

## 2016 Half-Year Results

### Fundamentals strengthened - Development Plan Fulfilled

The Board of Directors, which met on 22 July 2016 under the chairmanship of Hubert Rodarie, approved the financial statements as at 30 June 2016. The limited review procedures for these accounts have been completed, and the corresponding reports are being issued.

#### Consolidated figures (audited)

	30/06/2016	31/12/2015
Portfolio value excluding transfer duties	€ 977.4m	€ 915.3m
Portfolio value at amortised cost	€ 797.1m	€ 751.6m
Net financial debt	€ 408.2 m	€ 343.8m
Financial debt rate	1.9%	3.2%
Net LTV	41.8%	37.6%
EPRA NNAV (in €/share)	57.4	58.1
	H1 2016	H1 2015
Rental income	€ 28.9m	€ 26.1m
<i>EPRA financial occupancy rate</i>	<i>90.9%</i>	<i>89.2%</i>
Net profit/loss	€ 5.7m	€ 7m
Net recurring profit/loss	€ 7.3m	€ 5.0m
EPRA earnings	€ 15.8m	€ 13.6m
Cash-flow	€ 20.8m	€ 13.6m
in €/share	2.2	1.4

#### Operating indicators improving

Consolidated turnover (comprising rental and service charge income from investment properties) rose from €32.3 million for H1 2015 to €36.6 million for H1 2016, of which rents alone accounted for €26.1 million and €28.9 million respectively.

Rent increases resulted primarily from acquisitions in 2015 and 2016 (5 properties in Guyancourt, Vélizy and Puteaux).

Operating income on ordinary activities stood at € 10.8 million for H1 2016 after taking into account depreciation, property expenses and overheads.

Current cash flow rose sharply to € 20.8 million against € 13.6 million for H1 2015.

## **An active investment plan in secure real estate**

The first half of 2016 for the Société de la Tour Eiffel Group was marked by the acquisition of two new properties:

- Olympe, an office property with 4,000 sq. m of floor space located Quai de Dion Bouton in Puteaux, occupied 100% by a single tenant;
- Odysée, an office property with 12,000 sq. m located in Guyancourt (78) 100% occupied by two tenants.

These acquisitions are fully in line with the Group's strategic road map to bring the value of its property portfolio to € 1.5 billion in the next 2-3 years.

## **Development projects on all land reserves**

The Group is continuing to study the development of its land reserves in the Paris region and in the provinces, by preparing construction projects adapted to rental demand:

- The Parc d'Orsay: in the Orsay Parc Eiffel, an immediate construction project of 10 000 to 17,500 sq. m of offices, the first phase of which consists of three buildings (7,000 sq. m of offices, 4,000 sq. m of offices and 2 000 sq. m of commercial facilities). The building permit is scheduled to be filed in Q3 2016;
- Massy: within the Ampère Atlantis integrated development zone (ZAC), benefiting from the largest transport hub in the outskirts south of Paris, launch of the pre-leasing for two projects involving more than 55,000 sq. m: Ampère & Newton, 30,111 sq. m in two buildings and Campus Eiffel Massy, 23,000 sq. m of modular offices, commercial facilities and medium-size supermarkets;
- Marseille - Parc Eiffel des Aygaldes
  - o Olivier: project to build a park entrance building with a floor area of some 3,600 sq. m,
  - o Firm off-plan lease agreement (BEFA) for 12 years covering a building of approximately 2,000 sq. m, which was signed in early July 2016;
- Aix-en-Provence – Parc du Golf: Signature of an off-plan lease agreement (BEFA) in February 2016 with a company listed in the CAC 40, involving a floor area of 4,300 sq. m.

## **Increase in portfolio value**

The Group's property assets at 30 June 2016 stood at €977.4 million, excluding transfer duties and expenses, of which €973.1 million represented investment properties and €4.3 million represented assets for disposal. 85% are office buildings in Ile-de-France. The portfolio value was € 915.3 million at 31 December 2015, the variation mainly being due to acquisitions during the period and the increase in appraisal values.

The valuation of the buildings indicates an average net yield (EPRA topped up) of 5.7% (against 5.9% at year-end 2015).

The EPRA vacancy rate has posted encouraging performance, to reach 9.1% (including 4.7% for Ile de France offices) at 30 June 2016. It stood at 11.8% at 30 June 2015 and 10.3% at 31 December 2015, primarily due to the reletting of buildings in the Ile-de-France region.

On this basis and after dividend distribution, the EPRA Triple Net Asset Value per share stood at € 57.4. It was € 56.2 per share at 30 June 2015 and € 58.1 per share at year-end 2015.

## Debt and Loan To Value ratios (LTV) maintained

Overall gross debt as at 30 June 2016 stood at € 415.8 million, as against € 412.3 million at 31 December 2015.

Net debt (adjusted for cash invested as well as cash and cash equivalents) amounted to € 408.1 million.

Thus, the LTV ratio at 30 June 2016 represented 41.8% of property assets, valued net of tax at € 977.4 million, against 37.6% at year-end 2015.

The Company's average term of debt stood at 5.6 years at 30 June 2016 against 6.1 years at year-end 2015.

Following the overall refinancing process in 2015 and the decrease in variable rates, the Group's average interest rate for financing stood at 1.9% in the first half of 2016, against 3.6% in the first half of 2015.

## Outlooks

"The first half results for 2016 continue on as expected from all the structural projects undertaken in 2015. The property company is strengthening its fundamentals and is applying its ambitious strategic plan designed to increase the size of its portfolio to € 1.5 billion in the next 2-3 years. We will maintain our pace of acquisitions according to strict investment criteria, and are now ready to carry out our developments on the Paris-Saclay research-intensive cluster (Massy and Orsay), one of the major business clusters in Greater Paris. In the regions, our constant focus is on enhancing our business parks and the recent signings of off-plan lease agreements (BEFA) are the best examples. Other projects will emerge in the coming months," said Philippe Lemoine, Managing Director of Société de la Tour Eiffel.

