

## 2018 Half-Year Results

### Ongoing developments to prepare for the future

The Board of Directors of Société de la Tour Eiffel, which met on 20 July 2018, approved the financial statements at 30 June 2018. The limited review procedures for these accounts have been completed and the corresponding reports are being issued.

#### Consolidated figures (audited)

	30/06/2018	31/12/2017
Portfolio value excluding transfer duties	€ 1 158.6m	€ 1 168.9m
Portfolio value at amortised cost	€ 946.3m	€ 950.2m
Net financial debt	€ 467.0m	€ 436.1m
Financial debt rate	2.26%	2.06%
Net LTV	40.3%	37.3%
EPRA NNAV (in €/share)	54.9	58.3
EPRA financial occupancy rate	86.8%	87.5%
	H1 2018	H1 2017
Rental income	€ 34.2m	€ 34.4m
Gross Operating Profit	€ 23.6m	€ 25.5m
Net profit/loss	-€ 2.9m	€ 8.0m
Net recurring profit/loss	€ 4.2m	€ 8.0m
EPRA earnings	€ 18.2m	€ 21.5m
Cash-flow	€ 23.5m	€ 24.8m
Cash-flow in €/share	1.9	2.1

## Key performance indicators remain at a strong level

Gross rental income amounted to €34.2m at 30 June 2018 compared with €34.4m at 30 June 2017.

The change in charges on buildings, which stood at €5.2m for the 1<sup>st</sup> half of 2018 compared with €4.2m in the 1<sup>st</sup> half of 2017 reflects the slight increase both in the vacancy rate and in expenditure to improve the leasing of the property portfolio.

Net rental income available on the property portfolio amounted to €28.9m as at 30 June 2018 compared with €30.1m as at 30 June 2017.

Operating income on ordinary activities amounted to €23.6m as at 30 June 2018 after taking into account depreciation and overheads against €25.5m as at 30 June 2017.

Current cash flow stood at €23.5m compared with €24.8m for the first half of 2017.

## Development projects underway on all land reserves

In line with its accumulation strategy, which consists in making acquisitions and developments at the same time, the Group is currently pursuing the opening-up of its land reserves for development, in Ile-de-France and in the other regions of France:

- ✓ In **Nanterre**, the focus is on four projects in the La Défense-Nanterre-Seine Business Park located alongside the A86 motorway, consisting of 19 office buildings and light industrial premises:
  - the NANTEUIL building: after renovation of the building, a 6-year firm lease for a surface area of 4,000 m<sup>2</sup> took effect as of the first quarter of 2018;
  - the NAVARQUE building (ongoing project): restructuring of a 6,423 m<sup>2</sup> building for upgrading into offices and light industrial with handover scheduled for late 2018 and BREEAM RFO Good certification as a further objective; 50% of the building is already on the market and negotiations are well advanced on the remaining floor space;
  - the NYMPHEA building: renovation of a 2,900 m<sup>2</sup> building for offices and light industrial. Handover is scheduled for the end of October 2018;
  - the NANTURRA building (project under study): development of a new 2,790 m<sup>2</sup> building for offices and light industrial;
  
- ✓ In **Massy** within the Ampère Atlantis integrated development zone (ZAC), the "Campus Eiffel Massy" project for the construction of more than 24,000 m<sup>2</sup> of floor space for mixed uses and offices in several buildings: the objective of this campus which focuses on modularity and services is to propose an additional diversified commercial offer. The project has been divided into two phases:
  - phase 1: a building permit was issued in July 2016 for the construction of a property complex of 4 HQE Excellent buildings with a total surface area of more than 12,600 m<sup>2</sup>; Work began in October 2017 with handover scheduled for the second half of 2019; the complex is in the process of pre-leasing and includes 2 leases signed for 2,500 m<sup>2</sup> of further floor space;
  - phase 2: approval was obtained in September 2016 for the construction of 12,000 m<sup>2</sup>;
  
- ✓ In **Orsay** in the Parc Eiffel, (17,000 m<sup>2</sup> already exist with 16 buildings). A building permit was obtained in January 2018 for an additional building project involving 13,600 m<sup>2</sup>, consisting of two HQE Excellent buildings (6,000 m<sup>2</sup> of offices and 7,600 m<sup>2</sup> of light industrial premises and a staff restaurant). Taking into account the agreements in principle to lease 70% of the surface area, the development has been launched with handover scheduled for 2020;

- ✓ In **Marseille** in the Parc des Aigalades, (16,000 m<sup>2</sup>),
  - a 1,967 m<sup>2</sup> building certified BREEAM Good was delivered as announced and leased by SERAMM in Q2 2018;
  - the renovation of a further building with 2,600 m<sup>2</sup> to a single tenant;
  - a new building, the Olivier, with a surface area of 3,600 m<sup>2</sup> of offices and shops, the construction of which began in Q2 2018 with handover scheduled for late 2019;
  
- ✓ In **Aix-en-Provence**, (30,000 m<sup>2</sup>) in the Parc du Golf,
  - the construction of a new BREEAM Good 4,600 m<sup>2</sup> building leased by Capgemini as part of an off-plan lease agreement (BEFA). Handover took place in January 2018;
  - Renovation of a building with 1,000 m<sup>2</sup> of floor space acquired in 2017 with negotiations underway for the entire surface area.

The potential rent expected for all of these transactions represents more than €11.0m over time.

## Portfolio value marked by developments and 2 break leases

At 30 June 2018, the Group's assets amounted to €1,158.9m, excluding transfer duties and fees, compared with €1,168.9m as at 31 December 2017.

During the first half of 2018, the Group received two break leases from tenants in the Copernic in Massy and the Seine Etoile building in Suresnes, which will become effective respectively in November 2018 and June 2019. Their inclusion in the valuation assumptions of the independent experts led to the recognition in the financial statements at 30 June 2018 of a temporary depreciation pending new leases of €7.1m. Marketing operations are already underway to on-lease the surface areas that will become vacant as soon as possible.

The valuation of the buildings indicates an average net yield (EPRA topped up) of 5.4%, a figure that remained stable compared with year-end 2017 (5.5%).

