused on the ownership and the development of quality offices capable of attracting a wide range of quality tenants. The company's portfolio stood at 915 million Euros for 400,000 sq. m of assets mainly located in the Paris region as at 31 December 2015.

Société de la Tour Eiffel is listed on NYSE Euronext Paris (Eurolist B) - ISIN code: FR0000036816 - Reuters: TEIF.PA - Bloomberg EIFF.FP. Indexes: IEIF Foncières, IEIF Immobilier France

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APPENDIX

<i>Key figures</i>	Page 6
<i>Portfolio</i>	Page 9
<i>Rental Income</i>	Page 14
<i>Financing</i>	Page 16
<i>NAV</i>	Page 19
<i>Cash flow and financial statements</i>	Page 21

Key figures

Portfolio

Result

Cash flow and dividend

Market capitalisation

Financial structure

Valuation ratios

EPRA key performance indicators

Key figures

	31Dec2015	31Dec2014
Portfolio		
Portfolio valuation at Amortised Cost (€m)	751,6	616,9
Portfolio valuation at Fair Value (excl. Transfer costs) (€m)	915,3	765,1
EPRA NAV (*)	59,6	60,4
EPRA NNNAV (*)	58,1	58,2

	2015	2014 (***)
Results		
Rental income (€m)	53,0	51,9
Current operating profit (€m)	24,6	23,2
Net profit - Group share (€m)	12,4	4,2
Net profit - Group share per share (€) (**)	1,3	0,7
Net recurring profit	10,4	12,4
EPRA earnings	26,3	21,9

	2015	2014
Cash flow and dividend		
Recurring Cash Flow (€m)	32,3	27,0
Recurring Cash Flow per share (€) (**)	3,4	4,3
Dividend per share (€)	3,0	0,0
Pay-out Ratio (Dividend / recurring Cash flow)	88%	0%

	31Dec2015	31Dec2014
Market capitalisation		
Number of shares (**)	9 463 747	6 328 181
Share price (€)	54,0	43,8
Market capitalisation (€m)	511,0	277,0

	31Dec2015	31Dec2014 (***)
Financial structure		
Consolidated Equity (€m)	378,2	214,5
Gross financial debt / Shareholders' equity	1,1	1,8
Net Group LTV	37,6%	47,7%
EBITDA / Financial costs	2,7	2,5

	31Dec2015	31Dec2014
Valuation ratios		
Cash flow multiple (Capitalisation / cash flow)	15,8	10,3

(*) fully diluted number of shares at end of period

EPRA key performance indicators

	2015	2014	Diff %
EPRA earnings (1)			
EPRA earnings in €m	26,3	21,9	20,3%
EPRA earnings in € per share (**)	2,78	3,45	-19,5%

(1) EPRA earnings are defined as net recurring result coming from recurring activity.

The slight increase in EPRA earnings mainly stems from the increase in rental income (€53.0m in 2015 vs €51.9m in 2014), and the decrease in recurring real estate and corporate costs.

The decrease in recurring earnings per share is mainly due to the capital increase (issuance of 3,135,566 shares). The operation raised over €180m, a sum which has yet been fully invested, and therefore did not generate significant earnings as at 31 December 2015.

	31Dec2015	31Dec2014	Diff %
EPRA NAV and EPRA NNAV			
EPRA NAV in €m	564,3	382,1	47,7%
EPRA NAV in € per share (*)	59,6	60,4	-1,3%
EPRA NNAV in €m	550,1	368,3	49,4%
EPRA NNAV in € per share (*)	58,1	58,2	-0,2%

EPRA NNAV was impacted positively by the capital increase, the net operating income, the adjustment in hedging instruments and in TEAM Conseil valuation (impact of internalising property management), and negatively by the dividend.

EPRA NNAV per share slightly decreased, impacted negatively by the dividend (-€3.0 per share, partly drawn on the share premium), and positively by the net operating income (+ €1.5 per share), the hedging instrument adjustment (+ €1.5 per share) and the adjustment in TEAM Conseil valuation (+€0.3 per share).

	31Dec2015	31Dec2014	Diff %
EPRA yield (EPRA NIY)			
EPRA topped-up yield (2)	5,96%	6,47%	-7,9%
EPRA yield (3)	5,84%	6,14%	-4,9%

(2) EPRA topped-up yield (Net Initial Yield EPRA topped-up): annual rent as at 31 December, not adjusted for the rental concessions, net of service charges, divided by the portfolio valuation (Fair Value), transfer costs included

(3) EPRA yield (Net Initial Yield EPRA): annual rent as at 31 December, adjusted for the rental concessions, net of service charges, divided by the portfolio valuation (Fair Value), transfer costs included

	31Dec2015	31Dec2014	Diff %
EPRA vacancy rate (4)			
Portfolio up and let	10,34%	10,36%	-0,2%