### **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 offices capable of attracting a wide range of quality tenants. The company's portfolio stood at 980 million Euros for 420,000 sq. m of assets mainly located in the Paris region as at 30 June 2016.

Société de la Tour Eiffel is listed on NYSE Euronext Paris (Eurolist B) - ISIN code: FR0000036816 - Reuters: TEIF.PA - Bloomberg EIFF.FP. Indexes: IEIF Foncières, IEIF Immobilier France

[www.societetoureiffel.com](http://www.societetoureiffel.com)

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# Key figures

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*Result*

*Cash flow and dividend*

*Market capitalisation*

*Financial structure*

*Valuation ratios*

*EPRA key performance indicators*

## Key figures

	30Jun2016	31Dec2015
<b>Portfolio</b>		
Portfolio valuation at depreciated cost (€m)	797,1	751,6
Portfolio valuation at Fair Value (excl. Transfer costs) (€m)	977,3	915,3
EPRA NAV (*)	57,4	59,6
EPRA NNNAV (*)	57,4	58,1
	H1 2016	H1 2015 (***)
<b>Results</b>		
Rental income (€m)	28,9	26,1
Current operating profit (€m)	10,8	13,4
Net profit - Group share (€m)	5,7	7,0
Net profit - Group share per share (€) (**)	0,6	1,1
Net recurring profit	7,3	5,0
EPRA earnings	15,8	13,6
	H1 2016	H1 2015
<b>Cash flow and dividend</b>		
Recurring Cash Flow (€m)	20,8	13,6
Recurring Cash Flow per share (€) (**)	2,2	1,4
Dividend per share (€)	3,0	3,0
Pay out Ratio (Dividend / recurring Cash flow)	136%	209%
	30Jun2016	31Dec2015
<b>Market capitalisation</b>		
Number of shares (**)	9 463 868	9 463 747
Share price (€)	53,1	54,0
Market capitalisation (€m)	502,4	511,0
	30Jun2016	31Dec2015
<b>Financial structure</b>		
Consolidated Equity (€m)	355,6	378,2
Gross financial debt / Shareholders' equity	1,2	1,1
Net Group LTV	41,8%	37,6%
EBITDA / Financial costs	4,7	2,7
	30Jun2016	31Dec2015
<b>Valuation ratios</b>		
Cash flow multiple (Capitalisation / cash flow)	12,1	15,8

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

## EPRA key performance indicators

	H1 2016	H1 2015	Diff %
<b>EPRA earnings (1)</b>			
EPRA earnings in €m	15,8	13,6	16,1%
EPRA earnings in € per share (**)	1,7	1,4	16,0%

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

The increase in EPRA earnings mainly stems from the decrease in financing costs, partly offset by the decrease in current operating profit.

	30Jun2016	31Dec2015	Diff %
<b>EPRA NAV and EPRA NNAV</b>			
EPRA NAV in €m	543,7	564,3	-3,7%
EPRA NAV in € per share (*)	57,4	59,6	-3,7%
EPRA NNAV in €m	544,1	550,1	-1,1%
EPRA NNAV in € per share (*)	57,4	58,1	-1,1%

EPRA NNAV was impacted negatively by the dividend, and positively by the net operating income and the property Fair Value adjustment.

	30Jun2016	31Dec2015	Diff %
<b>EPRA yield (EPRA NIY)</b>			
EPRA topped-up yield (2)	5,70%	5,96%	-4,2%
EPRA yield (3)	5,55%	5,84%	-4,9%

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

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

	30Jun2016	31Dec2015	Diff %
<b>EPRA vacancy rate (4)</b>			
Portfolio up and let	10,11%	10,34%	-2,2%

(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.

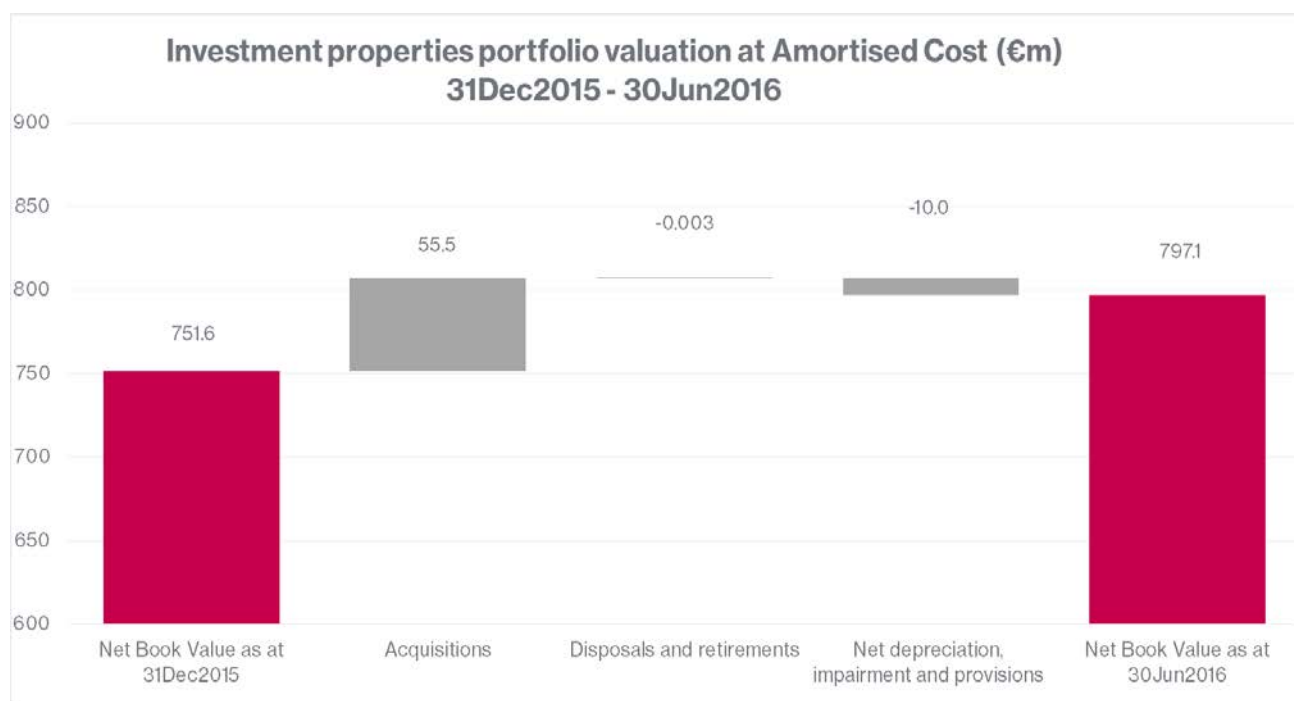
(\*) fully diluted number of shares at end of period

