

## 2013 Financial Statements

**A sound portfolio and a strengthened financial structure**  
**Several objectives of the strategic plan achieved ahead of schedule**

The Board Meeting chaired by Mark Inch on 19 March 2014 approved the 2013 financial statements.

### Consolidated figures

	2013	2012
<b>Portfolio valuation excl. Transfer costs</b>	<b>€ 701m</b>	<b>€ 915m</b>
Net financial debt	€ 327m	€ 512m
<b>Net LTV</b>	<b>46.7%</b>	<b>55.9%</b>
EPRA NNAV (in €/share*)	58.1	62.2
<b>Rental income</b>	<b>€ 61.5m</b>	<b>€ 69.5m</b>
LFL growth	3.3%	4.5%
EPRA financial occupancy rate	93.7%	91.6%
<b>Current EPRA operating result</b>	<b>€ 47.3m</b>	<b>€ 53.7m</b>
% rents	77.0%	77.3%
<b>EPRA earnings</b>	<b>€ 28.0m</b>	<b>€ 34.0m</b>
IFRS net result (Group share)	-€ 1.9m	-€ 6.1m
<b>Recurring cash flow</b>	<b>€ 29.5m</b>	<b>€ 35.7m</b>
in €/share*	4.7	5.8

(\*) number of shares: 6,253k as at 31 December 2013 and 6,111k as at 31 December 2012, i.e. a dilution of 2.3%

### Successful refocus on the Paris office property segment and a sharp reduction in debt level

2013 was the pivotal year for the 2013-2015 strategic plan, with a number of achievements enabling the Company to be one year ahead of schedule.

**First of all, the Company successfully completed the sale of some € 190 million of non-core assets in one year**, compared with a target of € 200 million of disposals over two years, scheduled for 2013 and 2014. The disposals mainly involved business parks and logistics warehouses in the provinces. The policy has made the Group portfolio considerably more homogeneous, with **69% of office buildings in Paris at year-end 2013, against only 49% one year earlier**. In addition, the disposals were made at levels very close to their appraisal value, reflecting the transactional agility of the Company's teams.

In addition to refocusing on a more coherent portfolio, the disposals have resulted in a major reduction in the Group's debt level, with a **Loan-to-Value ratio (LTV) of 46.7% at year-end 2013 compared with 55.9% one year earlier**. Here again, the Company is close to reaching in one year a target initially scheduled for completion after two years (i.e. an LTV ratio of 45% at year-end 2014).

**This proactive policy has led *ipso facto* to a temporary contraction in most of the Company's financial aggregates** with two factors causing change:

- a) **Volume**: the reduction in rents and the underlying cash flows
- b) **Non-recurring expenses**: asset disposals resulted in a high level of non-recurring operating expenses of around € 1.8 million.

## **Sound operating performance in a complex rental market**

On a complex rental market, Société de la Tour Eiffel fared well in terms of asset management.

**On a like-for-like basis, rents increased 3.3%**, reflecting both the positive effect of indexing as well as a net gain in terms of the arrivals of new tenants.

The latter item bolstered the **improvement in the financial occupancy rate** of the portfolio, which gained 2.1% to reach a **record level of 93.7% at year-end 2013 against 91.6% at year-end 2012**. The ratio was also improved by the disposal of assets in the provinces with higher vacancy rates.

The **cost reduction policy** in support of the deliberate downsizing in business announced in July 2013 is beginning to bear fruit. Recurring operating expenses (EPRA) were down approximately 10% in 2013 and **on track to achieve the goal of 20% as of the second half of 2014**.

## **Dividend as announced**

As stated in March 2013, subject to approval by the General Meeting of shareholders, the 2013 dividend will be 3.20 euros / share, paid entirely in cash. This includes the interim dividend paid in the second half of 2013 (1.20 euros / share) and the balance to be paid in June 2014 (2.0 euros / share). The level of the dividend, adjusted last year to support the deliberate downsizing in business, represents a total shareholder return of 16.6% in 2013.

## **The Board reiterates its total confidence in the management and their team**

The Board has acknowledged the appeal filed by the MI 29 company opposing the approbation by the French stock market regulator of the tender offer initiated by SMABTP.

Whilst expressing regrets at this new disruption for the Company, its clients and employees, the Board reiterated its total confidence in the management and their team to preserve the Company's and shareholders' interests.

The Company is determined to continue the implementation of its strategic plan.



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## Next steps

As a result, the Company is entering the growth phase of its strategic plan one year ahead of schedule, and has started to identify acquisition targets involving offices buildings in Paris. The change in the ownership structure will necessarily affect the implementation of this third stage.

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

*A listed real estate investment company (SIIC) on NYSE Euronext Paris, the company pursues a strategy focused on investing in areas with high potential and the provision of new buildings leased to quality covenants. At 31 December 2013 its portfolio stood at € 701 million of assets located primarily in the Paris region.*

*The shares of Société de la Tour Eiffel are listed on NYSE Euronext Paris (Eurolist B): ISIN Code: FR 0000036816 – Reuters : TEIF.PA – Bloomberg : EIFF.FP – Indexes : IEIF Foncières, IEIF Immobilier France*

