



2012 annual results & new strategy

Net recurring income up 11% and a strategic refocus on Paris office properties

The 2012 year-end accounts were adopted by the Board of Directors at its meeting of 20 March 2013 under the chairmanship of Mark Inch.

Consolidated figures

M€	2012	2011	Like-for-like change
Rental income*	69.5	69.4	+ 4.5%
EPRA earnings	34.0	30.6	
Net result (Group share)	-6.1	29.4	
<i>Of which value adjustments and disposal results</i>	<i>-39.4</i>	<i>-0.4</i>	
Recurring cash flow	35.7	33.0	+13.7%
Portfolio value (net of transfer costs)	915.4	999.2	-2.8%
EPRA NNAV	378.1	392.8	
EPRA financial occupancy rate	91.6%	91.3%	
Net LTV	55.9%	57.6%	
Average maturity of bank debt	5.3	2.2	
€ / share **			
EPRA earnings	5.6	5.3	
Recurring cash flow	5.8	5.8	
EPRA NNAV ***	62.2	69.2	
Dividend	4.2****	4.2	

* Disposals close to €110 million in 2011/2012

** Number of shares: 6,110,611 at 31 December 2012 and 5,736,272 at 31 December 2011

*** Number of shares diluted: 6,079,909 as at 31/12/2012 and 5 678 114 as at 31/12/2011

**** €2.10 interim dividend paid in October 2012 and €2.10 final dividend to be proposed to the AGM on 30 May 2013

Significant increase in recurring income

EPRA earnings (€34.0 million) and cash flow (€35.7 million) improved significantly in 2012 (respectively 11% and 8%) despite some €110 million of disposals completed in 2011 and 2012, which incidentally also enhanced the overall portfolio quality.

Net income (Group share) was -€6.1 million in 2012 against €29.4 million, mainly due to negative valuation adjustments on the portfolio (-€30 million) and hedging instruments (-€8.3 million).



Strong operating performance

Dynamic asset management enabled Société de la Tour Eiffel to again take full advantage of the qualities of its property portfolio completing nearly 60,000 sq. m of lease renewals and new lettings (€5.8 million in annual rent); on a like-for-like basis, rents rose by 4.5% in 2012.

This strong operating performance resulted in **the EPRA financial occupancy rate remaining at a high level of 91.6% at year-end 2012**, against 91.3% at 31 December 2011.

Constant portfolio rejuvenation with a gradual refocus on Paris offices

The Group's portfolio comprises more than 20% of green buildings with recognised environmental certificates and 41% of new or sub-ten-year old properties. Its value net of transfer costs totalled €915 million against €999 million at year-end 2011; the decrease was primarily due to sales (€70 million in 2012, achieved at an average of 1.5% below last appraisal value), conducted as part of the active management of the portfolio, but also to a reduction in value of 2.8% on a like-for-like basis (compared with 31 December 2011) mainly concerning sorting centres and regional business parks. **The asset values of offices in Ile-de-France, the company's core business and the focus for its new strategy, remained stable.**

Pursuing its asset rotation policy, **the company is accelerating refocusing on the Paris office market: more than €40 million of property was under contract for sale at 31 December 2012 and nearly €65 million to date this year; € 30 million have been sold since the 1st January 2013.** The EPRA NNNNAV amounts to €62.2 / share against €69.2 at year-end 2011 under the combined effect of the reductions in property values partly attributable to increased transfer costs (-€4.9 / share) and hedging instruments (-€1.4), the 2012 distribution in cash (-€1.9) and in shares (-€4.4), offset by EPRA earnings (€5.7 / share). Ignoring the dilution caused by the creation of 6.5% of new shares as the partial distribution of the 2012 dividend by scrip issue, EPRA NNNNAV amounted to €66.6 per share, i.e. a decline of only 3.8%.

A secure financial structure and cost of debt under control

One of the highlights for 2012 was that the Group continued its deleveraging and completed the restructuring of its financing, thus achieving the objective to defer, segment and extend the average life of its debt through anticipated refinancings of €490 million.

