

# 2011 half-year results

## 28 July 2011

PRESS RELEASE



SOCIÉTÉ DE LA  
TOUR EIFFEL

## Solid results and financial structure

The Board of Directors under the chairmanship of Mark Inch has adopted the accounts as at 30.06.2011.

### Consolidated figures

In M€	2011 First half	2010 First half
Gross rental income *	34.7	37.4
Operating result *	27.2	30.6
Net recurring profit *	15.7	18.2
Net consolidated result	20.6	18.2
Cash flow *	16.0	18.7
Cash flow (€/share) **	2.8	3.4
Net LTV	59%	62%

  

Distribution (€/share)	2.1	2
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	30/06/2011	31/12/2010
Portfolio value net of costs (M€)	1031.4	1022.1
Liquidation NAV *** (€/share)	74.3	73.0

\* 2.4 M€ of rental decrease due to 2010 disposals

\*\* 5.5% dilution due to the payment of the dividend by scrip issue

\*\*\* Number of shares: 5,731,977 as at 30/06/2011 against 5,592,284 as at 31/12/2010

### Results correlated with the market

The net consolidated profit improved between the first halves of 2010 and 2011 (€ 18.2M to 20.6M) despite a reduction in the net recurring profit (€ 18.2M to 15.7M) and the cash-flow (€ 18.7M to 16M). The reduction in recurring cash flow per share can be explained principally as follows:

- i) a 5,5% increase in shares number resulting from a dividend scrip issue which strengthened the Group's balance sheet,
- ii) a rental diminution (€ 37.4M to 34.7M) stemming from 2010 asset disposals, a factor in the progressive upgrading of the portfolio.

Furthermore, projected rents on developments recently delivered and being marketed have not yet covered the shortfall stemming from the sales; discounting sales and the retreatment of a first half 2010 exceptional item, rents show an increase of 1%.

The highly competitive investment market for core properties constrained the company's ability to expand its income producing portfolio.

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The physical and financial occupancy rates excluding Paris Charonne (sale pending) improved slightly as at 30 June 2011 compared to end 2010, respectively at 87.8 % (85.9%) and 88.2% (86%).

### Encouraging operating performance

Against a context of fluctuating financial and real estate markets and macroeconomic vagaries, Société de la Tour Eiffel has maintained during the first half 2011 a satisfactory marketing activity of its core portfolio, be it through lease renewals or new lettings, representing € 3M of additional annual rent for some 22,500 m<sup>2</sup> of lettings.

This outcome has encouraged **the company to reconsider acquisitions in line with its strategy**: new green labeled buildings, located in the Parisian suburbs offering competitive rents. The forward purchase of a new 5,000 m<sup>2</sup> office development (LEB) with parkings was completed in Montrouge for an investment between € 23M and 25M, depending upon leasing, and a projected yield of 7.5%.

### A recent portfolio and an improving NAV

**The Group portfolio comprises 17% of green buildings HEQ (High Environmental Quality) or LEB (Low Energy Consumption) and 44% of new or less than 10-year old buildings.** Its net of costs value amounts to € 1,031.4 M compared to € 1,022M at year end 2010; this increase is due to a portfolio value uplift on a like-for-like basis (€ 0.2M) and development expenditure (€ 12.1M), offset by 2011 disposals (-€ 2,9M).

**The liquidation NAV equates to € 74.3 per share as at 30 June 2011**, compared to € 73 at end 2010 (+1,8%); excluding dilution resulting from the creation of 2.5% of new shares resulting from part payment of the 2010 final dividend by scrip issue, the liquidation NAV equates € 76.2 per share (+4.4%).

### A reinforced financial structure

The improvement recorded during the first semester 2011 results from:

- i) Partial payment of the 2010 final dividend by scrip issue,
- ii) Reduction in debt and Group net LTV (59% as at 30 June 2011 compared to 62% a year before),
- iii) Active debt management: portfolio refinancing (€ 45 M), financing of the forward purchase in Montrouge (€ 15M) and extension (€ 20M).

The company has contracted during the first half more than € 80M of favourably priced hedging instruments; **the average cost of debt equates to 3.6% for first half 2011** (3.5 % in 2010).

### 2011 interim dividend

Taking into account the company's established recurring income and cash-flow, the Board of Directors adopted on the 27 July 2011 the **distribution of an interim dividend amounting to €2.1 per share**,

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payable in cash or shares at the shareholder's discretion. In the case of payment in shares, the price at which new shares will be issued has been set at € 54.45.

The dividend will be detached on the 8 August and payment made on the 23 September 2011 ; the period granted to the shareholders to exercise their option for the payment in cash or in shares is from 8 August to 13 September 2011 included.

### Outlook

In the continuity of its 2010 activities, Société de la Tour Eiffel will concentrate on securing its existing rental income flow, in order **to pursue its policy of a sustainable distribution to its shareholders.**

With a quality portfolio constantly upgraded, the company possesses a number of drivers to accelerate its medium term development. Notably, it intends to finalise disposals actioned in 2010, pursue external growth (focusing on green labelled developments whilst acquiring in tandem cash flow investments) and foster organic growth on in-house land reserves, mainly located in its business parks and in the potentially high-yielding Massy site.

On the corporate side, the company continues to negotiate with the Group's main banks with the aim of breaking down, spreading and extending the 2013 refinancing requirement.

*The statutory auditors have performed a limited audit of the consolidated accounts. Their report is pending.*

### CALENDAR:

- **23 September 2011:** pay-out of the interim dividend (option of cash or scrip issue)
- **9 November 2011:** 3Q 2011 turnover

#### **About Société de la Tour Eiffel**

A « SIIC » quoted on the Euronext Paris Exchange, the company pursues a strategy focused on the ownership and the development of quality office and business space capable of attracting a wide range of tenants in both established and emerging locations. The company's portfolio stands over 1 billion Euros of assets spread evenly between the Paris area and the regions.

Société de la Tour Eiffel is listed on NYSE Euronext Paris (compartment B) – ISIN code : 000036816 – Reuters : TEIF.PA – Bloomberg EIFF.FP

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