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

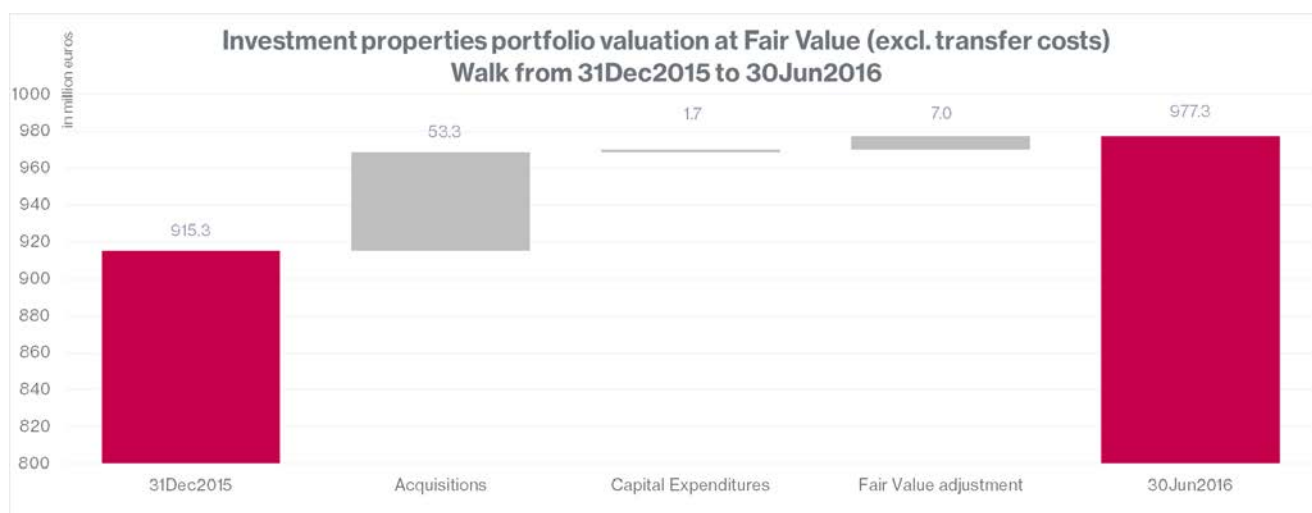
# Portfolio



*Portfolio valuation at Amortised Cost*

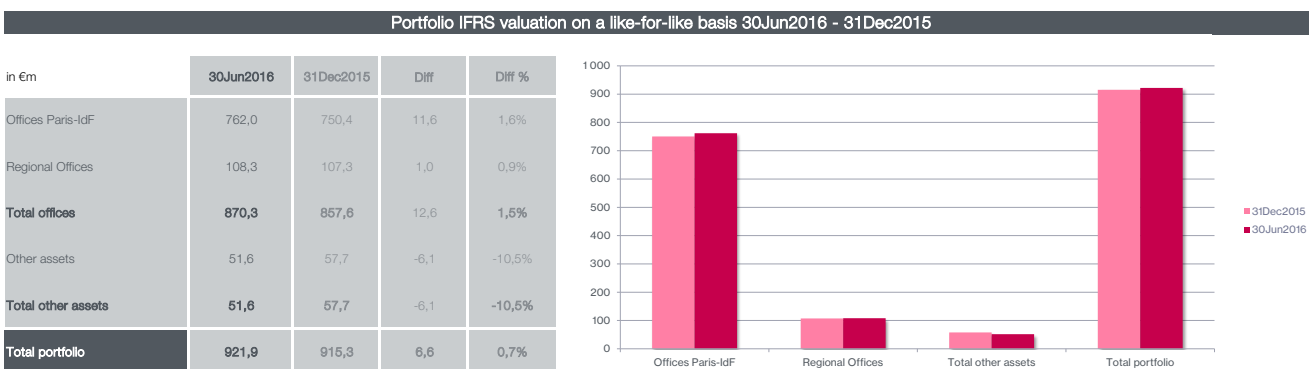
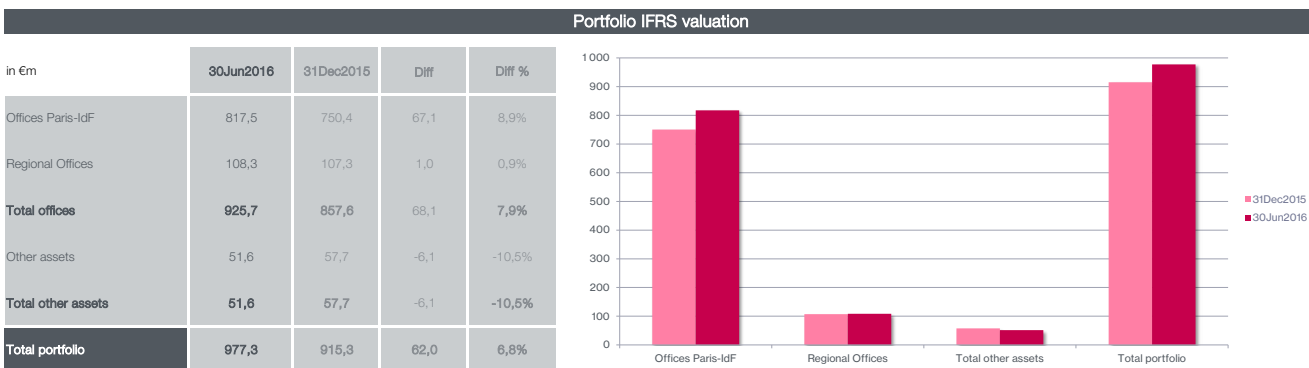