Consequently, this process enabled the Group to:

- **Improve net LTV from 60.4% to 55.9% over the past two years**, thanks to i) nearly 20% in net debt redemption (€115 million) resulting from the disposals carried out in 2011 and 2012, and ii) to the accelerated amortization of existing loans;
- **Reduce the average borrowing rate to 3.2% in 2012** (against 3.5% in 2011), the Group having subscribed €430 million in new hedging instruments under extremely attractive conditions given the historically low interest rates;
- Significantly extend **its average debt maturity to 5.3 years** at year-end 2012.

As a result of **these refinancings and its proactive deleveraging, Société de la Tour Eiffel has no significant debt maturity until 2017 and has secured an average annual finance cost of less than 4% over the next five years.**



Dividend maintained in 2012 and change announced for 2013

Following the 2012 interim dividend of €2.10 per share paid last October, the Board of Directors has decided to propose to the AGM on 30th May next the payment of a **final dividend of €2.10 per share, i.e. an overall distribution of €4.20 per share for 2012**, representing 72% of the net recurring cash flow paid in cash or in shares at the election of each shareholder.

For 2013, the company intends to continue its emphasis on deleveraging by announcing a temporary change in its distribution policy and lowering its dividend objective to 3.20 euros per share paid in cash.

Governance and new management

An executive succession plan was drawn up with effect from 1 September 2012, under which the **functions of Chairman and Managing Director were separated**. In accordance with the plan, Mr Mark Inch, while retaining his position as Chairman of the Board of Directors, resigned as Chief Executive Officer and was replaced by Mr. Renaud Haberkorn. Mr. Robert Waterland resigned as Deputy Chief Executive Officer, remains a Board member and has been appointed Chairman of the Investment Committee. Mr. Frédéric Maman was appointed Deputy Managing Director from 1 September 2012, in charge of investment and asset management.

Finally, Mr. Jérôme Descamps announced his resignation from his position as Deputy Managing Director and board member and will leave the company at the end of March; the new Chief Financial Officer will take over his duties early in April.

A new strategy focusing on Paris offices

The Company has defined a new strategy enabling it to resume its growth in the coming years. This new strategy involves (i) **refocusing its activity on offices in the Paris region**, (ii) scaling-up its value creation operations and (iii) an improved risk profile.

The Company will continue to privilege assets that meet occupier requirements, providing well located space at an affordable overall cost and offering state-of-the-art facilities. **A 5 to 15% portion of the future portfolio will also be devoted to value creation**, whether through speculative forward purchases, properties with short leases, or potential for refurbishments. Société de la Tour Eiffel has substantial expertise and a proven track record established over the past fifteen years in these areas. Furthermore, half of the company's property portfolio already meets the defined criteria. Another aspect of the strategy is an improved risk profile, with a portfolio in which 85 to 95% of assets are income producing **and the LTV is reduced to 45%**.

Work in progress

Detailed during the presentation of the company's annual results, this strategy was initiated in 2012 by pro-active risk management in particular with the renegotiation of the company's debt on attractive terms, extending the average maturity to 5.3 years. This dynamic was furthered by the sale of €70 million of non-core assets and the establishment of a new management team responsible for revitalizing the company.

In 2013-2014, Société de la Tour Eiffel will continue its refocusing phase with further disposals of mature, non-strategic assets, negotiation of lease extensions, LTV reduction to 45% and consequently mechanically aligning its dividend objective down to 3.20 euros per share, paid in cash. In addition, the Company may make opportunistic investments in partnerships.



As of year-end 2014, the company will display a new profile: it will be able to reinvest the revenue from disposals in strategic assets and distribute 70-80% of its recurring income in cash.

CALENDAR:

- 14 May 2013 (after market close): turnover and activity for Q1 2013
- 30 May 2013 (11 am) : Annual General Meeting, Automobile Club de France, Place de la Concorde, 75008 Paris
- 24 July 2013 (after market close): Half Year Results 2013

Audit procedures on 2012 accounts have been performed. The statutory report is pending.

About Société de la Tour Eiffel

A listed real estate investment company (SIIC) on NYSE Euronext Paris, 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 at 915 million 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: GIEIF Foncières, IEIF Immobilier France.