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# APPENDIX

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# Key figures

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*Cash flow and dividend*

*Market capitalisation*

*Financial structure*

*Valuation ratios*

*EPRA key performance indicators*



## Key figures

	2013	2012
<b>Portfolio</b>		
<b>Portfolio value (excl. Transfer costs (€m))</b>	<b>701,0</b>	<b>917,4</b>
<i>of which IFRS portfolio value</i>	701,0	915,4
EPRA NAV (*)	59,6	65,4
EPRA NNNAV (*)	58,1	62,2
EPRA NNNAV before dilution	59,5	66,6

	2013	2012
<b>Results</b>		
<b>Rental income (€m)</b>	<b>61,5</b>	<b>69,5</b>
Current operating profit (€m)	43,7	52,3
Net profit - Group share (€m)	-1,9	-6,1
Net profit - Group share per share (€) (**)	-0,3	-1,0
EPRA earnings	28,0	34,0

	2013	2012
<b>Cash flow and dividend</b>		
Recurring Cash Flow (€m)	29,5	35,7
<b>Recurring Cash Flow per share (€) (**)</b>	<b>4,7</b>	<b>5,8</b>
Dividend per share (€)	3,3	4,2
Pay out Ratio (Dividend / recurring Cash flow)	70%	72%

	2013	2012
<b>Market capitalisation</b>		
Number of shares (**)	6 253 916	6 110 611
Share price (€)	48,6	44,5
<b>Market capitalisation (€m)</b>	<b>303,8</b>	<b>271,9</b>

	2013	2012
<b>Financial structure</b>		
Capital (€m)	356,2	370,7
Shareholder's equity / Investment properties values	597,6%	40,5%
Gross finance debt / Shareholder's equity	1,0	1,4
<b>Net Group LTV</b>	<b>46,7%</b>	<b>55,9%</b>
EBITDA / Financial costs	2,3	2,7

	2013	2012
<b>Valuation ratios</b>		
Cash flow multiple (Capitalisation / cash flow)	10,3	7,6

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

(\*\*) number of shares end of period



## EPRA key performance indicators

	2013	2012	Diff %
<b>EPRA earnings (1)</b>			
EPRA earnings in €m	28,0	34,0	-17,6%
EPRA earnings in € per share (**)	4,5	5,6	-19,5%

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

The drop in the EPRA earnings mainly stems from the decrease in rental income due to asset disposal, and from the increase in debt costs.

	2013	2012	Diff %
<b>EPRA NAV and EPRA NNAV</b>			
EPRA NAV in €m	371,0	397,8	-6,7%
EPRA NAV in € per share (*)	59,6	65,4	-8,9%
EPRA NNAV in €m	361,8	378,1	-4,3%
EPRA NNAV in € per share (*)	58,1	62,2	-6,6%

2013 EPRA NNAV was impacted by the property fair value adjustment (-€ 35.0m), distribution (-€ 13.7m), partly balanced by hedging instruments fair value revaluation (+ € 10.5m).

	2013	2012	Diff %
<b>EPRA yield (EPRA NIY)</b>			
EPRA topped-up yield (2)	7,4%	7,2%	3,3%
EPRA yield (3)	7,0%	7,1%	-2,1%

(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

	2013	2012	Diff %
<b>EPRA vacancy rate (4)</b>			
Portfolio up and let	6,32%	8,38%	-24,6%

(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 end of period

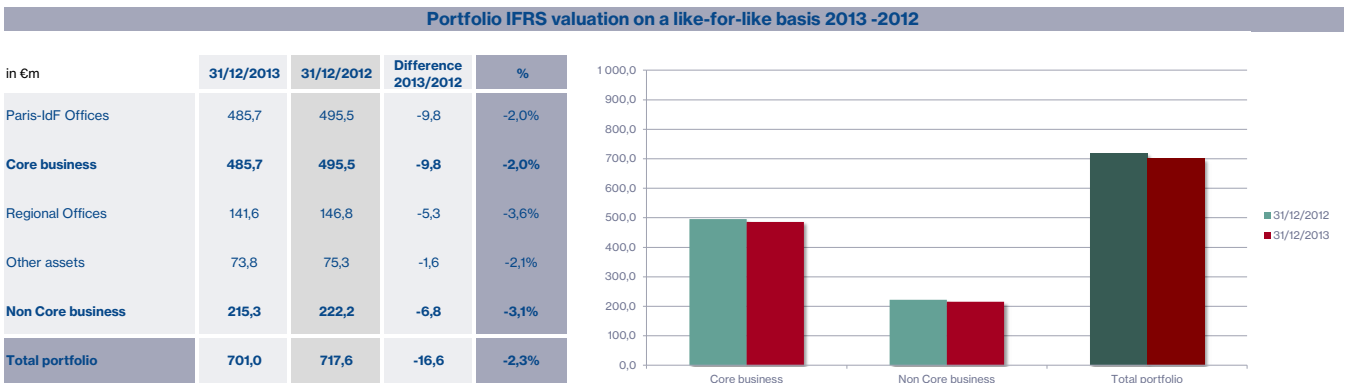
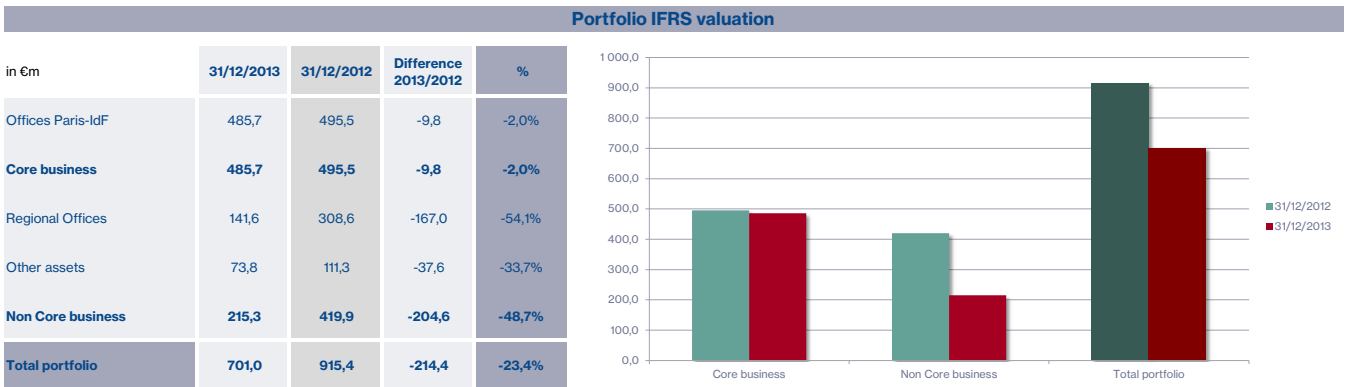
(\*\*) number of shares end of period