The EPRA vacancy rate, which applies to all of the property portfolio, increased slightly, reaching a level of 13.2% compared with 12.5% as at 31 December 2017. Excluding properties that are in the process of being sold or are not marketable due to major works or restructuring, the financial vacancy rate was 9.5% at 30 June 2018 compared with 10.3% at year-end 2017.

On this basis and after a dividend distribution of €3 per share, the EPRA Triple Net Asset Value per share stood at €54.9. It was €58.3 per share at year-end 2017.

## Control of the *Loan To Value* ratio (LTV)

Gross debt amounted to €493.9m at 30 June 2018 compared with €449.1m at 31 December 2017, taking into account an additional drawdown of €40m on a credit facility in June 2018.

Net debt (adjusted for cash and cash equivalents) amounted to €467.0m.

As a result, the Group's level of indebtedness at 30 June 2018 represented 40.3% of its property assets, against 37.3% at 31 December 2017.

The average financing rate for the Group was slightly up for H1 2018, rising from 2.06% in 2017 (on a full-year basis) to 2.26%, remaining at a historically low level.

Given these items, the Group's average term of debt stood at 6.6 years at 30 June 2018 against 7.2 years at year-end 2017.

On 6 July 2018, the Group signed a revolving credit facility for €100m with a maturity of 7 years and a variable interest rate of Euribor + 100 basis points.

## Future prospects

"The results of the first half of the 2018 fiscal year are consistent with the roll-out of the plan we have deployed for close to 4 years. Without any major acquisitions since end of 2016, the amount of the rental income is currently levelling off and the property company is now pursuing its strategy to increase the size of its property portfolio to €1.5bn in the coming years. The priority today is on developments and the teams of the Société de la Tour Eiffel are taking action to upgrade the service offer that underpins the change and development of our business parks both in Ile-de-France and in the other regions. Backed by that investment dynamic, I have every confidence that we shall see the Group undertake new projects in the coming months," said Philippe Lemoine, Managing Director of 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 1.159bn Euros for close to 500,000 m<sup>2</sup> of assets mainly located in the Paris region as at 30 June 2018.*

*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*

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# Key figures

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*Market capitalisation*

*Financial structure*

*Valuation ratios*

*EPRA key performance indicators*



## Key figures

	30Jun2018	31Dec2017
<b>Portfolio</b>		
Portfolio valuation at depreciated cost (€m)	946.3	950.2
Portfolio valuation at Fair Value (excl. Transfer costs) (€m)	1 158.6	1 168.9
EPRA NAV (*)	54.8	58.2
EPRA NNAV (*)	54.9	58.3

	HY2018	HY2017
<b>Results</b>		
Rental income (€m)	34.2	34.4
Current operating profit (€m)	2.7	12.1
Net profit - Group share (€m)	-2.9	8.0
Net profit - Group share per share (€) (**)	-0.2	0.7
EPRA earnings	18.2	21.5

	HY2018	HY2017
<b>Cash flow and dividend</b>		
Recurring Cash Flow (€m)	23.5	24.9
Recurring Cash Flow per share (€) (**)	1.9	2.0
Dividend per share (€)	3.0	3.0
Pay out Ratio (Dividend / recurring Cash flow)	156%	150%

	30Jun2018	31Dec2017
<b>Market capitalisation</b>		
Number of outstanding shares at the end of the period	12 289 348	12 254 546
Share price (€)	52.2	54.4
Market capitalisation (€m)	641.5	667.0

	30Jun2018	31Dec2017
<b>Financial structure</b>		
Consolidated Equity (€m)	457.6	495.2
Gross financial debt / Shareholders' equity	1.1	0.9
Net Group LTV	40.3%	37.3%
EBITDA / Financial costs	4.4	5.7

	30Jun2018	31Dec2017
<b>Valuation ratios</b>		
Cash flow multiple (Capitalisation / cash flow)	13.6	15.0

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

(\*\*) weighted average of outstanding shares over FY (12 269 075 as at 30/06/2018 compared to 12 134 133 as at 30/06/2017)



## EPRA key performance indicators

	HY2018	HY2017	Diff %
<b>EPRA earnings (1)</b>			
EPRA earnings in €m	18.2	21.5	-15.5%
EPRA earnings in € per share (**)	1.5	1.8	-15.9%

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

	30Jun2018	31Dec2017	Diff %
<b>EPRA NAV and EPRA NNAV</b>			
EPRA NAV in €m	675.2	714.3	-5.5%
EPRA NAV in € per share (*)	54.8	58.2	-5.8%
EPRA NNAV in €m	675.8	715.1	-5.5%
EPRA NNAV in € per share (*)	54.9	58.3	-5.8%

	30Jun2018	31Dec2017	Diff %
<b>EPRA yield (EPRA NIY)</b>			
EPRA topped-up yield (2)	5.41%	5.47%	-1.1%
EPRA yield (3)	5.07%	5.29%	-4.2%

(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

	30Jun2018	31Dec2017	Diff %
<b>EPRA vacancy rate (4)</b>			
<b>Portfolio up and let</b>	13.2%	12.5%	5.6%