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Portfolio

Result

Cash flow and dividend

Market capitalisation

Financial structure

Valuation ratios

EPRA key performance indicators



Key figures

	2012	2011	2010
Portfolio			
Portfolio value (excl. Transfer rights) (€m)	917.4	1 012.8	1 025.0
<i>of which IFRS portfolio value</i>	915.4	999.2	1 022.1
EPRA NAV (*)	65.4	71.2	71.0
EPRA NNNAV (*)	62.2	69.2	68.6
EPRA NNNAV before dilution	66.6		
Results			
Rental income (€m)	69.5	69.4	72.2
Current operating profit (€m)	52.3	54.2	56.5
Net profit - Group share (€m)	-6.1	29.4	42.5
Net profit - Group share per share (€) (**)	-1.0	5.1	7.6
EPRA earnings	34.0	30.6	31.0
Cash flow and dividend			
Recurring Cash Flow (€m)	35.7	33.0	33.4
Recurring Cash Flow per share (€) (**)	5.8	5.8	6.0
Dividend per share (€)	4.2 (***)	4.2	4.2
Pay out Ratio (Dividend / recurring Cash flow)	72%	72%	70%
Market capitalisation			
Number of shares (**)	6 110 611	5 736 272	5 592 284
Share price (€)	44.5	38.4	58.0
Market capitalisation (€m)	271.9	220.3	324.4
Financial structure			
Capital (€m)	370.7	387.2	373.4
Shareholder's equity / Investment properties values	40.5%	38.8%	36.5%
Gross finance debt / Shareholder's equity	1.4	1.5	1.7
Net Group LTV	55.9%	57.6%	60.4%
EBITDA / Financial costs	2.7	2.4	2.2
Valuation ratios			
Cash flow multiple (Capitalisation / cash flow)	7.6	6.7	9.7
Dividend Yield (Dividend / Share price)	9.4%	10.9%	7.2%

(*) fully diluted number of shares end of period

(**) number of shares end of period

(***) subject to the approval of the Annual General Meeting of 30 May 2013



EPRA key performance indicators

	2012	2011	Var en %
EPRA earnings (1)			
EPRA earnings in €m	34.0	30.6	+10,9%
EPRA earnings in € per share (**)	5.6	5.3	+4,1%

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

The improvement of the EPRA earnings stems from the decrease in net debt (€ 19.7m in 2012 compared to € 22.6m in 2011)

	2012	2011	Var en %
EPRA NAV and EPRA NNAV			
EPRA NAV in €m	397.8	404.3	-1.6%
EPRA NAV in € per share (*)	65.4	71.2	-8.1%
EPRA NNAV in €m	378.1	392.8	-3.7%
EPRA NNAV in € per share (*)	62.2	69.2	-10.1%

2012 EPRA NNAV was impacted by the property fair value adjustment(-€ 30m), hedging instruments fair value deterioration (- € 8.3m) and distribution.

	2012	2011	Var en %
EPRA yield (EPRA NIY)			
EPRA topped-up yield (2)	7.2%	6.8%	+5,9%
EPRA yield (3)	7.1%	6.5%	+9,2%

(2) EPRA topped-up yield (Net Initial Yield EPRA topped-up) : annual rent as at 31 December, not adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included

(3) EPRA yield (Net Initial Yield EPRA) : annual rent as at 31 December, adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included