# Portfolio

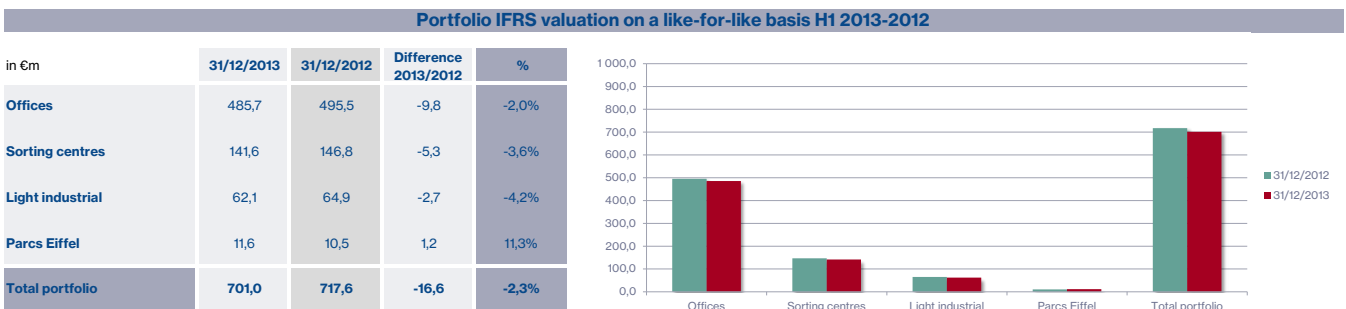
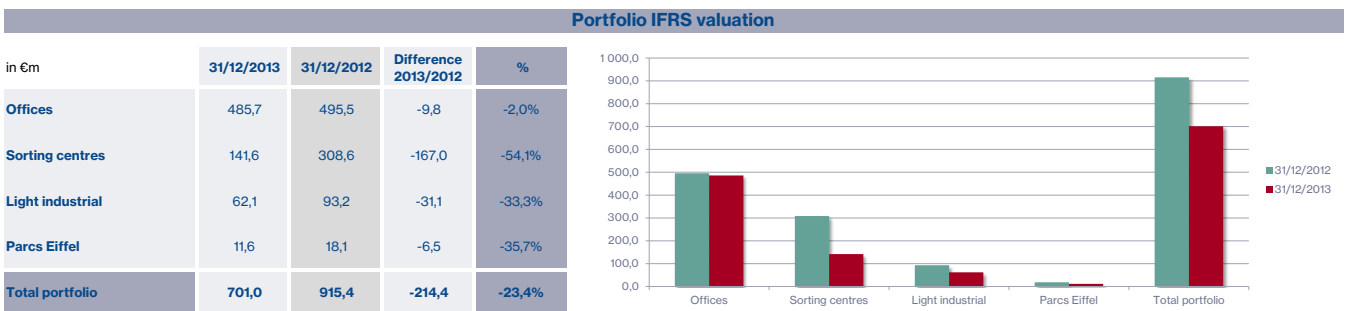




## Portfolio value variation: core & non core business



## Portfolio value variation by type of assets



Portfolio value variation on a like-for-like basis = -2.3%

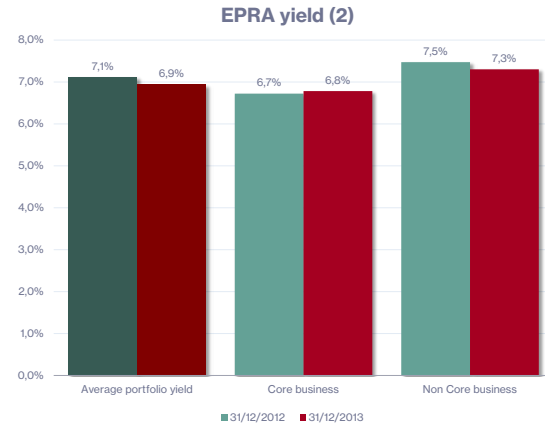
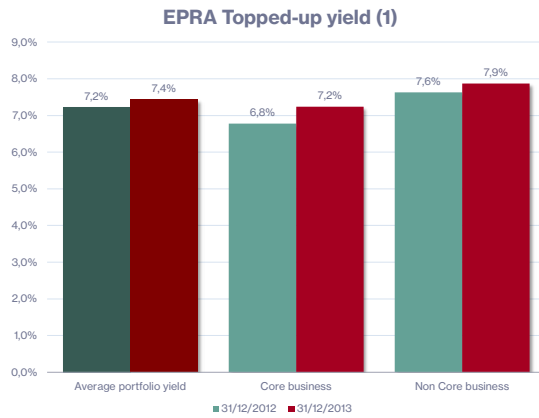
Amount of 2013 disposals: 190 M€