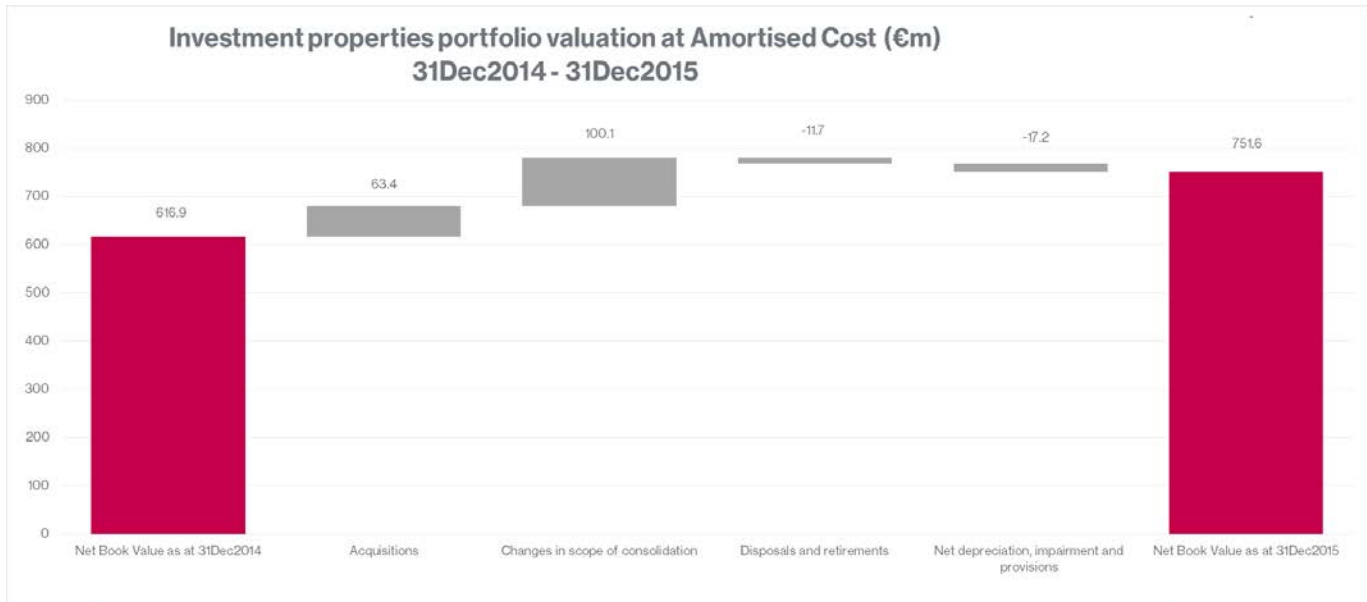
(4) EPRA vacancy rate :it corresponds to an end of period spot rate defined as the ratio between the vacant space market rent and the up and let global portfolio (net of developments and redevelopments) market rent.

