ANNUAL REPORT 2008

SOCIÉTÉ DE LA TOUR EIFFEL

Flanking Mark Inch and Robert Waterland…

The drive behind Société de la Tour Eiffel

- A team of specialists united by shared values
- Deploying specific skills
- Unparalleled market knowledge
- Reactivity in offering appropriate solutions

Dear shareholders,

2006 was a year of consolidation, after the Locafimo acquisition completed in December 2005, and the concurrent €157 million rights issue.

Fine-turning the portfolio, restructuring STE's borrowings; integrating the Awon management team; continued trading on Euronext since March; inclusion in the EPRA index since June and the GPR index since December; addressing corporate governance issues with the nomination of a new independent Board Director, Alain Dinin, whilst at the same time pursuing with perseverance the €210m acquisitions lined up in the course of the year (Rueil-Malmaison, Grenoble, Paris-Porte des Lilas, Vélizy, as well as a portfolio of five nursing homes) and handing over significant properties from the previous years investment activities (Campus at Massy and Caen Colombelles) made it a busy year.

This ground work is essential for a company such as ours, which has doubled in size every year since it was re-launched as a SIIC in 2003. Going forwards, we are delighted to have secured the acquisition of Parcoval which enhances our portfolio in the Business Park field as we had envisaged.

Not only does this acquisition enable us to "re-establish" full control over a number of sites in which we were in joint ownership (co-propriété) but it also enhances the Société de la Tour Eiffel's "land bank" by some 30,000 sq.m bringing it up to 80,000 sq.m for business parks and 160,000 sq.m if the redevelopment of the Massy Ampère site is included. In what has become an ever more competitive investment market, driving yields to levels incompatible with our business model, we are increasing our commitment to develop buildings on our own site reserves.

This will enable us to guide the company through a manageable and predictable period of growth, independently from any significant external acquisition.

Finally, we are pleased to be leading your company in this period of sustained growth which has seen our share-price and market cap double over the past twelve months, without wavering from our commitment to serve an increased dividend from one year to the next.

As a sign of our commitment we have, through our holding company Osiris, increased our stake in Société de la Tour Eiffel from 6,5% at the beginning of the year to 10% today.

We will pursue, with your support, our determined but nonetheless prudent growth policy in 2007, as we did in 2006, and anticipate secure income growth for the coming years, and consequently increased dividend and enhanced share value.

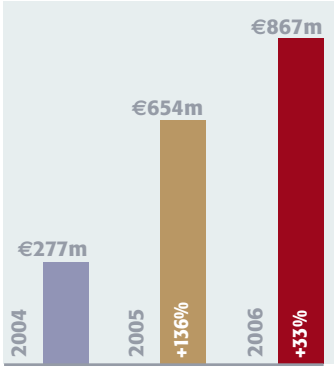
Robert G. WATERLAND **Mark INCH**

Performance enhancement

Société de la Tour Eiffel is a property company investing exclusively in commercial real estate. It aims to distribute property income as regular and foreseeable dividends. Since its reorientation in 2003 under the aegis of its current managers, the company has grown continuously. 2006 figures again testify to its healthy expansion.

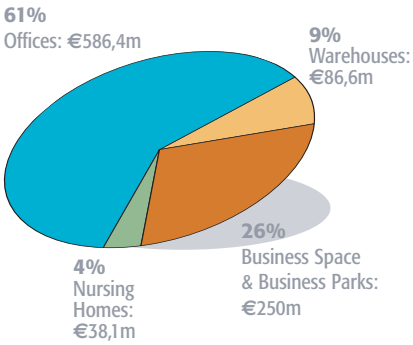
PORTFOLIO VALUE

The portfolio comprises 63 assets with a total area of 622,970 sq.m (including 35,760 sq.m under development). Its financial occupancy rate was 94.5% on 31 December 2006. Portfolio of commitments, including developments, are valued at €961m (€825m of which is up and running) made up of 61% office space, 26% business parks, 9% warehouses and 4% nursing homes.

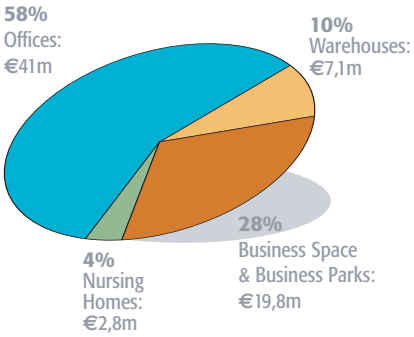


A PORTFOLIO COMMITMENT VALUED AT €961M ON 31/12/2006

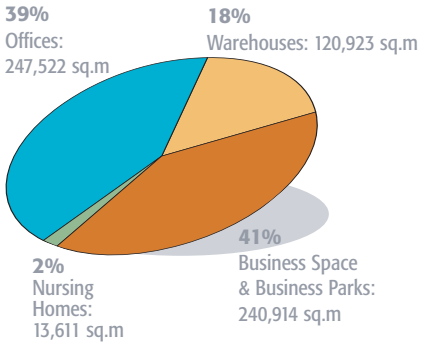
By value
€961m



By rent
€70,7m



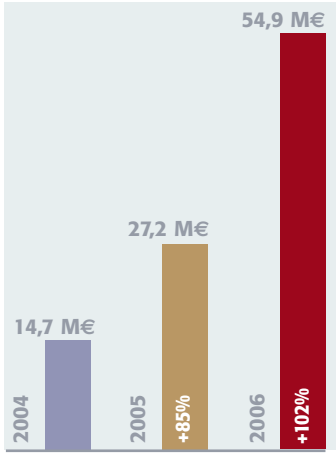
By sq.m
622,970 sq.m



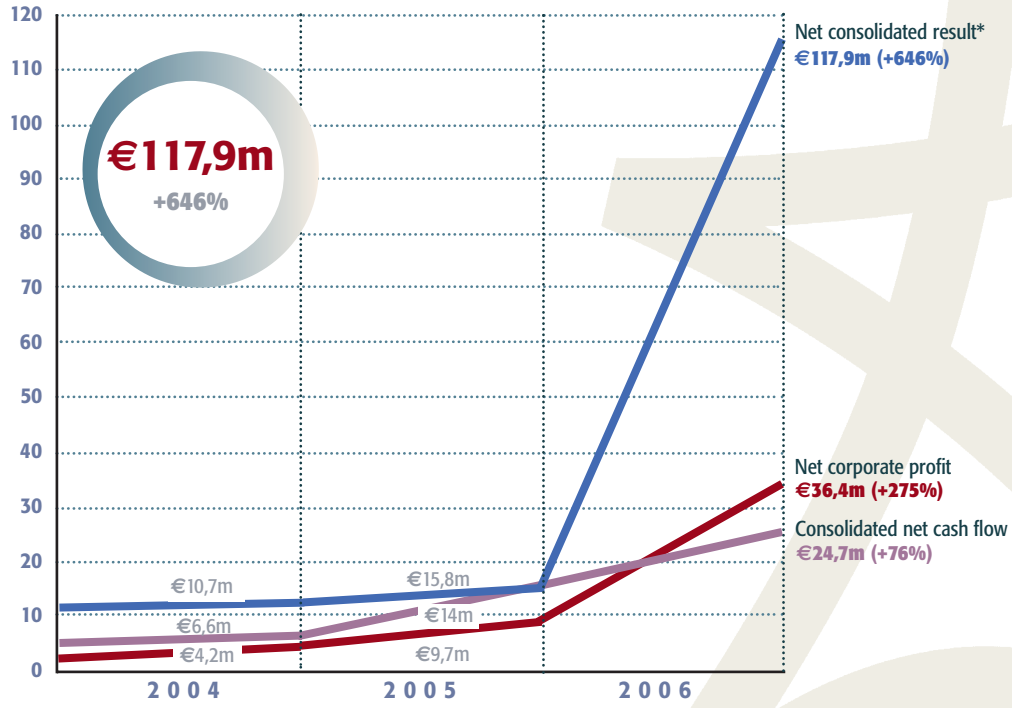
RENTS

Rent progression (+102% from 2005) is mainly accounted for by the full-year income from the Locafimo portfolio acquired in late 2005, to which should be added rental indexation, income from properties purchased in 2006 and, to a lesser extent, from Massy Campus II and Caen Colombelles which were delivered ahead of schedule at the end of 2006.

As for forward purchases signed in 2006, they are expected to produce additional rent in 2007, 2008 and 2009 as and when they are completed and leased.

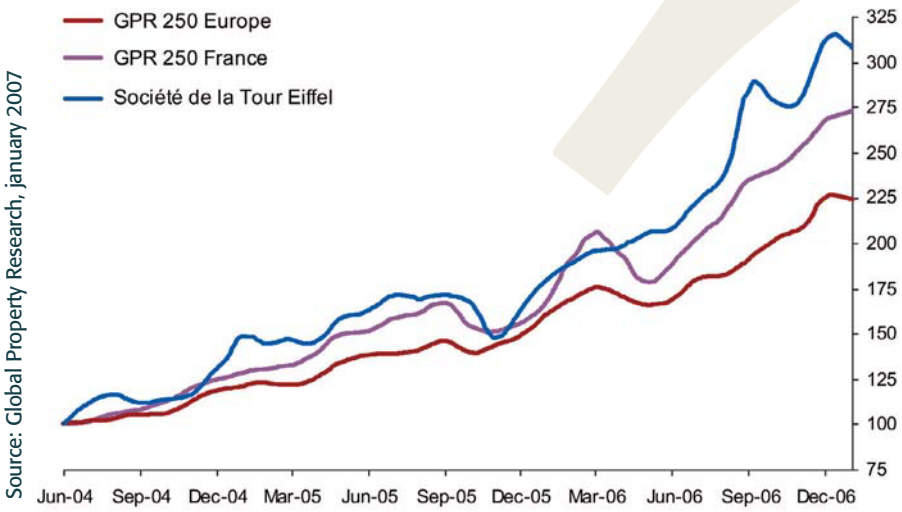


A NET CORPORATE PROFIT OF €117,9M IN 2006



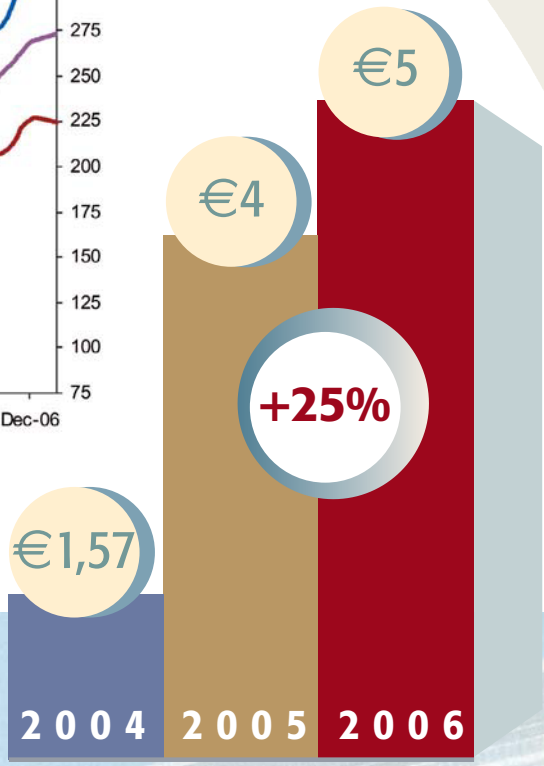
*Including in 2006 €87,9m of fair value adjustment (€3,8m in 2005)

SHARE PERFORMANCE



Source: Global Property Research, january 2007

DIVIDEND PROGRESSION



Buying and selling to create value

Unprecedented high levels of global liquidity and increasing financial slant to property investment continued to exacerbate market competition in 2006. With yields in sharp decline and office rental demand recovering, Société de la Tour Eiffel adopted a growth strategy based on its declared business model of producing offices and business space adapted to the latest occupier requirements and trends whilst conforming to its long-term principles and convictions.

Company News

- March: STE shares have been continuously traded on the Eurolist B (the Euronext Paris market) since the 20th.

- May: Awon Asset Management becomes a 100% subsidiary, dedicated to Société de la Tour Eiffel. Its 20 strong team is internalised in accordance with shareholders' wishes confirming a commitment to bringing added value to the company's portfolio.

- June: STE is included in the EPRA index (European Public Real-Estate Association).

- September: Alain Dinin, chairman of Nexity, joins the STE Board . Mark Inch and Robert Waterland, Société de la Tour Eiffel's founders, raise their joint stake to 10% of the company's equity.

Portfolio News

- Throughout the year, non-strategic assets (mostly warehousing space in the provinces from the original Locafimo portfolio) were sold for a total of €45m.

- June: STE enters the specialised property market with the purchase of a five nursing homes portfolio managed by Medica, investing €35m for an initial 7.30% yield, before possible extensions.

- July: Forward purchase (VEFA) of an HQE-qualified office and retail space building on Avenue de la Porte des Lilas in Paris (11,724 sq.m, for €49,5m). Expected yield: 7.50% based on €320/sq.m rental income for office space. Delivery 2008.

The Porte des Lilas Paris project, signed in July

- **July:** Launch of the Viseo project in Grenoble. 11,000 sq.m of speculative office space developed by Cibex, and due for delivery in the second half of 2007. An €18m investment with an expected yield of 8.75% based on a rent of €130/sq.m.

- **September:** Launch of a 6,000 sq.m build-to-suit office project for Schneider Electric in the Polytec office park, Grenoble, for a planned delivery in June, 2007. An €10.7m investment, with a yield of 7.50%, based on a rent of €130/sq.m.

- **November:** The forward purchase (VEFA) of a 7,000sq.m office project on Boulevard National at Rueil-Malmaison (West Paris) with a planned delivery in late 2008. A €32.2m investment, with an expected 7.50% yield, based on a rent of €330/sq.m.

- **December:** Purchase of Cogema's former headquarters at Vélizy (South West Paris.) The seller remains a tenant until the end of September, 2007, after which the building will be part renovated, part redeveloped. Planned deliveries in 2008 and 2009, for a €55m investment, and an expected yield of 7.35%.

- **December:** Delivery of the Massy Campus 2 development to Areva and SFR, and of the Caen Colombelles facility to NXP Semiconductors.

Cogema's headquarters at Vélizy were acquired last December.

A PRESTIGIOUS HISTORY

Founded by Gustave Eiffel in 1889, Société de la Tour Eiffel remained dormant between 1979 (when the City of Paris took over the Eiffel Tower management) and July, 2003, when its current managers acquired it through Awon Group.
On 1 January, 2004, the company became the first new Société d'Investissements Immobiliers Cotée (SIIC, the French REIT status) listed on the Paris Bourse.
In order to finance its development and take advantage of market opportunities, the company completed three successful capital increases, raising €11m in December, 2003; €123m in July, 2004 and €157m in December, 2005.

"We were strongly attracted to this listed vehicle in 2003 and chose to transform it into a property company with a portfolio of quality, high-yielding assets and a secure rental income."

Mark Inch & Robert Waterland.

Société de la Tour Eiffel maintains growth within the confines of the strategy and business plan presented by its managers, Mark Inch and Robert Waterland, respectively President and Managing Director, when they took over the company in 2003. In 2006, this complementary tandem, comprising a financier and a property specialist, confirmed their commitment to the company by increasing their joint stake to 10%.

"Our increased investment in the

How would you describe 2006?

Mark Inch: We were able to adapt in a very competitive market despite yield compression. Our experience of both the property and the financial markets, together with our consistent strategic vision and anticipation of demand has enabled us to maintain attractive returns. The portfolio has continued to generate an average yield in excess of 7%, which has made it possible to distribute an increased dividend representing a return in excess of 5% on the average 2006 share price.

Robert Waterland: Following three years, strong growth (in particular 2005) during which we both doubled the company's portfolio and its revenue - 2006 can be viewed as a year of consolidation, even though the level of commitments increased by 30% ! The Locafimo portfolio, which we acquired at the end of 2005, was streamlined by the sale of non-strategic assets. At the same time, we have pursued our strategy of investing in new developments (VEFA /forward purchases) in order to capitalise on the tangible recovery in the leasing market and the higher returns on offer. We focus on quality, state-of-the-art buildings corresponding to tenant demand, increasingly conscious of environmental issues as well as financial considerations.

Tell us about operational changes?

M. I.: Société de la Tour Eiffel has been continuously traded on the Euronext Paris market since March 20th; and included in the EPRA index since June 2006.

Last May, as anticipated in 2003, we acquired 100% of Awon Asset Management, thus internalizing the management team which was already dedicated to Société de la Tour Eiffel. The Locafimo purchase gave the critical mass in terms of revenue which justified this integration.

company reflects our commitment."

What new perspectives does the integration of asset management teams provide?

M.I.: We estimate that the minimum revenue stream justifying the integration of a fully dedicated team is in the order of €75m to €80m. We further believe we can attain €100m in rental income with the existing staff complement. The ratio of management cost to rental income is rarely put forward, yet it presents a useful cost control indicator: the objective is a ratio of €4m to €5m of rental income per asset manager.

An important development is the founders' increased equity stake in the company

M.I.: Robert and I believe strongly in what we do, and have a personal and direct commitment to the company. This is why, via our investment vehicle Osiris, we acquired in the open market shares taking our equity stake up to 10%. This additional investment represents a strong indication of our commitment to the company and sends a strong message to our shareholders.

You mentioned asset sales: what's their sum total?

R.W.: We disposed of some ten properties for €45.2m; nine were non strategic assets from the Locafimo portfolio which did not fit with our investment strategy, being either too small, poorly located, or obsolescent. The majority were provincial warehouses, the disposal of which did not impact upon our rental income. Despite offloading some 91,000 sq.m, rents doubled in 2006 on a like-for-like basis.

You were awarded the very first SIIC Trophy in the "City and Future" category, in recognition of the urban and environmental impact of the 18,000 sq.m R&D facility you developed in Caen, Normandy. This is an ambitious project for a medium-sized regional city...

R.W.: We're very proud of this accolade, rewarding as it does a determined and daring commitment to the economic development of the Caen region. Our portfolio is well-balanced between the Parisian conurbation and the regions. In the greater Paris area it comprises principally suburban offices with a rental range of €250/sq.m to €350/sq.m, in line with the current average rent for the region of €307/sq.m. With increased investor demand pushing up prices and driving down yields, we have looked to investing in the larger regional cities, providing returns more in line with our investment criteria.

Nevertheless, we believe that cities of a size comparable to Caen also offer opportunities on the back of emerging and sustainable occupier demand which is essentially "product led".

For the first time, you have invested in the niche market of nursing homes, Why?

M.I.: Unlike private hospitals, whose main revenue derives from their surgical activity, nursing homes are more comparable to hotels, with a structured and predictable client base. The long-term demographic curve towards a general ageing of the population clearly constitutes a clearly identifiable market opportunity. We have acquired a portfolio consisting of five modern facilities, operated by a single tenant – Medica, tied to a long-term lease. There are also opportunities for building extensions to some of the facilities.

RW: These properties are invariably located within established urban areas which permit alternative uses such as hotel, or residential condominiums, for example, which further underpins the intrinsic property value.

What is the outlook for 2007?

R.W.: Encouraging! We acquired the former Cogema headquarters building at Vélizy at the end of last year and are currently preparing a major restructuring and redevelopment project for delivery in 2009. We are also reinforcing our investments in Business Parks through the acquisition of Parcoval which owns some 80,000 sq.m in parks where we are already present (Nantes, Orsay, Lille, Aix en Provence, Montpellier as well as Bordeaux). This acquisition will result in our becoming owners outright (Orsay, Lille and Nantes) or majority holders in others (Strasbourg, Lyon, Montpellier and Marseille). An innovative feature, however, is the systematic development of our existing land bank. Notwithstanding the Parcoval acquisition, we have been able to identify the potential for at least 130,000 sq.m of new development in our portfolio of which 80,000 sq.m minimum is at the Massy/Ampère site and 50,000 sq.m in the Business Parks).

M.I.: Developing our own sites will enable us to produce new buildings, generating returns of 9% to 10% on investment cost, which is substantially higher than that available in the market for standing investments, whilst offering space compatible with our quality, criteria and delivery schedules.

Will this change the nature of your main business activity?

R.W.: No, we have no intention of becoming builders, that is not our business. We prefer working in partnership with professional developers. However, owning development land implies we can have total control over product in relation to our perception of local demand in the preferred areas where we operate. This is the case at Massy, but also in our Business Parks at Strasbourg, Lille and Marseille.

M.I.: The rhythm of speculative development will reflect the rate of take up on the overall portfolio through secure long-term leases in order to limit exposure to voids and therefore income shortfall.

You are about to distribute a €5 per share dividend...

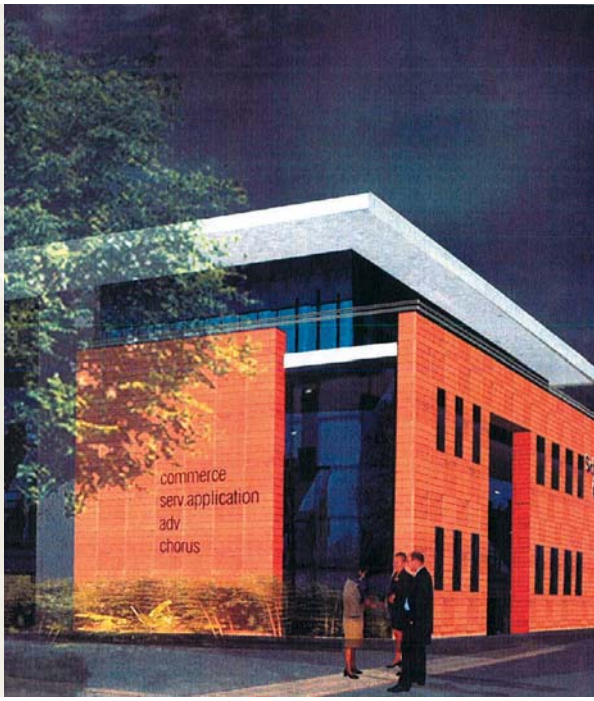
M.I.: This increase cannot be compared to the 2005 €4/share dividend, which concerned only half the present number of shares (2.5 million vs. 5.2 million today, following the December, 2005 capital increase.) Not only has the share price doubled but an accelerated growth of all the company's operational figures, and especially an increased return on equity, have also been achieved in the past year.

How did you attain this result?

M.I.: The sale of non-strategic assets produced a €25m capital gain in our accounts. According to the SIIC (French REIT status) legislation, some €12m of this amount must be distributed over a period of two years. In short, this means €1 per share annualy. This exceptional revenue, resulting from our pro-active asset management is added to our recurring income of €4 per share for 2006. We can already identify that the 2007 dividend will be made up of €5 of recurring income and, again, €1 of exceptional income, resulting from the Locafimo portfolio asset disposals in 2006.

What is your 2008 dividend forecast?

M.I.: For a comparable portfolio, we can already anticipate a 2008 dividend made up of €6 recurring and €1 or, possibly more, non-recurring income, since we already have in mind certain disposals we anticipate making in 2007. We are defining the structure of that dividend which is not the result of a simple mechanical calculation, but a clear choice emanating from management decisions on the accounting, financial and tax aspects. Robert manages our property investments so that I can construct a dividend consistent with our real estate income. To illustrate: Robert is the Chef in the kitchen, and I am the Maître d'hôtel serving our "offerings" to the public!



If I were a potential investor, which arguments would you deploy to try and convince me to buy shares in Société de la Tour Eiffel?

M.I.: We have a clearly-defined portfolio of reversionary assets which benefit fully from rental indexation and, given the low average rent levels of our portfolio at the time of acquisition, our ability to remain competitively priced at the time of lease renewals is unimpaired. The company also owns a significant undeveloped land-bank on which it will be possible, in the years to come, to build out a coherent portfolio of new state-of-the-art properties corresponding to client demand and market expectations. Finally, our policy of selected and well-timed disposals enables us to record significant capital gains, whilst refining the portfolio, and ensuring a clearly identifiable dividend projection for the three or four years to come.

The SIIC status (French REIT) has again been fine-tuned with a fourth series of measures, four years after the legislation's initial inception. How will this impact you?

R.W.: Since this reform's foremost objective is to widen property companies' shareholding, and discourage "opportunistic" SIICs with a minimal free-float, we are already in compliance with both the letter and the spirit of SIIC IV legislation.

Société de la Tour Eiffel was awarded First Prize in the "Ville et Avenir" (City and Future) category at the first SIIC Trophy ceremony organised by the Moniteur Group during the SIMI professional trade fair. This prize was awarded "for quality and impact on the urban environment" in relation to the R&D facility built in the Caen urban peripheral renewal zone of Colombelles.

Leadership requires support

As of 15 February 2007, the board comprises 6 members. It met eight times during 2006. Alain Dinin, Chairman of Nexity, replaced Renaud Haberkorn as an Independent Director.

Mark Inch

British, 56.
Oxford & Sciences Po Paris.
35 years' experience in real estate finance in France and internationally.

Chairman.

He commenced his career in real estate in France in 1973 with Jean-Claude Aaron, France's best-known property developer of that period. In charge of finding new investors for the French market, Mark developed international networks, prospecting the Middle East, North America and Asia.
He joined BAII (Banque Arabe et Internationale d'Investissement) in 1979 and signed his first deal on Paris's prestigious Avenue Montaigne. Between 1985 and 1990, as a manager of BAII and president of its property subsidiary, Mark restructured a number of renowned French retailers (such as Félix Potin or Les Trois Quartiers) to extract value from their real estate assets. A pioneer in the conception of new long-term returns investment vehicles, Mark created the financial structure for the new place Vendôme underground car park, and for the Cogedim redevelopment of place du Marché-Saint-Honoré, including the headquarters of Banque Paribas.
Mark Inch created his own consulting company, Franconor, specifically for Anglo-Saxon property investors, in the 90s, anticipating the success of the new opportunity funds. Robert Waterland joined him in 1995 and became president of Franconor. They then created Awon Group, building it up into one of France's leading asset management firms. In 2003, in partnership with the Soros investment fund, they bought Société de la Tour Eiffel. Mark Inch and Robert Waterland now manage STE full-time.

"We were friends long before we started working together in 1995."

Robert Waterland

British, 58.
Chartered Surveyor.
40 years' experience in commercial property.

Managing Director.