## Portfolio EPRA yield : core & non core business

EPRA Topped-up yield	31/12/2013	31/12/2012
<b>Average portfolio yield</b>	<b>7,4%</b>	<b>7,2%</b>
Offices Paris-IdF	7,2%	6,8%
<b>Core business</b>	<b>7,2%</b>	<b>6,8%</b>
Regional Offices	7,1%	7,1%
Other assets	9,2%	8,6%
<b>Non Core business</b>	<b>7,9%</b>	<b>7,6%</b>

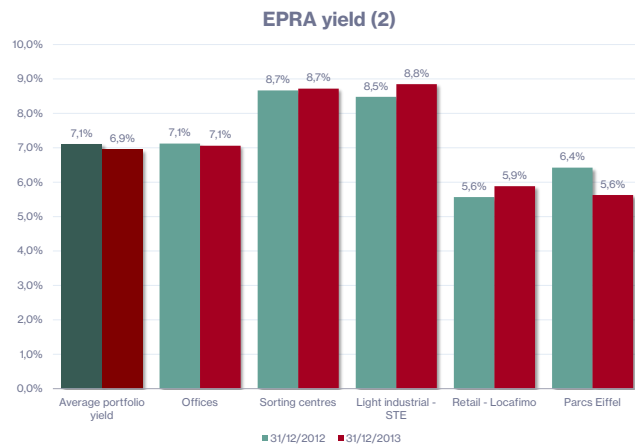
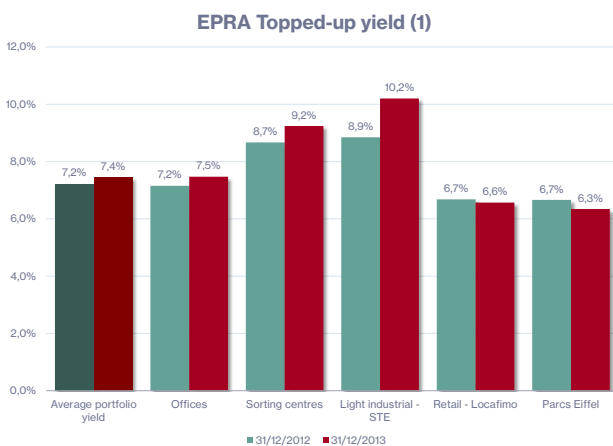
EPRA yield	31/12/2013	31/12/2012
<b>Average portfolio yield</b>	<b>6,9%</b>	<b>7,1%</b>
Offices Paris-IdF	6,8%	6,7%
<b>Core business</b>	<b>6,8%</b>	<b>6,7%</b>
Regional Offices	6,6%	7,0%
Other assets	8,6%	8,4%
<b>Non Core business</b>	<b>7,3%</b>	<b>7,5%</b>



## Portfolio EPRA yield by type of assets

EPRA Topped-up yield	31/12/2013	31/12/2012
<b>Average portfolio yield</b>	<b>7,4%</b>	<b>7,2%</b>
Offices	7,5%	7,2%
Sorting centres	9,2%	8,7%
Light industrial - STE	10,2%	8,9%
Retail - Locafimo	6,6%	6,7%
Parcs Eiffel	6,3%	6,7%

EPRA yield	31/12/2013	31/12/2012
<b>Average portfolio yield</b>	<b>6,9%</b>	<b>7,1%</b>
Offices	7,1%	7,1%
Sorting centres	8,7%	8,7%
Light industrial - STE	8,8%	8,5%
Retail - Locafimo	5,9%	5,6%
Parcs Eiffel	5,6%	6,4%



(1) 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

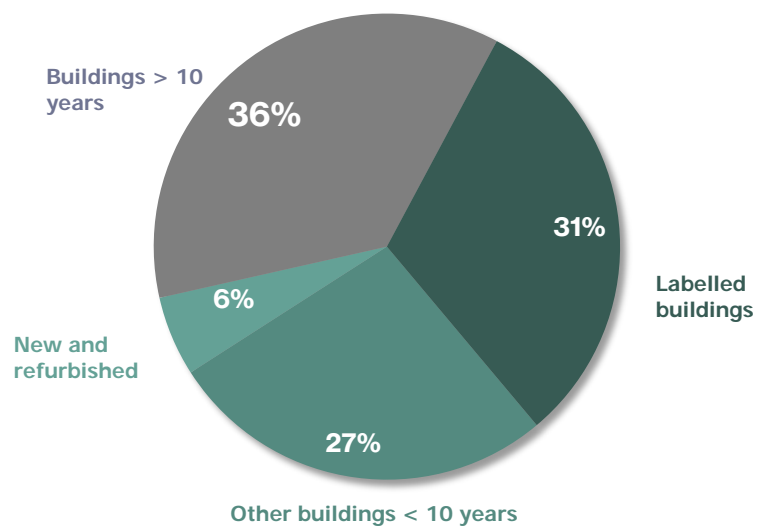
(2) EPRA yield (Net Initial Yield EPRA) : annual rent as at 31 December, adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included