(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

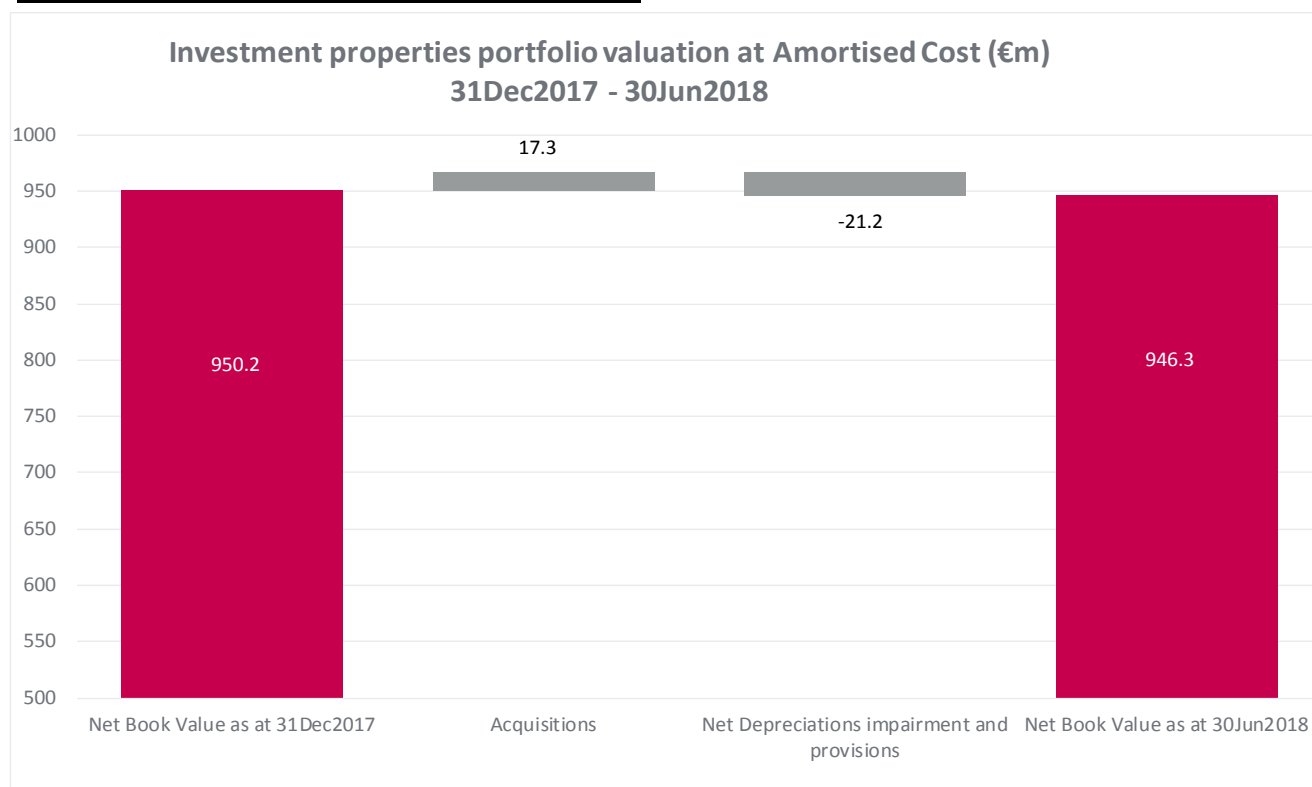
(\*\*) weighted average of outstanding shares over FY