After joining Jones Lang Wootton, the world's leading agency and advisory group in 1973, he became a renowned authority on European real estate investment. He was president of JLW's French subsidiary 1985-1995 – during which time he contributed significantly to the firm's continental European growth: among his more noteworthy sales transactions are Hôtel Meurice, FNAC Étoile, the headquarters of Nina Ricci and Ralph Lauren, Waterside Park, as well as Les Mercuriales, one of France's major office buildings, which he managed to transact twice in less than two years. In 1995, Robert decided to strike out on his own, a goal shared by Mark Inch whom he joined at Franconor. At the end of 1997, they helped create the AIG French Property Fund, one of the leading funds of its kind in France, together with AIG, the major US financial group.
Soon afterwards, Robert and Mark founded the Awon Group, with Robert as president. His philosophy: "Property investment is a value creation chain. Technical and financial abilities are not enough – it also takes experience, imagination and ambition."
He was twice awarded the Pierre d'Or by the Expertise Pierre trade newsletter, as Asset Manager of the Year and Investor of the Year, in 2001 and 2003 respectively. He also became president of ORIE (Observatoire Régional de l'Immobilier d'Entreprise en Île-de-France) in 2005, becoming the first non-French national to head this organisation. He is now devoted full-time to the development of Société de la Tour Eiffel.

Jérôme Descamps,
Deputy Managing Director.

A graduate of ESG (majoring in finance), Jérôme Descamps began his career in the ISM Group then at Bail Investissement, before joining Mark Inch and Robert Waterland at Awon in 2000, where he created the financial department. He assisted them from the outset at Société de la Tour Eiffel as Deputy Managing Director in charge of finance, financial communications, legal and administrative affairs. Jérôme liaises with the investment, asset management and property management teams.

Alain Dinin,
Independent Director.

ESC Lille. Chairman of Nexity since 2004, having assumed a number of roles within the company since 1979 (Company Secretary, Ferinel; Chairman of George V; Managing Director of CGIS).
A former member of the Board of Vinci, Alain Dinin is also chairman of Maeva and a governor of the French Developers Association (FPC.) He is a Director of the Ecole Supérieure de Commerce de Lille and of the Ile de France Region Land Bank Conservatory.

Claude Marin,
Independent Director.

A law and HEC business school graduate, Claude Marin has long worked for the Havas Group, where he was in succession Managing Director of IP (RTL's advertising space sales agency), president of ODA (French Yellow Pages), chairman of the billboard advertising giant Avenir, and Havas Group COO. Claude Marin is also an administrator of PIM Gestion Finance and sits on the supervisory board of the up market publisher Éditions Actes Sud and of Banque Safra.
He has been a board member since 1970.

Michel Gauthier,
Independent Director.

A graduate of École Polytechnique and an INSEAD MBA, Michel Gauthier is a financial expert and government consultant specialising in Europe and Africa.
He also sits on the supervisory board of ADL Partner (the mail-order business), on the board of Compagnie des caoutchoucs du Pakidié and is chairman of the investment fund La Salamandre Investissements France. Michel Gauthier is another long-serving board member of Société de la Tour Eiffel (1989).

AWON ASSET MANAGEMENT EXPERTISE

EXCLUSIVELY SERVING SOCIÉTÉ DE LA TOUR EIFFEL

A recognised leader in French asset management, Awon Asset Management became a 100% subsidiary of STE in 2006, regrouping the operational management functions.
A complement of 21 under the direction of Frederic Maman* employ their skills throughout the acquisition procedure, including identifying investment opportunities, audit and due diligence, financing, final negotiations and closing.
The team adds value through dynamic asset management including eventual arbitrations.

*Frederic Maman, 39, joined Awon Asset Management in 1999 and has been responsible for overall asset management during the last three years. After graduation from Institut Supérieur de Commerce de Paris (ISC), he commenced his career in 1992 at Barclay's Bank before joining CDR as a manager.

Back row, left to right: Nicolas Ingueneau, Joris Bruneel, Dominique Gros, Frédéric Petit.
Front row, left to right: Sophie Gay-Perret, Frédéric Maman, Odile Batsère.

Anticipating market trends

Société de la Tour Eiffel was the first new SIIC (REIT status) to be listed on the Paris Bourse in 2003, at a time when the French office leasing market was barely recovering from the depression caused by the end of the Internet bubble shortly followed by the impact of 9/11/2001.

That dramatic slowdown impacted the market for 5 years. 2000 had been a record year for office take up in Paris, with some 2,500,000 sq.m being leased, 60% of which was to the high-tech industry. In stark comparison, in 2001 there was hardly a single new lease taken by the TMT sector. Since that date there has been a gradual recovery culminating in an absolute record year in 2006 (2,900,000 sq.m gross take up in the Paris region).
The Paris market is the largest in the Euro zone : today, it can no longer be considered "undervalued," although prices remain competitive on a Europe-wide basis. Despite a similar population to greater London (12 million) , the scale and diversity of the office market compares more than favourably, with the total stock amounting to 47,000,000 sq.m.

Significantly, the last quarter of 2006 witnessed an unexpectedly sharp rise in leasing transactions, reaffirming the buoyancy of demand. However undersupply is not anticipated in the immediate future as new deliveries, albeit limited, would appear adequate to meet demand. Overall vacancy at year end was just over 5%.

These figures tend to mask however the strong current in favour of new space, which has fallen from 32% to 23% of supply during the year.

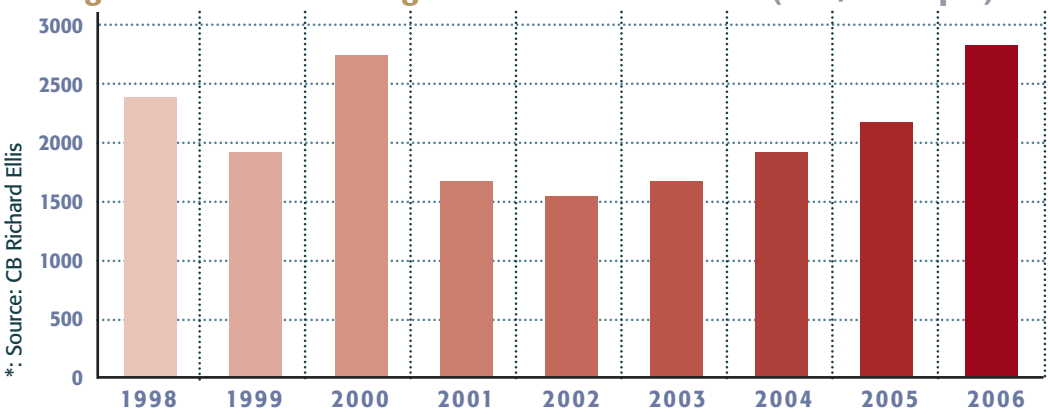
Generally the occupational markets are well balanced, landlords incentives are trending downwards and modest rental growth is emerging in isolated pockets where undersupply is apparent.

The Regional markets continue to flourish due to the "catch up" phenomenon in the service industry with many major cities such as Lyon, Lille, or Marseille (all with approximately 1 million inhabitants) experiencing superior economic growth in relation to the Ile de France, particularly in the domain of business services: accountants, lawyers, auditors, etc.

At the same time, the market remains characterised by increasing discernment: tenants have an eye on quality, environmental issues, and ancillary services. New HQE-compliant properties can be expected to command premium prices, and restructured buildings with high-tech features let readily. Obsolete space (still about one third of total supply) remains difficult to market almost at any price.

The implications for accelerated obsolescence go without saying and must be viewed in the light on the prevailing low yield spectrum. In this respect the investment market posted another record year, with the level of nationwide transactions exceeding €23.Bn*.

Strong rebound in Paris region rental transactions (in 1,000 sq.m)



*: Source: CB Richard Ellis

Discernible recovery following several years of lackluster performance.

Securing the future

The company seeks to act in the best interests of its shareholders through selective investments, increasing its portfolio whilst maintaining its yield criteria. The company positions itself as a "new generation" investor in the corporate property market.

A clear yield-driven strategy

The company's strategy focuses on high-yielding commercial real-estate in the Paris area as well as in the Regions. Assets are selected according to clearly-identified secure income considerations as well as added-value potential.

Speculative acquisitions are carefully considered on a risk-weighted basis in relation to the overall portfolio.

The company harnesses the proven skills and experience of its team in risk analysis to identify, and take advantage of, key opportunities in growing markets.

A dual-axis development

The company relies on two types of assets for its development:

- Existing properties with long leases (6 years minimum) and grade A tenants, or multi-occupied, offering secure rental income for the majority of the portfolio.

- New forward-purchased (VEFA) buildings, including some speculative developments, to diversify and upgrade the portfolio profile.

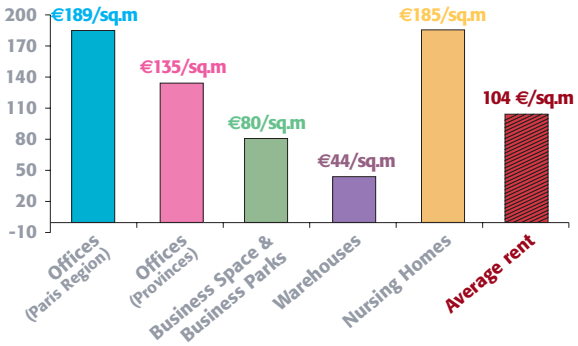
"We aim to make property investments a staple of a sheltered savings portfolio, ensuring yield security, performance and regular dividends." Mark Inch

While conducting this targeted acquisitions policy, the company intends to implement a selective arbitration policy relative to non-strategic assets (mature, small, remote, incompatible with the company's criteria...). Such sales contribute to the overall enhancement of the portfolio and returns.

Creating value is a constant priority

Société de la Tour Eiffel specialises in structuring complex acquisitions. Its favourable tax status (SIIC regime) and unique management expertise combine to create optimal performance.

Average rent per asset type



A COMPETITIVE RENTAL POLICY

Attuned to tenant requirements, the company aims to offer moderate rents in established locations. The overall rent for all properties in the portfolio equates to €104/sq.m. For offices, the figure is €172/sq.m. In the regions, the current rent for new space is €120-€130/sq.m – as opposed to the national average (which includes the more expensive Lyon) which stands at €150/sq.m.
These reasonable rental levels offer comfort in the light of the tendency for indexation to outpace real rental growth and tenants' willingness to pay.

Following the market consistently

In order to continue identifying high-yielding opportunities regardless of market vagaries, Société de la Tour Eiffel has demonstrated its ability to adapt investment strategy within the confines of its long-term goals.

Anticipating new trends

Management has consistently demonstrated its ability to seek out new investment opportunities enabling it to generate a sound rental income stream leading to a regularly-increasing dividend. While keeping to its long-term strategy, the company was able to fine-tune its investment approach with a view to more secure and diversified growth.

A steady three-stage, three year evolution

- End 2003 and 2004: STE favoured secure yields through long-term leases on a small number of assets with few, but prime, tenants (La Poste, Air Liquide, Alstom, Colt, Atos… Origin).

- 2005: Keeping to its policy of secure acquisitions, Société de la Tour Eiffel acquired Locafimo, doubling its portfolio and significantly increasing the number of its tenants from 15 to 450. This multiplication in the number of leases offers an alternative form of risk aversion.

- 2006: The company invested in forward purchases, initially on a pre-let basis but later speculatively in sympathy with the tangible swing in tenant demand towards new buildings.

The four towers of the Ville & Avenir Trophy, awarded at the SIMI ceremony, regardless of may scale, symbolise Société de la Tour Eiffel's current four main portfolio components: Nursing homes: diversification, Locafimo: liquidity and security, Forward purchases (VEFA): added value creation, Historic portfolio: stability and duration.

DEVELOPING THE LAND BANK

The company has identified site reserves capable of supporting some 130,000 sq.m of new developments, of which 80,000 sq.m are accounted for by the Massy/Ampère site. The business parks offer a further potential of 50,000 sq.m, excluding Parcoval.

Université Business Park at Orsay, South-West Paris

A selective diversification of assets

In 2006, Société de la Tour Eiffel confirmed its investment in new office buildings and raised its presence in business parks in the inner suburbs.
The company also chose to invest in a new category of property asset in response to with a clearly-identified growing area of demand: nursing homes. Whilst keeping an open mind on possible future diversification, management aims to maintain the company's primary focus and profile "as a SIIC (REIT) specialised in medium-priced office and business space, with a balanced portfolio both in the Paris area and in the Regions."

Les Lilas Nursing Home in Lyon

During 2006, Société de la Tour Eiffel advanced from 15th to 12th place in the hierarchy of SIICs in terms of market capitalisation (source : Euronext).

THE SIIC EFFECT – DYNAMICS

Introduced in January 2003, the SIIC regime has had a radical effect upon the French investment market spawning 40 quoted companies. According to a FSIC (quoted companies association) report published in December, 2006, SIICs have raised over the last three years some €2.5Bn of new equity in order to expand their activity. Overall market capitalisation has practically tripled since 2001 attaining €37Bn by the end of 2006, thus representing 2% of the Paris Bourse (up from 1% in 2003.) Investment volumes have increased five-fold during the same period, significantly contributing to market dynamics in the property sector with repercussions upon the entire economy.

Asset profile

Société de la Tour Eiffel seeks to assemble a diversified yet homogeneous and coherent portfolio both in terms of user category and geographical spread. Initiated last year, the tendency towards acquiring new properties should provide greater medium-term growth prospects enhancing overall portfolio performance.

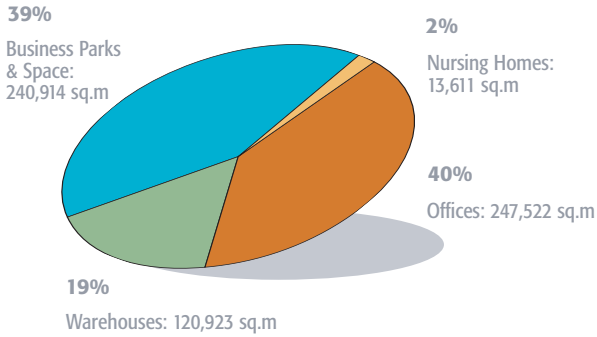
Total floor area: 622,970 sq.m

As of 31 December 2006, following the disposal of nearly 91,000 sq.m of non-strategic assets, the total portfolio of the company stood at 622,970 sq.m:

28 office properties: 247,522 sq.m
18 business parks: 240,914 sq.m
12 warehouses: 120,923 sq.m
5 nursing homes: 13,611 sq.m

The company has concentrated on acquiring more substantial assets compared to previous years, specifically in offices (+28% in floor area) and business parks.
Asset disposals concerned mosty Locafimo properties: warehousing space in the regions.

Breakdown of floor space by user

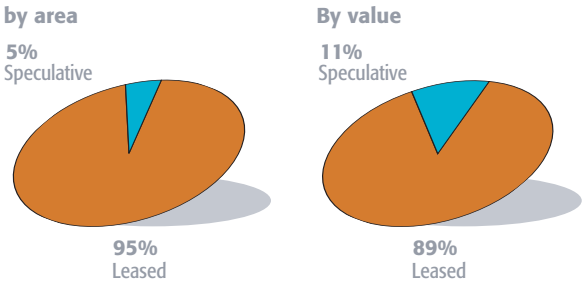


DIVERSIFICATION INTO THE HEALTH SECTOR

The company has also initiated diversification into nursing homes – a modest departure representing 4% of the portfolio in value but potentially rewarding in the light of demand emanating from the rapidly-ageing population profile.

Nursing Home in La Crau

Proportion of speculative development relative to the portfolio



By the end of 2006, speculative forward purchases (VEFA) except Vélizy (since Cogema remains as a tenant for a year) represented 31,000 sq.m of the portfolio. These developments are located in Rueil Malmaison, Paris (Porte des Lilas) and Grenoble (Viseo.)

Asset lot size breakdown

	Number	Total	% Portfolio
> €30m	11	€485m	50%
> €10m et < €30m	21	€306m	32%
> €5m et < €10m	18	€132m	14%
< €5m	13	€38m	4%
Total	63	€961m	100%

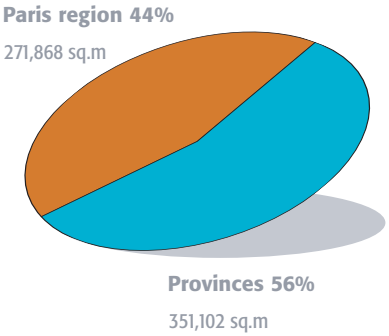
Average lot size increases by 36%

By disposing of non-strategic assets whilst acquiring stand-alone buildings more in line with company strategy, STE has been able to increase the average lot size of its portfolio from €11m in 2005 to €15m in 2006. 10 of the total 66 assets now represent lots in excess of €30m, i.e. 47% of the portfolio.
The Locafimo portfolio apart, the average lot size stands out at €18m. This trend should continue, notably due to the acquisition of major single-building development projects.

A balanced geographical spread

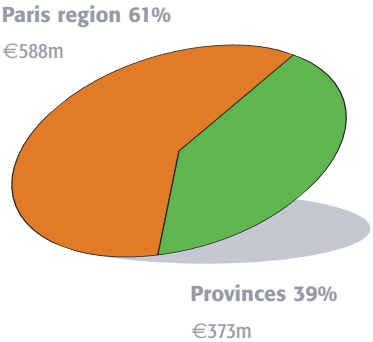
The portfolio is well-balanced between the Paris area and the regions. 2005 saw a relative increase in the Parisian quota which now represents 44% in floor area (+5% from end 2005) and 61% in value (+3%.)

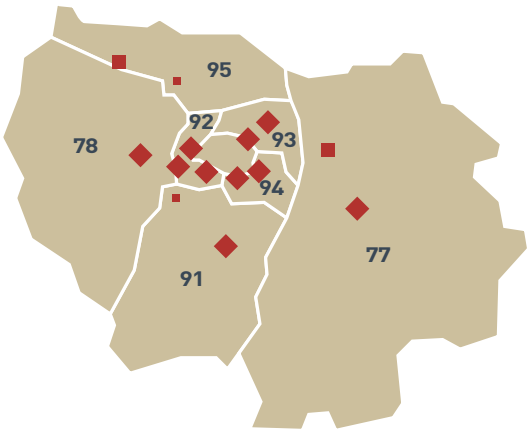
Geographical breakdown of portfolio in sq.m



Locations

Geographical breakdown of portfolio by value





VISEO GRENOBLE, 11,900 sq.m OF OFFICES, 2007 DELIVERY

NXP CAEN

RUEIL MALMAISON 7,400 sq.m OF OFFICES, 2008 DELIVERY

"Environmental sensibility together with a quest for optimal flexibility and financial performance logically leads us to favour the acquisition and production of new space."

Robert Waterland

AIX-EN-PROVENCE, PARC CLUB DU GOLF

COGOLIN NURSING HOME

SCHNEIDER POLYTEC GRENOBLE 6,000 sq.m OF OFFICES, 2007 DELIVERY

PORTE DES LILAS, PARIS, 11,700 sq.m OF OFFICES AND RETAIL, 2008 DELIVERY

SOCIÉTÉ DE LA TOUR EIFFEL ASSETS

OFFICES	LOCATION	FLOOR AREA (sq.m)
Massy/Ampère	Paris area	43,623
Vélizy Areva	Paris area	18,200
Plessis	Paris area	15,940
Champigny Carnot	Paris area	14,153
Massy Campus	Paris area	13,585
East Side Champs-sur-Marne	Paris area	12,659
Asnieres Quai Dervaux	Paris area	10,391
Montiny le Bretonneux	Paris area	7,586
Bobigny	Paris area	6,619
Herblay Langevin	Paris area	4,667
Paris Charonne	Paris area	3,774
Evry Lisses	Paris area	3,188
Paris Tour Montparnasse	Paris area	1,739
Paris Dumont Durville	Paris area	1,497
Roissy Fret	Paris area	1,319
Paris Courcelles	Paris area	881
Paris Malesherbes	Paris area	753
Caen Colombelles	Regions	18,903
Lyon Tour CL	Regions	10,499
Nantes Einstein	Regions	7,901
Orléans Université	Regions	6,470
Lyon Paul Santy	Regions	3,010
Nancy Lobau	Regions	2,262
Grenoble Meyran	Regions	2,143
Developments :		
Grenoble Viseo	Regions	11,886
Paris Porte des Lilas	Paris area	10,552
Rueil-Malmaison	Paris area	7,354
Grenoble Polytec	Regions	5,968
SUBTOTAL		**247,522**

LE PLESSIS-ROBINSON, H.Q. CS COMMUNICATIONS

ETUPES SOCHAUX, GEFCO

MAJOR CORPORATE TENANTS

Among the 450 tenants of STE are the following renowned corporations:

Atos Origin

KLEPIERRE

SFR

LA POSTE

AIR LIQUIDE

ALSTOM

COLT

AREVA

GEFCO

CHAMPS-SUR-MARNE
EAST SIDE LA POSTE

SOCIETE DE LA TOUR EIFFEL ASSETS

BUSINESS SPACE & BUSINESS PARKS	LOCATION	FLOOR AREA (sq.m)
Aubervilliers	Paris area	19,423
Malakoff	Paris area	11,560
Orsay Université	Paris area	9,886
Bezons	Paris area	7,052
Marne Haute-Maison	Paris area	6,616
Chatenay Central Parc	Paris area	4,761
Paris 19e Rue Laumière	Paris area	3,765
Strasbourg Tanneries	Regions	59,214
Lyon Moulin-à-Vent	Regions	36,588
Marseille Provence Vitrolles	Regions	15,206
Marseille Aygalades	Regions	12,843
Montpellier Areva	Regions	12,003
Lille Prés	Regions	9,222
Nancy Ludres	Regions	8,096
Dijon Genlis	Regions	7,485
Nantes Perray	Regions	6,312
Aix-en-Provence Golf	Regions	5,500
Montpellier Millénaire	Regions	5,382
SUBTOTAL		**240,914**

WAREHOUSING	LOCATION	FLOOR AREA (sq.m)
Gennevilliers	Paris / IDF	20 569
Mitry-Mory	Paris / IDF	9 756
Sochaux	Régions	28 165
Toulouse Capitols	Régions	13 753
Nantes Carquefou	Régions	10 571
Caen Mondeville	Régions	8 035
Vannes	Régions	7 750
Saint-Gibrien	Régions	6 650
La Roche-sur-Yon	Régions	5 980
Les Souhesmes 1 & 2 Verdun	Régions	5 258
Ingré / Orléans	Régions	4 436
SUBTOTAL		**120,923**

NURSING HOMES	LOCATION	FLOOR AREA (sq.m)
La Crau	Regions	3,331
Bourg-en-Bresse	Regions	2,840
Lyon	Regions	2,710
Cogolin	Regions	2,430
Marseille	Regions	2,300
SUBTOTAL		**13,611**

PORTFOLIO TOTAL	622,970 sq.m

NURSING HOME
BOURG-EN-BRESSE

SUSTAINABLE DEVELOPMENT

By focusing on new development, STE contributes toward the application of the principles of sustainable development, which endeavour to reconcile environmental conservation, energy efficiency and social equality.

France is in the mainstream of those countries conscious of the threat posed by climate change caused by greenhouse effect gases, even if, in the area of construction, the various European and French norms, legislative or voluntary, still require harmonisation.

The HQE ethic seeks to meet the challenge of sustainable development by producing buildings with minimal impact on the environment through harmonious integration, whilst responding to the needs and comfort of their occupants. Our company subscribes to this philosophy and aims to operate efficiently in compliance with environmental protection.

Encouraging start to the year

In 2007, Société de la Tour Eiffel aims to maintain its strategy of investing in new office buildings, since tenant demand is increasingly for modern, environment-conscious space capable of providing both flexibility in layout and a sought-after staff working environment . Business park activity is also to be developed and expanded

Nantes Perray Business Park

2007: consolidation in business parks

In order to expand its presence in suburban business park activity, the company agreed to acquire Parcoval during the first quarter of the year. Parcoval owns six business parks for a total of 80,000 sq.m, as well as a 30,000 sq.m land bank suitable for development. This purchase enables STE to increase by 50% its floor area in business parks, becoming outright owner of parks located in Orsay, Lille and Nantes, increasing significantly its holdings in Montpellier and Aix and establishing a new presence in Bordeaux.

Consolidation of its position in this market is expected to enable the company to create synergies between its different sites, reduce management costs and optimise rental income.

Exceding the €1Billion assets threshold

At the end of the first quarter, the company's assets were estimated at €1.070Bn with a further investment capacity of €150m based on a loan to value ratio of 65 % as opposed to 52% in 2006. This investment capacity will back an active programme of value creation concentrated on the development potential of the company's land bank (130,000 sq.m. to which can be added 30,000 sq.m. available in Parcoval.)

Controlled development through internal growth

Without ruling out further opportunistic acquisitions, the company aims to pursue a policy of organic growth and value creation within its portfolio.

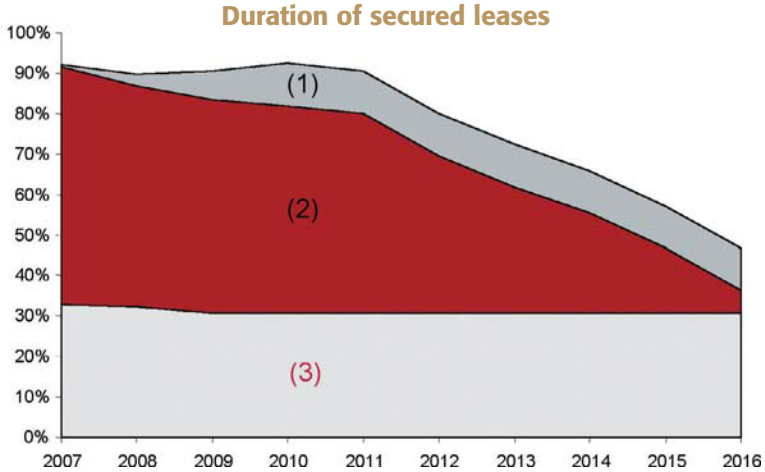
Growth potential includes:

- Ongoing feasibility studies and negotiations relative to the Massy/Ampère site
- Marketing of properties under development
- Optimising rental management and exploiting available land reserves in the business parks

Secure long-term rents

Commitments since 1st January, 2007 will generate €7.8m extra rent, exclusive of potential site reserve development. At comparable level of holdings, the portfolio will yield €65m in rental income in 2007.
80% of overall rents are secure until 2011.

Duration of secured leases



(1) VEFA (forward purchases): 4 new forward purchases were signed in 2006, representing a potential of €8m annual rental income.
(2) Long term leases including nursing home acquisitions for €2.5m pa.
(3) 3/6/9 year leases assuming that 80% are renewed on a roll over basis.

SOCIETE DE LA TOUR EIFFEL CREATES A CORPORATE FOUNDATION

Why a foundation?

At the end of 2006 the Société de la Tour Eiffel Foundation was created at the initiative of the company managers supported by the Board. It aims to confirm the company's philanthropic commitment to social activity commensurate with its activity and heritage. The principal objective will be to offer a first opportunity to young professionals to express themselves through a first professional project in the fields of urbanism, architecture or interior design, etc.