*Portfolio valuation at Fair Value*

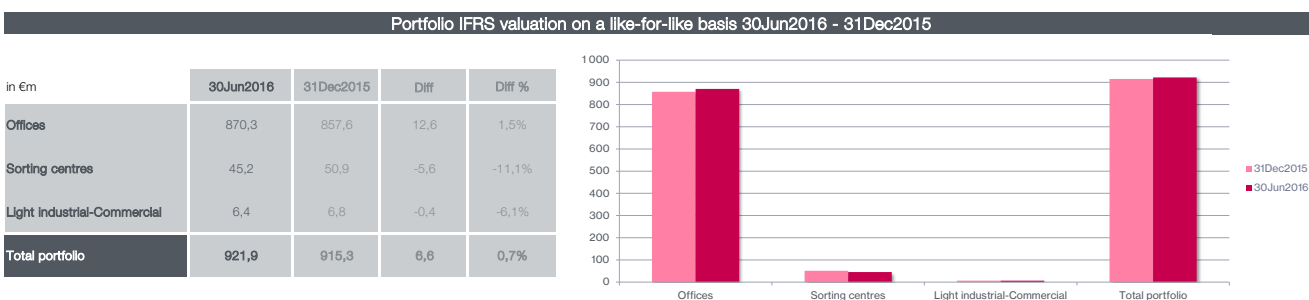
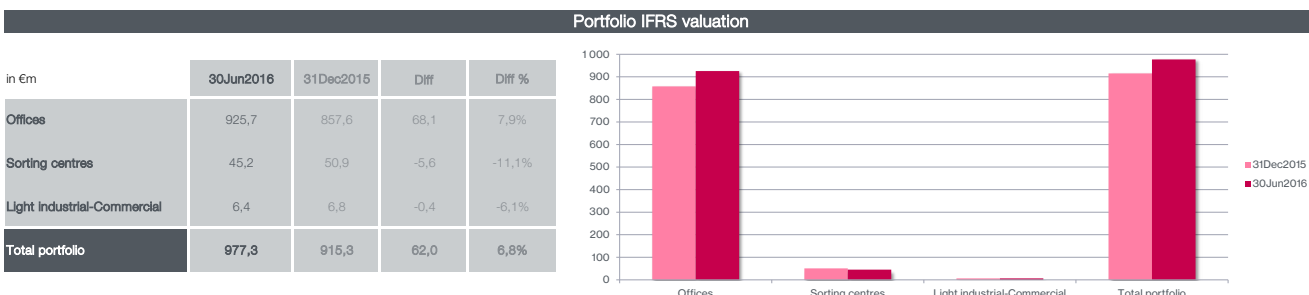


**Portfolio valuation at Fair Value**

**Portfolio value variation: core & non core business**



**Portfolio value variation per type of assets**



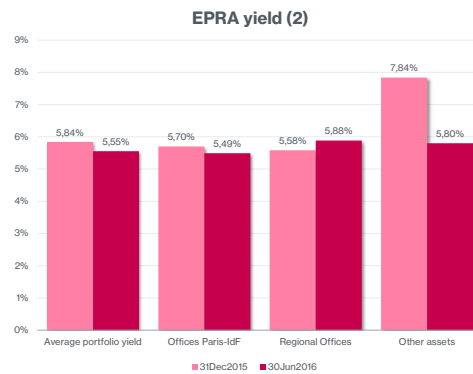
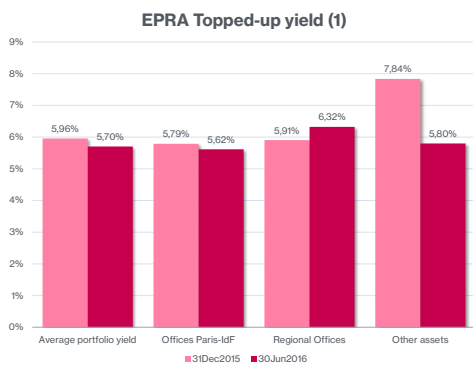
Portfolio value variation on a like-for-like basis = +0.7%

Amount of 2016 Investments: € 53.3 m (cost price) / Amount of 2016 disposals: € 0.0 m

**Portfolio EPRA yield**

EPRA Topped-up yield	30Jun2016	31Dec2015
<b>Average portfolio yield</b>	<b>5,70%</b>	<b>5,96%</b>
Offices Paris-IdF	5,62%	5,79%
Regional Offices	6,32%	5,91%
<b>Total offices</b>	<b>5,70%</b>	<b>5,81%</b>
<b>Other assets</b>	<b>5,80%</b>	<b>7,84%</b>

