

2017 Half-Year Results High Growth in Earnings

The Board of Directors, which met on 21 July 2017 under the chairmanship of Hubert Rodarie, approved the financial statements at 30 June 2017. The limited review procedures for these accounts have been completed and the corresponding reports are being issued.

Consolidated figures (audited)

	30/06/2017	31/12/2016
Portfolio value excluding transfer duties	€ 1 145.2m	€ 1 135.1m
Portfolio value at amortised cost	€ 934.4m	€ 934.4m
Net financial debt	€ 412.0m	€ 410.1m
Financial debt rate	1.86%	1.85%
Net LTV	36.0%	36.2%
EPRA NNAV (in €/share)	57.3	58.9
	H1 2017	H1 2016
Rental income	€ 34.4m	€ 28.9m
EPRA financial occupancy rate	87.3%	87.5%
Net profit/loss	€ 8.0m	€ 5.7m
Net recurring profit/loss	€ 8.0m	€ 7.3m
EPRA earnings	€ 21.5m	€ 16.0m
Cash-flow	€ 24.9m	€ 20.8m
in €/share	2.0	2.2

Significant improvement in operating indicators

Consolidated turnover (comprising rental and service charge income from investment properties) stood at €44.3m for H1 2017 compared with €36.6m for H1 2016, of which rents alone accounted for €34.4m and €28.9m respectively, or growth of 19%.

The increase in rental income was mainly due to acquisitions made in 2016 (3 assets in Guyancourt, Puteaux and Nanterre-Préfecture and the Défense-Nanterre-Seine business park).

Operating income on ordinary activities stood at €12.1m for H1 2017 after taking into account depreciation, property expenses and overheads.

Current cash flow rose sharply by 20% to €24.9m against €20.8m for H1 2016.

Development projects on all land reserves

In line with its strategy of simultaneously performing acquisitions and developments depending on opportunities, the Group is currently pursuing the upgrading of its land reserves in Ile-de-France and in the other regions:

- ✓ In **Nanterre**, two projects are being studied in the Défense-Nanterre-Seine Business Park along the A86 motorway, which already comprises 19 office buildings and light industrial premises:
 - The NAVARQUE: restructuring of a building with 6,423 m² of floor space for redevelopment for mixed uses and offices.
 - The NANTURRA: development of a 1st phase of 3,000 m² of a new building for mixed uses and offices.
- ✓ At **Massy** within the Ampère Atlantis integrated development zone (ZAC), the "Campus Eiffel Massy" project for the construction of 24,000 m² of floor space for mixed uses and offices in several buildings: the objective of this campus which focuses on modularity, services and medium-sized floor space segments, is to propose an alternative commercial offer to existing buildings. The project has been divided into two phases:
 - Block O: a building permit was issued in July 2016 for the construction of a property complex of 4 HQE buildings with a surface area of more than 12,000 m²;
 - Block P: approval was obtained in September 2016 for the construction of 12,150 m².
- ✓ In **Orsay** in the Parc Eiffel, (17,000 m²), an additional construction scheme representing 13,600 m², consisting of two buildings (6,000 m² of office space and 7,600 m² of light industrial premises and a restaurant), the building permit for which is going to be filed in the Q3 2017.
- ✓ In **Marseille** in the Parc des Aygaldes (18,000 m²), an additional construction scheme of a building with 3,634 m² of floor space for offices and retail. This project complements the ongoing development of a building with 1,967 m² of floor space leased by SERAMM as part of an off-plan lease agreement (BEFA), the delivery of which is scheduled for H1 2018.
- ✓ In **Aix-en-Provence**, (25,000 m²), in the Parc du Golf, the construction of an additional building with 4,600 m² of floor space leased by Capgemini as part of an off-plan lease agreement (BEFA). The construction of this new building is continuing with the delivery scheduled for early 2018.

Moreover, the Group has expanded its presence in two business parks with several acquisitions:

- ✓ Two buildings of 1,500 m² and 1,100 m² respectively located in the Parc du Golf in Aix-en-Provence. These acquisitions enable the Group to increase its property portfolio to 30,000 m² out of a total surface area of 43,000 m², or 70% of the business park.
- ✓ A 1,300 m² building in the Orsay University Parc Eiffel. This acquisition means the Group owns the entire business park.

An increase in portfolio value

The Group's property assets at 30 June 2017 stood at €1,145.2m, excluding transfer duties and expenses, of which €1,140.9m represented investment properties and €4.3m represented assets for disposal. Office

buildings in Ile-de-France account for 86% of this value. The valuation of the portfolio was €1,135.1m as at 31 December 2016, variation is mainly due to the costs incurred for development during the period.

The valuation of the buildings indicates an average net yield (EPRA topped up) of 5.5%, a figure that remained stable compared with year-end 2016.

The EPRA vacancy rate remained at a level of 12.7% at 30 June 2017, marked by the vacancy resulting from the recently acquired Défense-Nanterre-Seine Business Park, in which some of the buildings are undergoing renovation or restructuring.

On this basis and after dividend distribution of €3 per share, the EPRA Triple Net Asset Value per share stood at €57.3. It was €58.9 per share at year-end 2016.

Extension of debt maturity and stability of the Loan To Value ratio

Overall gross debt as at 30 June 2017 stood at €431.8m, as against €432.7m at 31 December 2016.