Stepping out under the aegis of Gustave Eiffel

"Running a company created by one of the greatest inventors of his time, with a name like Société de la Tour Eiffel, confides upon one certain obligations to be worthy of such a heritage," say Mark Inch and Robert Waterland. "It is a privilege to share our company's innovation and performance values, in giving a helping hand to young people starting out in our field of activity. As entrepreneurs setting up from nothing, we both remember how difficult it was – even more than today – to find that crucial first break. It's the first step that counts; to enter the professional networks and gain recognition. It is this notion that motivates our willingness to assist young talent in taking this first step through an annual award."

FISCAL RELIEF FOR PHILANTHROPIC CAPITALISM

A law dating from 1st August 2003 offers fiscal incentives to companies creating corporate foundations. Donations made on a regular basis by such entities attract corporation tax relief of 60%. The company's status as a SIIC, which is largely exonerated from corporation tax, limits the advantage; however this should not distract from the key role corporate foundations can play in spotlighting and demonstrating civic and social awareness.

Focusing on the shareholders

Société de La Tour Eiffel's corporate philosophy targets value creation founded on long-term yield-oriented investment products. The company considers its shareholders as partners and dividend distribution the mainstay of its policy.

Shareholding structure

The company's free float stands at nearly 80%.

On 31 December, 2006, three known shareholders each held over 5% of the company's equity:

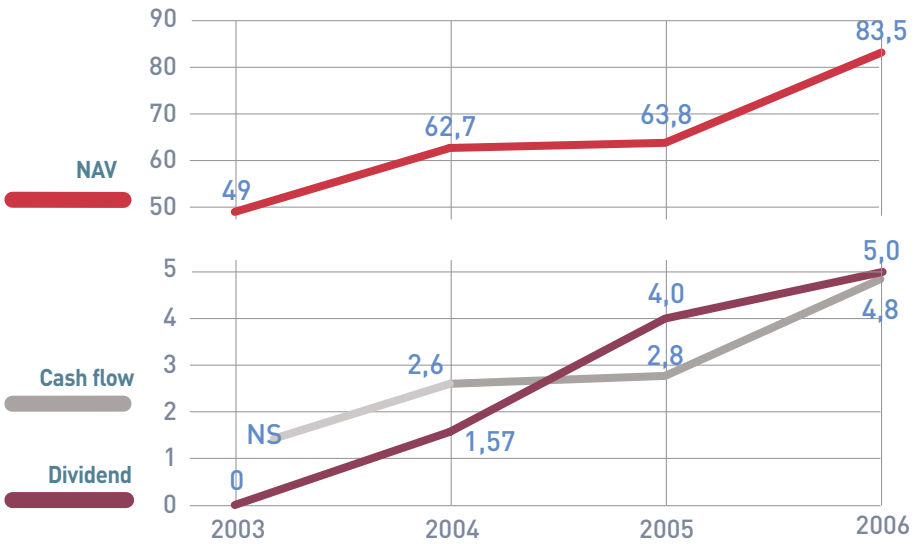
- ING Clarion,
- Colonial First State Investments Limited,
- Fortis Investment Management France.

Osiris Patrimoine, the managers' holding company, owns over 10% of STE's equity.

Share details at a glance

(in €)	2004	2005	2006	Variation 2005/2006
Share price (31/12)	59,75	74,5	136,5	83%
N.A.V.	62,7	63,8	83,5	31%
Dividend	1,6	4,0	5,0	25%
Cash flow	2,6	2,8	4,8	72%
Corporate profit	4,2	3,1	22,7	632%

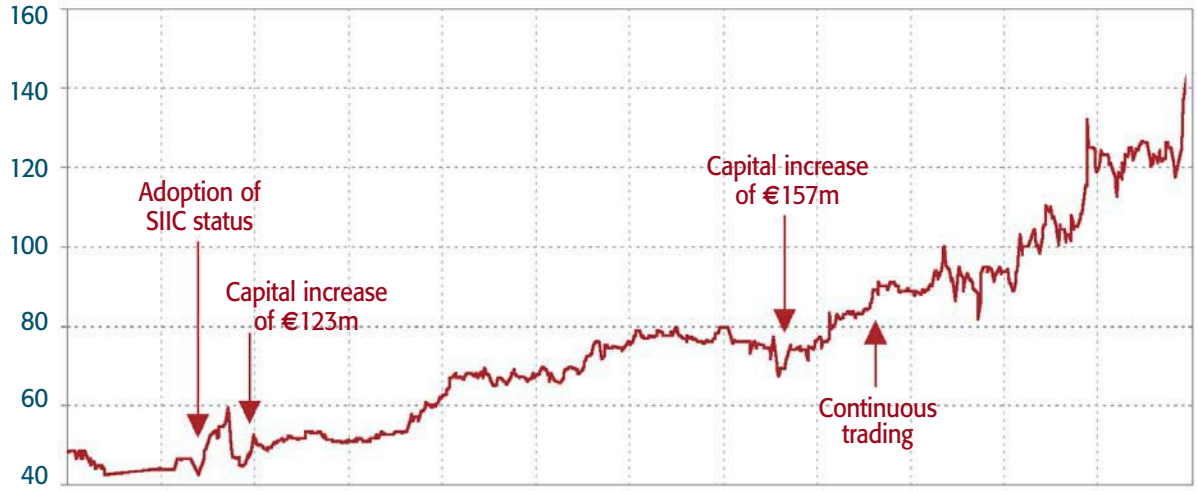
(in €m)	2004	2005	2006	Variation 2005/2006
Stock market capitalisation	**151,7**	**378,2**	**708,5**	**87%**



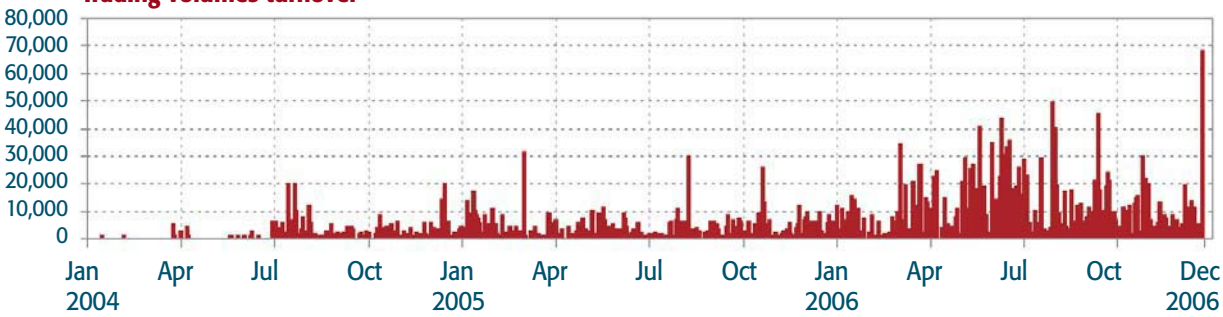
Number of shares

2004: 2 538 270
2005: 5 076 540
2006: 5 190 253

Share Price



Trading volumes turnover



Performance since 1st January 2004: +185%

Performance since 1st January 2005: +124%

Performance since 1st January 2006: +84%

A COMMITMENT TO TRANSPARENCY

Société de la Tour Eiffel is actively committed to maintening a dialogue with individual and institutional shareholders as well as analysts, the press, and other observers in France and abroad. All financial reports, statements and relevant documents on the company's activity and performance are available on its website, www.societetoureiffel.com.
In line with its proactive information policy, the company also organises some 10 road shows annually.

"Our goal is to make Société de la Tour Eiffel an independent listed property company free of any reference shareholder, a real savings portfolio product."

Mark Inch & Robert Waterland

Summary...

CONSOLIDATED BALANCE SHEET

In millions of euros	31/12/2006	31/12/2005
FIXED ASSETS	**885,2**	**664,2**
Tangible assets	41,5	36,3
Investment properties	825,5	617,7
Goodwill	-	-
Intangible assets	3,7	-
Loans and receivables	9,7	8,7
Derivatives at fair value	4,8	1,5
CURRENT ASSETS	**70,1**	**95,2**
Properties under promise or mandate of sale	-	-
Trade receivables and related accounts	7,1	7,7
Tax receivables	32,4	14,7
Other receivables	7,6	5,9
Investment Securities	8,8	18,5
Cash	14,2	48,4
TOTAL ASSETS	**955,3**	**759,4**
SHAREHOLDER'S EQUITY (Group Share)	**410,8**	**305,3**
Capital	249,1	243,7
Share premium	42,6	41,8
Legal reserve	0,8	0,2
Consolidated reserves	0,4	3,8
Consolidated result	117,9	15,8
Minority interests	-	-
TOTAL SHAREHOLDER'S EQUITY	**410,8**	**305,3**
NON-CURRENT LIABILITIES	**485,1**	**345,5**
Long-term borrowings	464,5	310,9
Derivatives fair value	2,0	2,0
Rental deposits	7,5	7,0
Long-term provisions	0,3	0,5
Tax liabilities	10,8	0,7
Deffered tax liabilities	-	24,5
CURRENT LIABILITIES	**59,4**	**108,5**
Borrowings and financial debt (less than one year)	7,7	37,9
Trade payables and equivalent	40,2	43,4
Tax and social security liabilities	11,5	27,2
Short-term provisions	-	-
TOTAL LIABILITIES	**955,3**	**759,4**

N.B. : For more details, see financial report

CONSOLIDATED INCOME STATEMENT

In millions of euros	31/12/2006	31/12/2005
Cross rental income	60,5	29,6
Property Tax	-5,4	-3,4
Other property operating expenses	-4,9	-0,7
Net rental income	**50,2**	**25,5**
Corporate expenses	-13,3	-8,1
Depreciation and provisions	-0,2	-
Operating expenses	**-13,5**	**-8,1**
Net other income	0,1	-0,1
Proceeds from disposal of investment property	45,4	-
Carrying value of investment property	-40,6	-
Profit on disposal of investment property	**4,8**	**-**
Fair value adjustment to investment properties	88,9	33,2
Goodwill adjustment	-1,0	-29,4
Net balance of value adjustments	**87,9**	**3,8**
NET OPERATING PROFIT	**129,5**	**21,1**
Financial income	1,3	0,6
Financial expenses	-15,1	-5,9
Net financing costs	**-13,8**	**-5,3**
Fair value adjustments to financial instruments	3,4	-
PROFIT BEFORE TAX	**119,1**	**15,8**
Income tax expenses	-1,2	-
NET PROFIT	**117,9**	**15,8**
Minority interests	-	
NET PROFIT (GROUP SHARE)	**117,9**	**15,8**

STOCK MARKET LISTINGS

Société de la Tour Eiffel shares are listed on the Paris Bourse
code ISIN: FR 00000 36816
Reuters: EIFF.PA
Bloomberg: EIFF.FP

FINANCIAL INFORMATION

Jérôme Descamps, Chief Financial Officier
Tel.: +33 (0)1 53 43 07 06

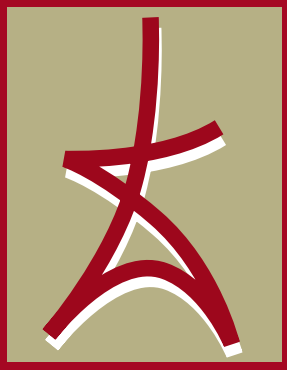
FINANCIAL STATEMENTS

Société de la Tour Eiffel press releases ans statements are available on the company website:

www.societetoureiffel.com

2007 KEY DATES

- Shareholders Meeting: 29 March 2007
- 2006 final dividend: 6 April 2007
- First half 2007 turnover announcement: 25 July 2007
- First half 2007 interim results announcement: 27 July 2007
- Interim Dividend: 7 August 2007



SOCIÉTÉ DE LA
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FINANCIAL 2006 REPORT

Jérôme Descamps

Chief Financial Officer

Having doubled its portfolio and capital at the end of 2005, Société de la Tour Eiffel during 2006 consolidated its external growth and financial structure of its balance sheet whilst pursuing a policy of selective investment. The company took advantage of the prevailing low interest rate environment by financing and refinancing more than €300 million of debt during the first half of the year on favourable terms as well as putting in place €350 million of new interest rate capping instruments and pre-financing of forward purchases.

The integration of Awon Asset Management has enabled the company to optimize day-to-day management of its portfolio, future acquisitions and the implementation of cost control.

The year 2006 confirmed excellent financial fundamentals: increase in consolidated profit from €15.8 million to €117.9 million, consolidated cash flow from €14 to €24.7 million, the N.A.V. per share from €63.8 to €83.5, the company profit from €9.7 million to €36.4 million, and the dividend from €4 to €5 per share.

2007 already looks promising: the €110 million newly invested in business parks early in the year, and the implementation of development studies for our land banks, will certainly produce additional short and middle term rental income within our objectives of controlled growth, resulting in higher earnings per share, and confirming our stated goal to distribute dividends.

Frédéric Maman

Manager of Awon Asset Management

The rapidly changing pace of the financial markets makes regular professional open market valuations essential in arriving at the company's N.A.V. and results under IFRS regulations.

Société de la Tour Eiffel carries out independent external professional valuations every 6-month, working with a college of 6 valuers, Atisreal Expertise, Savills, CR Richard Ellis, Jones Lang Lasalle, Drivers Jonas & Cushman and Wakefield.

Valuations are undertaken in accordance with Appraisal and Valuations Standards published by the Royal Institution of Chartered Surveyors, the internationally recognised industry standard.

A ◆ MANAGEMENT REPORT

I ◆ PRESENTATION OF BUSINESS AND ANALYSIS OF TRENDS

2006 was a year of consolidation following the purchase of Locafimo in December of 2005 alongside the €157 million capital increase.

It was a particularly busy year for the Company: the portfolio has been optimised and financing restructured, we've welcomed the Awon Asset Management team aboard, continuous listing on Euronext has been underway since March, we were included in the EPRA index in June and the GPR index in December, good corporate governance rules have been reinforced with the appointment of a new, independent Board Member by the name of Alain Dinin… and in parallel, we persevered with our asset acquisition strategies throughout the year (signature of the Rueil Malmaison, Grenoble, Paris-Porte des Lilas and Vélizy transactions); finally, significant new development investments of previous years were completed (Massy/Campus and Caen in particular).

This groundwork is essential for a company such as Société de la Tour Eiffel that has been doubling in size annually since its transformation to an S.I.I.C. in 2004.

In this context, Société de la Tour Eiffel is proud to have signed a protocol agreement in February of 2007 regarding the acquisition of Parcoval that will further strengthen the Company's portfolio of business park properties.

Not only does this acquisition make the Company the sole owner of a certain number of sites of which Parcoval was previously the co-owner, it also increases property ownership by 30,000 sq.m thus bringing to the total to 80,000 sq.m and even 160,000 sq.m with inclusion of the Massy/Ampère site.

With ever-growing competition in the investment market and returns that continue to push interest rates to levels that are incompatible with its investment strategies, Société de la Tour Eiffel has decided to focus on the development of its own property assets.

The Company can therefore continue to experience the sustained growth, that is both predictable and controlled, that has contributed to doubling the share's value and stock market capitalisation in just twelve months and has enabled dividend distributions to rise consistently.

Company Managers have increased their shareholdings from 6.5% to 10% via Osiris Patrimoine.

With the support of the shareholders, Société de la Tour Eiffel will continue its aggressive growth policy as it did in 2006, with caution, and expects rental income to rise consistently in the form of dividends for the years to come which will in turn positively impact on the share's value.

II ◆ DESCRIPTION OF PROPERTY INVESTMENTS AND DISPOSALS IN 2006

During 2006, the Company significantly increased its property assets as per its investment strategy with the acquisition of 14 new properties, including 4 future constructions, representing a total commitment of nearly €210 million. Highlights since 1 January 2006:

◆ **SCI Rueil National:** This company was formed 24 April 2006 for the forward acquisition (VEFA) of a 6,900 sq.m property located 133 bd national and rue Pereire in Rueil Malmaison (92500), France. The acquisition deed was signed 29 November 2006.

Overall construction costs at 31 December 2006 were calculated at €32.2m.

Potential annual rentals are €2.4m.

◆ **SCI Grenoble Pont d'Oxford:** This company was formed 5 May 2006 for the forward acquisition (VEFA) of a property located Zac des Berges, or "POLYTEC", avenue des Martyrs in Grenoble (38000), France. The real-estate development project agreement was signed 22 September 2006 and the acquisition deed for the plot of land 20 November 2006.

Overall construction costs at 31 December 2006 were calculated at €10.7m.

Rentals for a full year amount to €0.8m.

◆ **SCI Daumesnil d'Etudes et de Promotion Sodeprom:** On 20 December 2006, Société de la Tour Eiffel acquired shares in this company that is the owner of a property loca-

ted 2 rue Paul Dautier in Velizy Villacoublay (Yvelines), formerly the head office of Cogema, to be demolished and rebuilt.

◆ **Property in Velizy Villacoublay:** On 20 December 2006, Société de la Tour Eiffel acquired a property located 32-36 avenue de l'Europe and 4-8 rue Paul Dautier in Velizy Villacoublay (Yvelines), formerly the head office of Cogema, to be renovated.

These two properties located in Vélizy, acquired 20 December 2006, represent a total cost after renovation or rebuilding, as applicable, of €55m. Potential annual rentals are estimated at €4.1m.

Furthermore, Awon Asset Management, responsible for the Group's financial, legal and administrative management and the management of its property portfolio, was acquired on 16 May 2006.

SAS LOCAFIMO:

This company opted for an SIIC legal form at 1 January 2006, re-valuing its property accordingly.

The Company and its subsidiaries completed the following transactions:

◆ **Property in Montbonnot Saint Martin (Isère):** Locafimo acquired a property to be built on a plot of land located in the Inovallée technical park, Montbonnot-St-Martin (38330), France (plot of land acquired 26 June 2006 and the property development project agreement signed 30 May 2006). The overall cost is estimated at €17.4m and potential annual rentals at €1.5m.

◆ **Acquisition of five companies on 2 June 2006:** SCI Cogolin Gaou, SCI de Brou, SCI de la Crau, SCI Lyon Lilas, SCI Marseille Sauvagère, each owning a long-term medical care facility that has been rented to the same tenant for an initial term of 12 years.

The appraised value of the property portfolio at 31 December 2006 is €38.1m net of tax.

Rentals for a full year amount to €2.5m.

◆ **SCI Porte des Lilas:** This company was formed 3 July 2006, in association with Nexibel (90/10), subsidiary of the Nexity group, for the forward acquisition (VEFA) of a property to be built 13/21 avenue de la Porte des Lilas (75019) Paris, France. The cost of the forward acquisition (VEFA) agreement is €49.5m and potential annual rentals are €3.7m.

◆ **Business park Orsay:** On 21 December 2006, Locafimo acquired its previously un-owned share in the business park d'Orsay located in the Zac des Vignes (Essonne), France, for €7m.

• **SCI Aix Golf:** On 9 May 2006, this Locafimo subsidiary acquired the ground floor of the Tour Crédit Lyonnais located 129 rue Servient in Lyon's Part Dieu district (Rhône), France, for €2m, rented out in the 4th quarter for €0.2m per annum.

Furthermore, Locafimo sold 9 fully-owned, non-strategic assets and a property subject of a lease-finance agreement (that was not let) and SCI Nowa sold an asset for a total of €45.2m, generating a consolidated gain of €4.9m.

III ◆ THE GROUP'S ENVIRONMENTAL POLICY

By focusing on new constructions, Société de la Tour Eiffel further emphasises its commitment to developments that are environmentally friendly and favour economic efficiency and social fairness.

The Company abides by H.Q.E. standards which are entirely dedicated to the issue of sustainable development with guidelines aimed at reducing the environmental impact of property constructions through a harmonious integration with their surroundings that also meet the needs and demands of users.

IV ◆ APPRAISAL OF ASSETS AND NAV

All assets of Société de la Tour Eiffel were appraised at 31 December 2006 by the following independent specialists: Atisreal Expertise, Savills Expertises, CB Richard Ellis, Jones Lang Lasalle, Drivers Jonas and Cushman & Wakefield.

In compliance with the recommendations of the Autorité des Marchés Financiers (France's Financial Markets Authority), these appraisals were performed year-by-year according to recognised, homogenous methods based on net selling prices, i.e. excluding expenses and taxes.

Furthermore, the new plant, property and equipment derived from the acquisition of Awon Asset Management were submitted to an impairment test at 31 December 2006 by Deloitte.

Re-valued net assets including taxes

To calculate re-valued net assets including taxes, properties are first assessed for their tax-inclusive value according to appraisals made by independent specialists. Until these buildings under construction are delivered, although they represent potential capital gains, transactions are recorded at cost price in the consolidated accounts for reasons of conservatism. The same applies to re-valued net assets.

There was no restatement of re-valued net assets given that all amounts are recorded at market value in the IFRS balance sheet at 31 December 2006, to the exception of unrealised gains after tax on plant, property and equipment (value of Awon Asset Management at 31 December 2006 as estimated by Deloitte).

Re-valued net assets excluding taxes

A second calculation provides re-valued net assets excluding taxes. Transfer charges are estimated at 5% of the new value of the company owning an asset. This same transfer cost calculation method has been used for every six month period since the Company's began its property investment activities.

Re-valued net assets before tax amounted to €83.5m per share at 31 December 2006 compared to €63.8m per share at 31 December 2005, thus a 31% increase.

V ◆ GROUP FINANCING

Société de la Tour Eiffel's transactions in 2006 were aimed at financing acquisitions as per the strategy mentioned earlier and optimising the financial terms and conditions of loans outstanding.

5.1 Capital increase

Following Osiris Patrimoine's decision to exercise 12,852 class A share purchase warrants and 88,678 class B share purchase warrants on 18 May 2006, each warrant representing 1.12 share, and the subsequent issue of 113,713 new shares, each with a par value of 48 Euros, the capital was increased by 5,458,224 Euros for a total of 249,132,144 Euros.

5.2 Bank refinancing

In 2006, the Group optimised and slightly altered the structure of its overall financing from both French institutions and reputed international institutions that particularly involved:

- the refinancing of the SCI Nowa portfolio on 28 February 2006 with far more favourable financial terms,

- a second amendment to the master agreement dated 30 November 2004 that was signed on 15 June 2006 transforming the short-term financing arrangement to a long-term arrangement (7 years), enabling new borrowers to participate, renewing existing guarantees for the extended term and under the new conditions stipulated in the amendment and finally, enabling the Company to act as guarantor for the borrowing commitments of its subsidiaries so as to reinforce the global aspect of the financing efforts put in place,

- a new corporate loan on 15 June 2006 in the Company's name for an amount of €40m,

- the refinancing of the SCI Marceau Bezons debt on 15 June 2006 for the purpose of the master agreement of 30 November 2004 with far more favourable financial terms,

- on 7 November 2006, a third amendment to the master agreement of 30 November 2004 was signed, increasing the maximum amount and renewing the guarantee concomitantly to an agreement signed for the financing of a future property construction owned by SCI Grenoble Pont d'Oxford,

- on 28 November 2006, an agreement was signed for the financing of a future property construction owned by SCI Rueil National,

- further use of the line of credit in the name of Locafimo to finance new development projects commenced in 2006.

Furthermore, debt hedging strategies were completely reviewed during the first half of 2006 to prevent exposure to narrowing interest rates. Taking advantage of short-term and long-term rates which are still low, the Group subscribed new hedging instruments and renegotiated existing ones (CAPs and 5 and 7 years SWAPs), representing a total of almost €350m, via the intermediary of reputed financial institutions and in favourable market conditions. This will enable the Group to hedge a major a portion of its overall debt. Laddered fixed income investments have been put in place to hedge property financing requirements until 2008.

5.3 Debt structure at 31 December 2006

The financing structure of Société de la Tour Eiffel was slightly affected by the financing transactions described above.

Global pre-tax debt at 31 December 2006 came to €481.7m compared to €357.82m at 31 December 2005.

Net debt recorded on the balance sheet, obtained by deducting financial investments in the form of cash securities held by the bank financing property assets currently under construction, liquid asset investments and available assets of the Group's subsidiaries from overall debt, amounted to €450.8m compared to €284.9m at year-end 2005.

Thus, with the financial resources put in place this year, mainly in the form of mortgage loans, indebtedness at 31 December 2006 represents 52% of the Company's overall assets valued at €867m (compared with a loan-to-value objective of 65%); the four new future property construction transactions of 2006 have already been pre-financed for an amount of €79.7m. Société de la Tour Eiffel has a financial capacity in excess of €150m that will enable the Company to actively pursue its growth policy in 2007.

Euros, in millions	31/12/2005	31/12/006
Global debt	357.8	481.7
Invested cash reserves	-18.6	-8.8
Liquidity	-48.3	-14.2
Financial investments (cash guarantee)	-6.0	-7.9
Net debt on balance sheet	**284.9**	**450.8**

The average lifespan of the Company's debt is 4.8 years at 31 December 2006, thus an increase as compared to 2005 (4.5 years at 31 December 2005).

The average rate for group refinancing was 4.0% in 2006 (3.7% at 31 December 2005). This low average cost of debt is explained by interest rate levels, recent bank financing recently put in place and/or renegotiated and the interest rate risk hedging policy that was partially fulfilled in 2006.

5.4 Financial structure ratios

Indebtedness ratios	2004	2005	2006
Consolidated equity (€m)	146	305	410.8
Net financial debt (€m)	109.3	284.9	450.8
Net financial debt/ Re-valued equity	75%	93%	91%
Net debt/Total property assets	43%	43.6%	52%

Financing ratios	2004	2005	2006
Average cost of debt	3.9%	3.67%	4%
Fixed rate or capped loan	84%	83%	82%
Term of debt	5.9 years	4.5 years	4.8 years
Hedging of financial costs by gross operating profit	3	3	2.7

VI ◆ STAFF AND MANAGEMENT

6.1 Staff

At 31 December 2006, the staff of Société de la Tour Eiffel consists of one employee.

The acquisition of Awon Asset Management was completed on 16 May 2006. This company employs the teams responsible for the Société de la Tour Eiffel Group's financial, legal and administrative management and the management of its property portfolio.

At 31 December 2006, the Group's staff consisted of 23 employees.

6.2 Asset Management

A master asset management agreement was concluded on 26 April 2004 with Awon Management, authorised as a regulated agreement by the Board of Directors on 2 April 2004 and then ratified by the General Meeting of Shareholders on 18 May 2004. Under the terms of this contract, this company, which had no rights in the capital of Société de la Tour Eiffel, was entrusted with the following missions: providing advisory services regarding the acquisition of properties, management of properties owned by subsidiaries of Société de la Tour Eiffel, with a view to optimising rental income and property value, and the administration of Société de la Tour Eiffel.