	2012	2011	Var en %
EPRA vacancy rate (4)			
Portfolio up and let	8.4%	8.7%	-3,7%

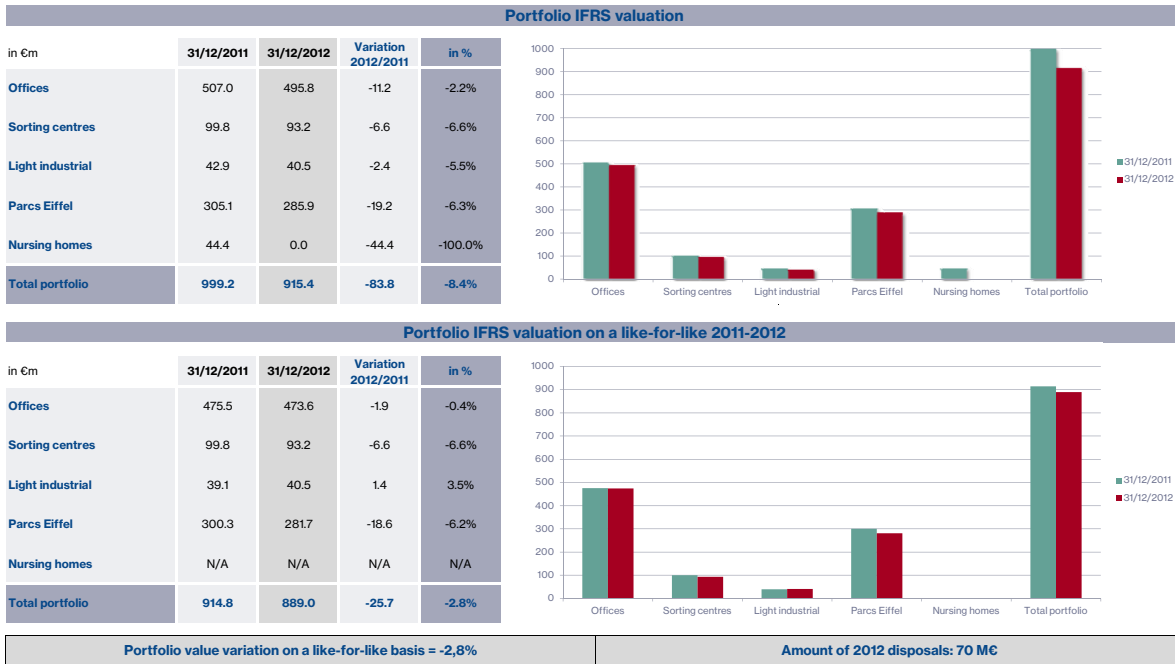
(4) EPRA vacancy rate : it corresponds to an end of period spot rate defined as the ratio between the vacant space market rent and the up and let global portfolio (net of developments and redevelopments) market rent.