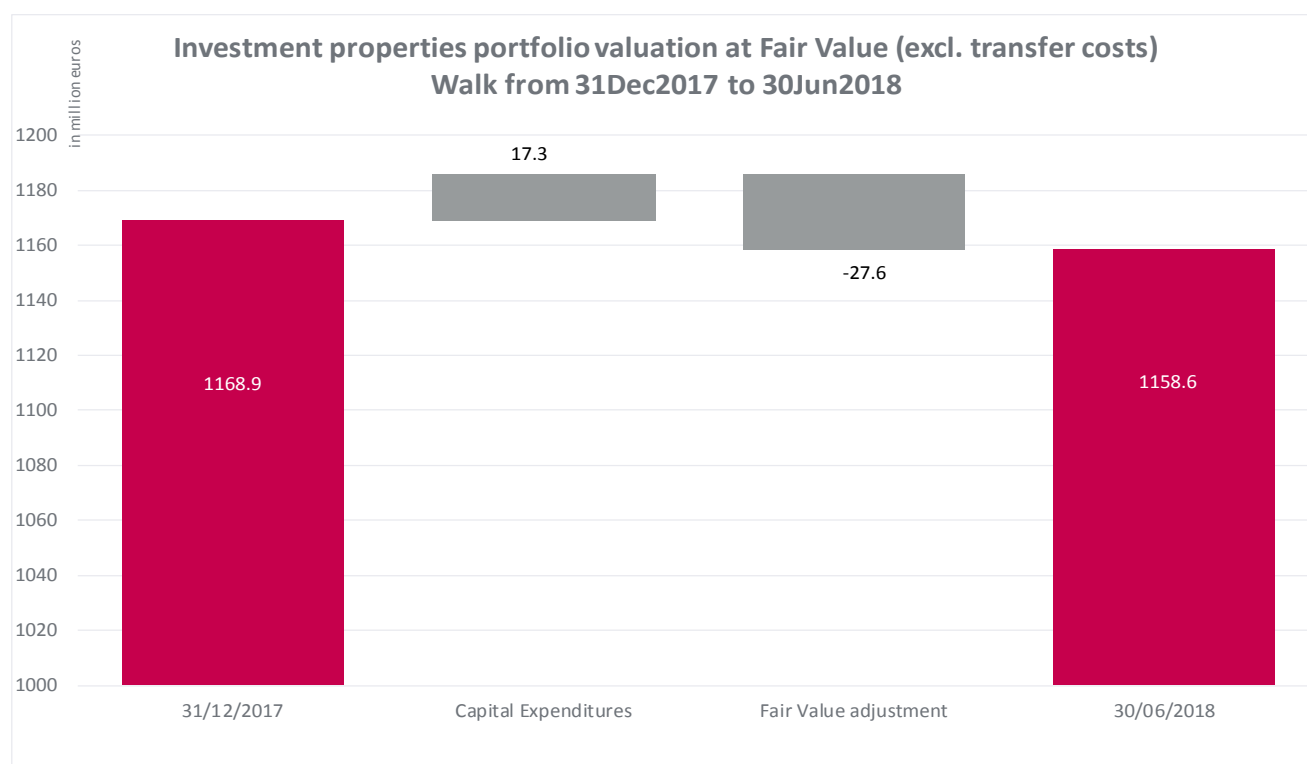
# Portfolio



## **Portfolio valuation at Amortised Cost**



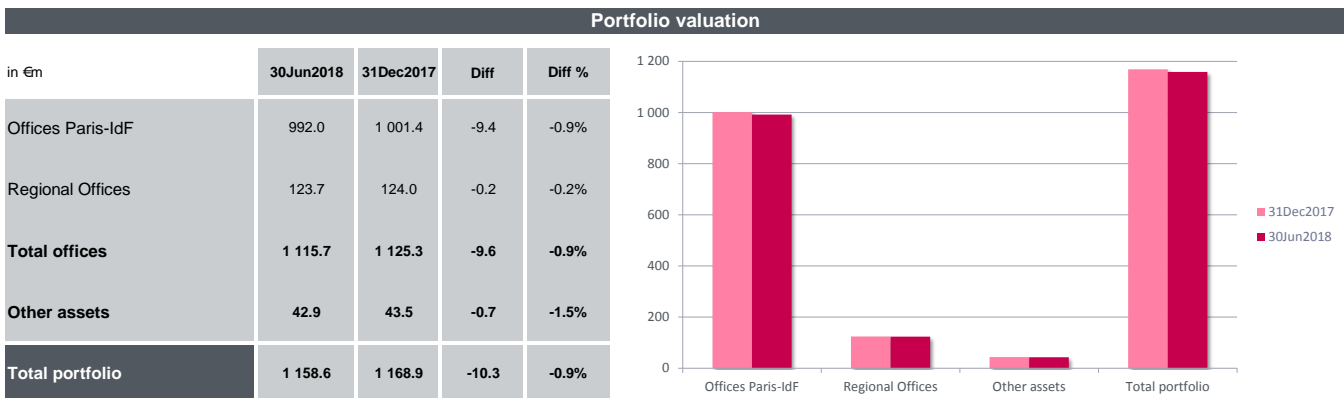
## **Portfolio valuation at Fair Value**



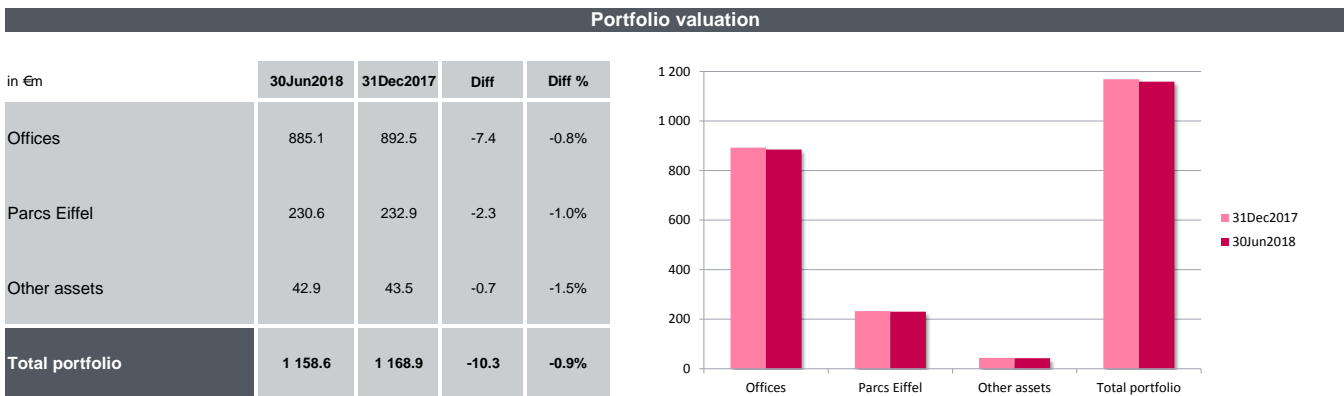


## Portfolio valuation at Fair Value

### Change in portfolio value : core & non core business



### Change in portfolio value per type of assets



Amount of HY 2018 developments: €9.0 m (cost price)  
Amount of HY 2018 acquisitions: N/A

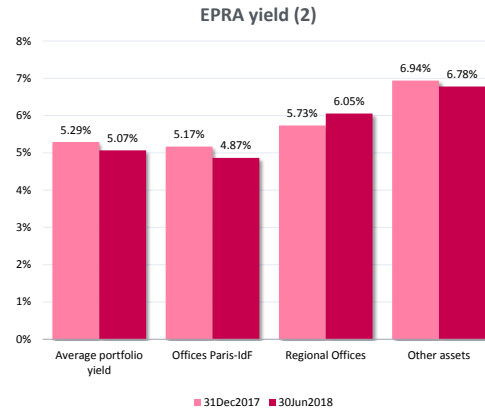
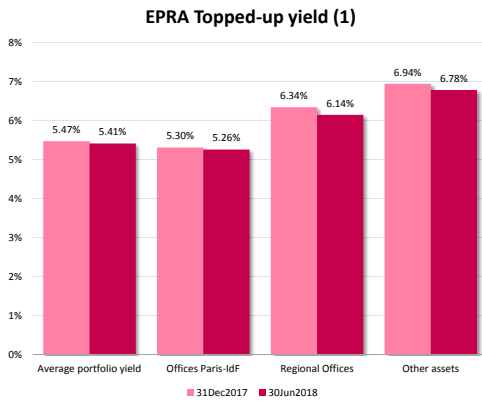
Amount of HY 2018 disposals: N/A



## Portfolio EPRA yield

EPRA Topped-up yield	30Jun2018	31Dec2017
<b>Average portfolio yield</b>	<b>5.41%</b>	<b>5.47%</b>
Offices Paris-IdF	5.26%	5.30%
Regional Offices	6.14%	6.34%
<b>Total offices</b>	<b>5.35%</b>	<b>5.41%</b>
<b>Other assets</b>	<b>6.78%</b>	<b>6.94%</b>

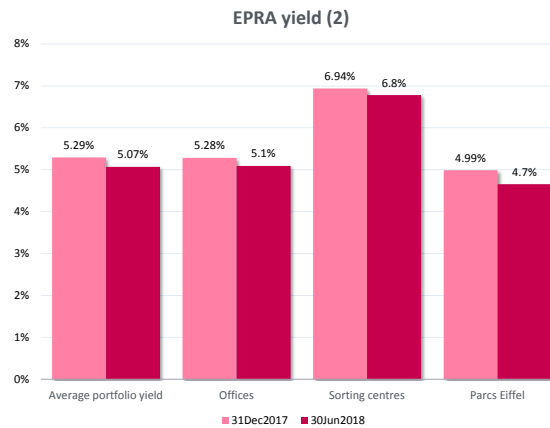
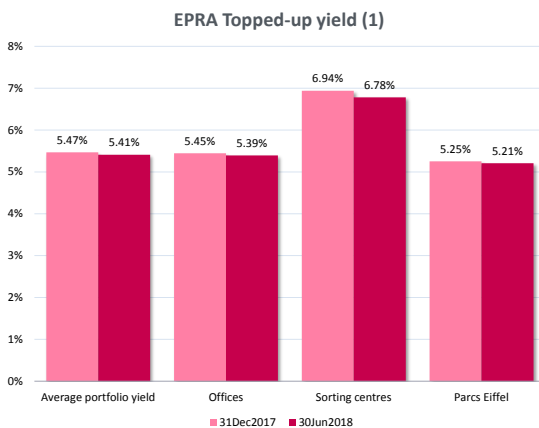
EPRA yield	30Jun2018	31Dec2017
<b>Average portfolio yield</b>	<b>5.07%</b>	<b>5.29%</b>
Offices Paris-IdF	4.87%	5.17%
Regional Offices	6.05%	5.73%
<b>Total offices</b>	<b>5.00%</b>	<b>5.23%</b>
<b>Other assets</b>	<b>6.78%</b>	<b>6.94%</b>