(*) fully diluted number of shares at end of period

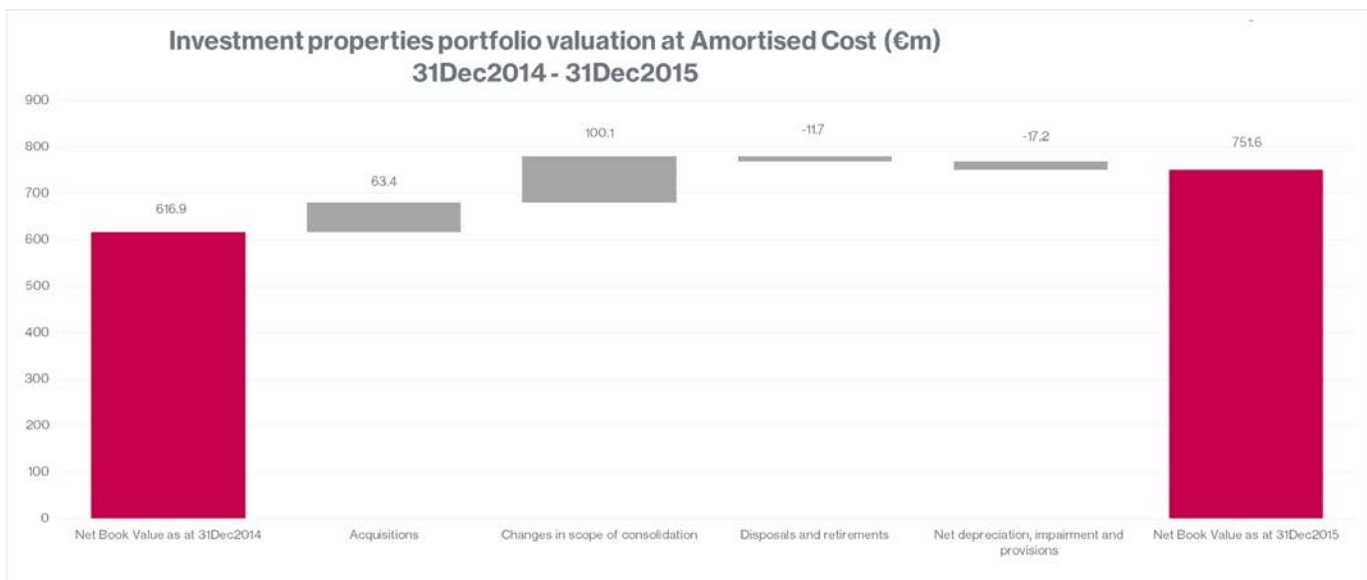
(**) number of shares at end of period

Portfolio

Portfolio valuation at Amortised Cost

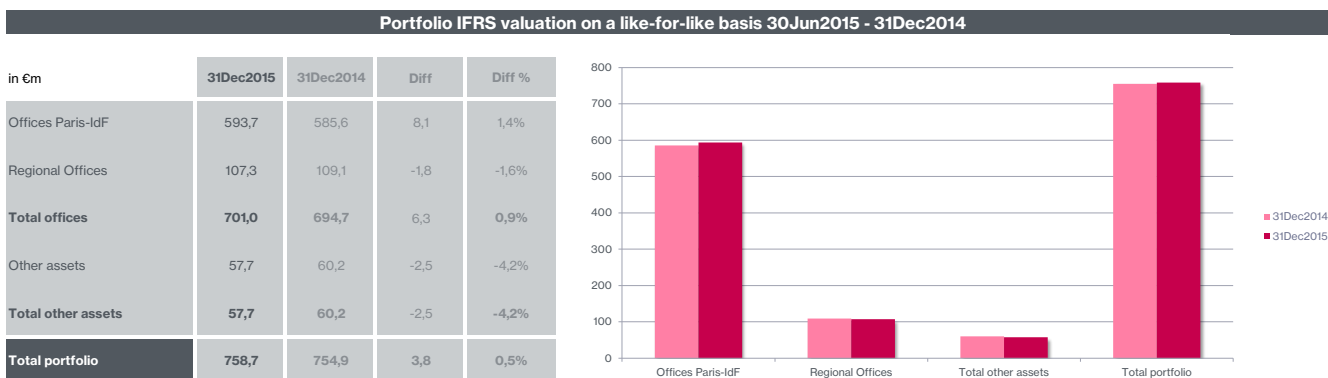
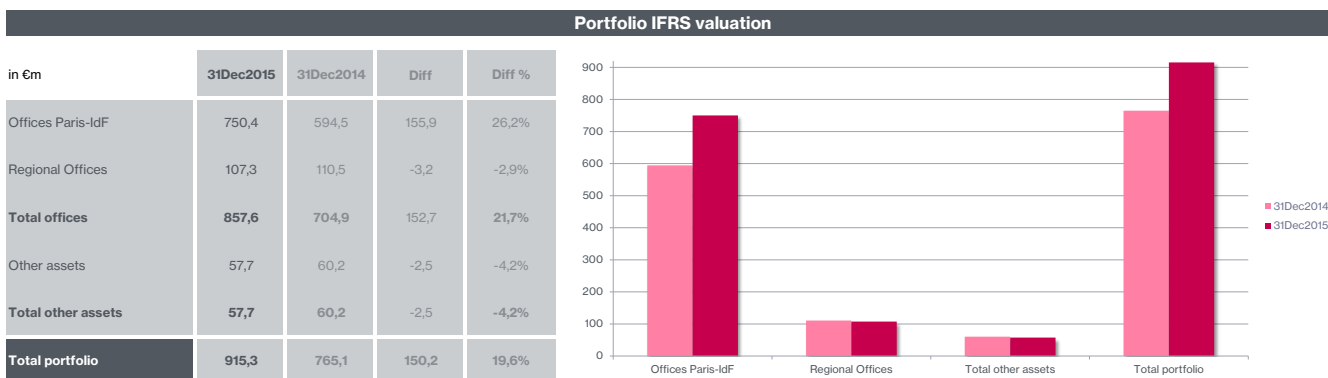


Portfolio valuation at Fair Value

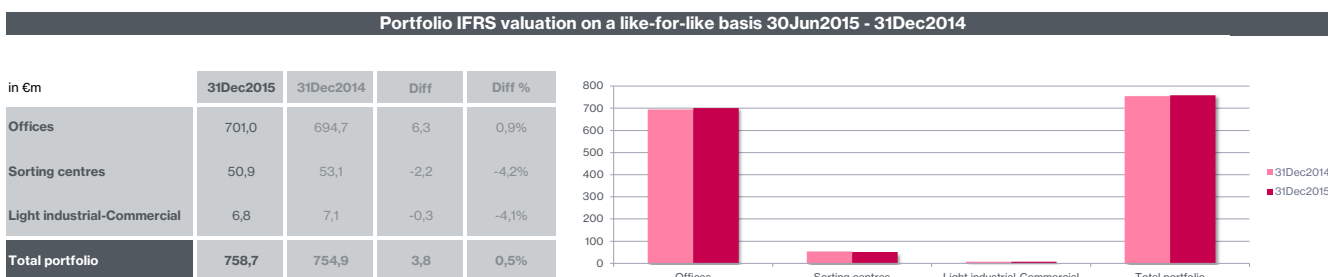
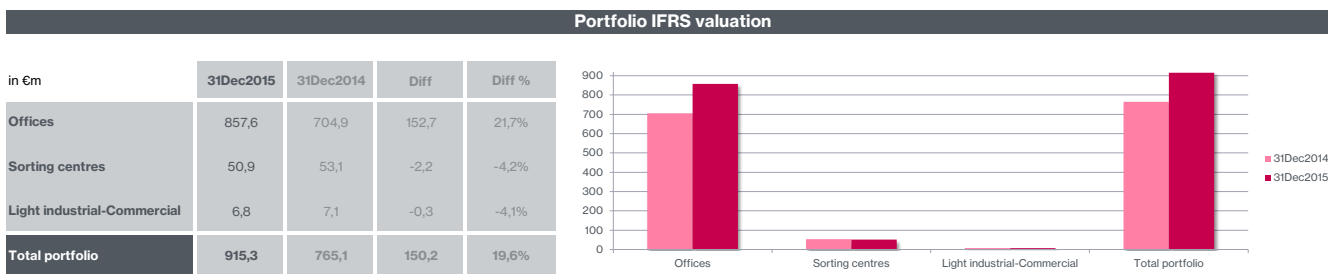