(*) fully diluted number of shares end of period

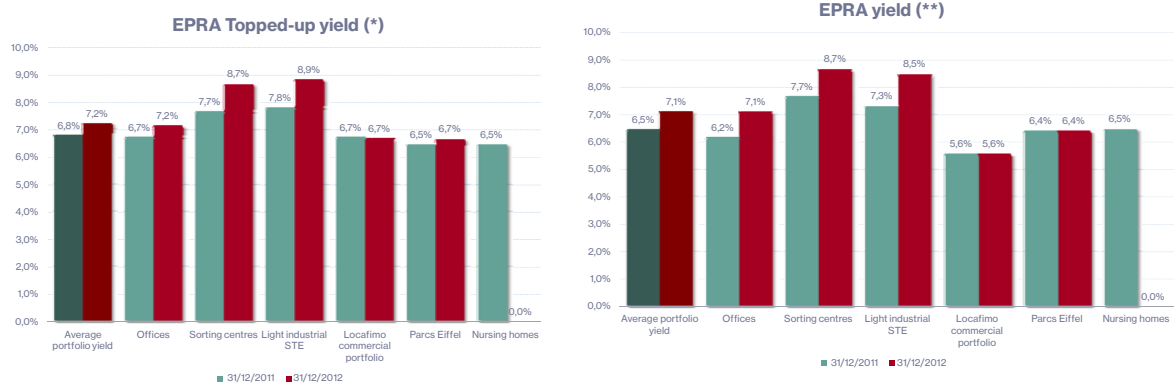
(**) number of shares end of period

Portfolio

Portfolio value variation by type of assets



Portfolio EPRA yield

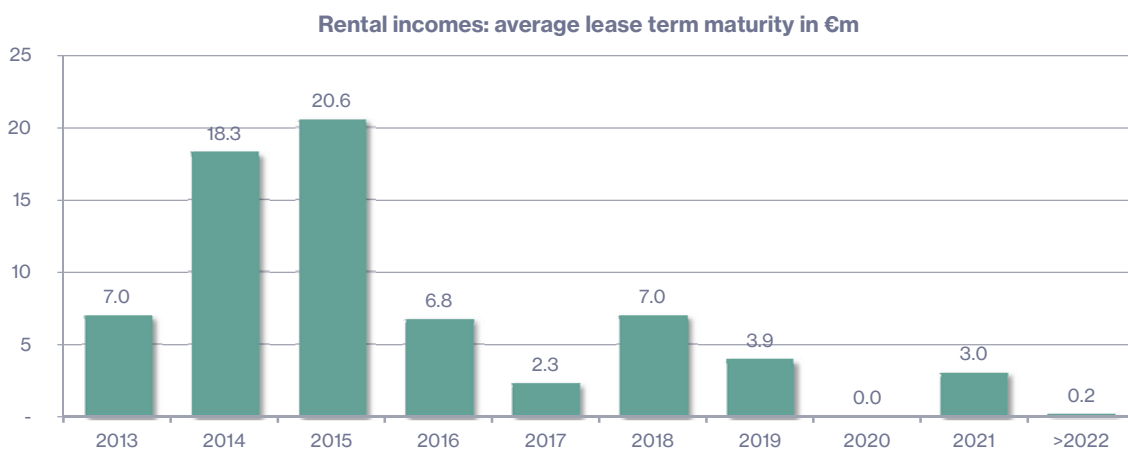
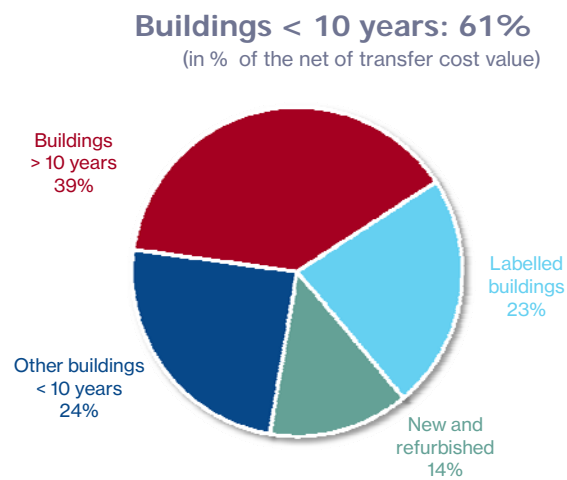


(*) EPRA topped-up yield (Net Initial Yield EPRA topped-up) : annual rent as at 31 December, not adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included

(**) EPRA yield (Net Initial Yield EPRA) : annual rent as at 31 December, adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included