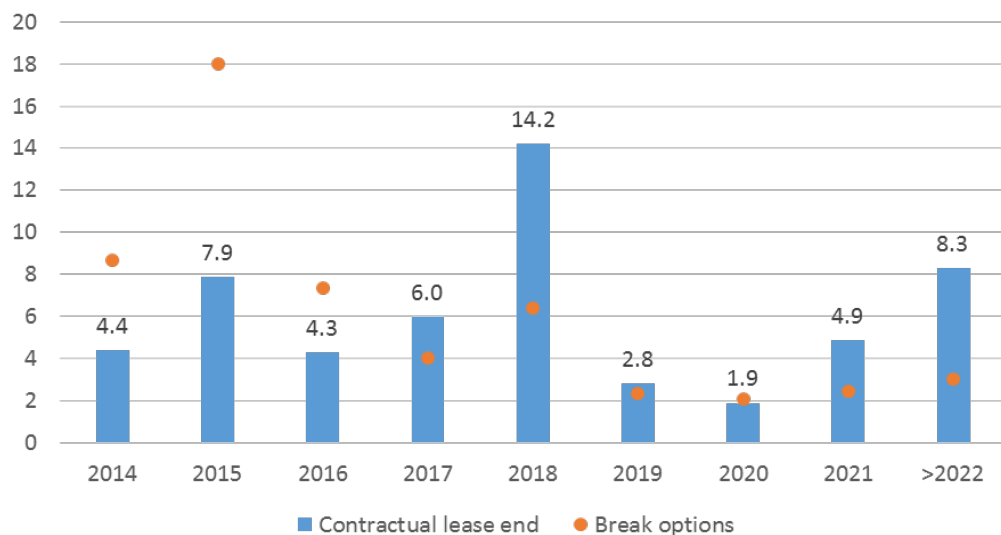
## Portfolio key indicators

### Buildings < 10 years : 64%

(in % of the net of transfer cost value)



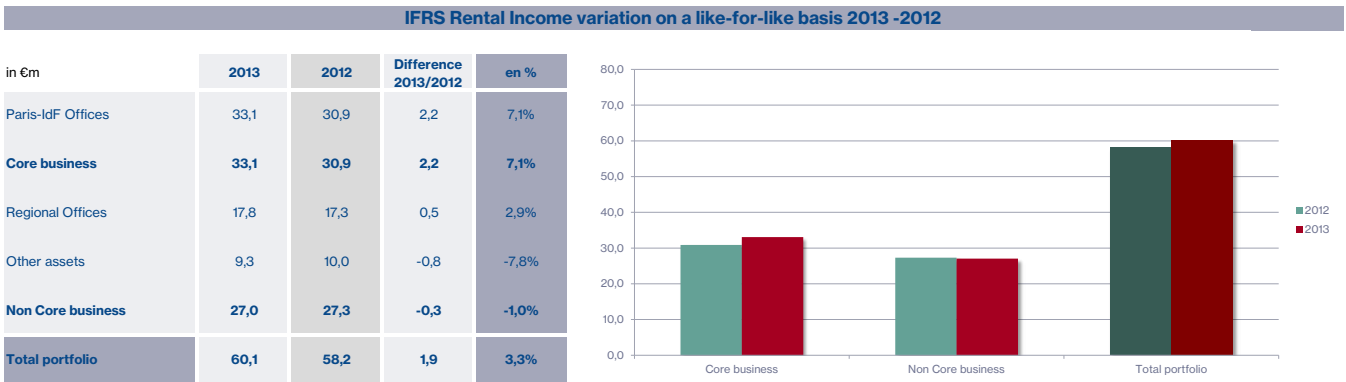
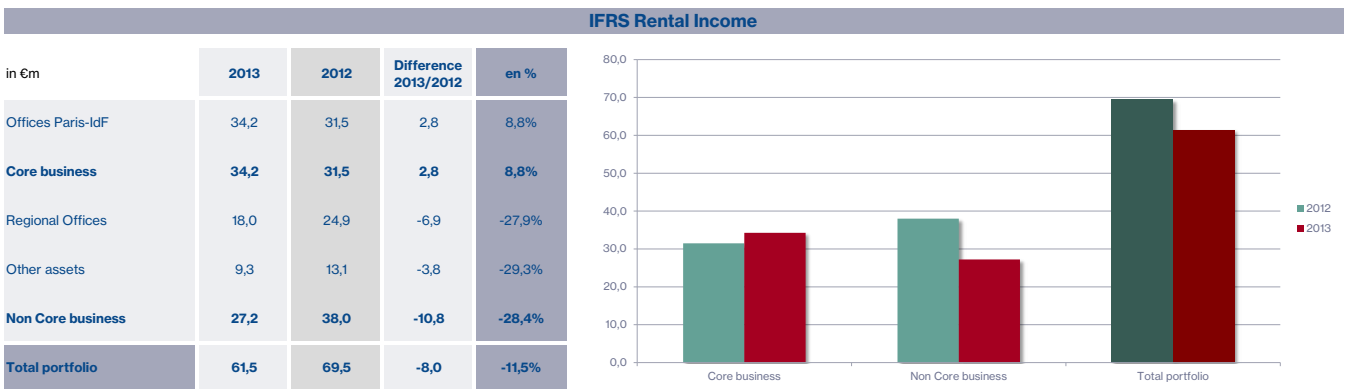
### Average lease term maturity in €m