Net debt (adjusted for cash and cash equivalents) amounted to €412.0m.

Thus, the Group's level of indebtedness at 30 June 2017 represented 36.0% of its property assets, against 36.2% at 31 December 2016.

In the first half of 2017, the Group undertook the previously announced operations to extend the maturity of its debt with the signing of a 7-year Revolving Credit Facility for the sum of €100m, of which €84m were used to repay part of the loan maturing in October 2018.

Given these items, the Group's average term of debt stood at 5.8 years at 30 June 2017 against 4.6 years at year-end 2016.

The Group's average financing rate remained stable at 1.9% in the first half of 2017 compared with the 2016 financial period.

Outlook

"The results for the first half of 2017 are in line with the growth of the last two years. The property company is strengthening its fundamentals and is rolling out its plan to increase the size of its assets to €1.5bn in the coming years. The priority is to pre-market development projects but the teams are also taking action to optimize the service offer that goes hand in hand with the transformation and development of business parks. As a result, both in Ile de France and the other regions, the attention is constantly focused on upgrading the parks and the operations. Backed by that dynamic and the support of the shareholders, I am confident that the Group will undertake new projects in the coming months," said Philippe Lemoine, Managing Director of the Société de la Tour Eiffel.

About Société de la Tour Eiffel

A listed real estate investment company (SIIC) on 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 1.145bn Euros for close to 490,000 sq. m of assets mainly located in the Paris region as at 30 June 2017.

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

Press contact

Jean-Philippe MOCCI - Capmot

Tel : +33 (0)1 81 70 96 33/+33 (0)6 71 91 18 83

jpmocci@capmot.com

www.societetoureiffel.com

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Key figures

Portfolio

Result

Cash flow and dividend

Market capitalisation

Financial structure

Valuation ratios

EPRA key performance indicators



Key figures

	30Jun2017	31Dec2016
Portfolio		
Portfolio valuation at depreciated cost (€m)	934,4	934,4
Portfolio valuation at Fair Value (excl. Transfer costs) (€m)	1 145,2	1 135,1
EPRA NAV (*)	57,3	58,8
EPRA NNAV (*)	57,3	58,9
Results		
Rental income (€m)	34,4	28,9
Current operating profit (€m)	12,4	10,7
Net profit - Group share (€m)	8,0	5,7
Net profit - Group share per share (€) (**)	0,7	0,6
EPRA earnings	21,5	16,0
Cash flow and dividend		
Recurring Cash Flow (€m)	24,9	20,8
Recurring Cash Flow per share (€) (**)	2,0	2,2
Dividend per share (€)	3,0	3,0
Pay out Ratio (Dividend / recurring Cash flow)	148%	136%
Market capitalisation		
Number of shares (**)	12 232 422	12 110 509
Share price (€)	56,4	52,5
Market capitalisation (€m)	689,9	635,8
Financial structure		
Consolidated Equity (€m)	485,4	506,9
Gross financial debt / Shareholders' equity	0,9	0,9
Net Group LTV	36,0%	36,2%
EBITDA / Financial costs	6,1	5,8
Valuation ratios		
Cash flow multiple (Capitalisation / cash flow)	13,9	16,3

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

(**) number of shares at end of period



EPRA key performance indicators

	HY2017	HY2016	Diff %
EPRA earnings (1)			
EPRA earnings in €m	21,5	16,0	34,4%
EPRA earnings in € per share (**)	1,8	1,7	4,0%

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

	30Jun2017	31Dec2016	Diff %
EPRA NAV and EPRA NNAV			
EPRA NAV in €m	701,7	713,5	-1,6%
EPRA NAV in € per share (*)	57,3	58,8	-2,5%
EPRA NNAV in €m	702,7	714,6	-1,7%
EPRA NNAV in € per share (*)	57,3	58,9	-2,7%

	30Jun2017	31Dec2016	Diff %
EPRA yield (EPRA NIY)			
EPRA topped-up yield (2)	5,52%	5,54%	-0,4%
EPRA yield (3)	5,33%	5,27%	1,1%

(2) EPRA topped-up yield (Net Initial Yield EPRA topped-up): annual rent at end of period, 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 end of period, adjusted for the rental concessions, net of service charges, divided by the portfolio valuation (Fair Value), transfer costs included