## Portfolio EPRA yield per type of assets

EPRA Topped-up yield	30Jun2018	31Dec2017
<b>Average portfolio yield</b>	<b>5.41%</b>	<b>5.47%</b>
Offices	5.39%	5.45%
Sorting centres	6.78%	6.94%
Parcs Eiffel	5.21%	5.25%

EPRA yield	30Jun2018	31Dec2017
<b>Average portfolio yield</b>	<b>5.07%</b>	<b>5.29%</b>
Offices	5.1%	5.28%
Sorting centres	6.8%	6.94%
Parcs Eiffel	4.7%	4.99%



(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

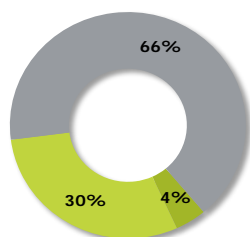
(2) EPRA yield (Net Initial Yield EPRA) : annual rent at end of period, adjusted for rental concessions, net of service charges, divided by the portfolio valuation (Fair Value), transfer costs included



## Portfolio key indicators

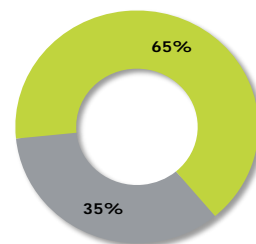
### Buildings < 10 years: 34 %

(in % of the net of transfer cost value)

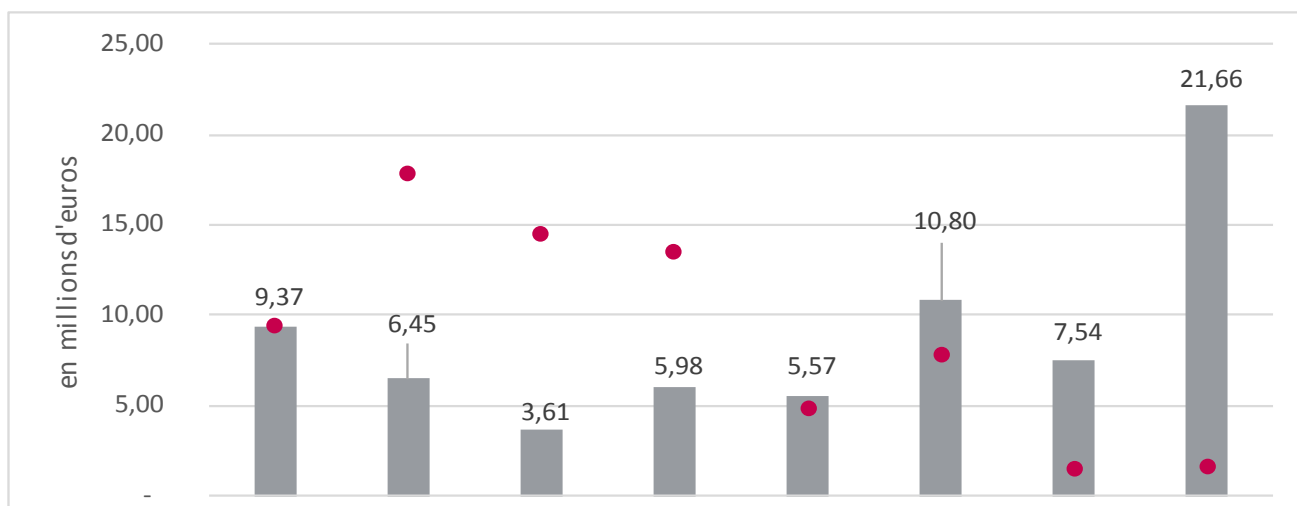


### Labelled new buildings

(in % of the net of transfer cost value)



### Portfolio lease maturity in €m



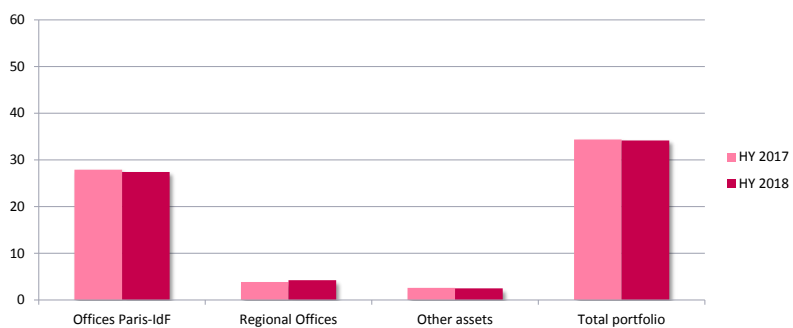
# Rental income



## Rental income variation

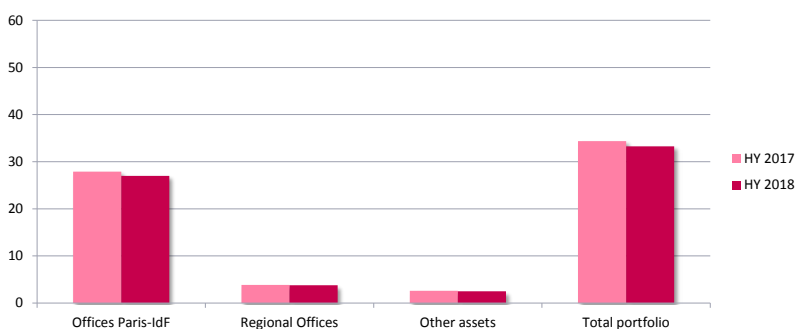
### IFRS Rental Income variation

in €m	HY 2018	HY 2017	Diff	Diff %
Offices Paris-IdF	27.4	27.9	-0.5	-1.7%
Regional Offices	4.2	3.9	0.4	9.7%
<b>Total offices</b>	<b>31.7</b>	<b>31.8</b>	<b>-0.1</b>	<b>-0.3%</b>
<b>Other assets</b>	<b>2.5</b>	<b>2.6</b>	<b>-0.1</b>	<b>-3.7%</b>
<b>Total portfolio</b>	<b>34.2</b>	<b>34.4</b>	<b>-0.2</b>	<b>-0.6%</b>