A first amendment was made to this agreement on 30 November 2006, effective as of 1 January 2007, regarding an extension of the term to five years as of 1 January 2007 and automatically renewed thereafter, the inclusion of additional missions and the streamlining of financial terms due to Awon Asset Management's integration in the Société de la Tour Eiffel Group.

Almost all business activity of Awon Asset Management concerns Société de la Tour Eiffel.

In respect of the year 2006, remuneration paid to Awon Asset Management under the terms of the master agreement was as follows (in Euros):

	Invoiced by Awon Asset Management to the Société de la Tour Eiffel	Re-invoiced by Société de la Tour Eiffel to its Subsidiaries
Base annual remuneration	2,662,205	2,546,937
Costs linked to purchase of properties	1,266,616	1,024,745
Administrative management fees	269,775	169,775
Total	**4,198,596**	**3,741,457**

6.3 Mandates on property management

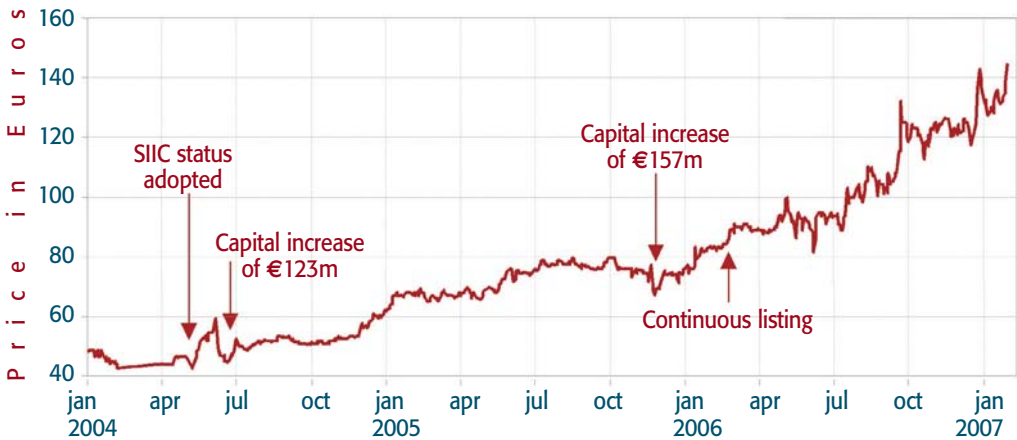
The companies entrusted with managing properties owned by the Société de la Tour Eiffel Group are: Savills Gestion, CBRE and UFFI.

VII ◆ INFORMATION ON MEMBERS OF THE BOARD

These details are provided in Appendix 3.

VIII ◆ SHARES AND THE MARKET

8.1 Development in the share price



8.2 Changes in share ownership

On 19 September 2006, Osiris Patrimoine surpassed the threshold of 10% of rights in the capital and voting rights. Furthermore, during 2006, Fortis Investment Management France informed the Company that on 23 December 2005, it surpassed the threshold of 5% of rights in the capital and voting rights.

8.3 Situation of share ownership

To the Company's knowledge and on the basis of declarations concerning the crossing of thresholds submitted to the Autorité des Marchés Financiers (France's Financial Markets Authority), the shareholder structure at 31 December 2006 was as follows:

- Individuals or legal entities holding, directly or indirectly, more than 1/20th of the capital and voting rights: ING Clarion, Colonial First State Investments Limited[1], Fortis Investment Management France[2].

- Individuals or legal entities holding, directly or indirectly, more than 1/10th of the capital and voting rights: Osiris Patrimoine.

The Company has not been informed of any thresholds having been crossed.

[1] Acting on behalf of the funds under it management: Commonwealth Global Property Securities Fund 1 – AMP; International REIT Income Open Mother Fund; First State Global Property; CFS Wholesale Global Property Securities Fund.

[2] Acting on behalf of various UCITS formed under foreign law and a Mutual Fund formed under French law, both under its management: Valmy Immo, Fortis Property Fund, Fortis L Fund; Flexifund, Fortis Personal Portfolio Fund, Fortis B Global, Fortis B Fund, FIM Institutional Fund, Maestro Strategy, Post-Global Fund.

8.4 Elements likely to impact on a takeover bid

In application of article L.225-100-3 of the French Commercial Code under the Law 2006-387 of 31 March 2006 regarding the obligation to present any matters that may impact on an eventual takeover bid, we inform you that:

- the service agreement concluded with Awon Asset Management on 26 April 2004, amended as of 1 January 2007, for a term of 5 years and automatically renewable thereafter, stipulates the payment of a termination penalty equalling twice the remuneration received during the year in which the agreement is terminated,

- the service agreement concluded with Bluebird Investissements on 17 January 2007, effective as of 1 January 2007, for an indefinite term stipulates an obligation of at least three years notice of termination,

- bank loan agreements stipulate resolute clauses in the event of a change of ownership,

- the employment agreement in the name of Mr. Robert Waterland stipulates an obligation of twenty four months notice in the event of dismissal with payment of an indemnity of twelve months salary,

- The General Meeting held 17 May 2006 delegated the Board of Directors the authority to carry out capital increases, with or without suppression of pre-emptive subscription rights, capped at 300,000,000 Euros. The same General Meeting authorised the Board of Directors to implement a share buyback plan representing 10% of the capital for a maximum price of 125 Euros.

We inform you that you will be required to vote on the delegation of authorisations. The proposed overall cap on capital increases is 150,000,000 Euros in par value.

It has also been proposed that the Board of Directors be authorised to implement a share buyback plan representing up to 10% of the capital, adjusted according to any capital increases, for a maximum purchase price of 175 Euros.

8.5 Statement of Managers' security transactions in 2006

- **18 May 2006:** purchase of 388 shares at a price of €93.45 each by a person related to Mr. Mark Inch, Chief Executive Officer

- **18 May 2006:** 12,852 share subscription warrants at a price of €59.23 each and 88,678 share subscription warrants at a price of €63.83 each were acquired by a person related to Mr. Mark Inch, Chief Executive Officer, and Mr. Robert Waterland, Deputy Managing Director

- **16 August 2006:** purchase of 7,000 shares at a price of €103.99 each by a person related to Mr. Mark Inch and Mr. Robert Waterland, shareholders

- **22 August 2006:** purchase of 5,600 shares at a price of €110.81 each by a person related to Mr. Mark Inch and Mr. Robert Waterland, shareholders

- **1 September 2006:** purchase of 8,400 shares at a price of €102.66 each by a person related to Mr. Mark Inch, Chief Executive Officer, and Mr. Robert Waterland, Deputy General Manager

- **4 September 2006:** purchase of 102 shares at a price of €102.64 each by a person related to Mr. Mark Inch, Chief Executive Officer, and Mr. Robert Waterland, Deputy General Manager

- **5 September 2006:** purchase of 400 shares at a price of €103 each by a person related to Mr. Mark Inch, Chief Executive Officer, and Mr. Robert Waterland, Deputy General Manager

- **6 September 2006:** purchase of 1,098 shares at a price of €102.54 each by a person related to Mr. Mark Inch, Chief Executive Officer, and Mr. Robert Waterland, Deputy General Manager

- **6 September 2006:** purchase of 2,600 shares at a price of €102.89 each by a person related to Mr. Mark Inch, Chief Executive Officer, and Mr. Robert Waterland, Deputy General Manager

- **8 September 2006:** purchase of 6,800 shares at a price of €102.94 each by a person related to Mr. Mark Inch, Chief Executive Officer, and Mr. Robert Waterland, Deputy General Manager

- **11 September 2006:** purchase of 172 shares at a price of €101.50 each by a person related to Mr. Mark Inch, Chief Executive Officer, and Mr. Robert Waterland, Deputy General Manager

- **12 September 2006:** purchase of 1,098 shares at a price of €103.29 each by a person related to Mr. Mark Inch, Chief Executive Officer, and Mr. Robert Waterland, Deputy General Manager

- **14 September 2006:** purchase of 115 shares at a price of €104 each by a person related to Mr. Mark Inch, Chief Executive Officer, and Mr. Robert Waterland, Deputy General Manager

- **18 September 2006:** purchase of 25,000 shares at a price of €105 each by a person related to Mr. Mark Inch, Chief Executive Officer, and Mr. Robert Waterland, Deputy General Manager

- **19 September 2006:** purchase of 2,079 shares at a price of €104.67 each by a person related to Mr. Mark Inch, Chief Executive Officer, and Mr. Robert Waterland, Deputy General Manager

- **19 September 2006:** purchase of 2,750 shares at a price of €104.60 each by a person related to Mr. Mark Inch, Chief Executive Officer, and Mr. Robert Waterland, Deputy General Manager

8.6 Share buyback plan – liquidity contact

The Company has not concluded any share buyback plans or liquidity contracts.

IX • EVENTS SINCE CLOSING OF THE FINANCIAL YEAR

Since 1st January 2007, Société de la Tour Eiffel has been close to conclude a protocol agreement for the acquisition of Parcoval, a company owning 6 business parks for a surface of 80,000 sq.m along with 30,000 sq.m in land intended for future project developments; property assets represent €110m and with over €8m in net rental income expected for 2007. This acquisition is an addition to the Locafimo subsidiary's business park investments in Aix en Provence, Lille, Montpellier, Nantes and Orsay and the commencement of the Company's implantation in the Bordeaux district. The Société de la Tour Eiffel is well on its way to reaching its objective of owning 100% of these business parks. The completion of this transaction has driven the Group's commitments well beyond the mark of one billion Euros.

X ◆ FORESEEABLE DEVELOPMENTS FOR THE COMPANY AND FUTURE PROSPECTS

Société de la Tour Eiffel's identifiable and secure rental income derived from assets owned at 31 December 2006 will be at least €65m for 2007, €66m for 2008 and €71m for 2009 (not accounting for any asset sales); if the acquisition of Parcoval in 2007's first quarter is included, this income represents €73m, €74m and €79m, respectively.

Our objective for 2007 is to again confirm our growth and dividend distribution policy via future investment decisions that will further improve profitability and enhance the value of current assets.

Regarding our current holdings, Société de la Tour Eiffel will continue adding value to its assets in 2007; For Locafimo in particular, the Company anticipates further optimising the occupancy levels of its business parks, materialising the synergies between the newly acquired Parcoval parks and the parks already owned by Locafimo and disposing of non-strategic properties or properties having completed their lifecycle, thus generating capital gains.

The valuation of property reserves identified in 2006 will be carried out in 2007 and even completed for certain sites; with 130,000 sq.m of building land in the current portfolio (thus 80,000 sq.m for the Massy site alone and 50,000 sq.m for the business parks), we will be able to provide new properties offering far better returns than those on the investment market.

Marketing campaigns for properties currently under construction will increase rental income growth potential within a well-positioned market and reduce the rental risks of existing properties through firm and secure lease agreements, increasing our capacity to assume new property developments.

Concerning investment projects, Société de la Tour Eiffel plans to further enhance its growth whilst respecting its investment criteria (attractive returns, secure and identifiable income, offices and business activities in Ile de France and the regions, an emphasis on the sustainable development of new properties).

In this perspective, new acquisitions will be required to meet the criteria of a selective and conservative investment policy essentially targeting new properties that comply with the most modern technical standards. With such a favourable outlook, we're confident that the net profit per share for 2007 will see a further increase. We stand by our long-term objective of ensuring that the net income per share provides shareholders with a recurring source of significant revenues that will continue to increase over time.

XI ◆ SUBSIDIARIES AND HOLDINGS

The business activities of subsidiaries and holdings were presented in our introductory statement on the business activities of both the Company and the Group.

Please note that a table presenting our subsidiaries and holdings is presented as an appendix to the balance sheet.

Also shown above are acquisitions of shareholdings made in 2006.

At 31 December 2006, the consolidation scope of the group formed by Société de la Tour Eiffel included wholly-owned companies as per the list appended to the consolidated accounts to the exception of one company of which 90% of the capital is owned.

These subsidiaries do not hold any shares in our Company.

XII ◆ ECONOMIC AND FINANCIAL PERFORMANCE REPORT

12.1 Corporate financial statements

The total balance sheet of Société de la Tour Eiffel at 31 December 2006 amounted to €365.1m compared to €340.8m at 31 December 2005.

Assets:

Tangible assets includes the Vélizy property acquired 20 December 2006 (net book value at 31 December 2006 of €8.5m) on the one hand and equity interests in subsidiaries and related receivables representing stable financing from the parent company to the subsidiaries on the other hand. The increase in equity interests (from €248.1m to €267.3m) is mainly due to the acquisition of Sodeprom securities (owner of the second property in Vélizy), Awon Asset Management and receivables related to intra-group financing put in place during the year, thus an increase €18.3m to €69.4m.

The decrease in current assets between 2005 and 2006 (€19.9m as compared to €41.6m) is due to a reduction in trade receivables representing €10.3m and in cash, between 31 December 2005 and 31 December 2006, representing €11.4m.

Liabilities:

Equity rose from €290.9m at 31 December 2005 to €310.5m at 31 December 2006 as a result of the €5.4m capital increase and net income in the amount of €36.4m. Two interim dividend payouts were made in May and September of 2006 in the amount of €18.9m, thus €3.65 per share, meaning a reduction in equity.

The increase in overall debt from €49.9m at 31 December 2005 to €54.7m at 31 December 2006 is mainly the result of the difference between an increase in financial debt (of +€10.1m in intra-group debt) and a reduction in operating debt of €3.1m.

Income statement:

Operating income (€5.6m in 2006 versus €3m in 2005) for 2006 is mainly derived from Société de la Tour Eiffel having re-invoiced its subsidiaries for administration and asset management expenses and investments charges. Operating charges include costs in relation to the master asset management agreement with Awon Asset Management, certain financing and investment charges and Société de la Tour Eiffel general expenses.

The operating loss is -€2.0m for 2006 versus -€2.7m in 2005.

The financial profit of €38.7m, as compared to €12.5m in 2005, mainly comprises equity interest income and related receivables, net cash reserve income and financial charges on intra-group debt and corporate bank financing.

The aforementioned elements, a fairly insignificant non-recurring profit and tax recorded in the amount €0.2m resulted in a net profit of €36.4m for 2006 as compared to €9.7m in 2005.

The income statement required under article 148 of the Decree of 23 March 1967 is appended to the present report.

Expenditure on luxuries and charges that are not tax deductible

In compliance with the terms of Articles 223 (4) and 223 (5) of the Tax Code, we specify that the accounts for the past financial year do not include expenses which are not tax deductible.

Activities in research and development

Regarding Article L 232-1 of the Code de Commerce, we inform you that, in the course of the past financial year, the Company did not carry out activities in research and development.

12.2 Consolidated accounts

The Group's consolidated accounts at 31 December 2006 were prepared in compliance with the IFRS standards as adopted by the European Union and currently applicable. There have been no changes regarding the accounting methods used. All options exercised by the Group in its application of the IFRS standards conform the European Public Real Estate Association* (EPRA) guidelines.

** EPRA: best practices policy recommendations – November 2006*

Consolidated balance sheet

At 31 December 2006, net non-current assets amount to €885.2m versus €664.2m at year-end 2005. This increase over the year mainly stems from the acquisition of the property assets described above, the change in the fair value of investment properties (€88.9m) and property sales in 2006 (€40m).

Current assets represent €70.2m at 31 December 2006 as compared to €95.1m, a reduction mainly due to the opposition between an increase in operating receivables (mainly tax receivables) and the reduction in Locafimo's cash account that was taken up by the Group when it acquired the company at the end of 2005.

On the liabilities side, consolidated equity for the year stands at €410.8m as compared to €305.3m at year-end 2005, a change resulting from May 2006's capital increase and the recognition of 2006's profit.

The marked increase in current and non-current liabilities, up from €454m to €545m between 31 December 2005 and 2006, is due to an increase in bank loan financing the year's acquisitions and in tax debt along with a reduction in deferred taxes (concerning Locafimo) after their inclusion in the income statement.

Consolidated income statement

The amount of rents and consolidated rental income almost doubled between 2005 and 2006, from €29.6m to €60.5m. Operating charges, representing €23.7m in 2006 as compared to €12.2m in 2005, have recorded a slight increase on par with that of the Company's business activities as a result of Locafimo's charges having been recognised for a full year: they consist mainly of rental charges (-€3.1m versus -€8.3m in 2005), payroll expense (€6.3m versus €2.1m) essentially consisting, under IFRS standards, of the valuation of 2006's of a share subscription options and free shares and general expenses and operating costs of the companies in the Société de la Tour Eiffel Group.

The net balance of value restatements is mainly due to an increase in the fair value of investment properties in 2006 (+€88.9m).

After inclusion of a net gain on the sale of assets in the amount of €4.9m, the net operating profit stands at €129.5m as compared to €21.1m in 2005.

The cost of net financial debt (net cash finance charges) was €13.8m in 2006 versus €5.3m in 2005 as the result of a slight increase in the financial portfolio.

Other financial income (€3.4m in 2006) mainly comprised the re-valuation of derivative instruments due to rising interest rates on the one hand and the discounting of the Group's exit tax.

Taking the above into account along with income tax in the amount of €1.2m, net consolidated income for 2006 stands at €117.9m as compared to €15.8m in 2005, thus €22.91 per share based on the average weighted number of shares outstanding during the year i.e. 5,147,572 shares.

Cash flow after income tax and the cost of net financial debt is €24.7m for 2006.

XIII ◆ PRESENTATION OF RESOLUTIONS

The present portion of this report is intended to inform you of the main resolutions to be proposed in the order in which they appear below.

RESOLUTIONS WITHIN THE COMPETENCE OF THE ORDINARY GENERAL MEETING

FIRST RESOLUTION
PRESENTATION AND APPROVAL OF ACCOUNTS

The corporate accounts for the year-ended 31 December 2006 hereby submitted for your approval have been prepared in compliance with the presentation standards and valuation methods applicable under the regulations in effect.

These accounts show a profit of 36,403,314.35 Euros.

SECOND RESOLUTION
APPROPRIATION OF INCOME

We propose the appropriation of

profits for the financial year	36,403,314.35 Euros
to which the following items are added:	
◆ retained income	38,976.42 Euros
giving a total of	36,442,290.77 Euros
◆ to the legal reserve in the amount of	- 1,820,165.72 Euros
leaving distributable income in the amount of	34,622,125.05 Euros
of which an interim dividend has already been paid in the amount of as decided on by the Board on 22 March 2006	5,968,790.95 Euros
and an interim dividend of as decided on by the Board on 14 September 2006	12,975,632.50 Euros
leaving a distributable income balance of	15,677,701.60 Euros
◆ for distribution of the balance of the dividend, i.e. €2.50 per share,	12,975,632.50 Euros
◆ the balance to be recorded as retained income.	2,702,069.10 Euros

We would like to stipulate that the dividend will be payable on 6 April 2007, or 16 April 2007 should the quorum not be in attendance at the first General Meeting convened.

For physical persons residing in France, all sums distributed and paid out in 2006 will, where applicable, be eligible for:
◆ an abatement of 40% (in accordance with article 158-3-2° of France's new General Tax Code),
◆ a fixed annual abatement of €1,525 for unmarried, divorced, widowed and married taxpayers subject to separate taxation and €3,050 for married taxpayers subject to joint taxation or taxpayers linked by a PACS contract subject to joint taxation (as per the new provisions of article 158-3-5° of the General Tax Code).

If, on payment of the dividend, the Company should own a certain number of its own shares, the distributable profit corresponding to the dividend not yet paid on said shares will be appropriated to the retained income account.

In accordance with the provisions of Article 243 (b) of the General Tax code, we remind you that dividends paid in respect of the last three years were as follows:

Financial Year	2003	2004	2005
Number of shares	321,300	2,538,270	5,076,540
Net dividend per share	0	€1.57	€2.85
Tax Credit	0	0	0
Dividend per share	0	€1.57	€2.85

THIRD RESOLUTION
CONSOLIDATED FINANCIAL STATEMENTS

We are submitting the consolidated financial statements for the year-ended 31 December 2006 for your approval.

FOURTH RESOLUTION
REGULATED AGREEMENTS

We request that you review the special report prepared by the Statutory Auditors regarding regulated agreements pursuant to articles L. 225-38 and thereafter of the French Commercial Code and approve each of the agreements presented therein.

New agreements concluded in 2006, as presented in the Statutory Auditors' special report have been concluded with regard to:
a) the acquisition of shares in Awon Asset Management;
b) a loan agreement concluded between SCI Nowa and Calyon as well as the arrangement between creditors and the pledge of capital;
c) the amendment to the master asset management agreement;
d) the subsidiaries' adhesion to the master asset management agreement;
e) the agreement concerning the re-invoicing of expenses incurred by Société de la Tour Eiffel;
f) a service contract concluded with Bluebird Investissements effective as of 1 January 2007;
g) the amendment to Mr. Robert Waterland's employment agreement.

We also inform you that a list of current agreements entered into under usual conditions which, by virtue of their purpose or financial implications, are of significance to the parties, has been addressed to the Board members and the Statutory Auditors.

FIFTH RESOLUTION
BOARD MEMBERS' FEES

We propose the allocation of Directors' fees to the Board of Directors for a total of 100,000 Euros.

RESOLUTIONS SIX THROUGH TEN
POSITION OF BOARD MEMBERS' MANDATES

We remind you that Mr. Alain Dinin, domiciled 13 rue Henri Rochefort 75017 Paris, France, was appointed interim Board Member by the Board of Directors at the meeting held 14 September 2006 following the resignation of Mr. Renaud Haberkorn. In application of legal and statutory provisions, we hereby request that you ratify his appointment.

Furthermore, the mandates of the following Board Members:

- Mr. Mark Inch
- Mr. Robert Waterland
- Mr. Alain Dinin
- Mr. Jérôme Descamps

are to expire at the present Meeting and we propose the renewal of their office for a term of three years, thus until the Meeting held in the year 2010 for the purpose of approving the financial statements of the previous year-ended.

ELEVENTH RESOLUTION
AUTHORISATION TO THE BOARD OF DIRECTORS FOR THE BUYBACK OF SHARES

We request that you authorise the Board of Directors to proceed with a plan under which the Company will buy back its own shares for the following purposes: to meet the needs of stock option plans, free share or convertible debt instrument allocations, to complete external growth transactions and to ensure the favourable market performance of the Company's shares with regard to a liquidity contract.

This authorisation is to be granted for a term of eighteen months. It is to be limited to 10% of the total number of shares making up the capital, adjusted, where so required, according to any changes haven taken place during the term of the authorisation. The maximum purchase price is to be 175 Euros, net of related costs, per share.

RESOLUTIONS WITHIN THE COMPETENCE OF THE EXTRAORDINARY GENERAL MEETING

TWELFTH TO SIXTEENTH RESOLUTIONS
DELEGATION OF COMPETENCE TO THE BOARD OF DIRECTORS FOR CAPITAL INCREASES

At previous meetings, you have granted the Board of Directors various authorisations enabling the Board to respond to any growth opportunities that may arise and in particular, carry out any capital increases. These delegations provide the Board of Directors with the powers to react quickly, within the framework determined by the shareholders, when it necessary to raise funds to further the Company's growth and finance its investments.

It is hereby proposed that the Board of Directors be invested with the powers to carry out transactions on the capital and that the scope of these powers be determined. The total of capital increases entrusted to the Board may not exceed 150,000,000 Euros in par value. If the delegation of new powers is adopted, all previous powers delegated for the same purpose shall be without effect.

For greater flexibility and more efficient execution, for each proposed resolution, you will also be requested to grant the Board of Directors the option of sub-delegating its powers to its Chairman, or any other member appointed by both the latter and the Board of Directors.

We will provide you with the main characteristics of each resolution pertaining to capital increases of which the detail will appear in the resolution's actual text. We will provide you with all additional information you may need in order to submit your vote.

Twelfth resolution
Delegation of competence granted to the Board of Directors for capital increases without suppression of pre-emptive subscription rights.

This delegation will enable the Board of Directors to complete one or more capital increases with an overall ceiling of 150,000,000 Euros in par value over a maximum term of twenty six months.

The Board of Directors shall have the option of issuing a wide array of financial instruments, thus enabling it to choose the instrument that best suits the transaction's objective and the economic and legal context at the time.

We propose that the Board of Directors be invested with all powers necessary to implement, under the conditions established by law, this delegation and in particular:

- that shareholders be granted a reducible subscription right,
- that the outcome of a capital increase not subscribed in full be determined,
- that the conditions of the transaction be determined and in particular, the amount, dates and payment terms of the issue and the date on which possession of shares is to be effective.

Thirteenth resolution
Delegation of competence granted to the Board of Directors for capital increases with suppression of pre-emptive subscription rights.

As for the previous resolution, this delegation will enable the Board of Directors to complete one or more capital increases with an overall ceiling of 150,000,000 Euros in par value over a maximum term of twenty six months but with the option of suppressing the shareholders' pre-emptive subscription right.

The main characteristics are similar to those of the previous but the shareholders will no longer have pre-emptive subscription rights on the issue. The Board of Directors may however grant one or more shareholders priority to subscribe for a term that may not exceed ten trading days.

The issue price of marketable securities issued would be at least equal to the minimum amount stipulated by law notwithstanding the Board's option of stipulating a fixed issue price based on the average of the last three prices listed immediately prior to the decision to proceed with the issue for any transactions representing less than 10% of the annual capital. The price fixed by the Board may not be more than 10% below the par value however.

Fourteenth resolution
Overall cap on capital increases delegated to the Board of Directors.

The purpose of this resolution is to cap capital increases that may be initiated by the Board of Directors, inclusive of all delegations, at 150,000,000 Euros in par value.

Fifteenth resolution
The option of increasing the amount of the capital increase voted under the twelfth and thirteenth resolutions.

Adoption of this resolution will enable the Board of Directors, under the conditions stipulated by law, to increase the amount initially determined for the capital increase if a demand surplus exists. The initial issue may be increased by a maximum of 15%.

Sixteenth resolution
Capital increase with suppression of pre-emptive subscription rights of corporate officers and employees under articles L225-138 of the French Commercial Code and L. 443-5 of the French Labour Code.

The purpose of this resolution, in compliance with legal provisions, is to authorise the Board of Directors to carry out a capital increase for a maximum amount of 10,000,000 Euros in par value for the benefit of the Company's employees and/or corporate officers and its subsidiaries. Such a resolution must be submitted to the shareholders whenever powers are delegated for the purpose of a capital increase. This authorisation implies that the shareholders forfeit their pre-emptive subscription rights.

The term of this delegation of powers would be five years.

We inform you that the Board of Directors refutes the adoption of this resolution.

SEVENTEENTH RESOLUTION
AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO ATTRIBUTE SHARE SUBSCRIPTION OPTIONS OR SHARE PURCHASE OPTIONS

The purpose of this resolution is to authorise the Board of Directors to implement a new stock options plan for the benefit of all or some of the Group's employees and/or corporate officers. This is intended to motivate managers and employees by offering an additional source of remuneration that will vary according to the Company's growth.