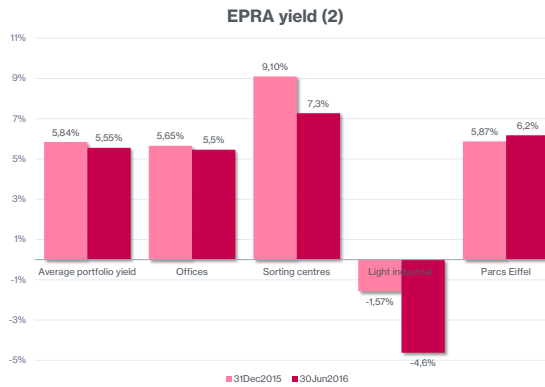
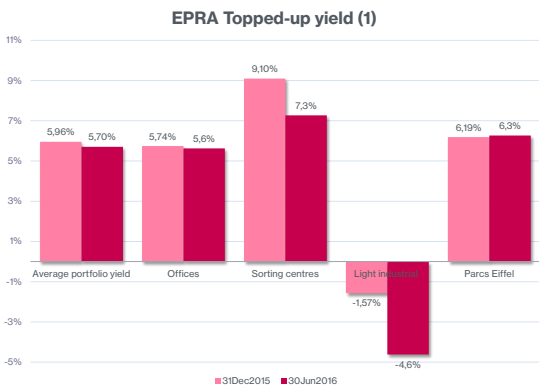
EPRA yield	30Jun2016	31Dec2015
<b>Average portfolio yield</b>	<b>5,55%</b>	<b>5,84%</b>
Offices Paris-IdF	5,49%	5,70%
Regional Offices	5,88%	5,58%
<b>Total offices</b>	<b>5,54%</b>	<b>5,88%</b>
<b>Other assets</b>	<b>5,80%</b>	<b>7,84%</b>



**Portfolio EPRA yield per type of assets**

EPRA Topped-up yield	30Jun2016	31Dec2015
<b>Average portfolio yield</b>	<b>5,70%</b>	<b>5,96%</b>
Offices	5,6%	5,74%
Sorting centres	7,3%	9,10%
Light industrial	-4,6%	-1,57%
Parcs Eiffel	6,3%	6,19%

EPRA yield	30Jun2016	31Dec2015
<b>Average portfolio yield</b>	<b>5,55%</b>	<b>5,84%</b>
Offices	5,5%	5,65%
Sorting centres	7,3%	9,10%
Light industrial	-4,6%	-1,57%
Parcs Eiffel	6,2%	5,87%



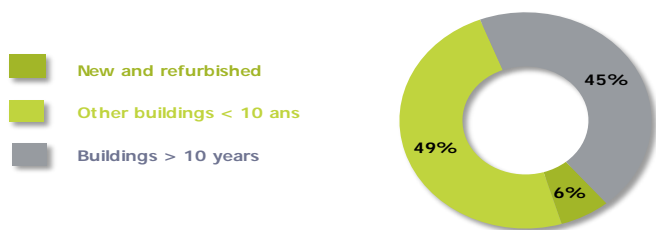
(1) EPRA topped-up yield (Net Initial Yield EPRA topped-up): annual rent at end of period, not adjusted for rental concessions, net of service charges, divided by the portfolio valuation (Fair Value), transfer costs included

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

## Portfolio key indicators

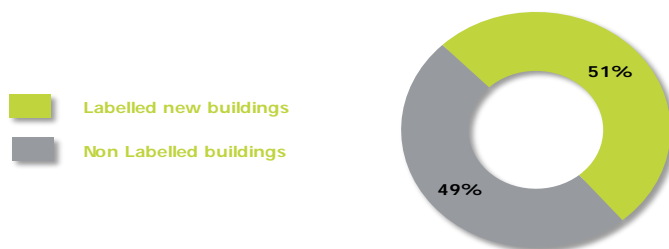
### Buildings < 10 years: 55 %

(in % of the net of transfer cost value)

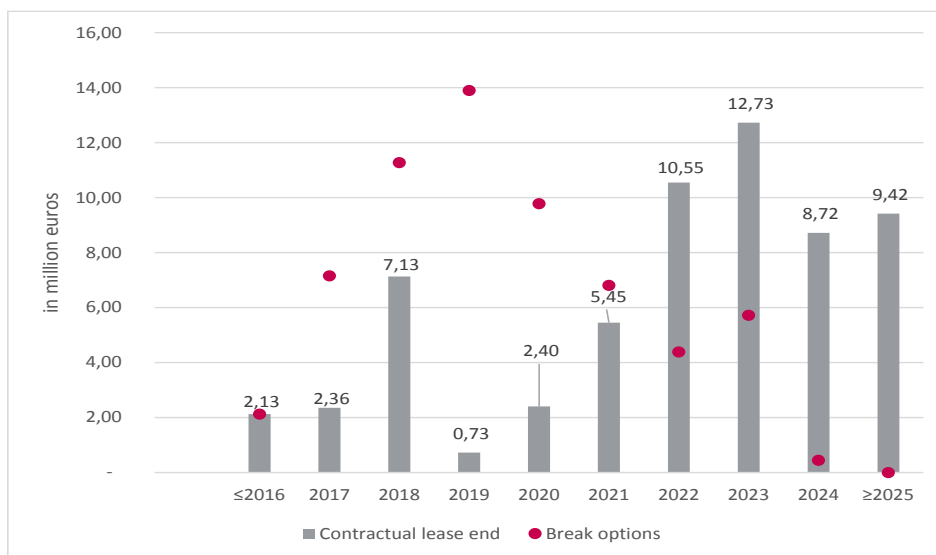


### Labelled new buildings

(in % of the net of transfer cost value)