Portfolio valuation at Fair Value

Portfolio value variation: core & non core business



Portfolio value variation per type of assets



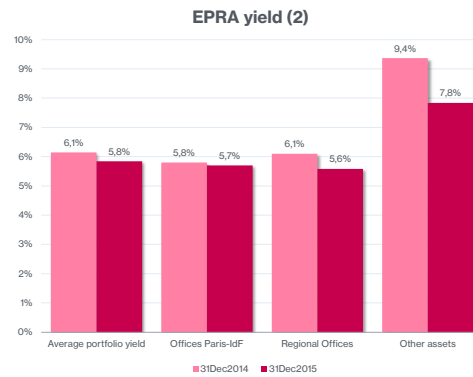
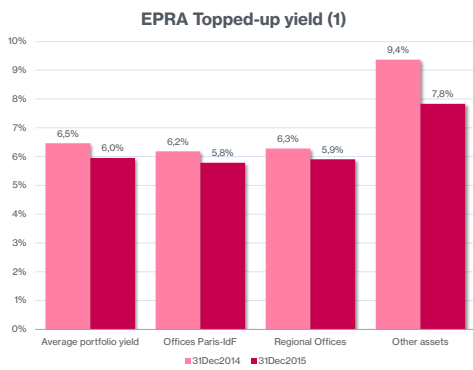
Portfolio value variation on a like-for-like basis = +0.5%

Amount of 2015 investments: € 156.9 m (cost price)/ Amount of 2015 disposals: € 10.5 m

Portfolio EPRA yield

EPRA Topped-up yield	31Dec2015	31Dec2014
Average portfolio yield	6,0%	6,5%
Offices Paris-IdF	5,8%	6,2%
Regional Offices	5,9%	6,3%
Total offices	5,8%	6,2%
Other assets	7,8%	9,4%
Total other assets	7,8%	9,4%

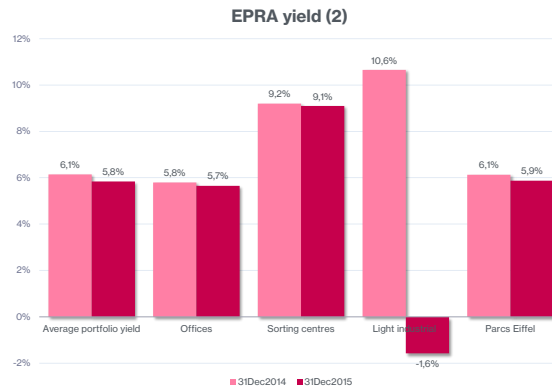
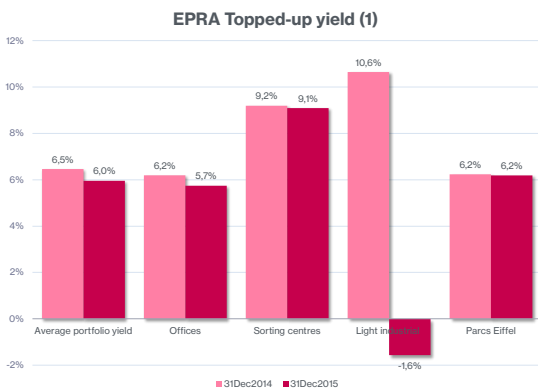
EPRA yield	31Dec2015	31Dec2014
Average portfolio yield	5,8%	6,1%
Offices Paris-IdF	5,7%	5,8%
Regional Offices	5,6%	6,1%
Total offices	5,7%	5,8%
Other assets	7,8%	9,4%
Total other assets	7,8%	9,4%



Portfolio EPRA yield per type of assets

EPRA Topped-up yield	31Dec2015	31Dec2014
Average portfolio yield	6,0%	6,5%
Offices	5,7%	6,2%
Sorting centres	9,1%	9,2%
Light industrial	-1,6%	10,6%
Parcs Eiffel	6,2%	6,2%

EPRA yield	31Dec2015	31Dec2014
Average portfolio yield	5,8%	6,1%
Offices	5,7%	5,8%
Sorting centres	9,1%	9,2%
Light industrial	-1,6%	10,6%
Parcs Eiffel	5,9%	6,1%



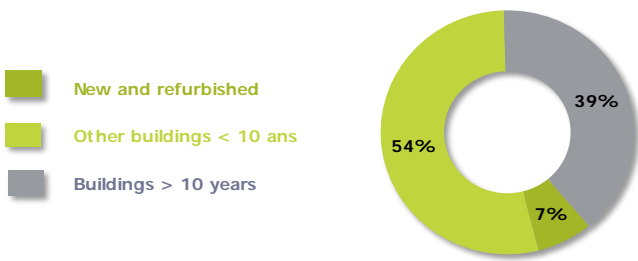
(1) EPRA topped-up yield (Net Initial Yield EPRA topped-up) : annual rent as at 31 December, not adjusted for rental concessions, net of service charges, divided by the portfolio valuation (Fair Value), transfer costs included