The main characteristics of the plan were determined by the Board of Directors at the meeting held 12 February 2007. This plan will run for a term of three years during which the Board of Directors may grant share subscription options or share purchase options representing a maximum of 1.5% of the capital, adjusted according to any changes having taken place during the term of the authorisation, thus 0.5% per annum. This limit would however be subject to change in the event of a capital increase (other than an increase resulting from the conversion of marketable securities or capitalisation reserves) within the limit of 3% of the number of new shares issued for the purpose of the increase(s) in capital completed during the three-year term in question.

The price of the options may not be less than 95% of the average opening price listed over the twenty trading days immediately prior to the day on which the options are granted. Furthermore, with regard to share purchase options, the price may not be less than 95% of the Company's average share purchase price.

Where the beneficiaries are Company managers they are required to keep one third of the shares acquired from the exercise of these options until they are no longer employed by the Company.

The present delegation of competence, granted for a term of thirty eight months, will imply that the shareholders forfeit their pre-emptive subscription rights for the benefit of the beneficiaries.

EIGHTEENTH RESOLUTION
AUTHORISATION TO THE BOARD OF DIRECTORS FOR THE ALLOCATION OF FREE SHARES

This resolution is intended to authorise the Board of Directors to allocate free shares to all or some of the Group's employees and/or corporate officers, again for loyalty purposes, in proportion to the Company's positive performance.

Allocation criteria were determined by the Board of Directors at the meeting held 12 February 2007.

For a term of three years as of the General Meeting, the Board of Directors may allocate free shares for a value representing 20% of the increase in the dividend per share, the base value of free shares being the average price listed for the first twenty trading days immediately prior to the day on which the free shares are allocated. These allocations are not to exceed 60,000 shares over three years.

Shares allocated are not definitively allocated to the beneficiaries until a minimum period of two years has expired since their acquisition. The beneficiaries must retain the shares for a minimum period of two years from the date they are definitively allocated. Where the beneficiaries are Company managers they are required to keep one third of the free shares allocated until they are no longer employed by the Company.

It is requested that you grant the Board of Directors the powers to allocate free shares for a term of eighteen months and determine the conditions on which free shares are allocated and the list of beneficiaries.

Finally, we would like to remind you that if the allocation of free shares precedes a capital increase involving a deduction on reserves, the shareholders will forfeit their right to benefit from new shares or any reserves incorporated in the capital.

We hope that you will be in agreement with above and that you will vote in favour of the resolutions presented herein, to the exception of the sixteenth resolution which has not been adopted by our Board of Directors.

The Board of Directors

XIV ◆ LIST OF APPENDICES TO THE MANAGEMENT REPORT

APPENDIX 1 RISK MANAGEMENT

Management of market risks

Market risks capable of giving rise to possible losses are limited to risk linked to changes in the interest rate. This risk concerns loans taken out to finance investment policy and maintain the financial liquidity required. Société de la Tour Eiffel is not exposed to any share risk.

The aim of the interest rate risk policy of Société de la Tour Eiffel is to limit the impact of a variation in interest rate on income and cash flow and to keep the global cost of debt as low level as possible. To meet these objectives, the Company usually borrows at a variable rate and uses derivative products (caps and swaps only) to hedge the rate risk. It does not carry out operations in the market with any other purpose than to hedge its rate risks and all operations performed are centralized and managed by the Company itself. To limit counterparty risk, Société de la Tour Eiffel carries out hedging operations only with banks of international reputation.

Since the group has no business activity outside the euro zone, there is no exposure to exchange risk.

Evaluation of interest rate risk

At 31 December 2006, gross bank financial debt amounted to €460.3m, of which €149.5m at fixed rate and €310.8m at variable rate, this latter being hedged by cap contracts in an amount of €229.4m.
On the basis of the situation at 31 December 2006, in the event of an average rise in interest rates of 1% (one hundred base points), the resulting rise in financial costs would have a negative impact on cash flow and earnings of €2.5m, i.e. 0.5 Euros of income per share.

Legal risks

To the Company's knowledge, there is no lawsuit, arbitration or unusual event likely to have or having had in the recent past a significant impact on the financial situation, income, business activity or assets of the Company and the group formed by the Company. Litigation currently underway is appropriately provisioned.

Industrial and environmental risks

At 31 December 2006, the Company has property assets of a kind which do not pose an environmental risk. Regulatory and technical issues related to the environment and sustainable development are taken into consideration by the Awon teams in their property management.

In addition to insurance coverage of its assets, the Company also systematically verifies, prior to an acquisition, the conformity of technical installations which could have impact on the environment or the safety of individuals (fire-fighting equipment, ventilation, air conditioning systems, electrical installations, lifts etc.). These verifications are performed by independent control bodies. Observations by these control bodies are then taken into account by the technical managers appointed by the Company.

As a result of thorough research prior to acquisitions, the Company has all necessary work performed in accordance with current legislation and standards.

Rental risks

With the present overall vacancy rate for the group at nearly 10%, commercialisation of assets is under the supervision of Awon Asset Management. The objectives of this commercialisation (price, time limits, targets) are defined in conjunction with our Company, which also ensures that tenants are financially solvent. Rental proposals are written by jurists on the basis of a standard lease.

The principal tenants of the Company's properties are either front-ranking companies or state organisations, thus reducing our exposure to the risk of insolvency.
Moreover, on signing of contracts, tenants pay a financial guarantee in the form of a deposit, a guarantee at first request or a deposit representing from 3 to 6 months of rent.

The invoicing of financial items relating to lease agreements is carried out by the outside property management company exclusively mandated by the Company. The organisation and monitoring of the invoicing and recovery of rents and charges are centralised.

Running costs of assets are, for the most part, billed to the tenants. These consist mainly of services provided within the framework of annual agreements.

Late payments are systematically followed by a reminder and give rise to penalties. Lateness is monitored by Awon Asset Management staff members who decide on the preliminary procedures or legal action required.

Risks due to constraints of the SIIC tax status

Our Company is subject to the tax regime of French listed property investment companies (SIIC) and therefore, is not required to pay corporate income tax. The main advantage of this regime is derived from our obligation under this status to redistribute a significant portion of any profits the Group. A breach of this obligation would result in a loss of our status and its corresponding advantages

If we were to no longer be eligible for the SIIC tax status and related tax efficiencies, the Group's financial position could be significantly and adversely affected.

Under the terns of the directive issued 25 September 2003, 4 H-5-03 no. 55, the breach of the conditions on which SIIC status is granted during any subsequent financial years shall result in exclusion from the SIIC regime affecting both the parent company and any subsidiaries having opted for the status. This exclusion is retroactive as of the first day of the financial year in which the Company is excluded. Income recorded by the Company and its subsidiaries is therefore not entitled to an exemption even if income for the financial year in question is duly distributed. However, the status remains applicable to the income of any financial years preceding the exclusion. If a SIIC ceases to benefit from the regime within ten years of having taken up the option, any gains on the transfer of the SIIC and any subsidiaries having opted for the status, usually taxed at a rate of 16.5%, are taxed at the standard rate, or discounted rate if the unrealised gains on securities held by the persons stipulated in article 8 are eligible for a discounted rate at the time of the transfer, applicable during the year in which the status ceases to apply, less the 16.5% in tax already paid at the time of the transfer (CGI art. 208 C, IV). This is intended to reinstate the SIIC and its subsidiaries in the context that would have been applicable if these gains had not been taxed at the privileged rate of 16.5%.

The Loi de Finances 2006 introduced new provisions entitled "SIIC 4", effective as of 1 January 2007.

Two specific measures need to be mentioned due their risk potential:

a) One or more shareholders acting jointly must not hold, directly or indirectly, 60% or more of the capital of an SIIC. Otherwise, the special tax regime may no longer be applicable. Existing SIICs have until 31 December 2008 to comply with this obligation.

Our Company currently complies with this new provision. Nonetheless, we are unable to guarantee that this obligation will be respected in so far as it is subject to the decision of the shareholders, both current and future, on which the Company has no influence.

Furthermore, the stock market on which SIICs are listed in France could globally be affected by this measure which may significantly increase the offer of this class of securities on the market.

b) SIICs must pay a contribution equalling 20% of the amount of dividends distributed as of 1 July 2007 to any physical person shareholders owning more than 10% of the capital when distributed income is not subject to corporate income tax or an equivalent tax.

The contribution made paid by the SIIC means decreased returns for the shareholders who bear the contribution either directly or indirectly.

APPENDIX 2 INSURANCES AND RISKS COVERAGE

The group has an insurance program with leading insurance companies, covering damage its property assets may suffer as well as operating losses or rental income losses for compensation periods that vary according to the property assets in question.

The group's property assets are all insured at their new reconstruction value and are regularly appraised by specialist firms. Financial consequences of the group's civil liability toward third parties are also insured.

The construction and renovation works of the Group's property assets are covered by comprehensive site insurance and structural damage insurance. Management of these programs is centralised by the Company's sole agent who coordinates operations with insurance brokers at Group level.

A significant portion of insurance premiums are re-invoiced to tenants in running costs.

The Group benefits from the expertise of Awon Asset Management's teams who are specialised in property asset insurance.

APPENDIX 3 THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Mark Inch

- Born 12 February 1950 in Edinburgh (United Kingdom)
- Address: 76 Avenue Paul Doumer, 75016 Paris

Main function held in the Company

- Chairman and Chief Executive Officer

Date of appointment

- Appointed as Board member: 10 July 2003
- Appointed as Chairman of the Board of Directors: 22 July 2003
- Appointed as Chief Executive Officer: 10 July 2003

Expiry of term of office: 2007

Other offices and mandates held outside Société de la Tour Eiffel at 31 December 2006

- Board member of Fondation de la Société de la Tour Eiffel

Other offices and mandates held outside the Company at 31 December 2006

- Chairman of the Board of Osiris Gestion de Entidades S.L.
- Director, Douglasshire International Holding BV (Netherlands)
- Manager, Bluebird Holding
- Manager, Bluebird Investissements SARL
- Manager, SNC Albion

Other effective mandates and functions having expired during the past five years

- Deputy Board Member, Albion Development SA
- Manager, SNC Cergy La Bastide
- Manager, SNC Manufacture Colbert
- Board Member, Awon Asset Management
- Board Member, Awon Investissements
- President, SNC Awon Participations – SNTP
- President, SA Les Platières
- President, CER
- President, Financière CER
- Manager, Promart SARL
- Manager, SARL 35/37 Avenue George V

Remuneration, allowances and benefits due or liable to be due, paid in respect of 2006

- Remuneration of the Chairman and Chief Executive Officer: 100,000 Euros
- Directors' fees: none

Options to purchase shares

- On 22 March 2006, the Board of Directors allocated options to Mr. Mark Inch granting him the right to subscribe 11,758 shares. Mr. Mark Inch may exercise the options any time within in a period of five years commencing the date on which they are allocated, thus before 22 March 2011. At 31 December 2006, these options had not been exercised.

- On 14 September 2006, the Board of Directors allocated options to Mr. Mark Inch granting him the right to subscribe 50,000 shares. Mr. Mark Inch may exercise the options any time within in a period of five years commencing the date on which they are allocated, thus before 14 September 2011. At 31 December 2006, these options had not been exercised.

Free shares

- On 14 June 2006, the Board of Directors allocated Mr. Mark Inch 4,000 free shares.
- On 29 November 2006, the Board of Directors allocated Mr. Mark Inch 4,000 free shares.

Regulated agreements concluded between the Company and Bluebird Investissements

We remind you that Mr. Mark Inch is also the majority shareholder and manager of Bluebird Investissements, a company tied to Société de la Tour Eiffel under a service agreement and remunerated to this effect. This agreement has been included in the list of newly concluded regulated agreements submitted to the General Meeting for approval.

Robert Guy Waterland

- Born 28 February 1948 in Gravesend (United Kingdom)
- Address: 39 bis Rue Cortambert, 75116 Paris

Main function held in the Company

- Deputy Managing Director

Date of appointment

- Appointed as Board member: 22 July 2003
- Appointed as Deputy Managing Director: 14 March 2005

Expiry of term of office: 2007

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2006

- Chairman of Fondation de la Société de la Tour Eiffel
- Chairman, SAS Locafimo
- Manager, SCI du 153 avenue Jean Jaurès
- Manager, SCI Arman F02
- Manager, SCI des Berges de l'Ourcq
- Manager, SCI Caen Colombelles
- Manager, SCI Champigny Carnot
- Manager, SCI Comète
- Manager, SCI Etupes de l'Allan
- Manager, SCI Grenoble Pont d'Oxford
- Manager, SCI Lyon Genlis
- Manager, SCI Malakoff Valette
- Manager, SCI Marceau Bezons
- Manager, SCI Massy Campus II
- Manager, SCI Nowa
- Manager, SCI Porte des Lilas
- Manager, SCI Rueil National
- Manager, SCI Daumesnil d'Etudes and Promotion Sodeprom

Other offices and mandates held outside the Company at 31 December 2006

- Board Member, Osiris Gestion de Entidades S.L.
- Director, Douglasshire International Holding BV (Netherlands)
- Board Member, ORIE (France)
- Manager, SNC Awon Participations – SNTP (France)
- Manager, SNC Awon Gestion (France)
- Manager, SNC Foncière Eiffel Développement (France)

Other effective mandates and functions having expired during the past five years

- President, ORIE (France)
- Manager, SNC Awon Asset Management (France)
- Manager, SNC Cergy La Bastide (France)
- Manager, SNC Manufacture Colbert (France)
- Board Member, SA Les Platières
- Board Member, CER
- Board Member, Financière CEF
- Managing Director, Awon Conseil
- President, Awon Investissements
- Manager, Awon Group
- Manager, SCI 29 Rue de Monceau
- Manager, SCI Boulevard de Sébastopol
- Manager, Promart SARL

Remuneration, allowances and benefits due or liable to be due, paid in respect of 2006

- Remuneration as Deputy Managing Director: 50,000 Euros
- Remuneration under the contract of employment as Director of Property (of which fixed €150,000 and variable €100,000): 250,000 Euros
- Directors' fees: none
- Remuneration liable to be due in the event of departure: 250,000 Euros
- Two years notice in the event of dismissal
- Fringe benefits (including a company car): 20,545 Euros
- Remuneration paid by Awon Asset Management, controlled company: 183,000 Euros

Options to purchase shares

- On 22 March 2006, the Board of Directors allocated options to Mr. Robert Waterlands granting him the right to subscribe 11,758 shares. Mr. Robert Waterland

may exercise the options any time within in a period of five years commencing the date on which they are allocated, thus before 22 March 2011. At 31 December 2006, these options had not been exercised.

- On 14 March 2006, the Board of Directors allocated options to Mr. Robert Waterland granting him the right to subscribe 50,000 shares. Mr. Robert Waterland may exercise the options any time within in a period of five years commencing the date on which they are allocated, thus before 14 September 2011. At 31 December 2006, these options had not been exercised.

Free shares

- On 14 June 2006, the Board of Directors allocated Mr. Robert Waterland 4,000 free shares.
- On 29 November 2006, the Board of Directors allocated Mr. Robert Waterland 4,000 free shares.

Michel Gauthier

- Born 26 December 1935 in Rabat (Morocco)
- Address: 31 Rue Boissière, 75016 Paris

Main function held in the Company

- Independent Director

Date of appointment: 30 September: 2003
Expiry of term of office: 2008

Other offices and mandates held outside the Company at 31 December 2006

- Chairman and Chief Executive Officer, La Salamandre Investissements France
- Member of the Supervisory Board, ADL Partner
- Manager, Omnium Pavoie Provect
- Board Member, Compagnie des Caoutchoucs du Pakidié (Ivory Coast)
- Manager, ADL Partner Marketing Gmbh (Germany)
- Manager, Suscripciones España (Spain).

Other effective mandates and functions having expired during the past five years

- Board Member, ADLPartner Italia
- Chairman of the Supervisory Board, Data Profile
- Permanent representative of a Board member, Macaci.

Remuneration, allowances and benefits due or liable to be due, paid in respect of 2006:

- Directors' fees: 13,000 Euros

Claude Marin

- Born 11 September 1925 in Paris
- Address: 1 Rue du Louvre, 75001 Paris

Main function held in the Company:

- Independent Director

Date of appointment: Paris and Neuilly-sur-Seine, 30 April 2002
Expiry of term of office: 2008

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2006

- Administrator of Fondation de la Société de la Tour Eiffel

Other offices and mandates held outside the Company at 31 December 2006

- Board Member, Société Greco.
- Member of the Supervisory Board, Editions Actes Sud.
- Board member, PIM Gestion.
- Member of the Supervisory Board, Banque Safra

Other effective mandates and functions having expired during the past five years

- Chairman and Chief Executive Officer, Société Greco.

Remuneration, allowances and benefits due or liable to be due, paid in respect of 2006:

- Directors' fees: 13,000 Euros

Alain Dinin

- Born 22 February 1951 in Boulogne Billancourt (Hauts de Seine), France
- Address: 13 rue Henri Rochefort 75017 Paris

Main function held in the Company

- Independent Director

Date of appointment: 14 September 2006
Expiry of term of office: 2007

Other offices and mandates held outside the Company at 31 December 2006

- Chairman and Chief Executive Officer of Nexity SA's investment committee
- Chairman and Board Member, Nexity Logement (ex CGI George V) SAS
- Chairman and Board Member, Crédit Financier Lillois SA
- Member of the Supervisory Board, Parcoval SAS
- Vice-President and member of the Supervisory Board, Saggel Holding SA

- Board Member, ORF (Observatoire Régional du Foncier en Ile-de-France)
- Board Member and Member of the Executive Bureau, FPC (Fédération des Promoteurs-Constructeurs)
- Board Member, Ecole supérieure de commerce (Lille)
- Board Member, Dolmea Real Estate
- Manager, Société d'Aménagement et d'Investissements Fonciers SARL
- Manager, Critère SARL
- Manager, Clichy Europe 4 SARL
- President, George V USA (USA)
- Board Member, NEXITY ESPANA
- Permanent representative of SIG 30 Participations, Board Member, City Garden Real Estate
- Permanent representative of SIG 31 Participations, Board Member, Nexity IG,
- Board Member, SEA OAKS GP, L.C. (USA)
- Board Member, Nexity Belgium
- Representative of SIG 31 Participations, Board Member, NEXIBEL 1, NEXIBEL 2, NEXIBEL 3 and NEXIBEL 5 (Belgium)
- Board Member, Nexibel 4 and Nexibel 6 ((Belgium)
- Consigliere and President, NEXITY BIANDRATE
- Consigliere, NEXITY ITALIA.

Other effective mandates and functions having expired during the past five years

- Manager, Nexity Investissement SNC (until 5 September 2006)
- Board Member, Vinci SA (until 12 December 2006)

Remuneration, allowances and benefits due or liable to be due, paid in respect of 2006:

- Directors' fees: 6,000 Euros

Jérôme Descamps

- Born 11 June 1967 in Saint Amand les Eaux (France)
- Address: 15/17 Rue de Dantzig, 75015 Paris

Main function held in the Company

- Deputy Managing Director

Date of appointment

- Appointed as Board member: 14 November 2003
- Appointed as Deputy Managing Director: 30 September 2003

Expiry of term of office: 2009

Other offices and mandates held outside the Company at 31 December 2006

- Manager, SNC Albion
- Finance Director, SNC Awon Asset Management

Other effective mandates and functions having expired during the past five years

- none

Remuneration, allowances and benefits due or liable to be due, paid in respect of 2006

- Directors' fees: 13,000 Euros
- Remuneration paid by Awon Asset Management, controlled company, 180,000 Euros for position of Chief Financial Officer (of which fixed €130,000 and variable €50,000)

Options to purchase shares

- On 22 March 2006, the Board of Directors allocated options to Mr. Jérôme Descamps granting him the right to subscribe 2,500 shares. Mr. Jérôme Descamps may exercise a maximum of 25% of the options per year within in a period of five years commencing the date on which they are allocated, thus before 22 March 2011. At 31 December 2006, these options had not been exercised.
- On 14 September 2006, the Board of Directors allocated options to Mr. Jérôme Descamps granting him the right to subscribe 7,500 shares. Mr. Jérôme Descamps may exercise a maximum of 25% of the options per year within in a period of five years commencing the date on which they are allocated, thus before 14 September 2011. At 31 December 2006, these options had not been exercised.

Free shares

On 14 June 2006, the Board of Directors allocated Mr. Jérôme Descamps 1,400 free shares.

APPENDIX 4 AUTHORISATION OF GUARANTEES

In compliance with article L 225-35 of the French Commercial Code and 89 of the Decree dated 23 March 1967, the Board of Directors authorises the Managing Director and the Deputy Managing Director to grant the following guarantees:

Authorisation given	Expires	Use	
Meeting of the Board 01/02/06: the pledge of shares in SCI Nowa to Calyon	31/01/2007	28/02/06 SCI Nowa	€78m
Meeting of the Board 01/02/06: €275m	31/01/2007		
Meeting of the Board 14/06/06: €255m with regard to the second amendment to the master agreement dated 30/11/04, signed 15/06/06 with RBS, Calyon and Axa Iard, pledge of shares in SCI Marceau Bezons, SCI Rueil National and SCI Grenoble Pont d'Oxford	14/06/2007	15/06/06 SCI Marceau Bezons 07/11/06 SCI Grenoble Pont d'Oxford 28/11/06 SCI Rueil National	€4.8m €9.8m €30.5m
Meeting of the Board 14/06/06: with regard to the second amendment of the master agreement with RBS dated 30/11/04, security bond on all sums owed by borrower subsidiaries	14/06/2007	Second amendment to the master agreement dated 30/11/04 concluded between STE (investor), RBS, Calyon and Axa Iard (banks) and SCI Comète, Champigny Carnot, Lyon Genlis, 153 avenue Jean Jaurès, Caen Colombelles, Etupes de l'Allan, Massy Campus 2 and Berges de l'Ourcq (borrowers)	
Meeting of the Board 29/11/06: €350m **annuls all previous authorisations**	28/11/2007		

APPENDIX 5 SUMMARY TABLE OF DELEGATIONS OF POWERS IN RESPECT OF CAPITAL INCREASES

Authorisation granted	Use
I- Global authorisation granted to the Board of Directors to increase the capital by the issue of any marketable securities giving access, immediately or in the long term, to Company shares, or by the incorporation of profits, premiums, reserves or other, with pre-emptive subscription rights maintained On 17 May 2006, the Extraordinary General Meeting of Shareholders granted the Board of Directors the powers necessary to increase capital: • by issue of shares, warrants and/or securities giving access to the ordinary shares of the Company, • by capitalisation of profits, premiums, reserves or other, where incorporation into the capital would be legally and statutorily possible and by allocating free shares or raising the par value of existing shares. Term of the delegation: twenty-six months as of the date of the aforementioned meeting Global CAP: €300 million.	**This authorisation has not been used.**

Authorisation granted	Use
II- Global authorisation granted to the Board of Directors to increase the capital by the issue of any marketable securities giving access, immediately or in the long term, to Company shares, or by the incorporation of profits, premiums, reserves or other, with suppression of pre-emptive subscription rights On 17 May 2006, the Extraordinary General Meeting of Shareholders, under its 13th resolution, granted the Board of Directors the powers necessary to increase capital by the issue of shares, warrants and/or marketable securities giving access to ordinary securities in the Company, said issues being (a) intended to remunerate share contributions made to the Company within the scope of an exchange offer that meets the conditions stipulated in article L. 225-148 of the French Commercial Code, (b) limited to 10% of the capital for the purpose of remunerating contributions in kind made to the Company that comprise rights in capital or marketable securities giving access to capital provided the provisions of article L. 225-148 of the French Commercial Code do not apply. Term of the delegation: twenty-six months as of the date of the aforementioned meeting. Global cap: €300 million.	**This authorisation has not been used.**
III- Authorisation granted to the Board of Directors to award options to subscribe or purchase shares On 17 May 2006, the Extraordinary General Meeting of Shareholders, under its 17th resolution, delegated to the Board of Directors the powers necessary to grant employees, or certain among them or certain categories of staff, and Corporate Officers, or certain among them, of either the Company itself or any French or foreign companies or economic interest groups directly or indirectly related to it, under the terms of article L.225-180 of the French Commercial code, options granting them the right to subscribe new shares in the Company to be issued for the purpose of a capital increase, or existing shares in the Company originating from share buybacks that comply with the conditions set down by law. Term of the delegation: thirty-eight months as from the above meeting. The total number of shares thus proposed must not grant the right to subscribe or purchase a number of shares equivalent to more than 3% of the capital.	**The meeting of the Board of 14 December 2006 decided to allocate the following options to subscribe shares:** • to Mr. Mark Inch options granting him the right to subscribe 50,000 shares • to Mr. Robert Waterland options granting him the right to subscribe 50,000 shares • to Mr. Jérôme Descamps options giving him the right to subscribe 7,500 shares • to Mr. Frédéric Maman options giving him the right to subscribe 7,500 shares • to employees of Awon Asset Management options granting them the right to subscribe 17,400 shares
IV- Authorisation granted to the Board of Directors for the allocation of free shares On 17 May 2006, the Extraordinary General Meeting of Shareholders, under its 18th resolution, granted the Board of Directors the powers necessary to grant certain corporate officers and/or employees of the Company or any subsidiaries of its choosing 20,000 free shares, either existing or future issues. Term of the delegation: thirty-eight months.	**The meeting of the Board of 14 June 2006 decided to grant the following free shares:** • 4,000 shares to Mr. Mark Inch • 4,000 shares to Mr. Robert Waterland • 1,400 shares to Mr. Jérôme Descamps • 1,400 shares to Mr.Frédéric Maman Thus a total of 10,800 shares **The meeting of the Board of 29 November 2006 decided to grant the following free shares:** • 4,000 shares to Mr. Mark Inch • 4,000 shares to Mr. Robert Waterland Thus a total of 8,000 shares

B ◆ CONSOLIDATED FINANCIAL STATEMENTS

I ◆ CONSOLIDATED BALANCE SHEET

ASSETS

Euros, in thousands	Notes	31 december 2006 Net	31 december 2005 Net
NON-CURRENT ASSETS			
Tangible assets	1	41,544	36,315
Investment property	2	825,465	617,721
Goodwill	3	-	-
Intangible fixed assets	4	3,707	1
Financial assets	5	14,444	10,170
Deferred tax - assets		-	-
Total non-current assets (I)		**885,160**	**664,207**
CURRENT ASSETS			
Trade receivables and related accounts	6	7,110	7,700
Other receivables and adjustment accounts	7	40,063	20,539
Cash and cash equivalents	8	22,985	66,905
Total current assets (II)		**70,158**	**95,144**
Total current assets and asset groups for disposal.	**9**	-	-
TOTAL ASSETS (I +II)		**955,318**	**759,351**