Portfolio key indicators



Financing

Debt maturity schedule

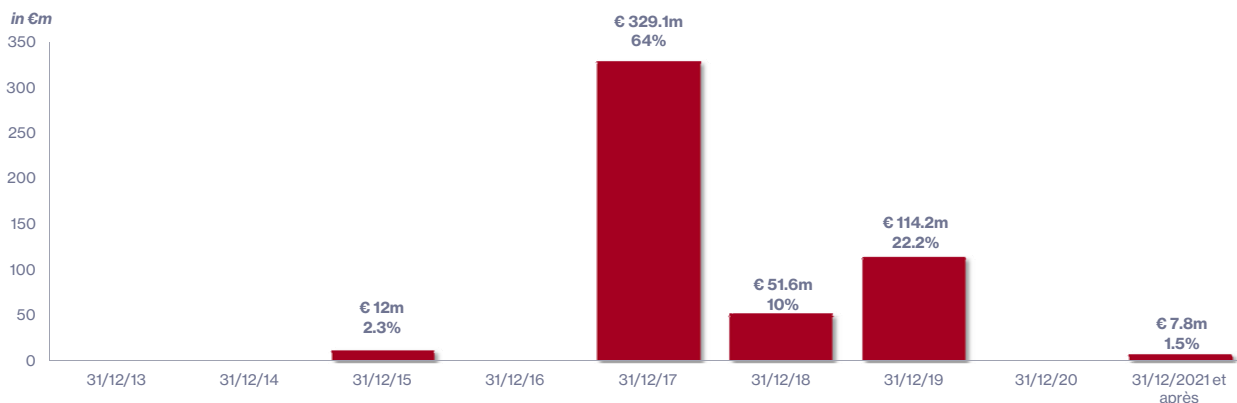
Summary as at 31/12/2012

Financial structure

Hedging



Debt maturity schedule as at 31 December 2012



Amount of the consolidated debt as at 31 December 2012 : € 514.6m

Financing - Summary as at 31 December 2012

Au 31/12/2012	Net consolidated debt as at 31 December 2012	Maturity	
PPB bank pool	282.5	11/17	- Average financial cost 3.2%
Société Générale / Crédit Foncier	46.6	03/17	- Hedging 99%
BECM / Société Générale	41.2	04/18	- Global net LTV 55.9%
SAAR LB	114.2	06/19	- ICR global 268%
OTHERS	30.1		
TOTAL GROSS CONSOLIDATED DEBT	514.6		
TOTAL NET CONSOLIDATED DEBT	511.5		

