



SOCIÉTÉ DE LA  
TOUR EIFFEL

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## 2009 half year results

### Robust operational results and significantly improved cash flow

#### Financial overview

##### Consolidated figures

In M€	S1 - 2009	S1 - 2008
Rents	37.1	36
Current operational result	30.4	27.1
Recurring net result	16.4	11.1
Fair value adjustments and disposals	-74.3	10.1
Net result (Group share)	-57.9	21.2
Net current cash flow	15.9	10.6
Distribution (in €/share)	2*	3.5

In € / share**	S1 - 2009	2008
NAV excluding transfer costs	72.5	88.5

\* distribution of share premium subject to approval of the Ordinary General Meeting

\*\* number of shares as at 30 June 2008 : 5 193 003 and 30 June 2009 : 5 433 036

**The defensive qualities of the company's portfolio** have been well demonstrated relative to the morose market conditions: contemporary and homogenous portfolio, modest secure rents, low vacancy rates, stable cash flow and properties of manageable lot size.

#### Increased cash flow on strong fundamentals

**Rents increased by 3.1 %** between first half year 2008 and 2009 despite a number of disposals, without which, the increase would have been 10.8 %. The physical and financial occupation rates were stable as at 30 June 2009 at 89.1 % and 88.9 % respectively (compared to 88.2 and 88.6 % end 2008).

Activity on the portfolio includes new and renewed leases amounting to 13 000 m<sup>2</sup> (representing € 1.5 M of annual rents) whereas lease extensions concerned 16 500 m<sup>2</sup> (€ 3.8 M of rent). A number of significant additional lease transactions are at an advanced stage of negotiation.

## Increase in net operational revenue and cash flow

The **48% of uplift in the net operating result** to € 16.4 M (€ 11.1 M for the first half 2008) stems from both increased rental revenue and lower operating costs notably associated with the reduction in finance charges (4.2 % overall interest rate first half 2009 as opposed to 5.2% in 2008).

The net consolidated result amounts to € -57.9 M, due to fair value adjustment on the property portfolio and hedging instruments.

Similarly, **the recurring cash flow increased 50%** to € 15.9 M compared to the first half 2008 (€ 10.6 M).

## Portfolio and NAV impacted by falling valuations

**The company's 700 000 m<sup>2</sup> portfolio is valued 1 039 M€** in the consolidated accounts as at 30 June 2009, compared to € 1 104 M at the end of 2008; this reduction is the combined result of revaluation (-6% on a like-for-like basis) and disposals completed in the first half of the year (€ 25.5 M), as offset against new deliveries.

The fully diluted Net Asset Value (excluding transfer costs) equates to 72.5 € per share as at 30 June 2009, compared to € 88.5 in 2008. The reduction includes fair value property adjustments (€ 12.4) and the depreciation of financial hedging instruments (€ 1.3). The creation of 240 033 new shares at € 21.34 as payment of the final 2008 dividend by way of shares, results in a € 4 reduction per share in the NAV, implying a NAV of € 76.5 per share prior to dilution.

## Financial management

Disposals completed during the first semester (notably three properties located in Paris, Nantes and Aix-en-Provence for a global amount of € 25.5 M) has led to a **6% reduction in net debt** as at 30 June 2009 ie € 617 M down from € 654 M end 2008. These disposals were achieved overall at a discount of less than 2% to end 2008 valuations.

The company remains within all its banking covenants as at 30 June 2009, 90 % of debt being mortgage backed : **the I.C.R. has improved significantly and the L.T.V. is stable with headroom.**

## Distribution

Given the satisfactory operating results and strength of recurring cash flow, the Company intends to continue its distribution policy. However due to technical reasons, the distribution will be imputed against the share premium. This procedure requires **an Ordinary General Meeting** which will be called for **the 15 October 2009**. Subject to shareholders' approval, a **€ 2 per share** distribution will be made on the 27 October 2009.

## Outlook

These encouraging results in the context of an extremely challenging market prompts the company to continue a simple and straightforward strategy based on **securing its rental flows, marketing projects and continuing selective disposals**. Developments will be placed on hold barring pre-lettings.

Financial objectives consist of **stringent cost control, optimal capex, debt monitoring and the continuity in the distribution policy founded on sound long-term cash flows**.

### AGENDA :

- **15 October 2009** : Ordinary General Meeting (called extraordinarily)
- **27 October 2009** : Payment of a € 2 per share distribution taken from the share premium, subject to the approval of the Ordinary General Meeting

#### ***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 at close to 1.1 billion Euros of assets spread evenly between the Paris area and the regions.*

#### **Contact**

Jérôme DESCAMPS, Deputy Managing Director (Finance)  
Tel : +33 (0)1 53 43 07 06  
jerome.descamps@societetoureiffel.com

#### **Press Contact**

Jean-Philippe MOCCI, Capmot  
Tel. : + 33 (0)1 71 16 19 13 / + 33 (0)6 71 91 18 83  
jpmocci@capmot.com