LIABILITIES

Euros, in thousands	Notes	31 december 2006	31 december 2005
SHAREHOLDERS' EQUITY (Group share)			
capital	10	249,132	243,674
Premiums linked to capital	10	42,571	41,845
Legal reserve		743	247
Consolidated reserves		423	3,768
Consolidated income for the financial year		117,908	15,779
SHAREHOLDERS' EQUITY (Group share) (A)		**410,777**	**305,313**
Minority interests (B)		**21**	**-**
SHAREHOLDERS' EQUITY (I) = (A + B)		**410,798**	**305,313**
NON-CURRENT LIABILITIES			
Long-term borrowings	11	458,849	311,286
Other financial liabilities	11	15,131	8,566
Long-term provisions	12	305	496
Tax liabilities	13	10,802	739
Deferred tax - liabilities	14	-	24,460
Total non-current liabilities (II)		**485,087**	**345,547**
CURRENT LIABILITIES			
Borrowings and financial debt (less than one year)	11	7,730	37,940
Provisions (less than one year)	12	-	18
Trade payable and equivalent	15	40,239	43,378
Tax and social debt	13	11,464	27,155
Total current liabilities (III)		**59,433**	**108,491**
Liabilities linked to a group of assets for disposal.		**-**	**-**
TOTAL LIABILITIES (I + II + III)		**955,318**	**759,351**

II ◆ CONSOLIDATED INCOME STATEMENT

Euros, in thousands	Notes	2006	2005
Turnover	16	60,457	29,559
Consumption and purchase of goods	17	(117)	(12)
Payroll expense	18	(6,341)	(2,094)
External expense	18	(11,693)	(6,647)
Property taxes	18	(5,403)	(3,449)
Allowances for depreciation	19	(473)	
Net allowances for provisions	19	282	17
Net value adjustment balance	20	87,912	3,803
Other operating income and expense	21	4,851	(82)
Operating income on ordinary activities		**129,475**	**21,095**
Other operational income and expenses			
Operating profit		**129,475**	**21,095**
Income from cash and cash equivalents		1,287	535
Gross cost of financial indebtedness		(15,064)	(5,874)
Net cost of financial debt	22	**(13,777)**	**(5,339)**
Other financial income and expense	23	3,427	24
Corporate income tax	24	(1,196)	(1)
NET PROFIT		**117,929**	**15,779**
Minority interests		(21)	-
NET PROFIT (GROUP SHARE)		**117,908**	**15,779**
Profit per share	25	22,91	6,03
Diluted profit per share	25	22,82	6,03

III ◆ CASH FLOW STATEMENT

Euros, in thousands	Year-end 2006	Year-end 2005
CASH FLOW FROM OPERATIONS		
Net consolidated income	117,929	15,779
Restatement:		
Net allowances for depreciation and provisions	223	(14)
Net balance from value adjustments of investment properties	(87,912)	(3,803)
Profit (loss) on value adjustment of other assets and liabilities	(362)	2,101
Calculated charges and income from payments in shares	-	-
The gross change in deferred taxes and Exit Tax debt	(380)	(26)
Gains or losses on asset disposals	(4,791)	-
= Cash flow from operations after net cost of financial indebtedness and income tax	**24,707**	**14,037**
Income tax expense	1,196	1
Net cost of financial debt	13,777	5,339
= Cash flow from operations before net cost of financial indebtedness and income tax	**39,680**	**19,377**
Income tax paid	(30,709)	(744)
Change in working capital requirement linked to operations	(21,460)	5,404
= Net cash flow from (for) operations	**(12,489)**	**24,037**
CASH FLOW LINKED TO INVESTMENT TRANSACTIONS		
Acquisition of assets		
Intangible and tangible fixed assets	(120,271)	(58,505)
Financial fixed assets	(12)	-
Disposal of capital assets	45,375	12,356
Change in loans and financial receivables agreed	(917)	(6,024)
Impact of changes in the scope of consolidation	(39,145)	(133,505)
= Net cash flow for investment activities	**(114,970)**	**(185,678)**
CASH FLOW LINKED TO FINANCING TRANSACTIONS		
Dividends paid to parent Company shareholders	(23,259)	(9,063)
Dividends paid to minority interests	-	-
Capital increase	6,184	150,644
Bond issues	174,517	78,014
Repayment of borrowings	(60,762)	(5,407)
Net financial interest paid	(13,204)	(4,971)
Change in other financial debt	813	455
= Net cash flow from financing activities	**84,289**	**209,672**
CASH FLOW VARIATION	**(43,170)**	**48,031**
Cash flow at opening	65,275	17,244
Cash flow at closing	22,105	65,275
Cash flow variation	(43,170)	48,031

IV ◆ STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Euros, in thousands	Share capital	Premiums	Legal reserve	Consolidated reserves	Year-end net income	Total: Group share
Position at 01.01.2005	**121,837**	**13,457**	**37**	**(15)**	**10,674**	**145,990**
Appropriation of income	-	-	210	10,464	(10,674)	-
Adjustments *	-	(419)		419	-	-
Dividends paid	-	-		(9,063)	-	(9,063)
Capital increase	121,837	35,536			-	157,373
Costs of capital increase		(6,729)				(6,729)
Income from previous year-ended	-	-		-	15,779	15,779
Share subscription warrants	-	-		1,010	-	1,010
Stock option plans	-	-		1,817	-	1,817
Change in accounting method (IAS 39)	-	-		(864)	-	(864)
Position at 31.12.2005	**243,674**	**41,845**	**247**	**3,768**	**15,779**	**305,313**
Appropriation of income	-	-	496	15,283	(15,779)	-
Adjustments	-	-	-	-	-	-
Dividends paid	-	-	-	(23,259)	-	(23,259)
Capital increase	5,458	963	-	-	-	6,421
Cost of capital increase	-	(237)	-	-	-	(237)
Income for current year	-	-	-	-	117,908	117,908
Share subscription warrants	-	-	-	334	-	334
Stock option plans	-	-	-	4,297	-	4,297
Change in accounting method (IAS 39)	-	-	-	-	-	-
Position at 31.12.2006	**249,132**	**42,571**	**743**	**423**	**117,908**	**410,777**

*(419): Appropriation of the carry forward

V ◆ APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Société de la Tour Eiffel and its subsidiaries specialise in the holding and management of corporate property assets.

Société de la Tour Eiffel is a limited company registered and domiciled in France. The head office is located at 20-22, Rue de La Ville l'Evêque in Paris.

The Company is listed on the Euronext Paris Eurolist (compartment B) financial market in France.

The consolidated financial statements for the year ended 31 December 2007 were closed by the Board of Directors on 12 February 2007. They are presented in thousands of Euros unless otherwise indicated.
The profit shown in the consolidated financial statements at 31 December 2006 may not be compared alongside that recorded for 2005 due to the acquisition of LOCAFIMO on 27 December 2005 and the impact of this acquisition on 2006's income.
As indicated in note 3.2 Changes in the scope of consolidation appended to the consolidated financial statements at 31 December 2005, the Locafimo Group would have contributed income in the amount of 24,603 thousand Euros and a net profit before depreciation and goodwill and after income tax of 5,109 thousand Euros in 2005 if the acquisition had taken place at 1 January 2005.

2. ACCOUNTING METHODS

The main accounting methods used in preparing the consolidated financial statements are set out below. Unless otherwise indicated, these same methods have been applied consistently to all financial years presented.

2.1 Basis for preparation of financial statements

The consolidated financial statements of Société de la Tour Eiffel group have been prepared in accordance with IFRS standards as adopted by the European Union.

The preparation of financial statements in accordance with IFRS standards requires the application of certain pertinent estimates. Management must also exercise judgment in respect of the application of the Company's accounting methods. The areas in which the issues at stake are most important in terms of judgment or complexity, or those where assumptions and estimates are significant in relation to the consolidated financial statements are explained in Note 4.

Application of the new standards, interpretations and amendments to existing standards is mandatory as of the year-ended 31 December 2006 but has no impact on the Group's financial statements at 31 December 2006:

- Amendment to IAS 19, Actuarial variances, multi-employer regimes and disclosures
(applicable to new financial years as of 1 January 2006). The Group has opted to use the accounting method applied up until now to record actuarial variances;
- Amendment to IAS 39, "Fair value option" (applicable to new financial years as of 1 January 2006). This amendment has no impact on the classification and valuation of financial instruments recorded at fair value prior to 1 January 2006 as the Group is able to comply with the amended conditions affecting the designation of a financial instrument as per its fair value;
- IFRIC 4, Rights to use assets: conditions aimed at determining whether or not an agreement is a lease agreement (applicable to new financial years as of 1 January 2006). After having reviewed all agreements, the Group concluded that some agreements need to be recognised as lease agreements pursuant to IAS 17. However, being simple lease agreements, their restatement has no impact on the associated charge recorded;

The following new standards, interpretations and amendments to existing standards have been published but are awaiting adoption and are not applicable to 2006:

- IFRIC 7, Restatement of financial statements under IAS 29, Financial reporting in hyperinflationary economies (applicable to new financial years as of 1 March 2006). Management feels that this interpretation should not apply to the Group's activities;
- IFRIC 8, Scope of application of IFRS 2 (applicable to new financial years as of 1 May 2006). Management is currently evaluating the impact of IFRIC 8 on the Group's activities;
- IFRIC 9, Reassessment of embedded derivatives (applicable to new financial years as of 1 June 2006). Management feels that this interpretation should not have any significant impact on the reassessment of embedded derivatives as this reassessment is carried out by the Group in a manner that complies with IFRIC 9; and
- IFRS 7, Financial instruments: disclosures (applicable to new financial years as of 1 January 2007), Amendment to IAS 1, Presentation of financial statements: disclosures regarding capital (effective as of 1 January 2007). After having evaluated the impact of IFRS 7 and the amendment to IAS 1, the Group has concluded that the main additional information required concerns exposure to market risks and share capital information required under IAS 1.

The Group will apply IFRS 7 and the amendment to IAS 1 to new financial years as of 1 January 2007.

The closing date of year-end accounts for all companies in the Group is 31 December.
The consolidated accounts are established on this basis.

2.2 Method of consolidation

SUBSIDIARIES

The subsidiaries are all entities where the group is entitled to direct financial and operational policy, an authorisation for which it is generally necessary to hold more than half of the voting rights. Potential voting rights are taken into account on evaluating the Group's degree of control over another entity, when these rights result from instruments which may be exercised or converted at the time of the valuation. Subsidiaries are fully consolidated as of the date of transfer of control to the group. They are deconsolidated as of the date at which control ceases to be exercised.

The purchase method is used in accounting for acquisition of subsidiaries by the group. The cost of an acquisition corresponds to the fair value of the assets delivered, equity instruments issued and liabilities incurred or assumed at the date of exchange, to which are added the costs directly attributable to the acquisition. In the case of a combination of companies, identifiable assets acquired, identifiable liabilities and contingent liabilities assumed are valued at the outset at their fair value at acquisition date, and this takes place whatever the amount of minority interests. The surplus of the acquisition price over the fair value of the pro-rata share to the group in the net identifiable assets acquired is entered into accounts as goodwill. When the cost of acquisition is lower than the fair value of the Group's pro-rata share in the net assets of the subsidiary acquired, the difference is posted directly to the income statement (cf. Note 2.6).

2.3 Information per sector

A sector of activity is a group of assets and operations involved in the provision of products or services and which is exposed to risks and returns different from the risks and returns of other sectors of activity. A geographical sector is a group of assets and operations involved in the provision of products or services in a particular economic environment and which is exposed to risks and returns different from the risks and returns in other economic environments in which the group operates.

The group is equipped with a reporting system which recognises only one sector of activity and all of this activity is based in France.

2.4 Tangible fixed assets

PROPERTY ASSETS UNDER CONSTRUCTION

Property assets under construction consist of real estate projects currently underway.

In these development programs, cost commitments are capitalised with effect from the start of the program where there is reasonable certainty of receiving authorisation from public bodies. Mainly concerned are:

- survey fees outside and inside the group
- financial expenses according to the option set down by IAS 23, as selected by the group
- legal fees
- notaries' fees
- registration duties.

They are recognised under "Constructions underway" with a view to subsequent use as investment properties. They are valued at their entry cost.

The Group opted (under the option set out in IAS standard 23) to incorporate the cost of borrowings into the cost of the asset created. These are assets requiring a long construction period. Financial expenses included are interest on short-term and long-term borrowings in relation to the period of construction only and until the date of final reception of the asset. The interest rate is that defined in the terms of the financing granted to the Group.

OTHER TANGIBLE FIXED ASSETS

Other tangible fixed assets mainly include office, computer and transport equipment as well as fittings. These are amortised on a straight line basis over their useful life.
Amortisation is calculated on the following basis:

- transport equipment: 3 years
- office and computer equipment: 3 years
- installations, fixtures and fittings: 10 years

2.5 Investment property

The IFRS standards differentiate between investment properties (subject to IAS 40) and other properties (such as all other tangible fixed assets, subject to IAS 16).

An investment property is a property asset (plot of land or building – or part of a building – or both) held (by the owner or by the lessee in the context of a direct financing lease) in order to benefit from the rents or to add value to the capital, or both.

As proposed in IAS 40 and in accordance with the recommendations of EPRA (European Public Real Estate Association), the group has opted for the fair value method as a permanent method and values investment properties at their fair market value. The latter are not amortised.

The fair market value used for all of the Group's investment properties is the value net of tax determined by independent appraisers who value the property assets of the group each year on 30 June and 31 December.
The group has entrusted the appraisal of its assets to various independent specialists:

- Atisreal Expertise
- CB Richard Ellis
- Drivers Jonas
- Jones Lang Lasalle
- Savills
- Cushman & Wakefield

To assess value, appraisers have used the income capitalisation method which consists of capitalising the net rentals of properties based on the rental statements provided by the Group and taking non-recoverable charges into account (management costs, lump-sum or capped payments, maintenance costs, cost of basic repairs…)

This rental income accounts for a vacancy rate as well as any reductions or increases in rents that are to be effective at the time of renewal based on market rental values and the probability of leases being renewed.

The return rates automatically derived from these appraisals are compared against market rates and the values adjusted accordingly.

The income statement records the variations in value over the year for each building calculated as follows:
Market value N - (market value N-1 + amount of capitalisable works and expenses during the financial year).

Income from the disposal of an investment building is calculated in relation to the last fair value posted in the closing balance sheet for the previous financial year.

2.6 Grouping of companies and asset acquisitions

2.6.1 GROUPING OF COMPANIES

When the Company acquires an economic activity as defined in IFRS 3, this acquisition is recognised as a grouping of companies as defined by this standard.
In this case, deferred taxes and goodwill are likely to be recorded.

Goodwill represents the surplus of the acquisition cost over the fair value of the Group's pro-rata share in identifiable assets and liabilities and contingent liabilities of the subsidiary at the date of acquisition. (cf. note 2.2)

Goodwill accounted for separately is subject to a yearly impairment test under IAS standard 36, and is also tested before the end of the financial year during which the acquisition took place. It is recorded at cost less accumulated loss in value. Losses in value of goodwill are not reversible. Income on the disposal of an entity takes the accounting value of the entity's goodwill into consideration.

Goodwill is posted to units generating cash flow, which we expect to benefit from the grouping, in order to carry out impairment tests. Amortisation is recognised for the amount of the excess of the unit's accounting value over its recoverable value. The recoverable value of a unit is the highest amount between its fair value less disposal costs and its economic value.

The treatment of these acquisitions as groupings of companies leads to the recognition of deferred tax credits on the balance between the taxable value and the fair value of the properties at the date of acquisition as well as any future adjustments to the fait value at the time fair value is exercised (cf. note 2.17). Also, acquisition costs are included in the purchase price of shares. Accounting treatment appli-

cable to these two items has the effect of mechanically increasing goodwill.

This valuation of property assets also has a mechanical effect on impairment tests on cash generating units, to which goodwill is allocated, an effect leading to overall impairment of goodwill during the financial year when the acquisition took place.
In fact, the cash generating units, where goodwill is tested, correspond, in this particular case, to the buildings owned by the property companies. As the recoverable values of these units, calculated on the basis of future discounted cash flows, usually correspond to the appraisal values, (i.e. the new reappraised values of properties), they are unable to justify the corresponding goodwill impairment.

Consequently, as a result of the application of IAS standard 36, goodwill is fully recorded as charges in the year of acquisition; in the present case, impairment is recorded under "net balance of value adjustments".

In accordance with IFRS standard 3, negative goodwill is recorded on the income statement in the "net balance of value adjustments".

2.6.2 ASSET ACQUISITIONS

When the Group acquires an entity that constitutes a group of assets and liabilities but is void of economic activity as defined in IFRS 3, such acquisitions are not a grouping of companies as defined by this same standard and are recorded as asset and liability acquisitions with no corresponding goodwill. Any difference between the purchase price and the fair value of assets and liabilities is recorded at the net book value of the assets and liabilities acquired proportionally to their fair values.

In compliance with IAS 12 §15 (b), for acquired entities subject to income tax, there is no deferred tax recognised at the time the assets and liabilities are acquired. Deferred taxes would eventually be recognised for any future changes in fair value between the time of acquisition and closing.

2.7 Intangible fixed assets

In accordance with IAS standard 38, intangible fixed assets are valued at historic cost less the cumulative total of amortisation and possible depreciation.

Intangible fixed assets mainly involve the agreement concluded between Awon Asset Management and Société Tour Eiffel valued with regard to Awon Asset Management's acquisition at 16 May 2006.

This agreement is amortised over its fixed term, thus until 31 December 2011.
An impairment test will be made if any loss in value is suspected.

Other intangible fixed assets consist essentially of software. These are valued at cost and amortised on a straight-line basis over its estimated useful life, usually between 1 and 3 years.

2.8 Financial assets

The group classifies its financial assets in the following categories: at their fair value counter to the income statement, loans and accounts receivable. The classification depends on the reasons motivating the acquisition of the financial assets in question. Management determines the classification of its financial assets on their initial recognition in the accounts and subsequently reassesses them on the date of each annual or interim closing, in keeping with the provisions of IAS standard 39.

FINANCIAL ASSETS AT FAIR MARKET VALUE COUNTER TO THE INCOME STATEMENT

This category includes financial assets shown at fair value counter to the income statement on first entering them into accounts. A financial asset falls under this category if it has been designated as such by management (assets valued at fair value on result) in accordance with the IAS standard 39. Assets under this category are recognised as current assets when they are held for future transactions or if they are expected to reach maturity within twelve months of closing. They are then re-valued at their fair value at each closing.

For the Group, this involves the valuation of CAPs and SWAPs.

LOANS, NON-CONSOLIDATED SHAREHOLDINGS, DEPOSITS, GUARANTEES AND OTHER LONG-TERM RECEIVABLES

These assets are non-derivative financial assets with calculated or determinable payments, not listed on an active market. They are included in current assets, except for those reaching maturity more than twelve months after closing. The latter are categorized under non-current assets.

These assets are accounted for at cost.

2.9 Trade receivables and related accounts

Trade receivables are first accounted for at fair value, less provision for depreciation.
A provision for depreciation of trade receivables is made when there is an objective indication that the Group is not able to recover the totality of sums owing under the conditions initially stated at the time of the transaction. Major financial problems encountered by the debtor, likelihood of bankruptcy or financial restructuring for the debtor, and difficulty or failure to pay constitute indicators that receivables are declining in value.

The amount of the provision is accounted for in the income statement as net allowances to provisions.

2.10 Cash and cash equivalents

The item "cash and cash equivalents" includes cash reserves, bank term deposits, other very liquid short-term investments with a maturity not exceeding three months and bank overdrafts. Bank overdrafts are shown in the balance sheet as current liabilities under "Borrowings".

Marketable securities are valued at fair value counter to the income statement.

2.11 Total current assets and asset groups for disposal

IFRS standard 5 stipulates that assets which the Company has made a decision to sell should be classified under IFRS.

Non-current assets are classified as "assets for disposal" if management, authorised to approve the disposal, has decided as such.

For the sale to be highly probable a plan to dispose of the asset must have been undertaken and an active program to find a buyer launched.

The Company expects the sale to take place within a limit of twelve months.

Investment properties included in this category continue to be valued according to a principle of fair value less sale costs.

2.12 Shareholders' equity

The fair value of share subscription warrants is valued according to mathematical models applicable at the time of allocation. This fair value is recognised on the income statement as rights are acquired with a counterpart entry under shareholders' equity.

Supplementary costs directly attributable to issue of new shares or options are entered under shareholders' equity and subtracted from income derived from the issuance, net of tax.

2.13 Borrowings and other financial liabilities

BORROWINGS

Borrowings are initially entered at their fair value, net of transaction costs, and then at their depreciated cost.
Amortisation of issue costs over the lifetime of existing borrowings is performed on a straight-line basis, the variation compared with an actuarial method having little significance.

Borrowings are classified as current liabilities, except where the group has an unconditional right to delay settlement of the debt for a minimum of 12 months after the date of closing, in which case the borrowings concerned are classified as non-current liabilities.

HEDGING INSTRUMENTS

Société de la Tour Eiffel uses financial instruments (SWAPs and CAPs) to hedge the risk of an increase in the interest rates of its debt and has not opted for the hedge accounting option available under the IFRS standards.

Financial instruments are valued at fair value and any changes in fair value from one period to another are recognised in the income statement.

OTHER FINANCIAL LIABILITIES

Other financial liabilities mainly include outstanding premiums, CAPs, SWAPs and securities and deposits received.

These financial liabilities are accounted for at their amortised cost.

2.14 Provisions

Provisions are made if it is likely that a significant outflow of resources will be required to discharge a current obligation (legal or implied) arising from a past occurrence and where a fairly accurate estimate of the obligation's value is possible.
These provisions are not discounted.

2.15 Social security benefits

RETIREMENT OBLIGATIONS

IAS standard 19 requires that, over the period of acquisition of rights, companies take charge of all present and future benefits and remuneration to its personnel or to a third party.

Since the acquisition of Awon Asset Management, the Group pays salaries to 23 employees at 31 December 2006 as compared to 5 employees at 31 December 2005.

For 2006, the Group has made an estimation of its retirement obligations in the form of guaranteed benefits.

Thus estimation was based on:
- actuarial valuations (discount rate and net annual valuation of the fund at a rate of 3.5%),
- death rate assumptions (source INSEE),
- employee turnover
- salary increases at 4%
- a retirement age of 65.

This provision for retirement obligations was recorded in the amount of €65,000.
No provision was made for social security charges.

PAYMENTS BASED ON SHARES

The group has put in place a remuneration plan based on equity instruments, i.e. options on shares and free shares. The fair value of services rendered in exchange for the award of stock options is accounted for in expenses counter to reserves on the basis of the value of the options at the time they are granted.
At the closing of each financial year, the Company reviews the number of options available to be exercised.

Sums received on the exercise of options are credited to the "capital" (par value) and "issue premium, net of directly attributable transaction costs" accounts.

2.16 Debt with deferred repayment

The amount of these debts is updated and financial expense/income is recognised in the income statement over the period of deferred repayment.

The only deferred repayments recognised concern: exit tax relating to newly acquired SIIC status and security deposits from tenants. The main restatement involved the discounting of the exit tax.

2.17 Current and deferred taxes

THE GROUP'S TAX REGIME

Société de la Tour Eiffel opted for the status of Société d'Investissements Immobiliers Cotée (SIIC) during the course of the first quarter 2004.

DEFERRED TAXES

Deferred taxes recorded for the activities and companies subject to corporate income tax are calculated according to the liability method for all temporal differences between the tax value of assets and liabilities and their book value in the consolidated financial statements. Deferred taxes are calculated by means of the tax rates (and tax legislation) adopted or quasi-adopted at the date of closing and which are expected to apply when the deferred tax liability in question is realised or the deferred tax credit settled.
Deferred tax debit is recognised only where a future taxable profit is likely, enabling the temporal differences to be written off.
Deferred taxes are accounted for according to the temporal differences linked to holdings in subsidiaries and associated companies, except where a schedule changing these differences is controlled by the group and where it is probable that this payment will not take place in the near future.

Société de la Tour Eiffel has opted for the status of Société d'Investissements Immobiliers Cotée (SIIC). This status offers exoneration from corporate income tax on profits from property rentals.

As a result of this decision, no corporate income tax is payable in respect of property rental activities, directly or indirectly through income from subsidiaries. Capital gains on disposal of buildings or the shares of subsidiaries under the same tax system are also exonerated. The Group continues to pay income tax on any transactions that do not fall within the scope of the SIIC regime.

Since Locafimo opted for the SIIC regime in 2006, the scope of application is currently very limited.

CHANGES TO THE SIIC TAX REGIME

2006 amendments to France's Loi de Finances, promulgated 30 December 2006, stipulate that SIICs are required to deduct a 20% contribution on all dividends paid as of 1 July 2007 to shareholders (not including physical persons and SIICs) owning, directly or indirectly, at least 10% of the company's capital and not subject income tax on the dividend payout received.
Given the uncertainties surrounding the legal aspects and accounting treatment of this deduction, Société de la Tour Eiffel did not record the financial impact of this amendment in the accounts for the year ended 31 December 2006.

2.18 Recognition of income

In accordance with the IAS standard 18, "Revenue", income from ordinary activities corresponds to pre-tax entries of economic benefits from which the Company draws advantage during the financial year and which lead to increases in equity other than those brought by partners and shareholders.

Income from ordinary activities mainly corresponds in the case of the group to earnings from rental of investment properties.

Leases currently signed by the group, including construction leases, correspond to the definition of simple rental as stated in IAS standard 17.
The application of IAS standard 17 spreads the financial consequences of all of the clauses over the fixed term of the lease. The same applies to franchises, thresholds and rights of entry.

Income from ordinary activities is valued at the fair value of the exchange received.
Income from rental of investment buildings is entered into accounts over the period it is received.

2.19 Other operational income and expenses

"Other income and charges on ordinary activities" corresponds to events which are unusual, abnormal and infrequent as set down in paragraph 28 of the "IASB Framework", for example:

- A capital gain or loss on disposal of non-current tangible or intangible assets,
- Depreciation of non-current tangible or intangible assets,
- Certain restructuring charges,
- Provision relating to major legal proceedings for the Company.

2.20 Lease-financing agreements

In direct financing leases, the group (the lessor) has transferred to the lessee the risks and benefits attached to the asset; the lessor retains the lien granted to him under the direct financing contract agreed with the lessee.

