

# Société de la Tour Eiffel

## 2011 annual results



### Operational and financial consolidation

The 2011 year end accounts were adopted by the board of directors at its meeting of the 14<sup>th</sup> March 2012 under the chairmanship of Mark Inch.

#### Consolidated figures

M€	2011	2010
<b>Rent*</b>	<b>69.4</b>	<b>72.2</b>
Net operating income	54.2	56.5
<b>EPRA earnings</b>	<b>30.6</b>	<b>31.0</b>
Net profit (Group share)	29.4	42.5
<i>Of which value adjustments and disposal results</i>	<i>-0.4</i>	<i>11.8</i>
<b>Recurring cash flow</b>	<b>33.0</b>	<b>33.4</b>
Portfolio value (net of transfer costs)	999.2	1 022.1
<b>Net LTV</b>	<b>57.6%</b>	<b>60.4%</b>
<b>€/ share **</b>		
Recurring cash flow	5.8	6.0
EPRA NNAV	69.2	68.6
Dividend	4.2***	4.2

\* disposals of € 37.4M in 2011 and € 52.6M in 2010 (mainly during H2)

\*\* number of shares : 5,736,272 as at 31 December 2011 and 5,592,284 as at 31 December 2010

\*\*\* € 2.10 interim dividend paid in September 2011 and € 2.10 final dividend to be proposed to the AGM on 24 May 2012

#### Recurring results underwrites a high level of distribution

The EPRA earnings (€ 30.6M) and cash flow (€ 33M) remained stable in 2011 in spite of reduced rents (from € 72.2 to 69.4M) due to disposals aimed at improving the overall quality of the portfolio. This rent reduction was largely offset by lower reduced finance costs (from € 24.8 to 22.6M) and property operating expenses.

The net profit (Group share) came out at € 29.4M in 2011 against € 42.5M for the previous year due to lesser value adjustments to the properties and hedging instruments.

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### Strong operating performance

A combination of an appropriate strategy and a dynamic asset management enabled the company to reap the benefits of its quality modern portfolio. Some 60 000 m<sup>2</sup> of lease renewals and new lettings (€ 8M of annual rent) were completed, the year's highlight being the leasing up of Topaz in Vélizy, a 13 000 m<sup>2</sup> labelled office development on a 9 year-closed lease to Altran and to General Mills providing € 3.3M of annual rent.

This satisfactory operating performance has resulted in **a significant improvement in the physical and financial occupancy rates**, to respectively 89.1% and 91.1%, against 85.8% and 86% in 2010.

This encouraging tendency **prompted the company to initiate new acquisitions** within the guidelines of its strategic focus: new labelled offices in suburban locations with competitive rents. A first investment concerned the future purchase of a 5 000 m<sup>2</sup> office building in the southern Parisian suburb of Montrouge for an investment of € 24M offering a projected return of 7.5%. The construction of a pre-let green office building in Lyon-Vénissieux subject to a 9-year closed lease (€ 3.3M of investment for € 0.3M of annual rent) was also initiated.

### A recent portfolio and an increased NAV

**The Group's portfolio comprises 18 % of green buildings with an HQE or LEB qualification and 44 % of recent or new buildings.** The net of transfer costs value at the end of 2011 was € 999M compared to € 1 022M; this reduction is the result of core portfolio value adjustments (-3.1 M€) and sales achieved in 2011 (-€ 37.4 M), set off against investment in development projects and Capex on the standing portfolio (+€ 17.5 M).

The year-end liquidation NAV comes out at € 73,7 per share in 2011, as opposed to € 73 in 2010; adjusted for the optimisation of transfer costs and share dilution, **the EPRA NNAV increases from € 68.6 to € 69.2 per share.**

### Financial structure strengthened and cost of debt under control

**The net LTV reduction, from 60.4% to 57.6%** stems from 7% net debt redemption (€ 42M), from disposals together with the regular debt reimbursement and from the leasing of newly delivered properties.

Stringent financial management enabled the company to extend its hedging arrangements by € 110M on favourable terms **enabling Société de la Tour Eiffel to have an attractive 3.5% average interest cost.**

### Dividend maintained

Following the € 2.10 interim payment last September, **a final dividend of € 2.10 per share** will be proposed to the AGM on 24 May next, **i.e an overall distribution for 2011 of € 4.20 per share**, representing 72% of the net recurring cash flow.

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### Outlook

While seeking to diversifying funding sources, the company continues negotiations aimed at an early refinancing of two major 2013 mortgage debt maturities, **the medium-term objective being to attain an LTV below 50%.**

With regard to the portfolio, the company intends to accelerate **repositioning towards rational, labelled offices at moderate rents located in the Parisian suburbs.** In a low-growth market context, the overriding motivation driving tenant demand is inevitably rationalisation and cost cutting, a tendency which the company has long anticipated in its strategy.

This ability to read market trends largely sustains a secure rental stream underwriting a **high distribution policy.**

**Future portfolio growth and development of land reserves will be considered through ad-hoc joint-ventures as a means of creating value** and capitalizing on the know-how and international reputation of Tour Eiffel Asset Management.

### CALENDAR :

- 10<sup>th</sup> May 2012: 2012 first quarter's turnover
- 24<sup>th</sup> May 2012: Annual General Meeting, Automobile Club de France, Place de la Concorde, 75008 Paris

*Audit procedures on 2011 accounts have been performed. The statutory report is pending.*

#### About Société de la Tour Eiffel

A « SIC » 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 close to 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 : 0000036816 – Reuters : TEIF.PA – Bloomberg EIFF.F. Indexes : GPR 250, IEIF Foncières, IEIF Immobilier France.

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