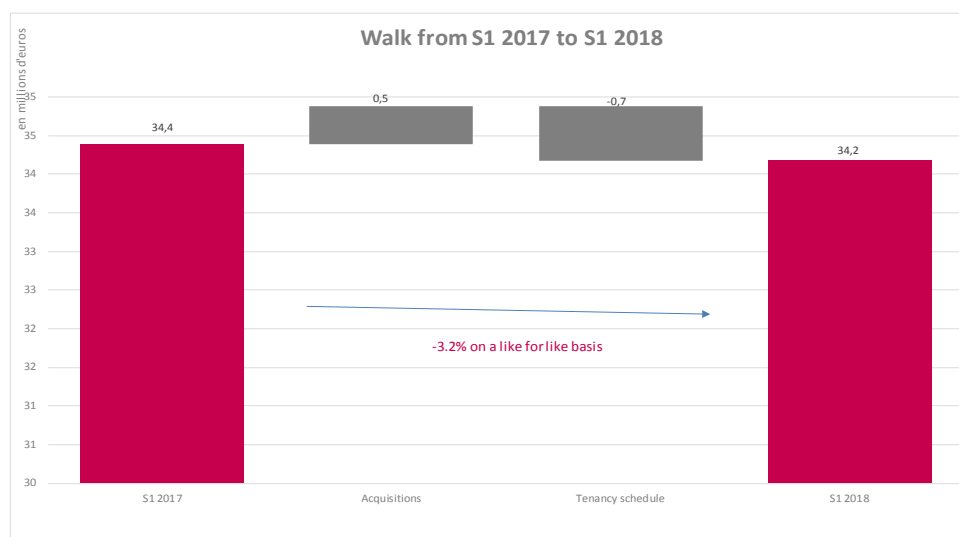
### IFRS Rental Income variation on a like-for-like basis S1 2018 - S1 2017

in €m	HY 2018	HY 2017	Diff	Diff %
Offices Paris-IdF	27.0	27.9	-0.9	-3.3%
Regional Offices	3.8	3.9	-0.1	-2.0%
<b>Total offices</b>	<b>30.8</b>	<b>31.8</b>	<b>-1.0</b>	<b>-3.1%</b>
<b>Other assets</b>	<b>2.5</b>	<b>2.6</b>	<b>-0.1</b>	<b>-3.7%</b>
<b>Total portfolio</b>	<b>33.3</b>	<b>34.4</b>	<b>-1.1</b>	<b>-3.2%</b>



IFRS Rental income variation on a like-for-like basis = -3.2%

Impact of investments on Rental income variation: +€0.5m



# Financing

*Debt maturity schedule*

*Summary as at 30 June 2018*

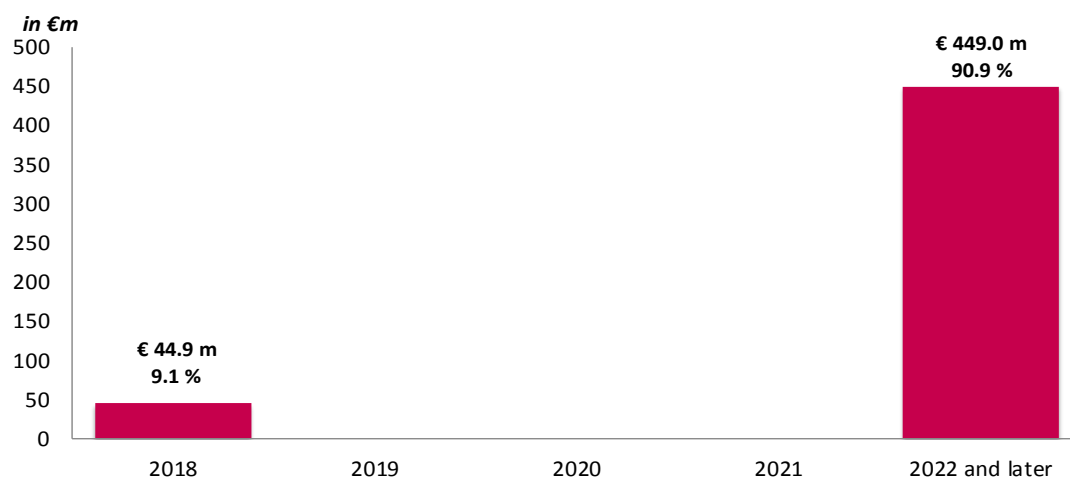
*Financial structure*

*Hedging instruments*





## Debt maturity schedule as at 30 06 2018



Amount of consolidated debt as at 30 June 2018: €493.9 m

## Financing - Summary as at 30 June 2018

As at 30 June 2018	Net consolidated debt in €m	Maturity	
RCF POOL BNP	35.9	10/2018	- Average financial cost <b>2.26%</b>
RCF POOL Cadif	99.7	04/2024	- Hedging <b>93.0%</b>
RCF Natixis	59.7	12/2024	- Global net LTV <b>40.3%</b>
Obligation Euro PP 2015	206.2	07/2025	- ICR global <b>443%</b>
Obligation Euro PP 2017	92.4	07/2027	
<b>TOTAL GROSS CONSOLIDATED DEBT</b>	<b>493.9</b>		
<b>TOTAL NET CONSOLIDATED DEBT</b>	<b>467.0</b>		