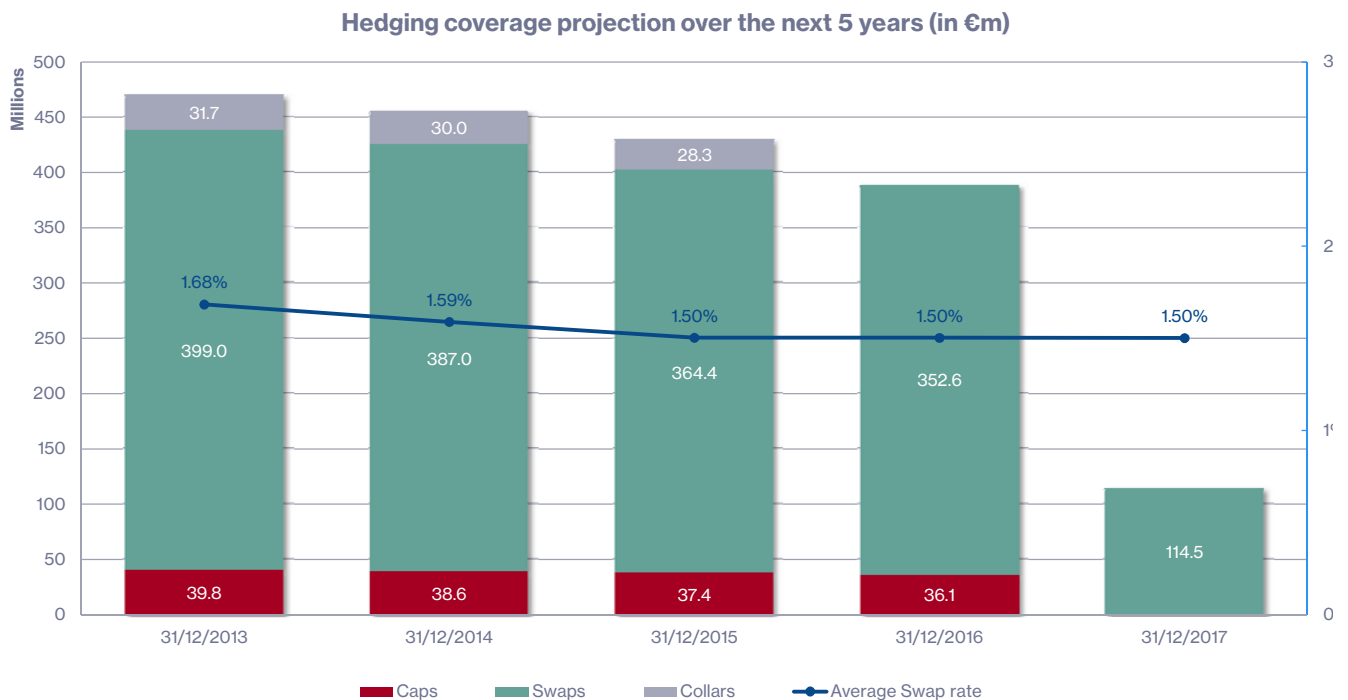


Financial structure ratios

<i>in €m</i>	2012	2011	2010
Shareholder's equity	370.7	387.2	373.4
Gross financial debt	514.6	591.6	627.7
Net financial debt	511.5	575.3	617.4
LTV	55.9%	57.6%	60.4%
Average cost of finance	3.2%	3.5%	3.5%
Hedging	99%	93%	99%
<i>of which fixed rate & Swap</i>	61%	51%	61%
<i>of which CAP</i>	39%	49%	39%
Debt maturity	5.3 years	2.2 years	2.6 years
Group ICR (EBITDA / Financial cost)	2.7	2.4	2.2

NB:
Sensitivity to a 100 bp increase to Euribor 3M on cost of debt : +€ 1m

Hedging - 31 December 2012



Hedging instruments notional as at 31 December 2012 : € 508.1m

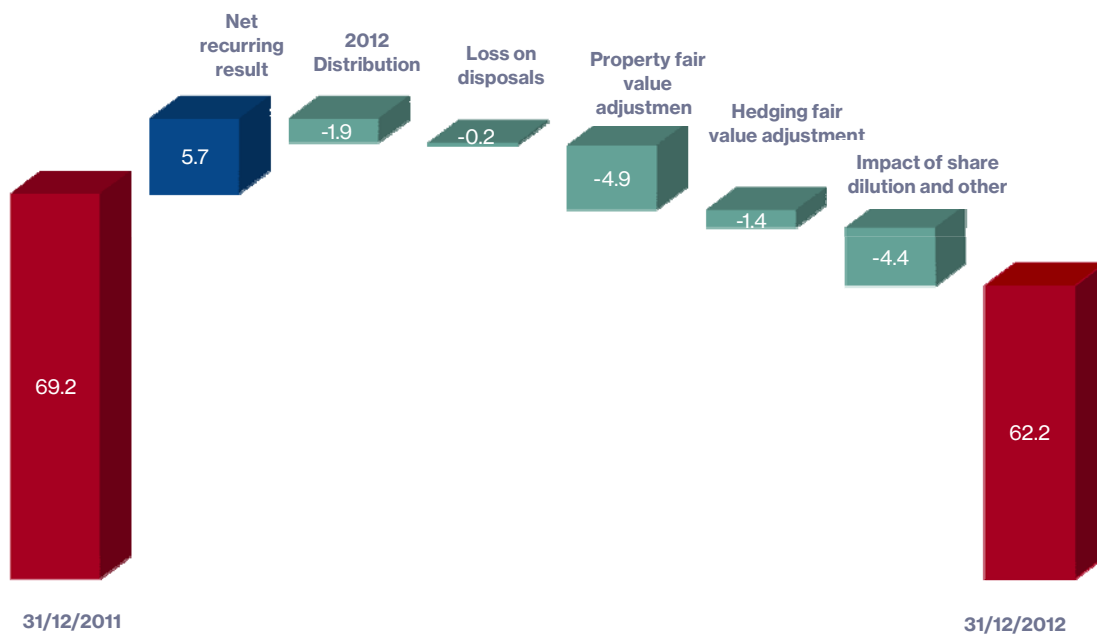
NAV



EPRA NNAV

Variation of EPRA NNAV from 31/12/2011 to 31/12/2012

In € per share



Cash flow and summarised financial statements

2012 Cash flow

Summarised consolidated accounts

Consolidated balance sheet and income statement

Corporate balance sheet and income statement



Recurring cash flow

in €m	2012	2011	Variation
Gross rental income	69.5	69.4	0.0%
Property operating expenses	-10.7	-10.3	4.1%
Corporate expenses	-5.1	-4.8	5.5%
Net finance costs	-18.0	-21.3	-15.3%
Recurring cash flow	35.7	33.0	8.2%

in € / share *			
Recurring cash flow after dilution	5.8	5.8	0.0%
Recurring cash flow before dilution	6.2		8.2%