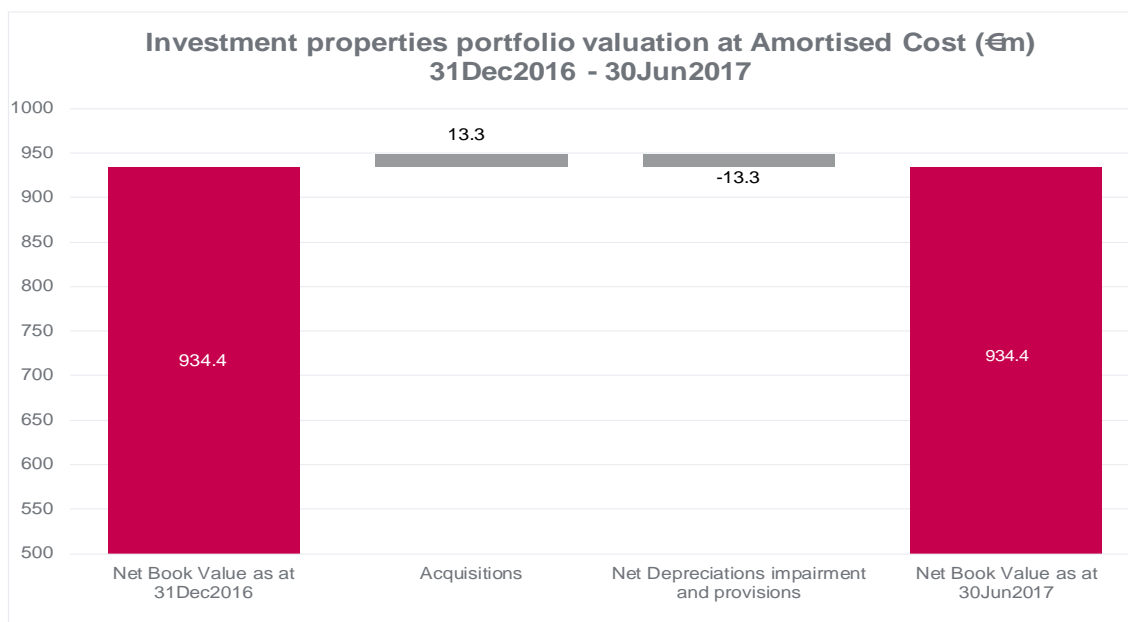
	30Jun2017	31Dec2016	Diff %
EPRA vacancy rate (4)			
Portfolio up and let	12,7%	12,5%	1,4%

(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.

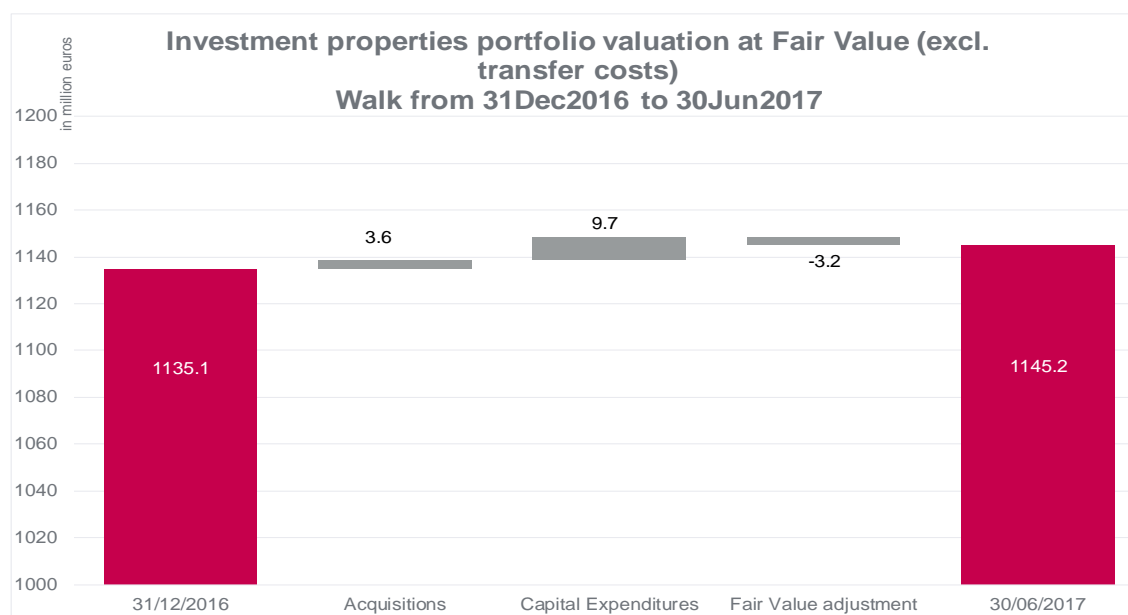
(*) fully diluted number of shares at end of period