### Average lease term maturity in €m

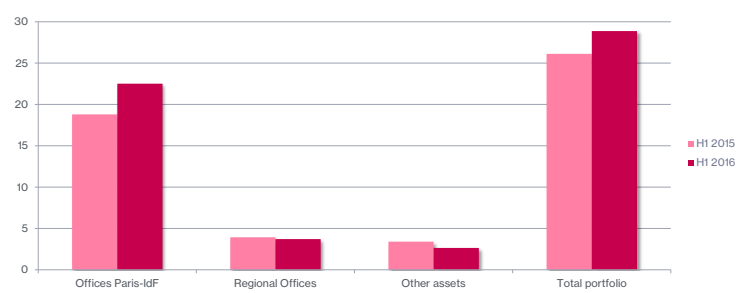


# Rental income

### Rental income variation

#### IFRS Rental Income variation

in €m	H1 2016	H1 2015	Diff	Diff %
Offices Paris-IdF	22,5	18,8	3,7	19,8%
Regional Offices	3,7	3,9	-0,2	-5,4%
<b>Total offices</b>	<b>26,2</b>	<b>22,7</b>	<b>3,5</b>	<b>15,4%</b>
Other assets	2,6	3,4	-0,7	-22,1%
<b>Total portfolio</b>	<b>28,9</b>	<b>26,1</b>	<b>2,8</b>	<b>10,5%</b>



#### IFRS Rental Income variation on a like-for-like basis H1 2016 - H1 2015

in €m	H1 2016	H1 2015	Diff	Diff %
Offices Paris-IdF	17,9	18,8	-0,9	-4,6%
Regional Offices	3,7	3,9	-0,2	-5,4%
<b>Total offices</b>	<b>21,6</b>	<b>22,7</b>	<b>-1,1</b>	<b>-4,8%</b>
Other assets	2,6	3,4	-0,7	-22,1%
<b>Total portfolio</b>	<b>24,3</b>	<b>26,1</b>	<b>-1,8</b>	<b>-7,0%</b>



IFRS Rental income variation on a like-for-like basis = -7.0%

Impact of investments on Rental income variation: +€4.6m

# Financing

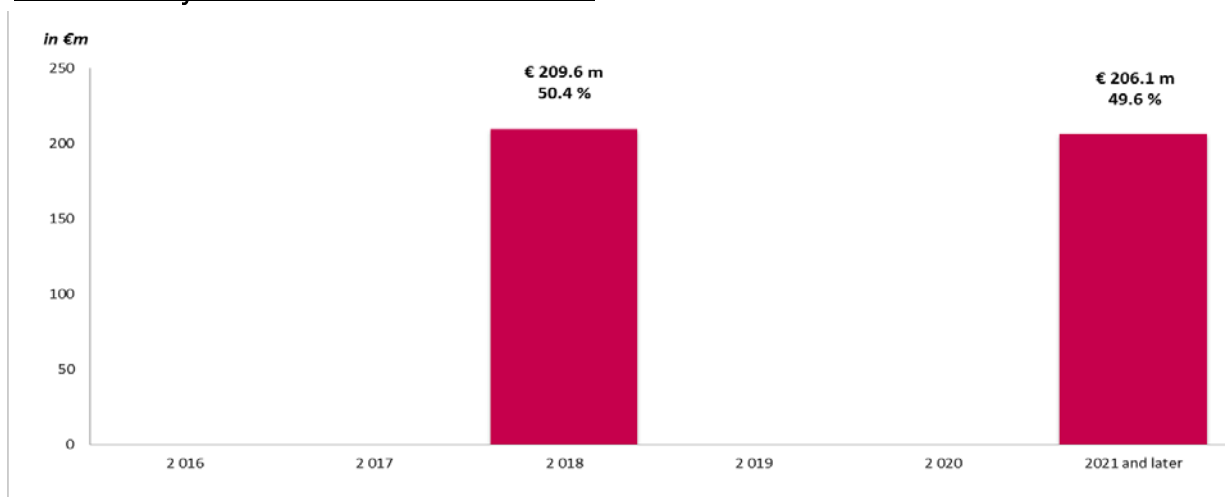
*Debt maturity schedule*

*Summary as at 30 June 2016*

*Financial structure*

*Hedging instruments*

## Debt maturity schedule as at 30 June 2016



Amount of consolidated debt as at 30 June 2016: €415.8 m

## Financing - Summary as at 30 June 2016

As at 30 June 2016	Net consolidated debt in €m	Maturity	
RCF POOL BNP	209,6	10/2018	- Average financial cost 1,9%
Bond Euro PP	206,1	07/2025	- Hedging 84,8%
<b>TOTAL GROSS CONSOLIDATED DEBT</b>	<b>415,8</b>		- Global net LTV 41,8%
<b>TOTAL NET CONSOLIDATED DEBT</b>	<b>408,2</b>		- ICR global 469%