## Financial structure ratios

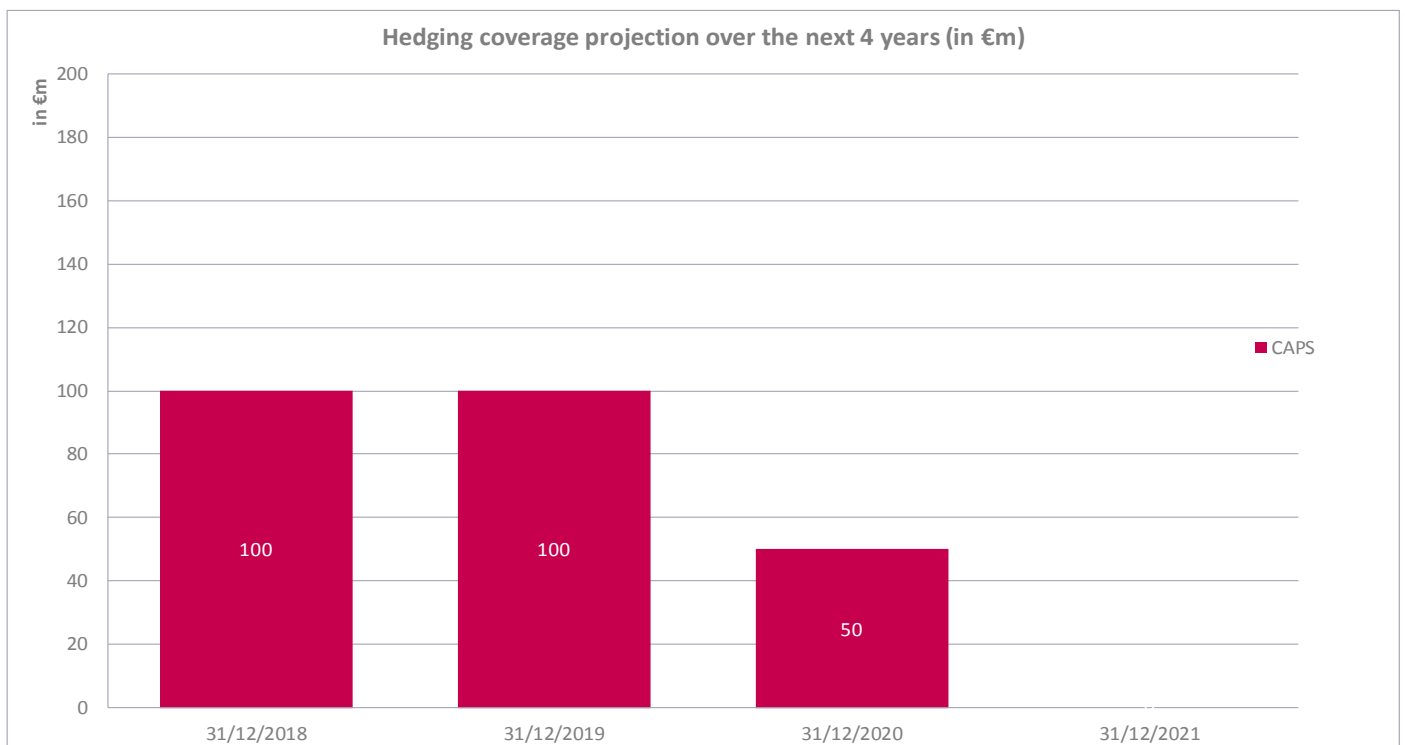
<i>in €m</i>	30Jun2018	31Dec2017	Diff %
Shareholders' equity	457.6	495.2	-7.6%
Gross financial debt	484.9	449.1	8.0%
Net financial debt	467.0	436.1	7.1%
<b>LTV</b>	<b>40.3%</b>	<b>37.3%</b>	<b>8.0%</b>
<b>Average cost of finance</b>	<b>2.3%</b>	<b>2.1%</b>	<b>9.7%</b>
<b>Hedging</b>	<b>93.0%</b>	<b>100%</b>	<b>-7.0%</b>
Debt maturity	6.6 years	7.2 years	56.5%
<b>Group ICR (EBITDA / Financial cost)</b>	<b>4.4</b>	<b>5.7</b>	<b>-22.3%</b>

### NB :

- Sensibility to a 100 bp increase to 3M Euribor on cost of debt: +€1.3m (on a yearly basis)

- Sensibility to a 100 bp decrease to 3M Euribor on cost of debt: -€1.3m (on a yearly basis)

