



## 2023 HALF-YEAR RESULTS ENCOURAGING KEY INDICATORS AT THE END OF YEAR 1 OF THE ROADMAP

The Board of Directors of Société de la Tour Eiffel, meeting on 25 July 2023, approved the financial statements for the half-year ended 30 June 2023. The audit procedures for these financial statements have been completed, and the corresponding reports are in the process of being issued.

*“After 15 months of work to achieve the objectives laid out in our new roadmap, we observe significant growth in rental income in the first half of 2023, as well as encouraging key indicators, despite the enduring deterioration of the macroeconomic environment. These performances illustrate the pertinence of our strategic plan aimed at adapting our portfolio in order to diversify asset classes, in terms of both use and location.*

*Aware that the Company is still facing major challenges in terms of letting, despite asset rotation and new development projects, we believe that the ongoing transformation of our portfolio is consistent with our ambitions. And we are anticipating an increase in the number of disposals in the second half of the year.*

*By focusing on knowledge and environmental quality of our assets, we are positioning ourselves as a company at the very heart of new economic and social challenges, capable of anticipating the market's developments and needs in terms of sustainability.*

*The Board of Directors has also taken note of Bruno Meyer's decision to step down from his position as Deputy Chief Executive Officer, and I would like to thank him for his nine years of commitment to Société de la Tour Eiffel's strategic development, and in particular his support over the last 18 months in implementing the new roadmap, sharing his strong experience and knowledge of the Company,”* said Christel Zordan, Chief Executive Officer of Société de la Tour Eiffel.

### **A clear and ambitious roadmap, with a consistently robust balance sheet in an uncertain environment...**

- Asset value down by 3.2% like-for-like at €1.83bn (-6.7% since early 2022)
- €7.9m in disposals carried out with a view to transforming the portfolio
- €96m in acquisitions and developments of assets with sound fundamentals
- A loan-to-value ratio (LTV) under control at 42.6%
- €430m in drawdown capacity
- Going concern EPRA NAV (NTA) of €45.6 per share, marked by the decline in portfolio value
- EPRA Topped-up Net Initial Yield: 4.3%

### **... with a view to transforming the model to return to sustainable growth over time**

- Gross rental income up 6.0% at €41.8m, driven by indexation and acquisitions
- 96% of H1 2023 rents collected to date
- EPRA occupancy rate stable at 78.2% (vs 78.1%)
- Cost of debt down sharply at 1.35% thanks to interest rate hedging
- €7.2m increase in EPRA earnings to €21.3m, or €0.90 per share
- Recurring cash flow per share up sharply at €0.93 (vs €0.64)

## Year 1 of the new roadmap

To keep pace with rapid social changes, Société de la Tour Eiffel unveiled 15 months ago a new roadmap to transform its asset portfolio. This transformation focuses on bringing new asset classes with more mixed-use profiles into its portfolio (mixed-use urban projects, commercial assets, managed residential property, offices, logistics) and creating a wider regional footprint.

The Company's change of direction has been accomplished using several tools: disposal of buildings that no longer suit the Group's new challenges, internal developments (some already identified others for the future), improved environmental performance of buildings, and investments in assets that are sustainably in tune with their market.

## Over 80% of offices aligned with a 2°C trajectory by 2030

At the end of 2022, Société de la Tour Eiffel undertook preliminary analysis of its real estate portfolio with the help of EPRA partner the Carbon Risk Real Estate Monitor (CRREM). The CRREM is an assessment tool that can be used to set a decarbonisation trajectory consistent with the Paris climate agreement, to steer the investment strategy by prioritising assets requiring particular attention, and to identify opportunities for improvement.

The assessment shows that, in a scenario limiting global warming to 2°C, more than 80% of the offices in the portfolio are in line with the CRREM's 2030 trajectory, and more than 70% in line with the 2050 trajectory. The company is continuing its efforts to improve the quality of its assets so as to prepare them as effectively as possible for future requirements.

## Further disposal of buildings not suited to the Group's challenges

Despite the increasingly marked slowdown in the property investment market, the Group was able to complete the disposal of an asset for €7.9m – a price in line with the most recent appraisal values – during the first half of 2023. To meet the challenges set out in the roadmap, asset rotation is set to gather pace in the second half of the year.

