Société de la Tour Eiffel
2012 half year results

SOCIÉTÉ DE LA TOUR EIFFEL

Continued improvement of financial structure

The Board of Directors convened on July 25th 2012, under the chairmanship of Mark Inch, adopted the 2012 half-year accounts as follows.

Consolidated figures

In M€	H12012	H12011
Gross rental income*	35	34.7
Operating result	27.2	27.0
EPRA earnings	**16.4**	**15.3**
Net consolidated result	16.3	20.6
Of which value adjustments and disposal results	*0.5*	*5.3*
Cash flow	16.7	16.0
Portfolio value net of costs (M€)	955.3	1031.4
Net LTV	**55.2%**	**59%**
Financial occupancy rate	**92.3%**	**88.2%**
In €/share**		
Cash flow	2.8	2.8
EPRA NNNAV	68.9	69.4

* *disposals amounting to € 38.9M in 2011 and € 51.3M during first half 2012*

** *number of shares : 5,919,688 as at 30 June 2012 and 5,731,977 as at 30 June 2011, i.e a 3.3% dilution*

Improved recurring operating results

The EPRA earnings (€ 16.4M) and the cash flow (€ 16.7M) have improved between the first halves 2011 and 2012 thanks to stringent portfolio and debt management. Rental reduction due to further disposals was effectively more than countered by the combined effect of lower finance costs and improved operational performance, including rental indexation.

Refinancing and deleveraging

The principal achievements of the Group during the first half of 2012 concerned **the continued deleveraging and restructuring of finance**, with the objective of extending, breaking down and spreading debt notably:

- ⇨ refinancing for a period of 7 years with a German mortgage bank € 117M, representing one of the company's principal credit lines, a year ahead of its maturity;
- ⇨ the long-term refinancing of the company's only 2012 maturity by an amortizable mortgage loan of € 8M (10 and 15 years) provided by Crédit Agricole;

- the reduction in one year of the Deutsche Pfandbrief Bank debt by € 54M in the wake of property disposals (renegotiations for refinancing in hand).

Improved balance sheet and finance cost under control

As a result of this **deleveraging and refinancing endeavour**, the Group has benefitted from:

- **net LTV improvement, falling from 59% to 55.2% in one year,** representing a 15% reduction in the overall level of net debt (€ 81M) achieved through 2011 and 2012 disposals (slightly above valuation) and accelerated amortization of existing loans,
- **the average cost of financing limited to 3.2% during the first half** (3.5% for year 2011), the Group having contracted € 180M of new hedging instruments at attractive rates.

It is anticipated that the general trend of reducing interest rates will also benefit the Group in the context of the pending refinancing.

Continued rejuvenation of portfolio and increasing occupancy rate

The portfolio comprises 19 % of labeled green buildings and 41 % of properties which are new or less than 10 years old. The liquidation value of € 955M compares to € 999M end 2011; this change is a combined result of the valuations on a like-for-like basis (-€ 1.7M) and 2012 disposals (-€48.8M), countered by development and CAPEX expenditure on the portfolio (+€ 6.5M).

Proactive portfolio management has helped **boost the physical and financial occupancy rates t**o 89.7% and 92.3% from respectively 87.8% and 88.2% at 2011 first half and this in the face of adverse market conditions.

The EPRA NNNAV amounts to € 68.9 per share at 30 June 2012, compared to € 69.2 end 2011; ignoring the dilution of 3.2% due to partial scrip issue for the 2011 dividend, **the EPRA NNNAV would have increased by 2.6% to € 71 per share.**

2012 interim dividend

Bearing in mind the operational performance and the recurring cash flow (€ 2.8 per share for the first half 2012), the Board will decide in September on the interim dividend to be offered in shares or cash.

Outlook

While seeking to diversify its source of financing, Société de la Tour Eiffel will continue to focus on the restructuring of its debt, notably **the refinancing of the one outstanding 2013 maturity,** the overall aim being **a continued reduction in LTV** through equity enhancement.

With regard to the property portfolio, the Group will complete the disposals in hand (target € 50-80M for the year) with a **theme of gradually focusing on moderately priced, rational, labeled office buildings in the Paris area,** a strategy which will ensure a strong cash flow and consequently underpin a **secure dividend policy**.

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Active prospection for development of turn-key projects on land reserves and forging new partnerships are potential avenues of future growth and development.

AGENDA :

- Beginning October 2012 :	Payment of the interim 2012 dividend (following Board confirmation)
- 14 November 2012 :	3Q 2012 turnover

The statutory auditors have performed a limited audit of the consolidated accounts. Their report is pending.

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 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.FP

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