(2) EPRA yield (Net Initial Yield EPRA) : annual rent as at 31 December, adjusted for rental concessions, net of service charges, divided by the portfolio valuation (Fair Value), transfer costs included

Portfolio key indicators

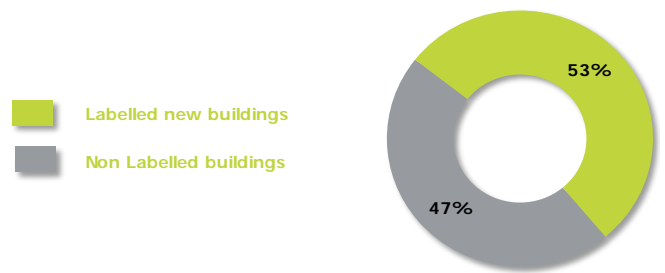
Buildings < 10 years: 61%

(in % of the net of transfer cost value)

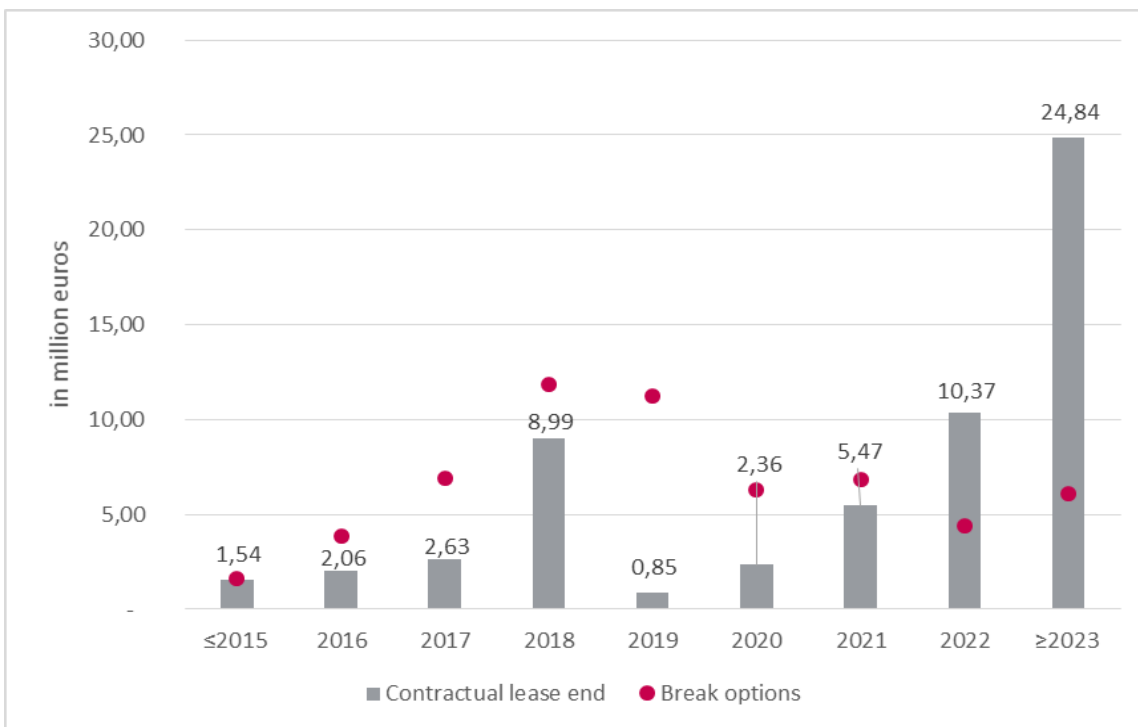


Labelled new buildings

(in % of the net of transfer cost value)



Average lease term maturity in €m



Rental income

Rental income variation

IFRS Rental Income variation

in €m	2015	2014	Diff	Diff %
Offices Paris-IdF	38,6	34,3	4,2	12,4%
Regional Offices	7,5	10,0	-2,4	-24,1%
Total offices	46,1	44,3	1,8	4,2%
Other assets	6,8	7,6	-0,7	-9,8%
Total other assets	6,8	7,6	-0,7	-9,8%
Total portfolio	53,0	51,9	1,1	2,1%



IFRS Rental Income variation on a like-for-like basis 2015 - 2014

in €m	2015	2014	Diff	Diff %
Offices Paris-IdF	30,4	34,3	-3,9	-11,4%
Regional Offices	7,5	9,0	-1,4	-15,9%
Total offices	38,0	43,3	-5,3	-12,3%
Other assets	6,8	7,3	-0,5	-6,3%
Total other assets	6,8	7,3	-0,5	-6,3%
Total portfolio	44,8	50,6	-5,8	-11,4%



IFRS Rental income variation on a like-for-like basis = -11.4%

Impact of investments on Rental income variation: +€8.1m / Impact of disposals on Rental income variation: -€1.3m