# Rental income



**Rental income variation: core & non core business**



<b>IFRS Rental income variation on a like-for-like basis = +3.3%</b>	<b>Impact of disposals on Rental income variation : € -11.3 m</b>
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# Financing

*Debt maturity schedule*

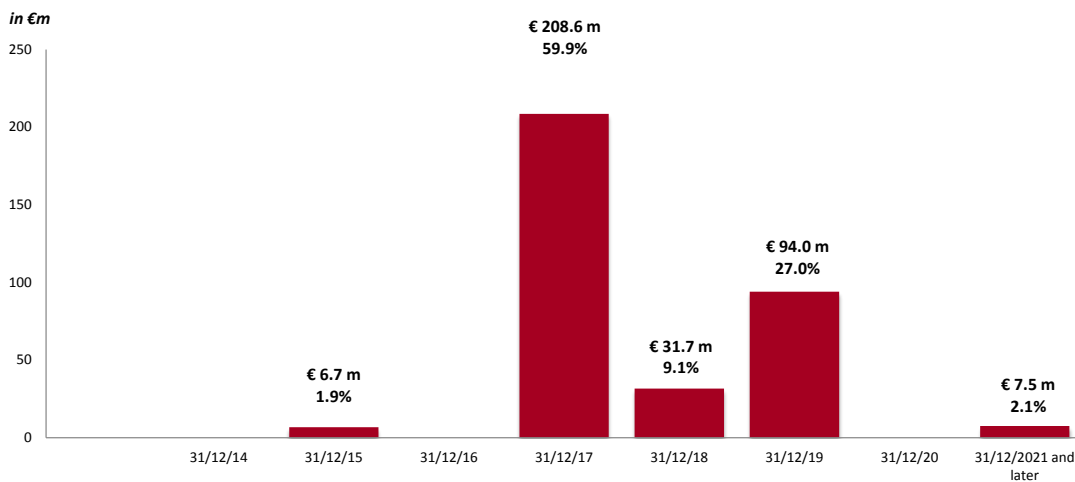
*Summary as at 31 December 2013*

*Financial structure*

*Hedging*



## Debt maturity schedule as at 31 December 2013



Amount of the consolidated debt as at 31 December 2013 : € 348.5m

## Financing - Summary as at 31 December 2013

As at 31 December 2013	Net consolidated debt in €m	Maturity	
PPB bank pool	163,7	11/17	- Average financial cost <b>3.85%</b>
Société Générale / Crédit Foncier	44,9	03/17	- Hedging <b>100%</b>
BECM / Société Générale	19,2	04/18	- Global net LTV <b>46.7%</b>
SAAR LB	94,0	06/19	- ICR global <b>229%</b>
OTHERS	26,7		
<b>TOTAL GROSS CONSOLIDATED DEBT</b>	<b>348,5</b>		
<b>TOTAL NET CONSOLIDATED DEBT</b>	<b>327,1</b>		