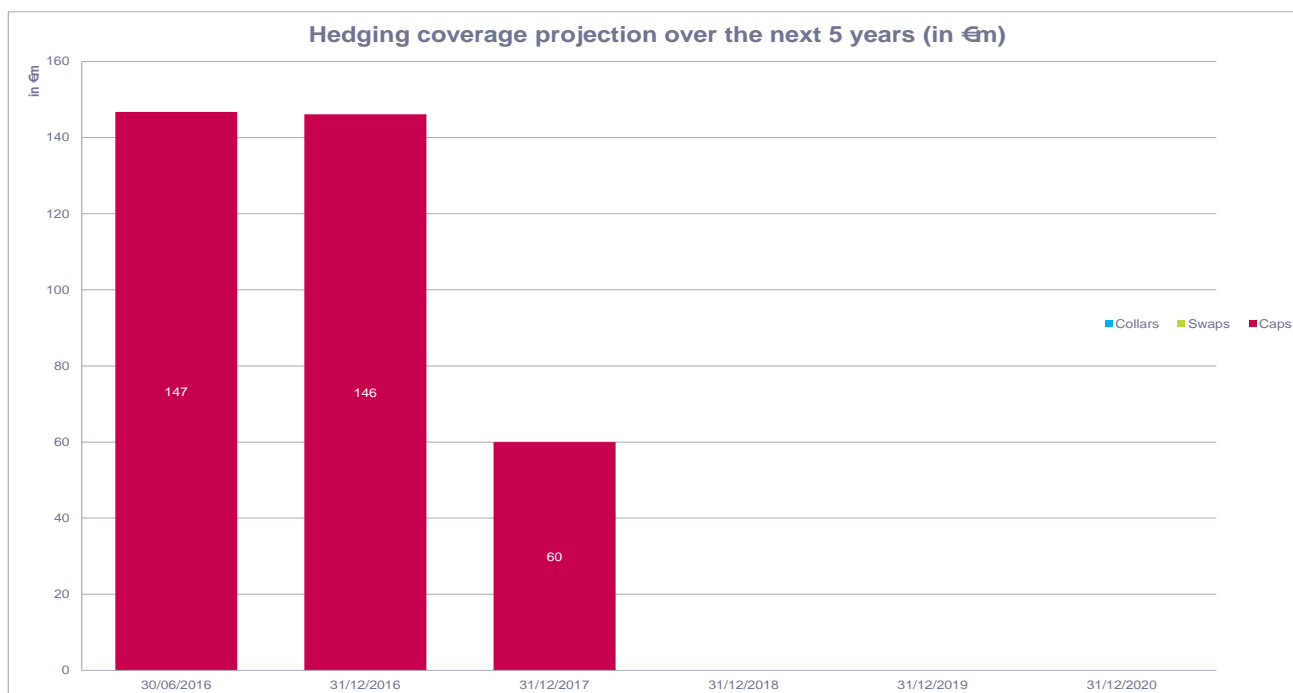
## Financial structure ratios

<i>in €m</i>	30Jun2016	31Dec2015	Diff %
Shareholders' equity	355,6	378,2	-6,0%
Gross financial debt	415,8	412,3	0,8%
Net financial debt	408,2	343,8	18,7%
<b>LTV</b>	<b>41,8%</b>	<b>37,6%</b>	<b>11,2%</b>
<b>Average cost of finance</b>	<b>1,9%</b>	<b>3,2%</b>	<b>-42,1%</b>
<b>Hedging</b>	<b>84,8%</b>	<b>58%</b>	<b>45,6%</b>
Debt maturity	5.6 years	6.1 years	96,8%
Group ICR (EBITDA / Financial cost)	4,7	2,7	76,8%

### NB.:

- Sensibility to a 100 bp increase to 3M Euribor on cost of debt: +€2.8m (on a yearly basis)
- Sensibility to a 100 bp decrease to 3M Euribor on cost of debt: -€1.3m (on a yearly basis)

## Hedging - 30 June 2016



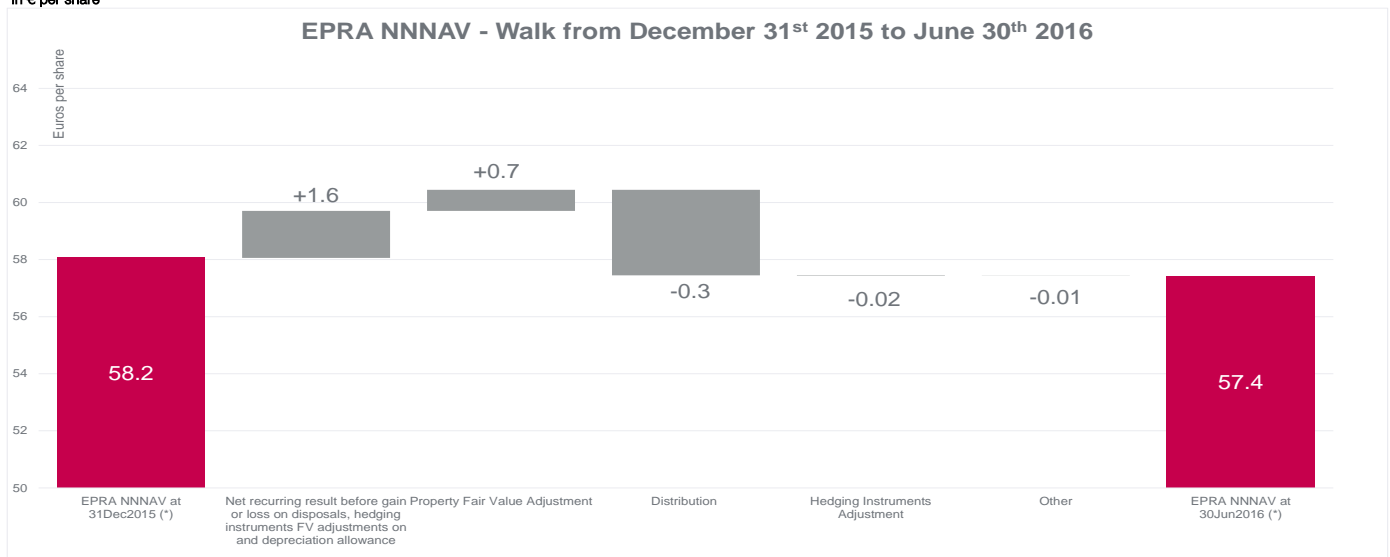
Hedging instruments notional as at 30 June 2016 : € 146.7m

NAV

## EPRA NNAV

Variation of EPRA NNAV from 31Dec2015 to 30Jun2016

In € per share



# Cash flow and summarised financial statements

*Cash flow*

*Net consolidated result and EPRA Earnings*

*Consolidated balance sheet*

## Recurring cash flow

in €m	H1 2016	H1 2015 (**)	Diff %
Gross rental income	28,8	26,1	10,2%
Recurring property operating expenses	-3,4	-2,3	49,4%
Recurring corporate expenses	-4,0	-2,9	36,2%
Net financial costs	-0,6	-7,3	-92,1%
<b>Recurring cash flow</b>	<b>20,8</b>	<b>13,6</b>	<b>53,1%</b>
<b>Recurring cash flow (in € / share *)</b>	<b>2,2</b>	<b>1,4</b>	<b>53,1%</b>