## Identifying current and future internal developments

As previously announced, the Group is taking advantage of the vacancy of the EvasYon (Lyon Dauphiné) and Plein'R in Puteaux (previously Olympe) sites to redevelop them. In Lyon, work to develop a mixed-use project comprising a 5,000 sqm office building and a 5,500 sqm co-living building began in July 2022, with completion scheduled for September 2024. The co-living building was fully let with the signing of a 12-year off-plan lease agreement (BEFA) with a specialised operator.

At Puteaux, on the banks of the river Seine just outside the La Défense district, the Group has obtained final planning permission to build a 9,700 sqm office building. Work could start in the fourth quarter.

At the Aubervilliers site, which was freed up in late 2021, an ambitious development project is still under review, in accordance with the roadmap's mixed-use objective. In the meantime, for two years, the site is hosting Poush – France's first artist incubator project – turning it into an innovative, creative, cultural space that will help project the image of Aubervilliers and the Greater Paris area.

At the Parc du Golf in Aix-in-Provence, construction of a 3,900 sqm office building is getting under way this summer.

On available land in the Parc Eiffel Nanterre Seine, the Company has started work on the development of a 5,400 sqm urban logistics building under the proprietary LILK brand, a last-mile logistics concept aimed at factoring major CSR challenges into the development of multimodal assets close to urban centres. A second similar project is planned on an area of 7,580 sqm in Bobigny.

These six projects are perfect examples of the property company's value creation strategy and are driving the development plan as administrative authorisations are obtained. The four redevelopment projects together represent potential rental income of €5.8m, included in the planned vacancies.

## Investments in properties in phase with their market

The Group made three acquisitions during the first half of 2023. The first, a restructured 2,750 sqm office building in the Bastille district of Paris, is fully let to TeamTO, an independent French animation studio, and television and film producer, for a fixed term of nine years. The second, a restructured 1,325 sqm office building, is located in the 9th arrondissement of Paris. It is fully let to Morning Coworking, a major player in coworking that already operates some 40 locations in Paris and Neuilly-sur-Seine, for a fixed term of 12 years. Lastly, an off-plan purchase of 4,500 sqm of offices in Issy les Moulineaux (completion mid-2025), pre-let for nine years to Les Nouveaux Constructeurs.

Work has also started on the “Manufacture” off-plan development project in Lyon, a 3,900 sqm reversible mixed-use office/housing complex.

These investments fit with the strategy to transform the portfolio, with a focus on high-quality locations, secure rental income and high-environmental performance buildings.

## A portfolio being transformed...

As of 30 June 2023, property values totalled €1,826m: 80% in offices (€1,468m), 10% in business/logistics premises (€181m), 8% in mixed-use (€149m) and only a small proportion in managed residential properties. All of these properties are located in France, including 76% in Greater Paris (€1,388m). As part of the Group's ongoing efforts to enhance the quality of its portfolio, 80% of this has been environmentally certified or subject to renewal.

## ... to address major letting issues...

Deals were signed covering €3.4m in annualised rents during the period, breaking down as €1.5m in new leases and €1.9m renewed. Highlights included the signing of a lease with FOS Service Levage (2,300 sqm), the renegotiation of a lease with Parametric Technology (1,600 sqm) in Aix-en-Provence and Pôle Emploi (1,500 sqm) in Toulouse, as well as the departure of Avis (2,100 sqm) in Puteaux and the reduction in floor space at Baxter (2,700 sqm) in Guyancourt, resulting in a net annualised loss of €1.9m in rents.

As of 30 June 2023, the financial occupancy rate (EPRA) was 78.2% (vs 78.1% as of end-2022), and the average term and firm lease periods were 5.5 years and 2.9 years respectively (vs 5.6 and 3.0 years at the end of 2022). Restated for vacancies on purpose (redevelopment projects), the occupancy rate was 83.9% (vs. 84.1%).

## ... and which is productive in occupied properties: 96% of H1 2023 rents collected

As of the date of this press release, out of a total of €42.4m of invoiced rents in the first half of 2023, 96% have already been collected (vs 96.8% for the same period last year).

This performance is the result of the internalised property and rental management model, combining thorough selection with proximity to tenants to build a quality rental foundation.

Monitoring of tenant risk on the basis of Coface and Credit Safe ratings continues to indicate that more than 80% of the rental base consists of tenants belonging to the top two categories (low or very-low risk), thus demonstrating its resilience.