(**) number of shares at end of period

Portfolio



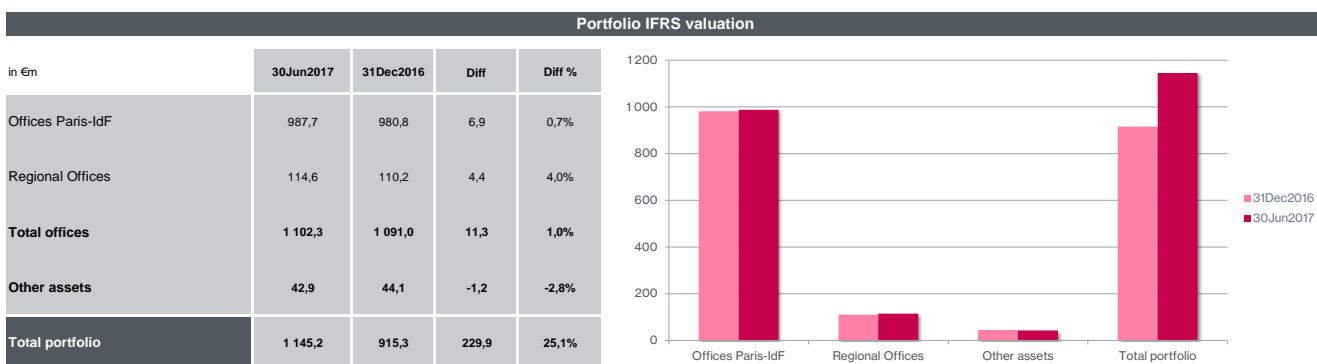
Portfolio valuation at Fair Value



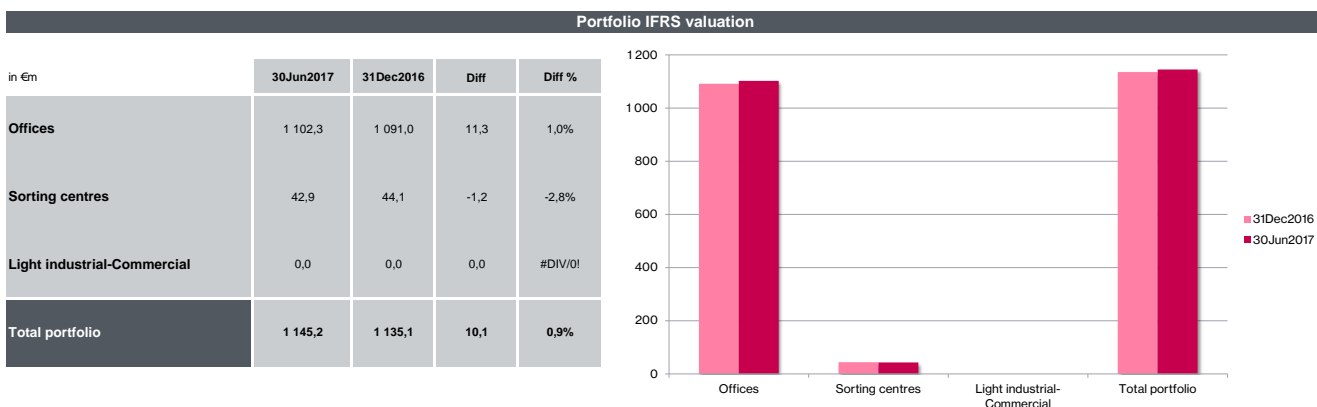


Portfolio valuation at Fair Value

Change in portfolio value : core & non core business



Change in portfolio value per type of assets



Amount of HY 2017 investments: €3.6 m (cost price)

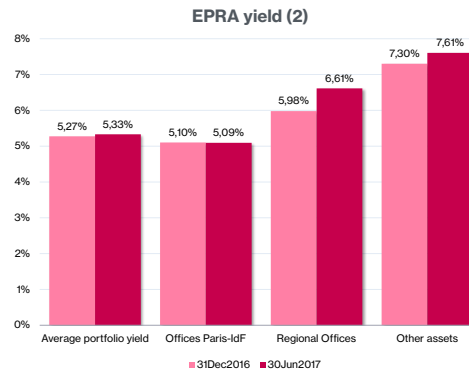
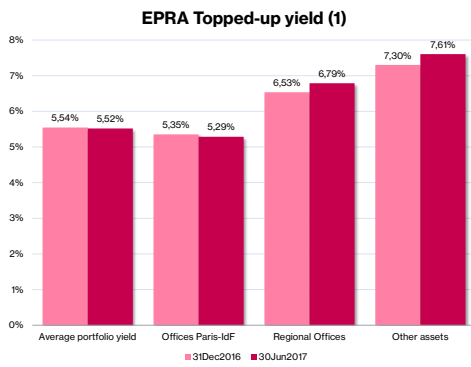
Amount of HY 2017 disposals: N/A



Portfolio EPRA yield

EPRA Topped-up yield	30Jun2017	31Dec2016
Average portfolio yield	5,52%	5,54%
Offices Paris-IdF	5,29%	5,35%
Regional Offices	6,79%	6,53%
Total offices	5,43%	5,47%
Other assets	7,61%	7,30%

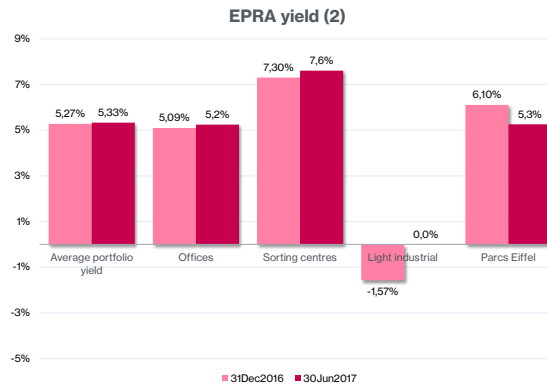
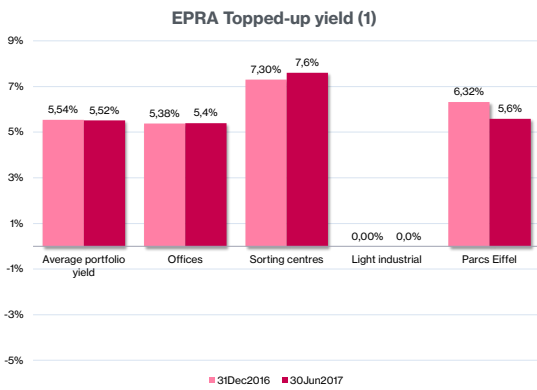
EPRA yield	30Jun2017	31Dec2016
Average portfolio yield	5,33%	5,27%
Offices Paris-IdF	5,09%	5,10%
Regional Offices	6,61%	5,98%
Total offices	5,24%	5,19%
Other assets	7,61%	7,30%