Financing

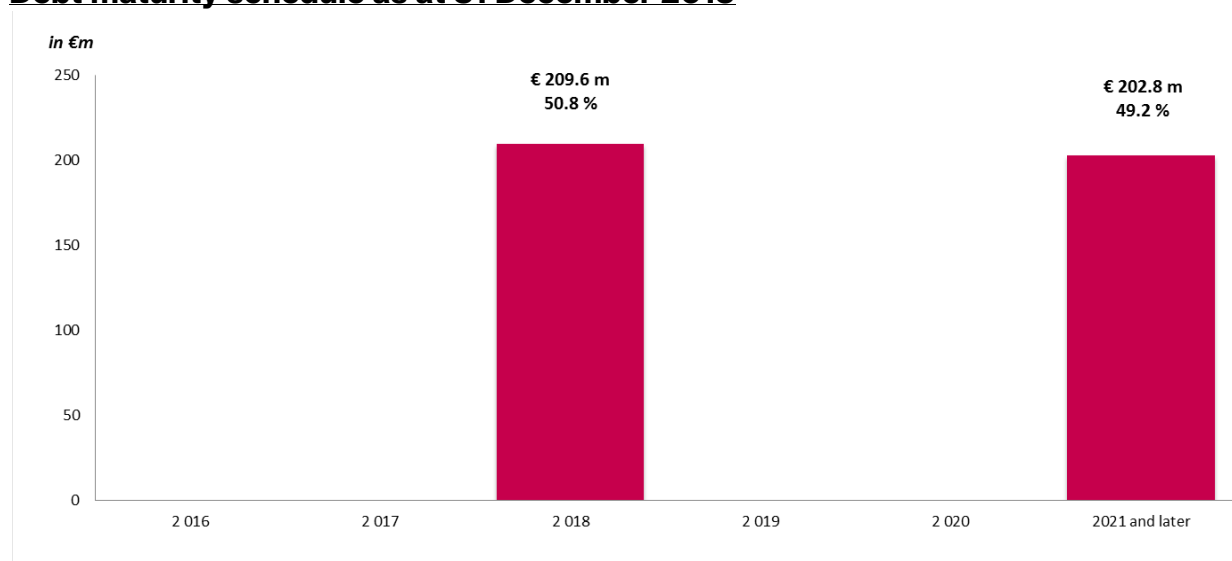
Debt maturity schedule

Summary as at 31 December 2015

Financial structure

Hedging instruments

Debt maturity schedule as at 31 December 2015



Amount of consolidated debt as at 31 December 2015: €412.3 m

Financing - Summary as at 31 December 2015

As at 31 December 2015	Net consolidated debt in €m	Maturity	
RCF POOL BNP	209,6	10/2018	
Bond Euro PP	202,8	07/2025	- Average financial cost 3,22%
PPB bank pool	0,0	repaid in 2015	
SAAR LB	0,0	repaid in 2015	- Hedging 58,2%
Société Générale / Crédit Foncier	0,0	repaid in 2015	
BECM / Société Générale	0,0	repaid in 2015	- Global net LTV 37,6%
OTHERS	0,0	repaid in 2015	
Majority shareholder loan	0,0	repaid in 2015	- ICR global 265%
TOTAL GROSS CONSOLIDATED DEBT	412,3		
TOTAL NET CONSOLIDATED DEBT	343,8		

Financial structure ratios

<i>in €m</i>	31Dec2015	31Dec2014 (**)	Diff %
Shareholders' equity	378,2	214,5	76,4%
Gross financial debt	412,3	384,1	7,3%
Net financial debt	343,8	364,7	-5,7%
LTV (*)	37,6%	47,7%	-21,2%
Average cost of finance	3,2%	3,8%	-14,5%
Hedging	58,2%	100%	-41,8%
Debt maturity	6.1 years	3.1 years	96,8%
Group ICR (EBITDA / Financial cost)	2,7	2,5	5,1%

(*) Cash deposits have been deducted from the net consolidated debt to determine the Group's LTV ratio. These cash deposits amounted to €4.7m as at 31 Dec 2014 (€0.0m as at 31 Dec 2015) and are recorded in the balance sheet as other financial assets. They were fully owned by the Group but were used as an additional guarantee to one of its core banks.