## EPRA earnings up at €0.9 per share

Gross rental income increased by 6.0% to €41.8m (+3.5% like-for-like), driven by indexation (+5.3%) and acquisitions (+€1.2m). Net rental income increased by 15.4%, benefiting from portfolio rotation and the streamlining of property charges.

Current EBIT came to €24.6m (vs €21.2m), reflecting an increase in operating costs (+€0.8m), in line with the adjustments made to the Group's structure, and a fall in fees for managing works for lessees.

Financial expense totalled €5.2m (vs €7.3m), with an average interest rate of 1.3% (vs 1.7%). This steep reduction is attributable to the combined impact of the decrease in average debt and the favourable impact of hedging against rising interest rates. It reflects the successful hedging strategy applied to outstanding floating-rate debt, which is expected to continue paying off until December 2024.

After taking into account other income and expenses, taxes and the earnings of companies accounted for using the equity method, EPRA earnings (net current profit) came to €21.3m, or €0.90 per share (after taking into account the cost of perpetual subordinated loan instruments (TSDI) in EPRA earnings per share).

After all EPRA restatement adjustments (allocations, restatements, net gains on disposals and changes in the value of financial instruments), consolidated net income was a loss of €16.3m, vs a loss of €1.5m in the first half of 2022.

Recurring Cash Flow for the period totalled €15.4m, or €0.93 per share (vs €0.64 in H1 2022).

### Decline in net asset value

EPRA Net Tangible Asset NAV (NTA) per share fell from €49.1 to €45.6 as of end-June 2023, mainly as a result of the dividend payment, the payment of perpetual subordinated notes and the adjustment to portfolio value. Liquidation NAV (EPRA NDV) per share, which benefits from the valuation of swaps, fell from €51.9 to €47.5.

### Société de la Tour Eiffel now committed to transforming its portfolio

Now well underway, the new roadmap opens up the prospect of a sustainable transformation of its portfolio for Société de la Tour Eiffel, through rigorous asset rotation and the reconstitution of a pipeline of ambitious and innovative development projects pursued throughout the first half of 2023. By constantly striving to improve the environmental quality of its portfolio and its corporate social responsibility practices, the Company is also committed to addressing changes in the French property market. These combined initiatives will ultimately help to rebuild cash flow by improving occupancy rates and margins, unlocking the capacity to pay greater dividends and return to sustainable growth.

### Post closing event – Governance

Société de la Tour Eiffel has announced that its Deputy Chief Executive Officer, Bruno Meyer, 64, has decided to step down after nine years' service. He informed the Board of Directors of his decision on 25 July 2023. The Board subsequently decided not to maintain the position of Deputy Chief Executive Officer within the company.

Over recent years, Bruno Meyer has participated in the reorganisation of Société de la Tour Eiffel's capital and the restructuring of its debt following SMABTP's successful takeover bid in 2014, the tripling of the portfolio's size between 2015 and 2018, the completion of the Affine merger and the subsequent disposal plan (2019-2020), and the management of the company in the very uncertain conditions of the COVID years (2020-2021). For the past 15 months, he has been working alongside Chief Executive Officer Christel Zordan to implement the company's new roadmap. Since 2018, Bruno Meyer has also been Chairman of Team Conseil, a subsidiary of the Company that brings together the teams responsible for asset development, marketing and management.

### Agenda

- March 2024: 2023 Full-year results (after market close)
- April-May 2024: General Meeting of Shareholders
- June 2024: Dividend payment
- July 2024: 2024 half-year results (after market close)

The presentation of the results will be available on the Group's website on the morning of Thursday 27 July: Financial information – Société Tour Eiffel ([societetoureiffel.com](https://www.societetoureiffel.com)).

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### About Société de la Tour Eiffel

Société de la Tour Eiffel is an integrated property company with €1.8 bn in assets and a powerful service culture. This agile company operates in various asset classes, including offices, urban logistics, managed residential and retail, in Greater Paris and other major French metropolitan areas. An active player throughout the property cycle, it assists its tenants – companies of all sizes and sectors – through high-standard direct management of its properties. Société de la Tour Eiffel conducts a pro-active and transversal CSR policy that is an integral part of its strategic orientations.

Société de la Tour Eiffel is listed on Euronext Paris (B board) – ISIN code: FR0000036816 – Reuters: TEIF.PA – Bloomberg: EIFF.FP – Member of the IEIF Foncières and IEIF Immobilier France indices

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