Portfolio EPRA yield per type of assets

EPRA Topped-up yield	30Jun2017	31Dec2016
Average portfolio yield	5,52%	5,54%
Offices	5,4%	5,38%
Sorting centres	7,6%	7,30%
Light industrial	N/A	N/A
Parcs Eiffel	5,6%	6,32%

EPRA yield	30Jun2017	31Dec2016
Average portfolio yield	5,33%	5,27%
Offices	5,2%	5,09%
Sorting centres	7,6%	7,30%
Light industrial	N/A	-1,57%
Parcs Eiffel	5,3%	6,10%



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

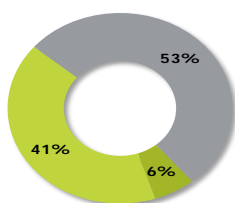
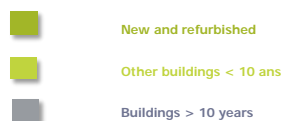
(2) EPRA yield (Net Initial Yield EPRA) : annual rent at end of period, adjusted for rental concessions, net of service charges, divided by the portfolio valuation (Fair Value), transfer costs included



Portfolio key indicators

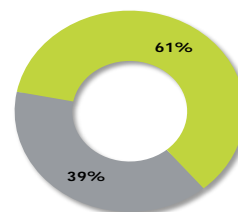
Buildings < 10 years: 47 %

(in % of the net of transfer cost value)

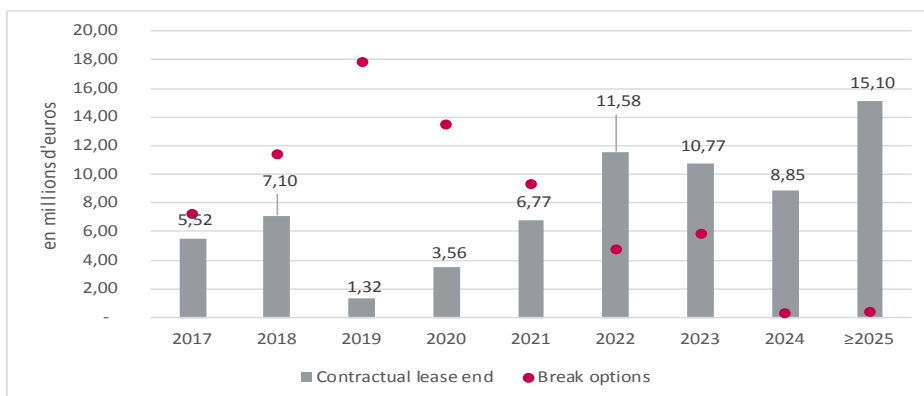


Labelled new buildings

(in % of the net of transfer cost value)



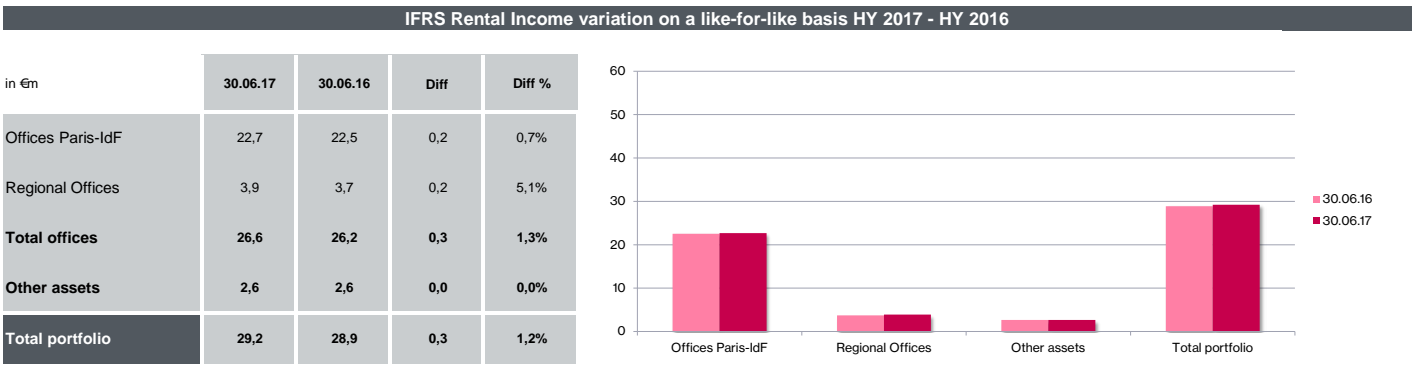
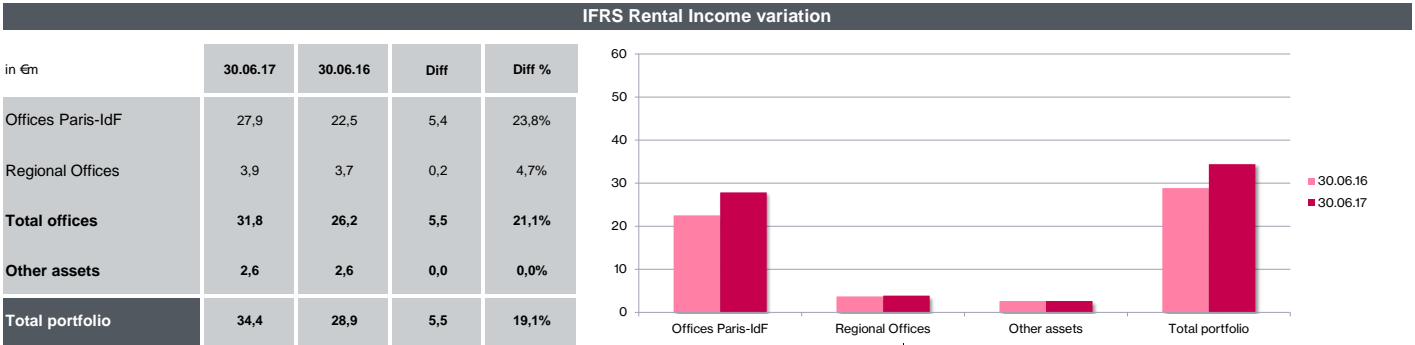
Average lease term maturity in €m