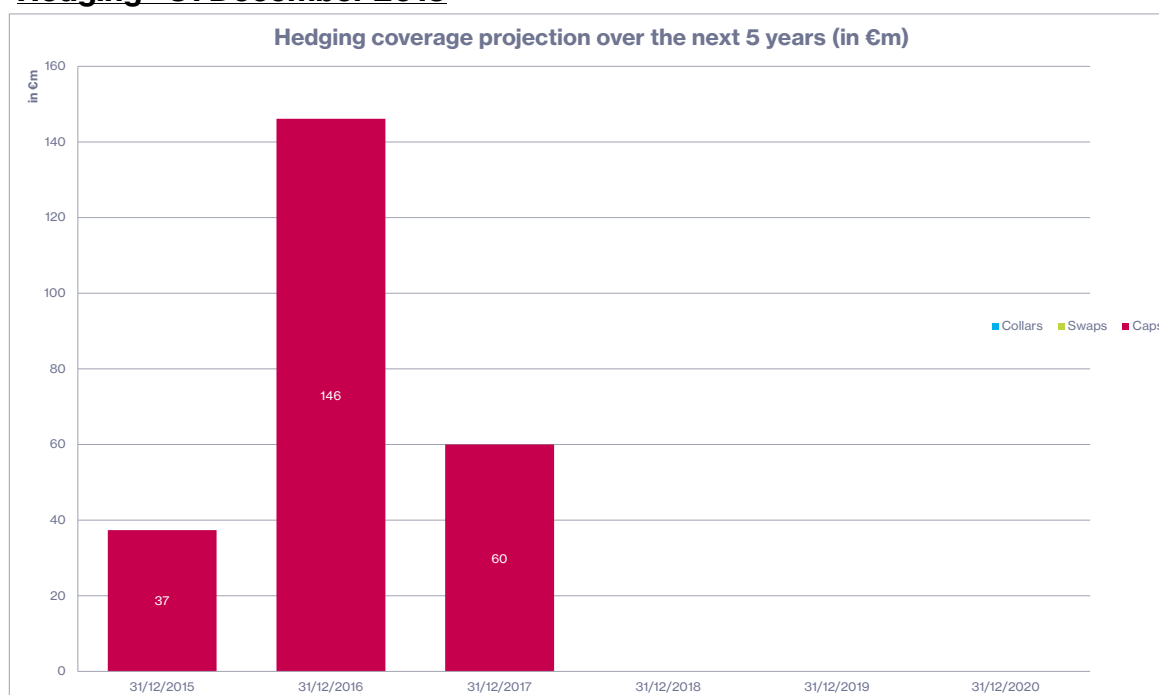
(**) Proforma further to the change in the valuation method of investment properties (from the fair value method to amortised cost)

	31 December 2015	31 December 2014
LTV	37,6%	48,3%
LTV after Cash Deposit adjustment	37,6%	47,7%

NB:

- Sensibility to a 100 bp increase to 3M Euribor on cost of debt: +€2.3m (on a yearly basis)
- Sensibility to a 100 bp decrease to 3M Euribor on cost of debt: -€1.6m (on a yearly basis)

Hedging - 31 December 2015



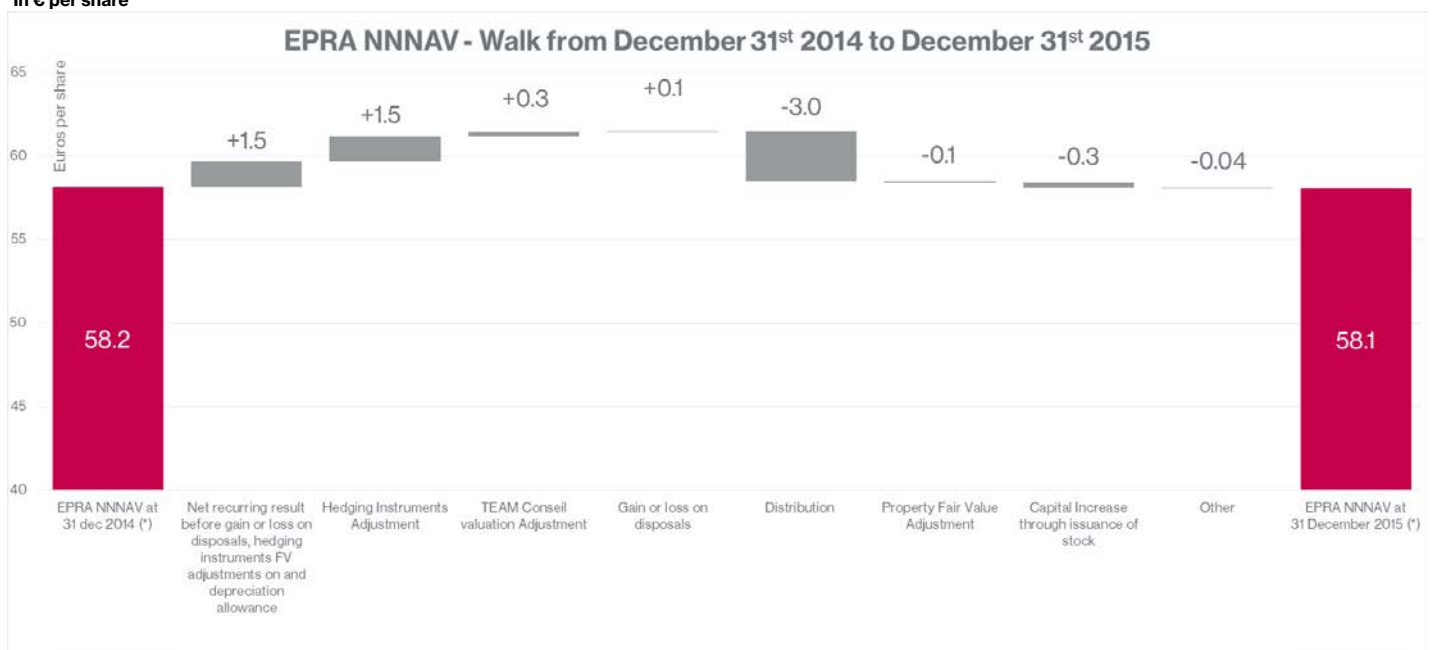
Hedging instruments notional as at 31 December 2015 : € 37.4m