(\*) Number of shares as at 30Jun2016: 9 463 868, number of shares as at 30Jun2015: 9 463 307

## Net consolidated result and Net recurring result

in €m	H1 2016			H1 2015 proforma (**)			Diff. Recurring result (%)
	Result	including Recurring	including Non recurring	Result	including Recurring	including Non recurring	
Gross rental income	28,9	28,9		26,1	26,1		10,6%
Net depreciation	-9,9	-9,9		-8,5	-8,5		
Impairment & provisions	-0,2	-0,1	-0,1	0,4	0,4		
Property operating expenses	-3,8	-3,4	-0,4	-2,4	-2,3	-0,1	
Corporate expenses	-4,2	-4,0	-0,2	-2,2	-2,9	0,7	
<b>Current operating income</b>	<b>10,8</b>	<b>11,5</b>	<b>-0,7</b>	<b>13,4</b>	<b>12,8</b>	<b>0,6</b>	<b>#####</b>
<i>% of rents</i>	<i>37,4%</i>	<i>39,9%</i>		<i>51,2%</i>	<i>49,0%</i>		
Result from disposals	0,0	0,0	0,0	-0,1		-0,1	
Other operating income and expenses	-0,1	-0,1		0,3	0,3		
<b>Operating income</b>	<b>10,7</b>	<b>11,4</b>	<b>-0,7</b>	<b>13,6</b>	<b>13,1</b>	<b>0,4</b>	<b>#####</b>
<i>% of rents</i>	<i>37,0%</i>	<i>39,4%</i>		<i>51,9%</i>	<i>50,2%</i>		
Net financial cost	-4,5	-4,2	-0,3	-8,1	-8,1		
Other financial income and expenses	-0,5	0,1	-0,6	1,6		1,6	
<b>Net financial results</b>	<b>-5,0</b>	<b>-4,1</b>	<b>-0,9</b>	<b>-6,5</b>	<b>-8,1</b>	<b>1,6</b>	<b>49,9%</b>
<b>Profit/loss before tax</b>	<b>5,7</b>	<b>7,3</b>	<b>-1,6</b>	<b>7,1</b>	<b>5,0</b>	<b>2,1</b>	<b>46,6%</b>
Tax	0,0		0,0	0,0	0,0	-0,1	
<b>Net profit/loss (Group share)</b>	<b>5,7</b>	<b>7,3</b>	<b>-1,6</b>	<b>7,0</b>	<b>5,0</b>	<b>2,0</b>	<b>47,9%</b>
<i>% of rents</i>	<i>19,8%</i>	<i>25,4%</i>		<i>27,0%</i>	<i>19,0%</i>		
<b>Net profit / loss (Group share) per share (*)</b>	<b>0,6</b>	<b>0,8</b>	<b>-0,2</b>	<b>1,1</b>	<b>0,8</b>	<b>0,3</b>	<b>-1,1%</b>

(\*) number of shares as at 30Jun2016: 9 463 7868; number of shares as at 30Jun2015: 9 463 307

(\*\*) proforma following the option to value investment property at amortised cost

(\*\*\*) proforma following costs presentation changes (personnel expenses and other overhead henceforth fully presented as corporate expenses)

## EPRA Earnings

in €m	H1 2016	H1 2015	Diff %
<b>Earnings per IFRS income statement</b>	<b>5,7</b>	<b>7,0</b>	<b>-18,9%</b>
<b>adjustments to calculate EPRA Earnings, exclude:</b>			
(i) Changes in value of investment & development properties / or net depreciation allowance	10,0	8,1	22,5%
(ii) P / L on disposal of investment & development properties	0,0	0,1	-100,0%
(iii) P / L on sales of trading properties including impairment charges in respect of trading properties	0,0	0,0	-100,0%
(iv) Tax on profits or losses on disposals	N/A	N/A	N/A
(v) Negative goodwill / goodwill impairment	N/A	N/A	N/A
(vi) Changes in Fair Value of financial instruments & close-out costs	0,2	-1,7	109,4%
(vii) Acquisition costs on share deals and non-controlling Joint Venture interests	N/A	N/A	N/A
(viii) Deferred tax in respect of EPRA adjustments	N/A	N/A	N/A
(ix) Adjustments above in respect of Joint Venture (non consolidated)	N/A	N/A	N/A
(x) Minority interests in respect of the above	N/A	N/A	N/A
<b>EPRA Earnings</b>	<b>15,8</b>	<b>13,6</b>	<b>16,1%</b>
number of shares as at 31 12 2015 (millions)	9,463868	9,463307	0,01%
<b>EPRA Earnings per share</b>	<b>1,7</b>	<b>1,4</b>	<b>16,0%</b>

## Consolidated balance sheet

<i>in €m</i>	<i>30Jun2016</i>	<i>31Dec2015</i>	<i>Diff</i>	<i>Diff%</i>
<b>Assets</b>				
Investment properties	792,8	747,3	45,5	6,1%
Assets earmarked for disposal	4,3	4,3	0,0	0,0%
Tangible fixed assets	0,1	0,2	0,0	-11,0%
Intangible fixed assets	0,0	0,0	0,0	-27,8%
Receivables	28,2	23,4	4,8	20,7%
Cash and equivalent	7,6	68,6	-61,0	-88,9%
<b>Total ASSETS</b>	<b>833,0</b>	<b>843,7</b>	<b>-10,7</b>	<b>-1,3%</b>
<b>LIABILITIES</b>				
Share capital and reserves	355,6	378,2	-22,6	-6,0%
<i>including result</i>	<b>5,7</b>	<b>12,4</b>	<b>-6,7</b>	<b>-54,0%</b>
Long term debt	415,8	412,3	3,4	0,8%
Other liabilities	61,6	53,1	8,5	16,0%
<b>Total LIABILITIES</b>	<b>833,0</b>	<b>843,7</b>	<b>-10,7</b>	<b>-1,3%</b>