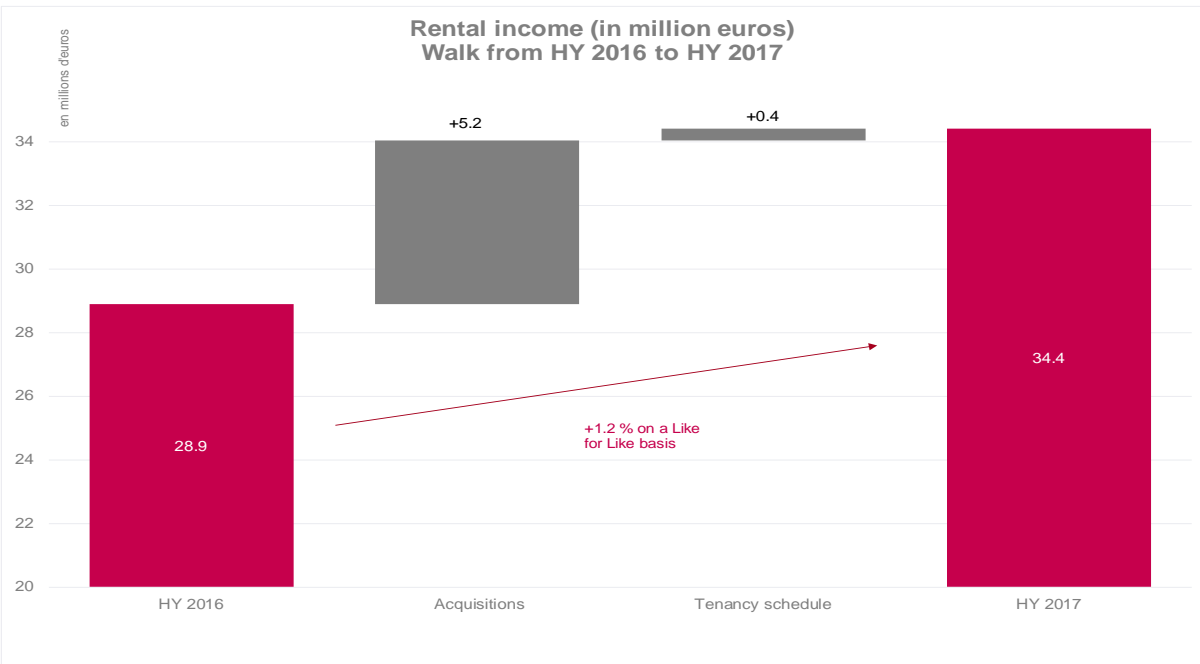
Rental income



Rental income variation



IFRS Rental income variation on a like-for-like basis = +1.2%	Impact of investments on Rental income variation: +€5.2m Impact of disposals on Rental income variation: none
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Financing

Debt maturity schedule

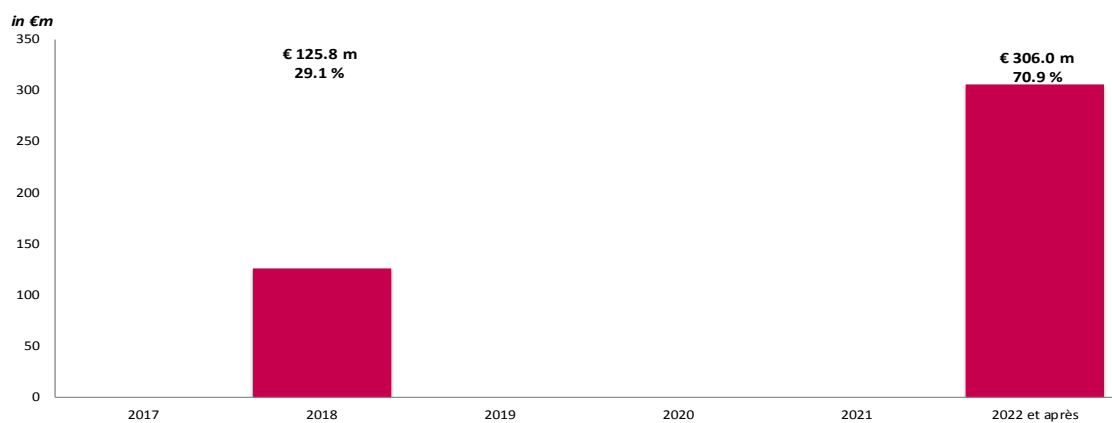
Summary as at 30 June 2017

Financial structure

Hedging instruments



Debt maturity schedule as at 30 06 2017



Amount of consolidated debt as at 30 June 2017: €431.8 m

Financing - Summary as at 30 June 2017

As at 30 June 2017	Net consolidated debt in €m	Maturity	
RCF POOL BNP	125,8	10/2018	- Average financial cost 1,86%
Bond Euro PP	206,2	07/2025	- Hedging 100,0%
RCF POOL CAAdIF	99,9	04/2024	- Global net LTV 36,0%
TOTAL GROSS CONSOLIDATED DEBT	431,8		- ICR global 735%
TOTAL NET CONSOLIDATED DEBT	412,0		