NAV

EPRA NNAV

Variation of EPRA NNAV from 31Dec2014 to 31Dec2015

In € per share



(*) Fully diluted number of shares: 9 475 122 as at 31Dec2015, and 6 330 337 as at 31Dec2014

Cash flow and summarised financial statements

2015 Cash flow

Net consolidated result and Net recurring result

EPRA Earnings

Consolidated balance sheet

Recurring cash flow

in €m	2015	2014	Diff %
Gross rental income	52,8	51,9	1,8%
Recurring property operating expenses	-7,6	-8,5	-9,7%
Recurring corporate expenses	-3,1	-2,9	5,1%
Net financial costs	-9,7	-13,5	-27,9%
Recurring cash flow	32,3	27,0	19,8%
Recurring cash flow (in € / share *)	3,4	4,7	-27,5%

(*) Number of shares as at 31Dec2015: 9 463 747, number of shares as at 31Dec2014: 6 328 181

Net consolidated result and Net recurring result

in €m	2015			2014 proforma (***)			Diff. Recurring result (%)
	Recurring	Non recurring	Result	Recurring	Non recurring	Result	
Gross rental income	53,0		53,0	51,9		51,9	2,1%
Net depreciation	-17,4		-17,4	-15,6		-15,6	
Impairment & provisions	-0,3		-0,3	2,3		2,3	
Property operating expenses (*)	-7,6	-0,4	-8,0	-8,5	-0,9	-9,4	
Corporate expenses	-3,1	0,4	-2,7	-2,9	-3,0	-5,9	
Current operating income	24,5	0,1	24,6	27,1	-3,9	23,2	-9,7%
% of rents	46,2%		46,4%	52,2%		44,8%	
Result from disposals		1,6	1,6		0,9	0,9	
Other operating income and expenses	-0,1	0,6	0,5	0,1		0,1	
Operating income	24,4	2,3	26,6	27,2	-3,0	24,2	#####
% of rents	46,0%		50,3%	52,5%		46,7%	
Net financial cost	-14,1	-2,5	-16,6	-14,8		-14,8	
Other financial income and expenses	0,2	2,2	2,4		-5,2	-5,2	
Net financial results	-13,9	-0,3	-14,2	-14,8	-5,2	-20,0	6,4%
Profit/loss before tax	10,5	2,0	12,5	12,4	-8,2	4,2	-15,2%
Tax	-0,04		-0,04	0,0		0,0	
Net profit/loss (Group share)	10,4	2,0	12,4	12,4	-8,2	4,2	-15,6%
% of rents	19,7%		23,5%	23,8%		8,1%	
Net profit / loss (Group share) per share (**)	1,1	0,2	1,3	2,0	-1,3	0,7	#####

(*) including Team Conseil costs

(**) number of shares as at 31Dec2015: 9 463 747; number of shares as at 31Dec2014: 6 328 181

(***) proforma following the option to value investment property at amortised cost

EPRA Earnings

in €m	2015	2014	Diff %
Earnings per IFRS income statement	12,4	4,2	197,7%
adjustments to calculate EPRA Earnings, exclude:			
(i) Changes in value of investment & development properties / or net depreciation allowance	17,7	13,3	33,0%
(ii) P / L on disposal of investment & development properties	-1,6	-0,9	85,1%
(iii) P / L on sales of trading properties including impairment charges in respect of trading properties	0,0	0,0	-66,7%
(iv) Tax on profits or losses on disposals	N/A	N/A	N/A
(v) Negative goodwill / goodwill impairment	N/A	N/A	N/A
(vi) Changes in Fair Value of financial instruments & close-out costs	-2,2	5,2	-142,9%
(vii) Acquisition costs on share deals and non-controlling Joint Venture interests	N/A	N/A	N/A
(viii) Deferred tax in respect of EPRA adjustments	N/A	N/A	N/A
(ix) Adjustments above in respect of Joint Venture (non consolidated)	N/A	N/A	N/A
(x) Minority interests in respect of the above	N/A	N/A	N/A
EPRA Earnings	26,3	21,9	20,3%
number of shares as at 31 12 2015 (millions)	9,463747	6,328181	49,5%
EPRA Earnings per share	2,8	3,5	-19,5%

Consolidated balance sheet

<i>in €m</i>	31Dec2015	31Dec2014 (*)	Diff	Diff%
Assets				
Investment properties	747,3	608,0	139,3	22,9%
Assets earmarked for disposal	4,3	9,0	-4,6	-51,7%
Tangible fixed assets	0,2	0,1	0,0	9,2%
Intangible fixed assets	0,0	0,0	0,0	20,0%
Receivables	23,4	30,3	-7,0	-23,0%
Cash and equivalent	68,6	14,8	53,8	364,0%
Total ASSETS	843,7	662,2	181,5	27,4%
LIABILITIES				
Share capital and reserves	378,2	214,5	163,8	76,4%
<i>including result</i>	12,4	4,2	8,3	197,6%
Long term debt	412,3	384,7	27,6	7,2%
Other liabilities	53,1	63,0	-9,9	-15,7%
Total LIABILITIES	843,7	662,2	181,5	27,4%

(*) proforma following the option to value investment property at amortised cost