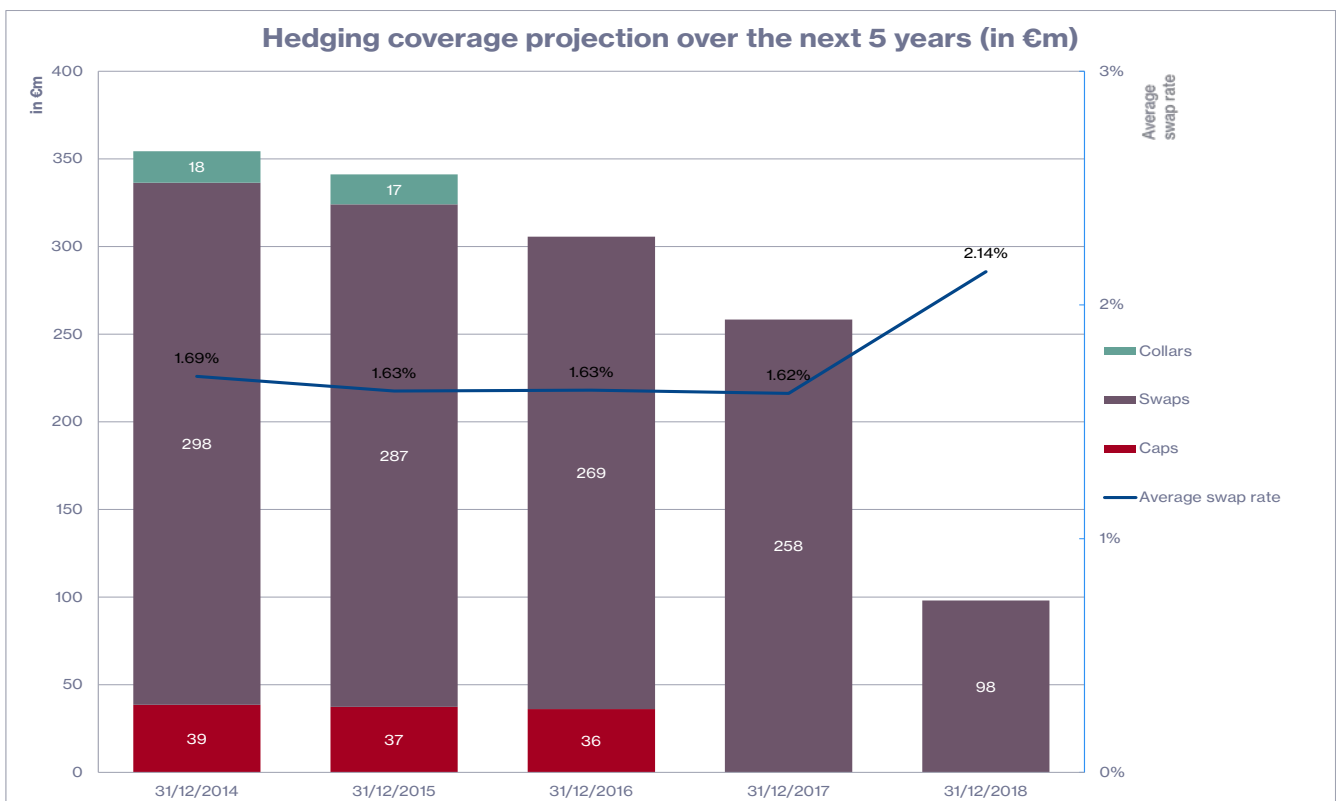
## Financial structure ratios

<i>in €m</i>	2013	2012	2011
Shareholder's equity	356,2	370,7	387,2
Gross financial debt	348,5	514,6	591,6
Net financial debt	327,1	511,5	575,3
<b>LTV</b>	<b>46,7%</b>	<b>55,9%</b>	<b>57,6%</b>
<b>Average cost of finance</b>	<b>3,85%</b>	<b>3,2%</b>	<b>3,5%</b>
<b>Hedging</b>	<b>100%</b>	<b>99%</b>	<b>93%</b>
Debt maturity	4,4 ans	5.3 years	2.2 years
<b>Group ICR (EBITDA / Financial cost)</b>	<b>2,3</b>	<b>2,7</b>	<b>2,4</b>