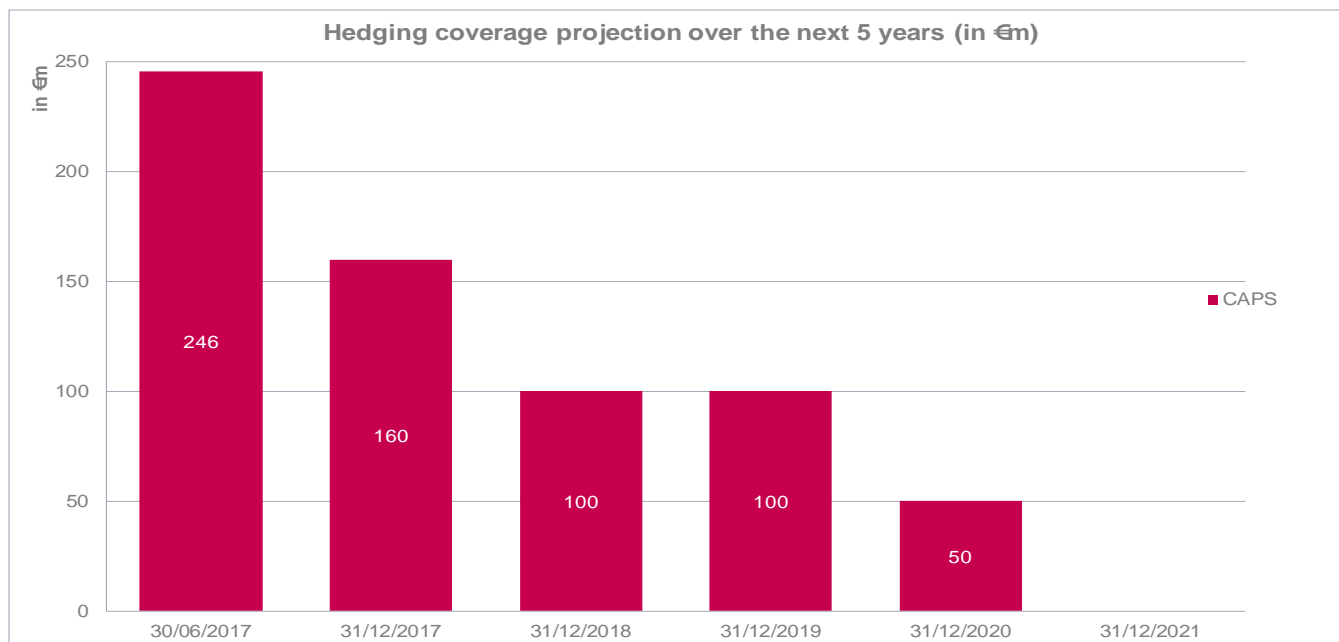
Financial structure ratios

<i>in €m</i>	30Jun2017	31Dec2016	Diff %
Shareholders' equity	485,4	506,9	-4,2%
Gross financial debt	431,8	432,7	-0,2%
Net financial debt	412,0	410,1	0,5%
LTV	36,0%	36,2%	-0,5%
Average cost of finance	1,9%	1,8%	0,8%
Hedging	100,0%	97%	3,2%
Debt maturity	5.8 years	4.6 years	96,8%
Group ICR (EBITDA / Financial cost)	7,4	5,8	27,6%

NB :

- Sensibility to a 100 bp increase to 3M Euribor on cost of debt: +€1.4m (on a yearly basis)
- Sensibility to a 100 bp decrease to 3M Euribor on cost of debt: -€1.1m (on a yearly basis)