The lessor enters the account receivable for an amount equal to the sum of the minimum payments of the direct financing lease.
Payments are allocated between reimbursement of the account due and financial income

Details of future payments are not communicated due to their immaterial nature.

2.21 Distribution of dividends

Distribution of dividends to the Company's shareholders is entered as debt in the Group financial statements for the period during which dividends receive the approval of the shareholders.

3. SCOPE OF CONSOLIDATION

3.1 List of consolidated companies

Companies	Siren	Method of consolidation	% interest december 2006	% interest december 2005	Date of entry in the structure
SA SOCIETE DE LA TOUR EIFFEL	572 182 269	Parent company	100%	100%	-
SCI DU 153 AVENUE JEAN JAURES	419 127 287	F.C.**	100%	100%	December 2003
SCI NOWA	443 080 379	F.C.**	100%	100%	April 2004
SCI MARCEAU BEZONS	429 665 672	F.C.**	100%	100%	June 2004
SCI ARMAN F02	444 978 076	F.C.**	100%	100%	April 2004
SCI DES BERGES DE L'OURCQ	478 726 565	F.C.**	100%	100%	September 2004
SCI CHAMPIGNY CARNOT	479 586 893	F.C.**	100%	100%	November 2004
SCI COMETE	479 576 761	F.C.**	100%	100%	December 2004
SCI LYON GENLIS	480 351 576	F.C.**	100%	100%	January 2005
SCI ETUPES DE L'ALLAN	480 601 038	F.C.**	100%	100%	January 2005
SCI CAEN COLOMBELLES	482 598 133	F.C.**	100%	100%	May 2005
SCI MALAKOFF VALETTE	552 138 448	F.C.**	100%	100%	May 2004
SCI MASSY CAMPUS 2	483 575 635	F.C.**	100%	100%	August 2005
SAS LOCAFIMO *	692 031 149	F.C.**	100%	100%	December 2005
SCI AIX GOLF *	403 092 471	F.C.**	100%	100%	December 2005
SCI LA RIVIERE GIRAUDIERE*	388 323 909	F.C.**	100%	100%	December 2005
SCI MARNE HAUTE MAISON*	403 105 133	F.C.**	100%	100%	December 2005
SCI BOTADIEREE *	397 968 207	F.C.**	100%	100%	December 2005
SCI PARIS CHARONNE *	403 104 458	F.C.**	100%	100%	December 2005
AWON ASSET MANAGEMENT	380 757 807	F.C.**	100%	Not consolidated	May 2006
SCI DE BROU	351 819 966	F.C.***	100%	Not consolidated	June 2006
SCI COGOLIN GAOU	442 525 382	F.C.***	100%	Not consolidated	June 2006
SCI DE LA CRAU	447 913 278	F.C.***	100%	Not consolidated	June 2006
SCI GRENOBLE PONT D'OXFORD	490 034 063	F.C.**	100%	Not consolidated	May 2006
SCI LYON LILAS	434 819 488	F.C.***	100%	Not consolidated	June 2006
SCI RUEIL NATIONAL	489 900 498	F.C.**	100%	Not consolidated	May 2006
SCI MARSEILLE SAUVAGERE	443 878 244	F.C.***	100%	Not consolidated	June 2006
SCI PORTE DES LILAS	490 989 803	F.C.**	90%	Not consolidated	July 2006
SCI SODEPROM	328 223 706	F.C.***	100%	Not consolidated	December 2006

*: Companies consolidated on acquisition of Locafimo
**: Fully consolidated
***: acquisitions considered as asset acquisitions in compliance with paragraph 2.6.2

All companies in the group are registered in France.

Shared address for all companies in the group:
20-22, Rue de la Ville l'Evêque, 75008 Paris, France

3.2 Changes in the scope of consolidation

ENTITIES FORMED

Changes in scope of consolidation recorded during 2006 result from legal entities formed to act as holdings of the property assets acquired during the period:

- SCI GRENOBLE PONT D'OXFORD was formed 12 May 2006.
- SCI RUEIL NATIONAL was formed 10 May 2006.
- SCI PORTE DES LILAS was formed 3 July 2006 with a minority shareholder owning 10% of shares (Nexity)

ACQUISITIONS

• Acquisition of Awon Asset Management

On 16 May 2006, the Group acquired 100% of Awon Asset Management from Awon Participation. This company's activity is the management of the Group's assets. Awon Asset Management does not contribute to the Group's consolidated income statement.

Assets and liabilities linked to this acquisition at 16 May 2006 are presented in the following statement:

(Euros, in thousands)	Fair value	Portfolio's book value
Cash and cash equivalents	(18)	(18)
Intangible fixed assets*	4,171	152
Tangible fixed assets	122	122
Investment properties (Note 2)	-	-
Licenses (included in intangible fixed assets) (Note 4)	-	-
Financial assets available for disposal (Note 5)	78	78
Trade and other receivable	3,896	3,896
Trade and other payable	(4,083)	(4,083)
Borrowings (Note 11)	-	-
Other financial liabilities (Note 11)	-	-
Provisions for contingencies and charges (Note 12)	(53)	-
Deferred tax credit - net (Note 14)	-	-
NET ASSETS	**4,113**	**147**
Minority interests (%)	0%	0%
NET ASSETS ACQUIRED		
Purchase price paid in cash	4,113	
Cash and cash equivalents of the acquired subsidiary	18	
Cash outflow for the acquisition	**4,131**	

*The intangible asset representing the master asset management agreement between Awon Asset Management and Société Tour Eiffel is amortised over the term of the agreement.

• Acquisition of a portfolio of 5 nursing homes

On 2 June 2006, Société de la Tour Eiffel acquired a portfolio of five nursing homes (SCI) all of which are operated by Medica, under simple, long-term lease agreements (12 years) concluded with Ruby Participations SAS. For the period commencing 2 June 2006 and ending 31 December 2006, this portfolio contributed a turnover of 1,589,000 Euros to the Group and a net profit of 984,000 Euros.

This acquisition is considered an asset acquisition under § 2.6.2.

If the acquisition had taken place at 1 January 2006, the 5 establishments would have made a contribution of 2,632,000 Euros to the Group's income from ordinary activities along with a profit before goodwill impairment and after income tax of 1,236,000 Euros.

Assets and liabilities linked to this acquisition are as follows at 2 June 2006:

(Euros, in thousands)	Fair value	Portfolio's book value
Cash and cash equivalents	2,058	2,058
Investment properties (Note 2)	38,140	14,380
Licenses (included in intangible fixed assets) (Note 4)	-	-
Financial assets available for disposal (Note 5)	-	-
Trade and other receivable	19	19
Trade and other payable	(13,939)	(13,939)
Borrowings (Note 11)	(1,093)	(1,093)
Other financial liabilities (Note 11)	(630)	(630)
Provisions for contingencies and charges (Note 12)	-	-
Deferred tax credit - net (Note 14)	-	-
NET ASSETS	**24,555**	**795**
Minority interests (%)	0%	0%
NET ASSETS ACQUIRED		
Purchase price paid in cash	22,501	
Cash and cash equivalents of the acquired subsidiary	(2,058)	
Cash outflow for the acquisition	**20,443**	

• Acquisition of SODEPROM at 20 December 2006:

On 20 December 2006, the Group acquired 100% of SODEPROM.

This acquisition is considered an asset acquisition under § 2.6.2.

If the acquisition had taken place at 1 January 2006, SODEPROM would have made a contribution of 1,762,000 Euros to the Group's income from ordinary activities along with a net profit of 1,896,000 Euros.

Assets and liabilities linked to this acquisition are as follows at 20 December 2006:

(Euros, in thousands)	Fair value	Portfolio's book value
Cash and cash equivalents	-	-
Intangible fixed assets	-	-
Tangible fixed assets	-	-
Investment properties (Note 2)	17,200	1,481
Licenses (included in intangible fixed assets) (Note 4)	-	-
Financial assets available for disposal (Note 5)	-	-
Trade and other receivable	117	117
Trade and other payable	(70)	(70)
Borrowings (Note 11)	-	-
Other financial liabilities (Note 11)	(0)	(0)
Provisions for contingencies and charges (Note 12)	-	-
Deferred tax credit - net (Note 14)	-	-
Current account	(1,513)	(1,513)
NET ASSETS	**15,734**	**15**
Minority interests (%)	0%	0%
NET ASSETS ACQUIRED		
Purchase price paid in cash	13,566	
Cash and cash equivalents of the acquired subsidiary	0	
Cash outflow for the acquisition	**13,556**	

COMPANIES EXCLUDED FROM THE SCOPE OF CONSOLIDATION

At 30 November 2006, the following companies were included in a Global Transfer of Assets to LOCAFIMO:
- SCI Levallois Collange
- SCI Nantes Perray
- SCI Paris Pereire
- SCI Nice Crystal

At 18 July 2006, SAS Bongarde was also the subject of a Global Transfer of Assets to LOCAFIMO.

These transactions resulted in an unfavourable variance for the absorbing entity in the amount of €10,000 with the following differences per entity (in Euros):
- SCI Levallois Collange: 1,000
- SCI Nantes Perray: 1,000
- SCI Paris Pereire: 3,000
- SCI Nice Crystal: 1,000
- SAS Bongarde: 4,000

4. RISK MANAGEMENT

MANAGEMENT OF MARKET RISKS

Market risks capable of giving rise to possible losses are limited to risk linked to changes in the interest rate. This risk concerns loans taken out to finance investment policy and maintain the financial liquidity required. Société de la Tour Eiffel is not exposed to any share risk.
The aim of the interest rate risk policy of Société de la Tour Eiffel is to limit the impact of a variation in interest rate on income and cash flow and to keep the global cost of debt as low as possible. To meet these objectives, the Company usually borrows at a variable rate and uses derivative products (CAPs and SWAPs only) to hedge interest rate risk. It does not carry out market transactions with any other purpose than that of hedging interest rate risks and all transactions completed are centralised and managed by the Company itself. To limit counterparty risk, Société de la Tour Eiffel only carries out hedging transactions with renowned international banks.
Since the group has no business activity outside the Euro zone, there is no exposure to foreign exchange risk.
Evaluation of interest rate risk.
At 31 December 2006, gross bank financial debt amounted to €460.3m, of which €149.5m at fixed rate and €310.8m at variable rate, this latter being hedged by CAP contracts in the amount of €229.4m.

LEGAL RISKS

To the Company's knowledge, there is no lawsuit, arbitration or unusual event likely to have, or having recently had, a significant impact on the financial situation, income, business activity or assets of the Company and the Group formed by the Company. Litigation currently underway is appropriately provisioned.

At 31 December 2006, the Company's property assets do not pose an environmental risk. Regulatory and technical issues related to the environment and sustainable development are taken into consideration by the Awon teams in their property management.

In addition to the insurance coverage of its assets, the Company also systematically verifies prior to an acquisition the conformity of technical installations which could have impact on the environment or the safety of individuals (fire-fighting equipment, ventilation, air conditioning systems, electrical installations, lifts etc.). These verifications are performed by independent control bodies. Observations by these control bodies are then taken into account by the technical managers appointed by the Company.

As a result of thorough research prior to acquisitions, the Company has all necessary work performed in accordance with current legislation and standards.

RENTAL RISKS

With the present overall vacancy rate for the group at nearly 10%, commercialisation of assets is under the supervision of Awon Asset Management. The objectives of this commercialisation (price, time limits, targets) are defined in conjunction with this company, which also ensures that tenants are financially solvent. Rental proposals are written by jurists on the basis of a standard lease.
The principal tenants of the Company's properties are either front-ranking companies or state organisations, thus allowing us to reduce the risk of insolvency.
Moreover, on signing of contracts, tenants pay a financial guarantee in the form of a deposit, a guarantee at first request or a deposit representing from 3 to 6 months of rent.
The invoicing of financial items relating to lease contracts is carried out by the outside property management company exclusively mandated by the Company. The organisation and monitoring of the invoicing and recovery of rents and charges are centralised.
Running costs of assets are for the most part billed to the tenants. They consist mainly of services provided within the framework of annual contracts.
Late payments are systematically followed by a reminder and give rise to penalties. Lateness is monitored by Awon Asset Management's staff members who decide on the preliminary procedures or legal action required.

5. ACCOUNTING ESTIMATIONS AND JUDGMENTS

The estimations and judgments, which are continually reviewed, are based on historical information and other factors, notably the anticipation of future events which are considered reasonable in view of the circumstances.

Accounting estimations and assumptions

The subsequent accounting estimations are, by definition, rarely equivalent to the actual results revealed at a later stage. Any estimations and assumptions that could result in a significant adjustment in the book value of assets and liabilities during the following period are analysed below.

APPRAISAL OF PROPERTY

The Group has its assets valued by independent appraisers who use assumptions of future flows and interest rate which have a direct effect on property values.

A decline in appraised values would lead to a decline in net income.

ESTIMATED DEPRECIATION OF GOODWILL

The Group submits goodwill to an annual impairment test according to the accounting method presented in Note 2.6.

EXACT VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The exact value of financial instruments which are not negotiated on an asset market (such as over-the-counter negotiated derivatives) has been provided by the issuing establishment.

6. NOTES TO THE BALANCE SHEET, THE INCOME STATEMENT AND THE CASH FLOW TABLE

NOTE 1: TANGIBLE ASSETS

Variance by type:

(Euros, in thousands)	Property under construction	Office and computer equipment	Total
Year-ended 31.12.05			
Net balance at opening	-	1	1
Acquisitions	36,315	-	36,315
Transfers	-	-	-
Amortisation	-	(1)	(1)
Net balance at close	**36,315**	-	**36,315**
At 31.12.05			
Gross	36,315	1	36,316
Total amortisation	-	(1)	(1)
Net book value	**36,315**	-	**36,315**
Closed at 31.12.06			
Net balance at opening	36,315	-	36,315
Exchange rate variances	-	-	-
Changes in the scope of consolidation	-	122	122
Change in the method of consolidation	-	-	-
Change in the consolidation percentage	-	-	-
Acquisitions	24,773	35	24,808
Transfers	(2,872)	(7)	(2,879)
Restatement (1)	(16,783)	-	(16,783)
Amortisation	-	(39)	(39)
Net balance at close	**41,433**	**111**	**41,544**
At 31.12.06			
Gross	41,433	150	41,583
Total amortisation	-	(39)	(39)
Net book value	**41,433**	**111**	**41,544**

(1) The parking spaces located in the town of Champigny Carnot have been restated to the investment property category due to their reception in 2006. The same applies to properties located in the towns of Massy and Caen.

Property assets under construction

At 31/12/2006, the Société Tour Eiffel group possessed 4 assets entered in the accounts as "property under construction" whose main details are indicated in the table below.

Summary table of properties under construction:

Property	Address	Type of asset	Total rental area	% of rental area, long term	Estimated rent excl, tax / years	Estimated date of work completion	Current status
Porte des Lilas	13/21 Avenue de la Porte des Lilas 75019 Paris	Offices	Buildings: 10,722 sq.m Car park: 92 spaces	100%	3,700,000	15/06/08	Under construction
Rueil national	133 Bd National 92500 Rueil Malmaison	Offices	Buildings: 6,900 sq.m Car park: 164 spaces	100%	2,417,570	2nd quar. 2008	Under construction
Le Viseo	430 Chemin de la Baudonnière 38330 Montbonnot	Offices	Buildings: 11,886 sq.m	100%	1,500,000	July 2007	Under construction
Grenoble Pont d'Oxford	Polytec ZAC des Berges Av des Martyrs 38000 Grenoble	Offices	Buildings: 5,133 sq.m Car park: 53 spaces	100%	811,029	15/06/07	Under construction

Property under construction – Appraisal:

(Euros, in thousands)	Cost at 31 december 2006		Cost until completion of works		Total cost of the project		Interest % applied
	Net of interest	Financial interest	Net of interest	Financial interest	Net of interest	Financial interest	
Porte des Lilas	23,427	125	26,584	-	50,011	125	5.07%
Rueil national	13,830	52	19,390	-	33,220	52	Euribor 3 month +1%
Le Viseo	2,147	-	15,224	-	17,371	-	-
Grenoble Pont d'Oxford	1,832	20	9,246	-	11,078	19	Euribor 3 month +1%
Total	**41,236**	**197**	**70,444**	**-**	**111,680**	**197**	
Grand total	**41,433**		**70,444**		**111,877**		

NOTE 2: INVESTMENT PROPERTIES

Variance by type:

(Euros, in thousands)	Investment property
Close at 31.12.05	
Net balance at opening	254,194
Acquisitions	44,829
Transfers	-
Changes in the scope of consolidation (1)	285,461
Exact value effect (profit or loss)	33,237
Net balance at close	**617,721**
Close at 31.12.06	
Net balance at opening	617,721
Acquisitions	91,504
Transfers	(40,578)
Reclassification	16,784
Changes in the scope of consolidation (1)	51,123
Change in the consolidation percentage	-
Exact value effect (profit or loss)	88,911
Net balance at close	**825,465**

(1) The changes in the scope of consolidation representing the inclusion of Locafimo in 2005, a portfolio of 5 long-term medical care facilities in June 2006 and SODEPROM in December 2006.

Restrictions relating to the possible transfer of investment property or the recuperation of income from the disposal with an indication of the amount.

No investment property is subject to this type of restriction.

Investment property – Summary table of main assets:

	Address	Main tenants	Rented area sq.m	Annuel rent €	Occupation rate %
OFFICES: Massy Campus	102, rue de Paris - MASSY (91)	Areva & SFR	13,585	3,985,232	100%
OFFICES: Massy	9, rue Ampère MASSY (91)	Alstom	43,623	4,457,074	100%
OFFICES: Plessis	Le Galilée ZI du Plessis Robinson 92350 LE PLESSIS ROBINSON	C&S	15,940	3,760,651	100%
BUSINESS PARK: Strasbourg - PC des Tanneries		Multi-tenant	59,214	2,915,311	59%
OFFICES: Asnières Quai Dervaux	85/93 quai Dervaux 92600 ASNIÈRES	Ministère de l'intérieur	10,391	2,274,254	100%
OFFICES: Caen	ZAC du Plateau Colombelles 14460 CAEN	Philips	18,903	3,037,004	100%
BUSINESS PARK: Lyon - Parc du Moulin à vent		Multi-tenant	36,588	3,098,620	86%
OFFICES: East Side (Champs sur Marne)	2, bld Newton 77420 CHAMPS SUR MARNE	La Poste	12,659	2,564,931	100%
WAREHOUSES: Sochaux	ZAC du Technoland - ETUPES	Gefco	28,165	1,577,587	100%
OFFICES: Champigny - Archon	42 bis, quai V. Hugo 94500 CHAMPIGNY SUR MARNE	Air Liquide	9,471	1,906,540	100%
BUSINESS PARK: Aubervilliers	151/153, av Jean Jaurès 93300 AUBERVILLIERS	Atos & others	19,423	1,492,103	89%
OFFICES: Montigny Diagonale Ouest		BNP & Assystem	7,586	1,332,275	93%
OFFICES: Lyon Tour CL	Tour Crédit Lyonnais 129, rue Servient 69003 LYON	Arthur Andersen	8,272	739,198	74%
OFFICES: Lyon RDC Tour CL		Céramiques de France	2,227	176,680	100%
OFFICES: Bobigny	20, rue galliéni - rue de la Déviation - 93000 BOBIGNY	Conseil Général	6,619	1,164,999	100%
BUSINESS PARK: Malakoff	23/27, rue Pierre Valette MALAKOFF	Colt	11,560	1,016,125	100%

NOTE 3: GOODWILL

(Euros, in thousands)	Comète	Malakoff Valette	Arman F02	Jean Jaurès	Locafimo	Total goodwill
Close at 31.12.05						
Net balance at opening	-	-	-	-	-	-
Acquisitions	18	12	-	-	29,404	**29,434**
Transfers	-	-	-	-	-	-
Provisions (1)	(18)	(12)	-	-	(29,404)	**(29,434)**
Net balance at close	-	-	-	-	-	-
At 31.12.05						
Gross	2,343	1,895	1,873	262	29,404	**35,777**
Total provisions	(2,343)	(1,895)	(1,873)	(262)	(29,404)	**(35,777)**
Net book value	-	-	-	-	-	-
Close at 31.12.06						
Net balance at opening	-	-	-	-	-	-
Acquisitions (2)	7	-	-	-	999	**1,006**
Transfers	-	-	-	-	-	-
Provisions (3)	(7)	-	-	-	(999)	**(1,006)**
Net balance at close	-	-	-	-	-	-
At 31.12.06						
Gross	2,350	1,895	1,873	262	26,772	**33,152**
Total provisions	(2,350)	(1,895)	(1,873)	(262)	(26,772)	**(33,152)**
Net book value	-	-	-	-	-	-

Appraisal value at 31/12/06 in €	Date of entry in structure	Year of construction	End of lease
60,000,000		2006	NA
53,440,000	08/04/2004	between 1967 and 1996	24/04/2012
48,200,000	20/12/2004	between 1965 and 1968	2012
41,150,000	27/12/2005	NA	NA
39,900,000	27/12/2005	1997	
38,700,000	2006	2006	end of 2015
36,000,000	27/12/2005	renovated 2005	NA
28,160,980	02/04/2004	1993	end of 2011
23,000,000	28/02/2005	2005	end of 2014
21,200,000	15/12/2004	2005	end of 2012
18,500,000	30/12/2003	1930	2011
17,000,000			
15,800,000	27/12/2005	1975	NA
0	09/05/2006		NA
14,750,000	01/12/2004	1965 (rehabilitation in 2004)	2015
14,600,000	27/05/2004	1928 (under re-structuring)	end of 2009

(1) With regard to Locafimo, this is an addition to the price of securities already owned.

(2) A counterpart entry for the provision for goodwill impairment is recorded under "net balance of value adjustments" (Cf. Note 20), in compliance with the main statement in paragraph 2.6.

(3) Goodwill and the corresponding provision concerning Locafimo were reduced following property transfers in 2006 for an amount of €3,631,000.

NOTE 4: INTANGIBLE FIXED ASSETS

Variance by type:

(Euros, in thousands)	Intangible assets generated internally	Acquired intangible assets	Total intangible assets
Year-ended 31.12.05			
Net balance at opening	-	-	-
Acquisitions	-	-	-
Transfers	-	-	-
Amortisation	-	-	-
Entry in the structure	-	1	1
Net balance at close	-	**1**	**1**
At 31.12.05			
Gross	-	173	173
Total amortisation	-	(172)	(172)
Net book value	-	**1**	**1**
Year-ended 31.12.06			
Net balance at opening	-	1	1
Acquisitions	-	5	5
Transfers	-	-	-
Amortisation	-	(471)	(471)
Reclassification	-	-	-
Entry in the structure	-	4,172	4,172
Net balance at close	-	**3,707**	**3,707**
At 31.12.06			
Gross	-	4,350	4,350
Total amortisation	-	(643)	(643)
Net book value	-	**3,707**	**3,707**

All the net assets have been acquired and have not been re-valued.

NOTE 5 : FINANCIAL ASSETS

Financial assets - type:

(Euros, in thousands)	Fixed securities	Long-term investments	Loans	Deposits and guarantees paid	Other fixed receivables	Valuation of CAPs and SWAPs	Total financial assets
Close at 31.12.05							
Net balance at opening	2	-	-	11,570	-	1,430	**13,002**
Increases	-	-	-	-	6,024	-	**6,024**
Entry in the structure	-	-	1,833	682		-	**2,515**
Reclassification	-	-	-	(11,408)	11,408	-	**-**
Write downs	-	-	-	-	(11,408)	-	**(11,408)**
Repayment	-	-	(66)	-	-	-	**(66)**
Exact value effect (profit or loss)	-	-	-	-	-	103	**103**
Net balance at close	**2**		**1,767**	**844**	**6,024**	**1,533**	**10,170**
Close at 31.12.06							
Net balance at opening	2	-	1,767	844	6,024	1,533	**10,170**
Increases	-	12	-	73	4,467	1,338	**5,571**
Entry in the structure	-	-	-	78	-	-	**78**
Reclassification	-	-	-	-	-	-	**-**
Write downs	-	-	(814)	(208)	(2,592)	-	**(3,614)**
Repayment	-	-	-	-	-	-	**-**
Exact value effect (profit or loss)	-	-	-	-	-	1,920	**1,920**
Net balance at close	**2**	**12**	**953**	**787**	**7,899**	**4,791**	**14,444**

(1) Entry in the structure includes €78,000 in security deposits with Awon Asset Management.

Other fixed receivables:

Other fixed receivables consist mainly of remunerated cash guarantees which are repaid according to the conditions stipulated in the master agreement concluded at the end of 2004 and its amendment of June 2006.

Derivative instruments:

The Tour Eiffel group has contracted financial instruments (CAPs and SWAPs) which have not been considered as hedge instruments in accounting terms.

These financial instruments were originally entered on the assets side at their exact value as a counterpart to a financial debt corresponding to the outstanding updated premiums over the duration of the financial instruments.

Any changes in the value of financial instruments from one year-end to another were recorded under financial income.

The adjustment of fair value for 2006 has a financial impact of €1,920,000.

The main characteristics of financial instruments held at 31 December 2006:

Type of contract	Subscription date	Effective date	Maturity date	Annual amount, Euros, in thousands	Benchmark	Fixed rate	Fair value, Euros, in thousands
CAP	28/11/2002	02/09/2003	02/12/2012	87,700	Euribor 3 months	5.00%	1,268
CAP	06/06/2006	06/06/2006	27/12/2010	33,500	Euribor 3 months	4.50%	172
CAP	09/05/2006	02/06/2006	27/12/2010	2,753	Euribor 3 months	5.00%	7
CAP	03/04/2006	20/04/2006	27/12/2010	54,000	Euribor 3 months	5.00%	180
CAP	06/05/2004	30/07/2008	30/12/2011	2,710	Euribor 3 months	8.00%	-
CAP	08/04/2004	30/04/2009	30/04/2012	19,050	Euribor 3 months	6.50%	14
CAP	30/06/2006	01/08/2006	07/06/2013	20,134	Euribor 3 months	4.50%	215
CAP	30/06/2006	01/08/2006	07/06/2009	17,000	Euribor 3 months	4.50%	25
CAP	30/06/2006	01/05/2007	07/06/2013	6,386	Euribor 3 months	4.50%	238
SWAP/CAP alternative SWAP - CAP	28/02/2006	28/02/2008	15/04/2011	62,400 15,600	Euribor 3 months Euribor 3 months	3.45% 7.00%	1,298
SWAP	29/06/2006	01/08/2006	07/06/2013	60,402	Euribor 3 months	4.10%	451
SWAP	29/06/2006	02/05/2007	07/06/2013	19,159	Euribor 3 months	4.19%	601
CAP	01/02/2006	01/02/2006	01/02/2007	3,000	Euribor 3 months	3.00%	4
SWAP	05/09/2006	02/12/2006	27/12/2010	2,474	Euribor 3 months	3.77%	316
CAP	07/07/2006	11/07/2007	27/12/2010	658			2
TOTAL							**4,791**

NOTE 6: TRADE RECEIVABLES AND RELATED ACCOUNTS

(Euros, in thousands)	2006	2005
Gross	11,283	11,892
Provisions (1)	(4,173)	(4,192)
Total net trade receivables and related accounts	**7,110**	**7,700**

(1) the provisions for trade receivables concern mainly customers of the Locafimo Group.