(*) Dilution of 6.5 % due to the scrip final 2011 dividend and the scrip 2012 interim dividend
(number of shares as at 31/12/2011: 5 736 272, number of shares as at 31/12/2012: 6 110 611)



EPRA net consolidated result and EPRA earnings

in €m	2012			2011		
	EPRA earnings	Non recurring	Result	EPRA earnings	Non recurring	Result
Gross rental income	69.5		69.5	69.4		69.4
Property operating expenses (*)	-10.7	-0.4	-11.1	-10.3		-10.3
Net rental income	58.8	-0.4	58.4	59.1	0.0	59.1
Corporate expenses	-5.1	-1.0	-6.1	-4.9		-4.9
Résultat opérationnel courant	53.7	-1.4	52.3	54.2	0.0	54.2
Result from disposals		-1.2	-1.2		1.5	1.5
Property fair value adjustment		-30.0	-30.0		-3.1	-3.1
Other operating income and expenses	0.2	1.4	1.6	-0.8		-0.8
Operating income	53.9	-31.2	22.7	53.4	-1.6	51.8
Net finance cost	-19.7		-19.7	-22.6		-22.6
Other financial income and expenses		-8.6	-8.6		0.3	0.3
Net financial results	-19.7	-8.6	-28.3	-22.6	0.3	-22.3
Profit/loss before tax	34.2	-39.8	-5.6	30.8	-1.3	29.5
Tax	-0.2	-0.3	-0.5	-0.1		-0.1
Net profit / loss (Group share)	34.0	-40.1	-6.1	30.7	-1.3	29.4
Net profit / loss (Group share) per share (**)	5.6	-6.6	-1.0	5.3	-0.2	5.1

(*) including asset management costs

(**) number of shares as at 31/12/2012: 6 110 611 ; number of shares as at 31/12/2011: 5 736 272

Consolidated balance sheet

in €m	31/12/2012	31/12/2011
Assets		
Investment properties	872.8	990.3
Assets earmarked for disposal	42.6	8.9
Tangible fixed assets	0.4	0.4
Intangible fixed assets	0.02	0.02
Receivables	35.7	27.3
Cash and equivalent	3.2	16.4
Total ASSETS	954.7	1 043.3
LIABILITIES		
Share capital and reserves	370.7	387.2
<i>of which result</i>	-6.1	29.4
Long term debt	514.6	591.6
Other liabilities	69.4	64.5
Total LIABILITIES	954.7	1 043.3



Corporate accounts - Income statement

<i>in €m</i>	31/12/2012	31/12/2011
Turnover	7.6	6.3
Other operating income	0.2	0.3
Operating expenses	-13.0	-11.2
Operating result	-5.3	-4.6
Income from equity interests	32.5	26.4
Other financial income	2.7	2.2
Financial income	35.3	28.6
Allocations to impairment and provision	-2.6	-4.6
Other financial expenses	-3.7	-7.8
Financial expenses	-6.4	-12.4
Net financial income	28.9	16.2
Extraordinary income	0.0	0.0
Tax	-0.2	0.0
Net profit / loss	23.4	11.5

Corporate accounts - Balance sheet

<i>in €m</i>	31/12/2012	31/12/2011
ASSETS		
Tangible and intangible fixed assets	25.7	26.1
Equity interests	250.1	250.8
Other long-term investments	59.1	54.2
Receivables	37.7	34.2
Cash and equivalent	4.8	4.6
<i>of which own-held shares</i>	4.1	3.4
Total ASSETS	377.3	369.8
LIABILITIES		
Shareholder's equity	315.1	303.0
<i>Share capital</i>	30.6	28.7
<i>Premium</i>	52.9	41.9
<i>Reserves</i>	218.8	218.7
<i>Retained earnings</i>	1.7	13.9
Net result for the year	23.4	11.6
<i>Interim dividend</i>	-12.2	-11.8
Provisions for contingencies and losses	2.1	0.8
Borrowings and financial debts	55.0	63.0
Other debts	5.0	3.1
Total LIABILITIES	377.3	369.8