Hedging - 30 June 2017



Hedging instruments notional as at 30 June 2017 : € 245.5m

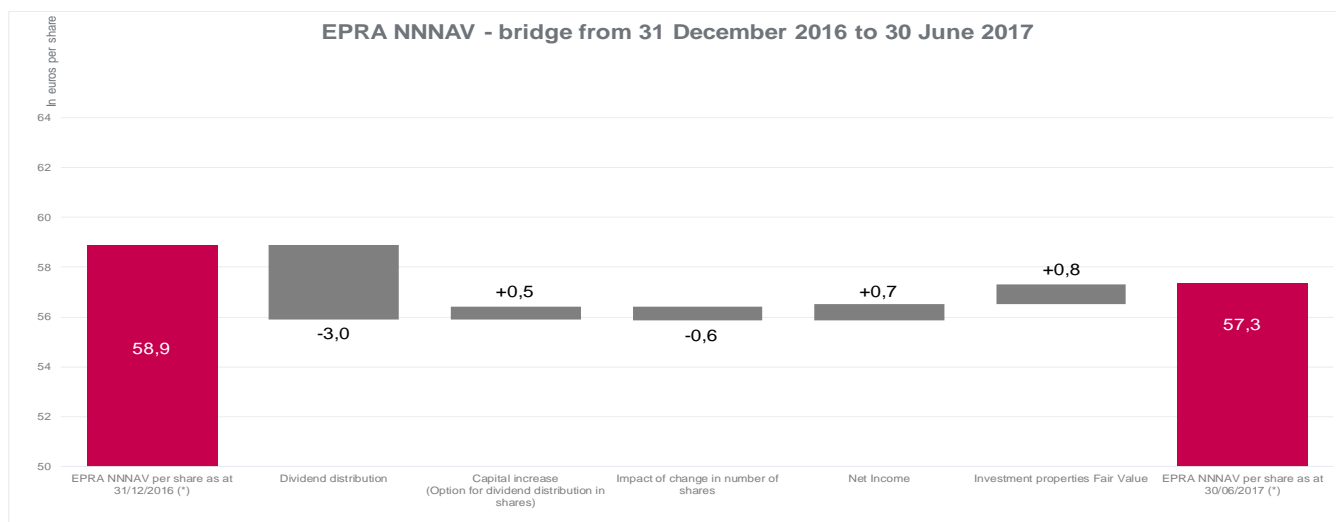
NAV



EPRA NNAV

Variation of EPRA NNAV from 31Dec2016 to 30Jun2017

In € per share



(*) Fully diluted number of shares: 12 256 310 as at 30Jun2017, and 12 134 254 as at 31Dec2016



Cash flow and summarised financial statements

Cash flow

Net consolidated result and EPRA Earnings

Consolidated balance sheet



Recurring cash flow

in €m	HY 2017	HY 2016	Diff %
Gross rental income	34,1	28,8	18,5%
Recurring property operating expenses	-3,7	-3,4	8,8%
Recurring corporate expenses	-4,8	-4,0	20,1%
Net financial costs	-0,8	-0,6	28,9%
Recurring cash flow	24,9	20,8	19,5%
Recurring cash flow (in €/ share *)	2,0	2,2	-7,6%

(*) Number of shares as at 30Jun2017: 12 232 422, number of shares as at 30Jun2016: 9 463 868



Net consolidated result and Net recurring result

	HY 2017	HY 2016	Change in Net Income (%)
	Net Income	Net Income	
<i>En M€</i>			
Gross rental income	34,4	28,9	19,1%
Property operating expenses	-3,7	-3,7	
Net operating income	30,7	25,2	21,7%
Corporate expenses	-5,2	-4,3	
EBITDA	25,5	20,9	21,7%
Net depreciation	-13,3	-9,9	
Impairment & provisions	0,0	-0,2	
Current operating income	12,1	10,8	12,1%
<i>% of rents</i>	<i>35,2%</i>	<i>37,4%</i>	
Result from disposals	-	-	
Other operating income and expenses	0,3	-0,1	
Operating income	12,4	10,7	16,5%
<i>% of rents</i>	<i>36,2%</i>	<i>37,0%</i>	
Net financial cost	-4,2	-4,5	
Other financial income and expenses	-0,2	-0,5	
Net financial results	-4,4	-5,0	-12,3%
Net income before tax	8,1	5,7	41,6%
Tax	-0,1	0,0	
Net profit/loss (Group share)	8,0	5,7	41,3%
<i>% of rents</i>	<i>23,3%</i>	<i>19,6%</i>	
Résultat net (Part du Groupe) par action (*)	0,7	0,6	9,2%

(*) Number of shares as at 30Jun2017: 12 256 310, number of shares as at 30Jun2016: 9 474 212

EPRA Earnings

in €m	HY 2017	HY 2016	VAR %
Earnings per IFRS income statement	17,1	12,4	37,5%
adjustments to calculate EPRA Earnings, exclude:			
(i) Changes in value of investment & development properties / or net depreciation allowance	20,8	17,7	17,5%
(ii) P / L on disposal of investment & development properties	-2,0	-1,6	23,2%
(iii) P / L on sales of trading properties including impairment charges in respect of trading properties	0,0	0,0	-99,9%
(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	-0,5	-2,2	76,1%
(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	35,4	26,3	34,6%
number of shares at end of period (millions)	12,110509	9,463747	28,0%
EPRA Earnings per share	2,9	2,8	5,2%



Consolidated balance sheet

<i>in €m</i>	30Jun2017	31Dec2016	Diff	Diff%
Assets				
Investment properties	930,1	930,1	0,0	0,0%
Assets earmarked for disposal	4,3	4,3	0,0	0,0%
Tangible fixed assets	0,6	0,6	0,0	-0,8%
Intangible fixed assets	0,0	0,0	0,0	-71,4%
Receivables	37,3	42,4	-5,1	-12,0%
Cash and equivalent	19,8	22,6	-2,8	-12,4%
Total ASSETS	992,2	1 000,0	-7,9	-0,8%
LIABILITIES				
Share capital and reserves	485,4	506,9	-21,5	-4,2%
<i>including result</i>	8,0	17,1	-9,1	-53,2%
Long term debt	431,8	432,7	-0,9	-0,2%
Other liabilities	75,0	60,5	14,5	23,9%
Total LIABILITIES	992,2	1 000,0	-7,9	-0,8%