## Hedging - 30 June 2018



Hedging instruments notional as at 30 June 2018 : € 160.0m

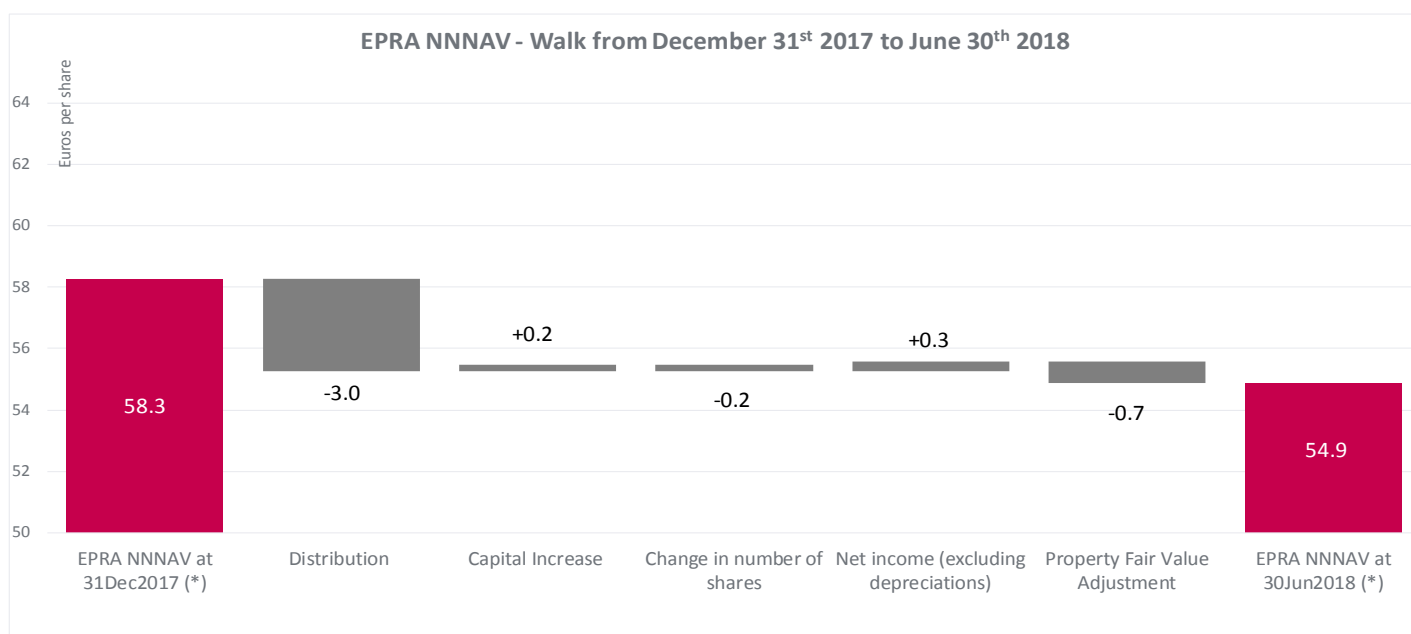
**NAV**



## EPRA NNAV

Change in EPRA NNAV from 31Dec2017 to 30Jun2018

In € per share



(\*) Fully diluted number of shares: 12 319 103 as at 30Jun2018, and 12 272 857 as at 31Dec2017

# Cash flow and summarised financial statements

*Cash flow*

*Net consolidated result and EPRA Earnings*

*Consolidated balance sheet*



## Recurring cash flow

in €m	HY 2018	HY 2017	Diff %
Gross rental income	34.2	34.1	0.2%
Recurring property operating expenses	-5.3	-4.3	23.9%
Recurring corporate expenses	-4.9	-4.3	14.2%
Net financial costs	-0.5	-0.8	-29.4%
<b>Recurring cash flow</b>	<b>23.5</b>	<b>24.8</b>	<b>-5.3%</b>
<b>Recurring cash flow (in €/ share *)</b>	<b>1.9</b>	<b>2.0</b>	<b>-6.4%</b>

(\*) Weighted average number of outstanding shares for HY 2018: 12 269 075, number of shares for HY 2017: 12 134 133



## Net consolidated result and Net recurring result

	HY 2018	HY 2017	
	Net Income	Net Income	Change in Net Income (%)
in €m			
Gross rental income	34.2	34.4	-0.6%
Property operating expenses	-5.3	-4.3	
Net operating income	28.9	30.1	-4.1%
Corporate expenses	-5.3	-4.7	
EBITDA	23.6	25.5	-7.3%
Net depreciation	-13.9	-13.3	
Impairment & provisions	-7.1	0.0	
<b>Current operating income</b>	<b>2.6</b>	<b>12.1</b>	<b>-78.1%</b>
<i>% of rents</i>	<i>7.7%</i>	<i>35.2%</i>	
Result from disposals	-	-	
Other operating income and expenses	0.1	0.3	
<b>Operating income</b>	<b>2.8</b>	<b>12.4</b>	<b>-77.7%</b>
<i>% of rents</i>	<i>8.1%</i>	<i>36.2%</i>	
Net financial cost	-5.3	-4.2	
Other financial income and expenses	-0.2	-0.2	
<b>Net financial results</b>	<b>-5.6</b>	<b>-4.4</b>	<b>27.7%</b>
Net income before tax	-2.8	8.1	-134.3%
Tax	-0.2	-0.1	
<b>Net profit/loss (Group share)</b>	<b>-2.9</b>	<b>8.0</b>	<b>-136.7%</b>
<i>% of rents</i>	<i>-8.6%</i>	<i>23.3%</i>	
Net profit/loss (Group share) per share (*)	-0.2	0.7	-136.2%

(\*) Fully diluted weighted average number of shares for HY 2018: 12 308 353, number of shares for HY 2017: 12 161 887

## EPRA Earnings

	HY 2018	HY 2017	VAR %
in €m			
<b>Earnings per IFRS income statement</b>	<b>-2.9</b>	<b>8.0</b>	<b>-136.7%</b>
<b>adjustments to calculate EPRA Earnings, exclude:</b>			
(i) Changes in value of investment & development properties / or net depreciation allowance	21.0	13.4	56.7%
(ii) P / L on disposal of investment & development properties	0.0	0.0	
(iii) P / L on sales of trading properties including impairment charges in respect of trading properties	0.0	0.0	
(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	0.1	0.1	-23.9%
(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
<b>EPRA Earnings</b>	<b>18.2</b>	<b>21.5</b>	<b>-15.5%</b>
Average weighted of outstanding shares over FY (millions)	12.289348	12.232422	0.5%
<b>EPRA Earnings per share</b>	<b>1.48</b>	<b>1.76</b>	<b>-15.9%</b>

(\*) Weighted average number of outstanding shares for FY 2017: 12 177 133, number of shares for FY 2016: 9 713 279



## Consolidated balance sheet

<i>in €m</i>	<b>30Jun2018</b>	<b>31Dec2017</b>	<b>Diff</b>	<b>Diff%</b>
<b>Assets</b>				
Investment properties	936.8	945.9	-9.1	-1.0%
Assets earmarked for disposal	9.5	4.3	5.2	122.9%
Tangible fixed assets	1.1	0.6	0.5	82.0%
Intangible fixed assets	0.3	0.3	0.0	-6.0%
Receivables	41.2	41.8	-0.6	-1.4%
Cash and equivalent	26.9	13.0	13.9	106.7%
<b>Total ASSETS</b>	<b>1 015.8</b>	<b>1 005.9</b>	<b>9.9</b>	<b>1.0%</b>
<b>LIABILITIES</b>				
Share capital and reserves	457.6	495.2	-37.6	-7.6%
<i>including result</i>	<b>-2.9</b>	<b>17.3</b>	<b>-20.2</b>	<b>-117.0%</b>
Long term debt	493.9	449.1	44.8	10.0%
Other liabilities	64.3	61.6	2.7	4.4%
<b>Total LIABILITIES</b>	<b>1 015.8</b>	<b>1 005.9</b>	<b>9.9</b>	<b>1.0%</b>