**NB:**

Sensibility to a 100 bp increase to Euribor 3M on cost of debt : +€ 0.3m

## Hedging - 31 December 2013



Hedging instruments notional as at 31 december 2013 : € 357.7m



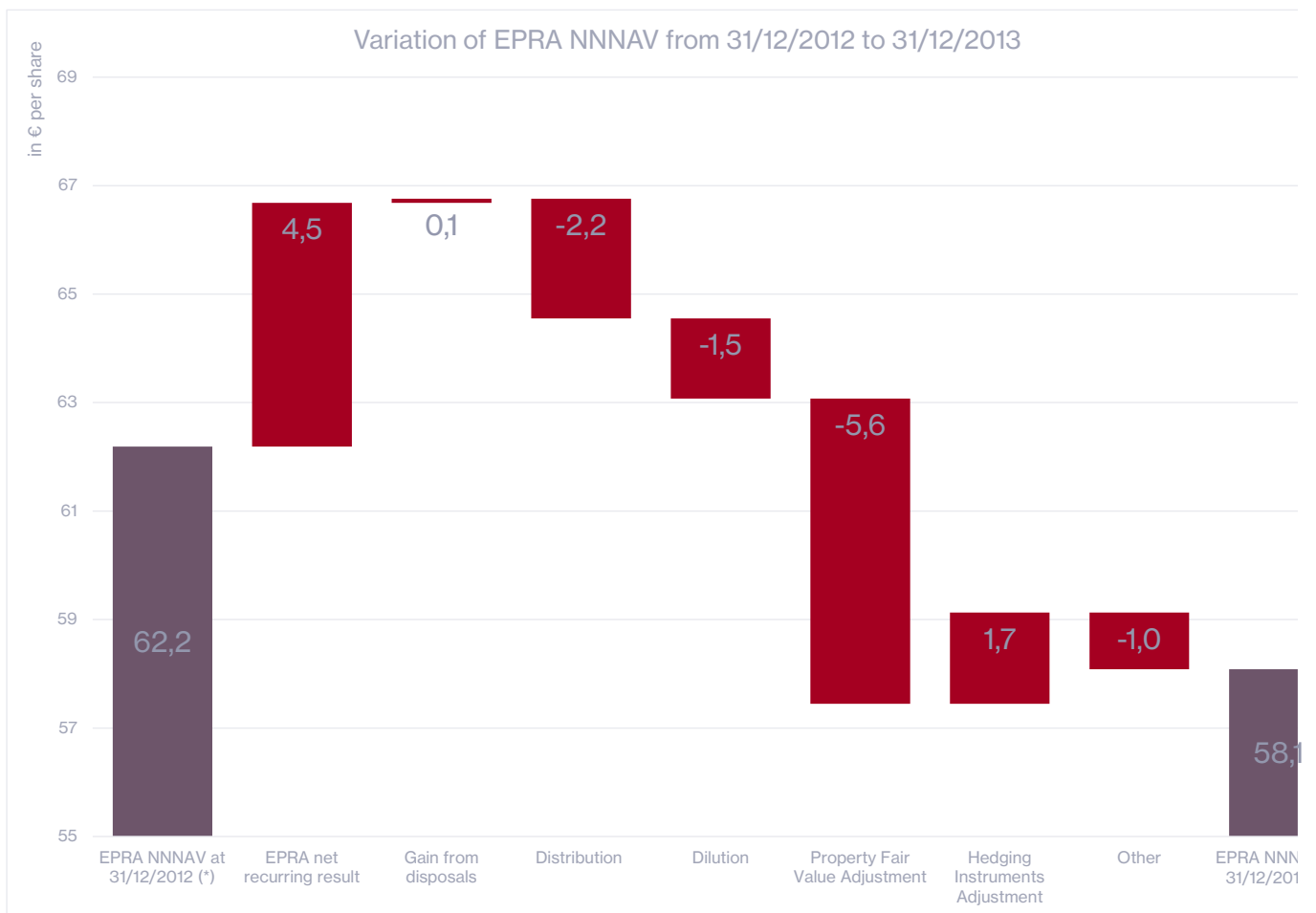
**NAV**



## EPRA NNAV

### Variation of EPRA NNAV from 31/12/2012 to 31/12/2013

In € per share



# Cash flow and summarised financial statements

*2013 Cash flow*

*Summarised consolidated accounts*

*Consolidated balance sheet and income statement*

*Corporate balance sheet and income statement*



### **Recurring cash flow**

<b>in €m</b>	<b>2013</b>	<b>2012</b>	<b>Variation</b>
Gross rental income	61,5	69,5	-11,5%
Recurring property operating expenses	-9,6	-10,7	-10,9%
Recurring corporate expenses	-3,6	-5,1	-28,7%
Net finance costs	-18,8	-18,0	4,3%
<b>Recurring cash flow</b>	<b>29,5</b>	<b>35,7</b>	<b>-17,3%</b>

#### **in € / share \***

<b>Recurring cash flow after dilution</b>	<b>4,7</b>	<b>5,8</b>	<b>-19,2%</b>
<b>Recurring cash flow before dilution</b>	<b>4,8</b>	<b>6,2</b>	<b>-17,3%</b>

(\*) number of shares as at 31/12/2013: 6 253 916 , number of shares as at 31/12/2012: 6110 611



## Net consolidated result and EPRA earnings

in €m	31/12/2013			31/12/2012			Diff. EPRA (%)
	EPRA earnings	Non recurring	Result	EPRA earnings	Non recurring	Result	
Gross rental income	61,5		61,5	69,5		69,5	-11,5%
Property operating expenses (*)	-9,6	-1,8	-11,4	-10,7	-0,4	-11,1	
Corporate expenses	-4,6	-1,8	-6,4	-5,1	-1,0	-6,1	
<b>Current operating income</b>	<b>47,3</b>	<b>-3,6</b>	<b>43,7</b>	<b>53,7</b>	<b>-1,4</b>	<b>52,3</b>	<b>-11,9%</b>
<i>% of rents</i>	<i>77,0%</i>		<i>71,1%</i>	<i>77,3%</i>		<i>75,3%</i>	
Result from disposals		0,5	0,5		-1,2	-1,2	
Property fair value adjustment		-35,0	-35,0		-30,0	-30,0	
Other operating income and expenses	0,0	0,2	0,2	0,2	1,4	1,6	
<b>Operating income</b>	<b>47,4</b>	<b>-38,0</b>	<b>9,3</b>	<b>53,9</b>	<b>-31,2</b>	<b>22,7</b>	<b>-12,2%</b>
<i>% of rents</i>	<i>77,1%</i>		<i>15,2%</i>	<i>77,6%</i>		<i>32,7%</i>	
Net finance cost	-19,3		-19,3	-19,7		-19,7	
Other financial income and expenses		8,2	8,2		-8,6	-8,6	
<b>Net financial results</b>	<b>-19,3</b>	<b>8,2</b>	<b>-11,1</b>	<b>-19,7</b>	<b>-8,6</b>	<b>-28,3</b>	<b>-2,1%</b>
<b>Profit/loss before tax</b>	<b>28,1</b>	<b>-29,9</b>	<b>-1,8</b>	<b>34,2</b>	<b>-39,8</b>	<b>-5,6</b>	<b>-17,9%</b>
Tax	-0,1		-0,1	-0,2	-0,3	-0,5	
<b>Net profit / loss (Group share)</b>	<b>28,0</b>	<b>-29,9</b>	<b>-1,9</b>	<b>34,0</b>	<b>-40,1</b>	<b>-6,1</b>	<b>-17,6%</b>
<i>% of rents</i>	<i>45,5%</i>		<i>-3,1%</i>	<i>48,9%</i>		<i>-8,7%</i>	
<b>Net profit / loss (Group share) per share (**)</b>	<b>4,5</b>	<b>-4,8</b>	<b>-0,3</b>	<b>5,6</b>	<b>-6,6</b>	<b>-1,0</b>	<b>-19,5%</b>

(\*) including asset management costs

(\*\*) number of shares as at 31/12/2013: 6 253 916 ; number of shares as at 31/12/2012: 6 110 611

## Consolidated balance sheet

in €m	31/12/2013	31/12/2012
<b>Assets</b>		
Investment properties	692,4	872,8
Assets earmarked for disposal	8,6	42,6
Tangible fixed assets	0,0	0,4
Intangible fixed assets	0,0	0,0
Receivables	35,8	35,7
Cash and equivalent	21,7	3,2
<b>Total ASSETS</b>	<b>758,5</b>	<b>954,7</b>
<b>LIABILITIES</b>		
Share capital and reserves	356,2	370,7
<i>of which result</i>	<i>-1,9</i>	<i>-6,1</i>
Long term debt	348,5	514,6
Other liabilities	53,8	69,4
<b>Total LIABILITIES</b>	<b>758,5</b>	<b>954,7</b>

## Potential charge resulting from an opting out of the SIIC regime

The potential charge resulting from STE and its subsidiaries opting out of the SIIC tax regime in 2014 is estimated at approximately E5m.