NOTE 7: OTHER RECEIVABLES AND ADJUSTMENT ACCOUNTS

(Euros, in thousands)	2006 Net	2005 Net
Advances and deposits paid	3,479	2,350
Payroll expense and related accounts	36	
State receivables (1)	32,396	14,675
Current accounts - assets	2,815	1,628
Trade payable	405	270
Prepaid expenses	786	846
Other receivables	146	770
Total gross value	**40,063**	**20,539**
Provisions on other receivables	-	-
TOTAL	**40,063**	**20,539**

(1) This amount mainly concerns:

- a non-recurring and recoverable government deduction of 2005's distributions in the amount of €7,876,000 recorded by the Locafimo Group.
- deductible VAT to be recovered on property assets: €6,093,000 for Caen Colombelles, €7,601,000 for Massy Campus and €4,373,000 for Porte des Lilas.

NOTE 8: CASH AND CASH EQUIVALENTS

The marketable securities consist mainly of monetary UCITS evaluated at their closing price.

(Euros, in thousands)	2006	2005
Marketable securities	11,843	21,576
Available assets	14,197	48,384
Total gross value	**26,040**	**69,960**
Current account provision (1)	(3,055)	(3,055)
TOTAL	**22,985**	**66,905**

(1) Provision on marketable securities with the Pallas Stern bank in the name of Locafimo.

In the consolidated cash flow table, cash and bank overdrafts include the following elements:

(Euros, in thousands)	2006	2005
Cash and cash equivalents	**22,985**	**66,905**
Credit bank balance (Note 11)	(880)	(1,630)
Total net cash	**22,105**	**65,275**

NOTE 9: NON-CURRENT ASSETS FOR DISPOSAL

Variance by type:

(Euros, in thousands)	Property for disposal
Close at 31.12.05	
Net balance at opening	845
Acquisitions	-
Transfers	845
Net balance at close	-
Close at 31.12.06	
Net balance at opening	-
Acquisitions	-
Transfers	-
Net balance at close	-

NOTE 10: CAPITAL AND PREMIUMS LINKED TO CAPITAL

1) Composition of capital

	Number of ordinary shares	Nominal value per share (In €)	Total capital (Euros, in thousands)	Premium value (Euros, in thousands)	TOTAL (Euros, in thousands)
At 31 December 2004	**2,538,270**	**48**	**121,837**	**13,457**	**135,294**
Capital increase 21 December 2005	2,538,270	48	**121,837**	**35,536**	**157,373**
Issue costs	-	-	**-**	**(6,729)**	**(6,729)**
Appropriation of the 2004 carry forward	-	-	**-**	**(419)**	**(419)**
At 31 December 2005	**5,076,540**	**48**	**243,674**	**41,845**	**285,519**
Capital increase 18 May 2006	113,713	48	**5,458**	**963**	**6,421**
Issue costs	-	-	**-**	**(237)**	**(237)**
Appropriation of the 2005 carry forward	-	-	**-**	**-**	**-**
At 31 December 2006	**5,190,253**	**48**	**249,132**	**42,571**	**291,703**

All the issued shares have been fully paid up.

The ordinary shares issued on 21 December 2005 have the same rights as the other shares in circulation. The associated costs of 6,729,000 Euros were subtracted from the premium.

The ordinary shares issued on 18 May 2006 have the same rights as the other shares in circulation. The associated costs of 237,000 Euros were subtracted from the premium.

2) Issue of share subscription warrants

The conditions:

On 26 November 2004, the Board of Directors issued the following, according to the decision by the General Meeting of 18 May 2004, on the basis of one share per warrant, between 30 April 2006 and 30 October 2008:

- 88.678 "B" class share subscription warrants at the price of one eurocent per warrant, €59.23 per share.
- 12.852 "A" class share subscription warrants at the price of one eurocent per warrant, €63.83 per share.

All the "A" class and "B" class share subscription warrants were subscribed during the financial year 2004 by the sole subscriber, Awon Asset Management. These warrants were transferred by Awon Asset Management before it was acquired by Société de la Tour Eiffel.

Estimated value of share subscription warrants:

The exact value of the options was evaluated at the date on which each plan was allocated on the basis of a binomial option evaluation model (Cox, Ross and Rubinstein). This model takes into account the possibilities of exercising options in advance during the exercising periods.

Valuation in Euros at 26 November 2004	Plan "A"	Plan "B"	Total
Price at subscription date	62,85	62,85	-
Subscription price	59,23	63,83	-
Exact value per share subscription warrant	15,75	13,96	-
Number of options at maturity	12,852	88,678	**101,530**
Total charge	203,000	1,238,000	**1,441,000**
At 31/12/2004	14,000	84,000	**98,000**
At 31/12/2005	142,000	867,000	**1,009,000**
At 31/12/2006	47,000	287,000	**334,000**

For 2006, the impact amounts to €334,000 recognised under external charges.

3) Issue of share purchase options

The conditions:

Allocated in 2005

Share purchase options were allocated to managers during 2005. The exercise price of the options granted is equal to the average of the first prices listed between 28 November and 23 December 2005 inclusive less 5%, amounting to €68.44 per share. Certain options may be exercised as of their and other options may be exercised for a maximum of 25% per year from the first anniversary of their allocation, in other words from 26 December 2006. The contractual option duration is five years.

Options are allocated in the aim of motivating the loyalty of the Company's management by granting an additional source of remuneration that is linked to the Company's performance; certain managers will no longer be entitled to the options granted if they cease to represent or be employed by the Company or one of its subsidiaries.

Allocated in 2006

During the first half of the year, 39,266 share purchase options were allocated to employees.

The exercise price of the options is 87,78 Euros for a total of 10,750 shares; the exercise price for the remaining 28,516 shares is 83,77 Euros.

34,266 options may be exercised immediately after having been warded, 5,000 may be exercised within the limit of 25% per year as of the first anniversary of their allocation, thus as of 22 March 2007. The options have a contractual term of five years.

During the second half of the year, 132,400 share purchase options were allocated to employees.

The exercise price is 100,04 Euros.

103,900 options may be exercised immediately after having been allocated, 28,500 may be exercised within the limit of 25% per year as of the first anniversary of their allocation, thus as of 14 September 2007. The options have a contractual term of five years.

Estimation of option value:

The number of options in circulation and their exercise price are presented below:

	2006		2005	
	Exercice price (in Euros per share)	Options (in units)	Exercice price (in Euros per share)	Options (in units)
At 1 january	**68.44**	**111,530**	**-**	**-**
Granted	83.77	28,516	68.44	111,530
	87.78	10,750	-	-
	100.04	132,400	-	-
Lapsed	-	-	-	-
Exercised	-	-	-	-
Due	-	-		
At 31 december	**85.74**	**283,196**	**68.44**	**111,530**

Of the 283,196 options in circulation (of which 111,530 were allocated under the 2005 plan), 242,196 options (of which 104,030 were allocated under the 2005 plan) may be exercised. No options were exercised at 31 December 2006.

The beneficiaries may exercise their options within a period of five years. Thus:

- by 26 December 2010 for options granted in 2005. The exercise price of these options is €68,44.
- by 22 March 2011 for options granted 22 March 2006. The exercise price of these options is €83,77.
- by 17 May 2011 for options granted 17 May 2006. The exercise price of these options is €87,78.
- by 14 September 2011 for options granted 14 September 2006. The exercise price of these options is €100,04.

The fair value of the options granted during 2006, determined on the basis of the binomial evaluation model, is €4,754,000 (2005: €1,995,000).
The main assumptions of the model are as follows: prix of the share €91 / €91,50 / €104,10 / €136,50 depending on the dates of allocation as mentioned above, standard deviation on the shares' anticipated returns 36% / 35% / 38% / 43% (2005: 30%), term of the option as indicated above, annual interest rate without risk of 3.5% / 3.7% / 3.6% / 3.8% (2005: 3%) and a dividend payout rate of 4.22%.

At 31 December 2006 the rights acquired according to exercisable options were recorded in income statement (payroll expense) as a counterpart to the shareholders' equity for a total amount of €1,817,000.

4) Allocation of Free Shares

The Conditions

Free shares have been allocated to directors (18,800 shares). The allocation of shares will become definitive after a period of 2 years, namely from 14 June 2008 for the 10,800 shares and from 29 November 2008 for the 8,000 shares.
Beneficiaries must retain their shares for a minimum period of two years from their firm , namely until 14 June 2010 for the 10,800 shares and 29 November 2010 for the 8,000 shares.

The fair value of the free shares allocated during the 2006 financial period amounts to €1,871,000.
The main hypotheses underpinning the model are as follows: Share prices of €84,05/€120,40 according to the dates they were granted, exercise price as indicated above.
On 31 December 2006, rights acquired according to the enforceable options were recorded in the profit and loss account (staff charges) as a counterparty to the stockholders' equity for a total amount of €293,000.

	2006		2005	
	Exercice price (in Euros per share)	Free shares (in units)	Exercice price (in Euros per share)	Free shares (in units)
At 1 january	-	-	-	-
Granted	-	18,800	-	-
Allocated	-	-	-	-
At 31 december	**0**	**18,800**	**0**	**0**

NOTE 11: LOANS AND FINANCIAL DEBTS

Loans and Financial Debts – Variations by Type:

(Euros, in thousands)	Loans with Credit Institutions	Other Loans and Associated Debts	Current Bank Support	Premiums payable on CAPs	Deposits and Guarantees received	Total
Situation on 31.12.04	**136,177**	**1,153**	**28**	**2,295**	**797**	**140,450**
Increases	78,014	1,054	-	-	460	**79,528**
Write downs	(5,407)	(685)	-	(342)	(5)	**(6,439)**
Initial Structure	136,740	815	1,359	-	5,096	**144,010**
Other	-	-	243	-	-	**243**
Reclassification	-	(633)	-	-	633	**-**
Situation on 01.01.06	**345,524**	**1,704**	**1,630**	**1,953**	**6,981**	**357,792**
Increases	174,517	10,849	-	24	186	**185,576**
Write downs	(60,762)	(1,546)	-	-	(314)	**(62,622)**
Initial Structure	1,093	-	403	-	621	**2,117**
Other	-	-	(1,153)	-	-	**(1,153)**
Reclassification	(95)	95	-	-	-	**-**
Balance at 31.12.2006	**460,277**	**11,102**	**880**	**1,977**	**7,474**	**481,710**

Loans with Credit Institutions – Fixed Rate / Variable Rate:

(Euros, in thousands)	Fixed Rate	Variable Rate	Total
Loans with credit institutions	24,693	435,584	**460,277**

The Group's average interest rate for financing is 4% in 2006.

After taking account of fixed rate swap instruments, the total fixed rate debt comes out at €149.5m.
Furthermore, the variable rate debt is covered by CAP instruments for an amount of up to €229.4m.

Loans and Financial Debts:

(Euros, in thousands)	2006	2005
Non-current		
Bank Loans	458,849	311,286
Other financial liabilities	15,131	8,566
Total	**473,980**	**319,852**
Current		
Bank Loans	1,428	34,238
Interest incurred	2,371	1,704
Bank Overdrafts	880	1,630
Other financial liabilities	3,051	368
Total	**7,730**	**37,940**
Total loans and financial debts	**481,710**	**357,792**

The terms of the non-current bank loans are indicated below:

(Euros, in thousands)	2006	2005
Between 1 and 5 years	283,633	240,444
More than 5 years	175,216	70,842
Total	**458,849**	**311,286**

NB: "current" loans represent debts with a term of less than 1 year.

NOTE 12: LONG-TERM PROVISIONS AND PROVISIONS WITH A TERM OF LESS THAN ONE

(Euros, in thousands)	Provision for employee disputes	Provision for the risk of insurance policies failing to pay out	Provisions for retirement benefits	Other Provisions for expenses	Other Provisions for expenses	Total
Situation on 31.12.2005	**11**	**496**	**-**	**5**	**2**	**514**
Allowances	-	-	12	-	-	**12**
Carry forwards not used	(11)	(256)	-	(5)	(2)	**(274)**
Carry forwards used	-	-	-	-	-	**-**
Variation in structure	-	-	53	-	-	**53**
Balance at close 31.12.2006	**-**	**240**	**65**	**-**	**-**	**305**

Provision – long term / less than one year

(Euros, in thousands)	2006		2005	
	Long term	Less than one year	Long term	Less than one year
Provision for employee disputes	-	-	-	11
Provision for Locafimo tenant risks	240	-	496	-
Provisions for retirement benefits	65	-	-	5
Other provisions for expenses	-	-	-	2
Net balance at close	**305**	**-**	**496**	**18**
Total per period	**305**		**514**	

NOTE 13: TAX AND SOCIAL DEBTS (CURRENT AND NON-CURRENT)

Type (Euros, in thousands)	2006	2005
Tax Debts (Exit Tax)	10,802	739
TOTAL non-current tax debts	**10,802**	**739**
Social debts	780	363
Tax debts (of which Exit Tax – share less than one year)(1)	6,901	(1) 23,344
Other Tax Debts	3,783	3,448
TOTAL current tax and social debts	**11,464**	**27,155**
TOTAL	**22,266**	**27,894**

NOTE 14: DEFERRED TAX

(Euros, in thousands)	2006	2005
Deferred Tax Assets	-	-
Deferred tax assets recoverable with a term of more than 12 months	-	-
Deferred tax assets recoverable with a term of less than 12 months	-	-
Deferred Tax Liabilities	-	24,460
Deferred tax liabilities recoverable with a term of more than 12 months	-	-
Deferred tax liabilities recoverable with a term of less than 12 months	-	24,460

The gross deferred tax variation is presented below:

(Euros, in thousands)	2006	2005
Balance on 1 January	24,460	-
Initial structure	-	24,486
Taxes allocated to the profit and loss account	(24,460)	(26)
Balance at close 31.12.2006	-	24,460

The deferred tax liability variation during the financial year within the same tax jurisdiction is presented below:

(Euros, in thousands)	Fair Value Profit from Property	Fair Value Profit from marke-table security	TOTAL
On 1 January 2004	-	-	-
Taxes allocated to the profit and loss account	(26)	-	(26)
Taxes allocated to stockholder's equity	-	-	-
Initial structure	24,484	2	24,486
Conversion difference	-	-	-
At 31 december 2005	24,458	2	24,460
Taxes allocated to the profit and loss account	(24,458)	(2)	(24,460)
Initial structure	-	-	-
Conversion difference	-	-	-
At 31 december 2006	-	-	-

The deferred taxes for the financial year 2005 were generated by the acquired companies (Locafimo and its subsidiaries).

The tax rate used is 16.50%. This corresponds to exit tax payable on the basis of the evaluation difference covered in 2006 (exercising of options).

The company, Locafimo, and its subsidiaries opted for the SIIC Scheme during the course of the 1st six months of 2006 which provides for almost total tax exemption (cf. note 2.17).

NOTE 15: SUPPLIER DEBTS AND OTHER DEBTS

Type (Euros, in thousands)	2006	2005
Supplier debts	15,577	15,190
Debts associated with acquisitions of tangible assets	(2) 15,813	(1) 22,639
Liabilities current account	861	269
Advances and deposits received	879	926
Creditor customers	2,357	1,744
Other operating debts	418	528
Other non-operating debts	49	-
Deferred income	4,285	2,082
TOTAL	**40,239**	**43,378**

(1): Corresponds to outstanding payments on property located in Massy and Caen.
(2): Outstanding payments on properties:
- Porte des Lilas: €11,834,000
- Massy: €2,177,000
- Other: €1,802,000

NOTE 16: TURNOVER

Turnover– Comparative Analysis by Type:

(Euros, in thousands)	2006	2005
Rental income	54,939	27,183
Other rental income (1)	5,518	2,376
Total Turnover	**60,457**	**29,559**

(1): mainly reinvoicing of property tax and office tax.

Sector-based Analysis: (with reference to note 3.12)
The Tour Eiffel Group's business is concentrated in a single sector - office property, industrial premises and business in France.

Accrued rent for farming leases in the portfolio on 31 December 2006:

(Euros, in thousands)	2006
Total minimum future payments	
Less than one year	42,225
More than one year and less than five years	154,173
More than five years	96,448
Total future payments	**292,846**
Amount of rental income recorded in the 2006 earnings	54,939

NOTE 17: PURCHASES CONSUMED

(Euros, in thousands)	2006	2005
Non-stocked purchases of materials and supplies	117	12
Total purchases consumed	**117**	**12**

NOTE 18: EXTERNAL STAFF EXPENSES, DUES AND TAXES

Staff Expenses

(Euros, in thousands)	2006	2005
Staff remuneration	1,489	209
Social charges	555	68
Charges on payments in shares	4,297	1,817
Total Staff Charges	**6,341**	**2,094**

External Expenses

(Euros, in thousands)	2006	2005
General subcontracting	-	98
Rentals and rental expenses	4,608	206
Maintenance and repairs	288	227
Insurance premiums	498	295
Miscellaneous documentation, seminars	30	2
Staff from outside of the company	41	-
Remuneration of intermediaries and fees (1)	4,267	5,047
Advertising, publication, public relations	227	182
Goods transport, collective staff transport	7	2
Travel, assignments and receptions	146	48
Postal and telecommunication costs	56	2
Banking and associated services	1,110	489
Other external services	415	49
Total External Expenses	**11,693**	**6,647**

(1)These amounts correspond mainly to costs incurred in the pursuit of assets, asset management and goods administration.

Taxes and Dues

(Euros, in thousands)	2006	2005
Property Tax	3,703	2,457
Other taxes and dues	1,700	992
Total Taxes and Dues	**5,403**	**3,449**

NOTE 19: NET DEPRECIATION EXPENSES AND PROVISIONS

(Euros, in thousands)	2006	2005
Carry forward/Depreciation Intangible Assets	(471)	-
Carry forward/Depreciation Tangible Assets	(2)	-
TOTAL Carry forward/Depreciations	**(473)**	**-**
Carry forward/prov for current assets	24	-
Carry forward/ prov for operating liabilities and expenses	258	19
Carry forward/prov for operating receivables	-	(2)
TOTAL Carry forward/Provisions	**282**	**17**

NOTE 20: NET BALANCE OF VALUE ADJUSTMENTS

(Euros, in thousands)	2006	2005
Investment property	88,911	33,237
Goodwill	(999)	(29,434)
TOTAL	**87,912**	**3,803**

NOTE 21: OTHER OPERATING INCOME AND EXPENSES

(Euros, in thousands)	2006	2005
Miscellaneous current management income	375	6
Other depreciations carried forward and provisions	4	1
Irrecoverable receivable losses	-	-
Miscellaneous current management expenses	(282)	(85)
Other depreciation allowances and provisions	(37)	(4)
Income from disposal of investment property*	45,376	-
Net book value of the property disposed of*	(40,585)	-
TOTAL	**4,851**	**(82)**

*SAS Locafino disposed of 9 non-strategic assets; similarly SCI Nowa disposed of one asset

Rental income and direct operating expenses linked to investment property:

(Euros, in thousands) 2006	Investment Property generating Rental Income	Investment Property not generating Rental Income
Rental income	54,939	-
Direct operating expenses (1)	7,923	307

(1): mainly property administration costs and property tax.

NOTE 22: NET FINANCIAL DEBT COST

(Euros, in thousands)	2006	2005
Net income from marketable security transfers	577	253
Net expenses from marketable security transfers	(13)	-
Marketable security income	723	282
Loan income	-	-
Total Cash Income and Equivalent	**1,287**	**535**
Financing operations interest	(15,064)	(5,874)
Total Gross Financial Debt Costs	**(15,064)**	**(5,874)**
TOTAL ENDETTEMENT FINANCIER NET	**(13,777)**	**(5,339)**

NOTE 23: OTHER FINANCIAL INCOME AND EXPENSES

(Euros, in thousands)	2006	2005
Other financial income	6,370	135
Income from security transfers	-	-
Total of Other Financial Income	**6,370**	**135**
Abandonment of receivables granted	-	-
Other financial expenses	(2,943)	(111)
Net book value of transferred securities	-	-
Total of Other Financial Expenses	**(2,943)**	**(111)**
TOTAL	**3,427**	**24**

NOTE 24: PROFIT TAX

(Euros, in thousands)	2006	2005
Current tax	(1,576)	(27)
Deferred tax	380	26
Total	**(1,196)**	**(1)**

NOTE 25: BASIC EARNINGS PER SHARE

Basic Earnings

The basic earnings per share is calculated by dividing the net profit paid to company shareholders by the average weighted number of ordinary shares in circulation during the financial year.

(Euros, in thousands)	2006	2005
Profit paid to company shareholders	117,908	15,779
Average weighted shares in circulation	5,147,572	2,614,766
Basic earnings per share (€ per share)	22,91	6,03

Diluted Earnings

The diluted earnings per share is calculated by increasing the average weighted number of shares in circulation by the number of shares resulting from the conversion of all stock options with a potentially diluting effect. For share options, a calculation is made in order to determine the number of shares which could have been acquired at their fair value (namely, the average annual market price of the company's shares) on the basis of the monetary value of the subscription rights associated with the stock options in circulation. The number of shares calculated in this way is compared with the number of shares which could have been issued if the options had been exercised.

(Euros, in thousands)	2006	2005
Profit paid to company shareholders	117,908	15,779
Average weighted number of ordinary shares used to calculate the diluted earnings per share	5,166,177	2,614,904
Diluted Earnings per share (€ per share)	22,82	6,03

NOTE 26: DIVIDENDS

The Board of Directors of 22 March 2006 also approved the distribution of an initial interim dividend for 2006 of €1.15 per share or a total interim dividend of €5,968,791.

An additional dividend of €0.85 per share in respect of the financial year ended 31 December 2005, representing an additional distribution of €4,315,059 was voted by the ordinary and extraordinary General Meeting of 17 May 2006.

The Board of Directors of 14 September 2006 also approved the distribution of a second interim dividend for 2006 of €2.5 per share or a total interim dividend of €12,975,633.

NOTE 27: TRANSACTIONS WITH ASSOCIATED PARTIES

Remuneration of Senior Management

The following information, concerning the annual amount of gross allocated remuneration, is generally provided for members of the administrative and management bodies of the firm consolidating Tour Eiffel, namely:

(Euros, in thousands)	2006	2005
Salaries and other short-term benefits	393	274
Directors' fees	45	24
Payments based on shares (stock options)	4,297	1,817
TOTAL	**4,735**	**2,115**

The redundancy payment for a deputy general manager may not be less than €250,000.

Transactions with Associated Firms

These firms jointly manage the Tour Eiffel Company:

Awon Asset Management

(Euros, in thousands)	2006	2005
Profit and Loss Account		
Purchases of services as part of asset and administrative management	734	3,581
Balance Sheet on 31 December		
Debts with an Associated Party	-	1,298

(1): These transactions pre-date the acquisition of Awon Asset Management (16 May 2006) by Société de la Tour Eiffel

NOTE 28: OFF BALANCE-SHEET COMMITMENTS

Commitments Given

(Euros, in thousands)	Amounts on 31 December 2006
Mortgages: (1)	118,300
Security pledges: (2)	288,831
Money lender's lien	40,323
Surety	41,496
TOTAL	**488,950**

(1): Net book value

(2): Acquisition price of corporate securities

Commitments Received

(Euros, in thousands)	Amounts on 31 December 2006
Rental guarantee	1,001
Joint guarantee	81,908
Pledging	200
Liability guarantee	33,632
Rent guarantee	2,718
TOTAL	**119,459**

VI ◆ STATUTORY AUDITORS' REPORT

TO THE SHAREHOLDERS OF:

SOCIÉTÉ DE LA TOUR EIFFEL
A French joint stock company (société anonyme)
with capital of 249,132,144 Euros
20/22 rue de la Ville l'Evêque
75008 PARIS

In carrying out the mission entrusted to us by your General Shareholders' Meeting, we have proceeded with auditing the consolidated financial statements of Société de la Tour Eiffel relating to the year ended 31 December 2006, as attached to this report.

The year-end financial statements were closed by the Board of Directors. It is our responsibility, based on our audit, to provide our opinion on these financial statements.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with the auditing standards applicable in France; these standards require the implementation of due diligences enabling us to confirm, with reasonable assurance, that the consolidated financial statements contain no significant misstatements. An audit consists of the examination, on a test basis, of evidence relevant to the amounts and disclosures contained in these financial statements. It also consists of appraising the accounting principles applied and the significant estimates retained for the preparation of the financial statements as well as assessing their overall presentation. We consider that our verifications provide a reasonable basis for the opinion provided here below.
We certify that, with regard to the IFRS standards, as adopted by the European Union, the consolidated financial statements are a true and fair representation of the assets, the financial situation and overall result constituted by the persons and entities included in the consolidation.

II. Basis of our appraisals

In application of article L. 823-9, paragraph 1, of the French Commercial Code concerning the basis of appraisals, we would like to draw your attention to the following items:
As indicated in note 2-5 in the appendices, all investment properties making up the company's assets have been the subject of appraisals as at 31 December 2006 undertaken by independent real estate experts. Our mission involves reviewing the appraisal methods of these experts, evaluating the consistency of the assumptions upheld and establishing the fair value of the properties in question based on these appraisals.
Assessments made in this manner fall within the scope of our procedure for auditing the consolidated financial statements as a whole and have therefore contributed to our opinion provided in the first part of this report.

III. Specific verifications

We have also verified, in compliance with the professional standards applicable in France, the information presented in the Group management report. We have no comments regarding their fairness and consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, 16 February 2007

The Statutory Auditors

Expertise & Audit SA
3, rue Scheffer
75016 Paris

Pascal Fleury

PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine

Catherine Thuret

C ◆ CORPORATE FINANCIAL STATEMENTS

As at 31 December 2006

I ◆ ASSETS

In Euros	31/12/2006			31/12/2005
	Gross	Deprec. Prov.	Net	Net
ASSETS				
Intangible fixed assets				
Tangible fixed assets				
Land	2,963,407		2,963,407	
Buildings	5,503,470	8,002	5,495,468	
Other tangible fixed assets	915	915		293
Financial fixed assets (1)				
Participating interests	267,311,312		267,311,312	248,068,686
Investment-related receivables	65,942,122		65,942,122	44,558,753
Other financial fixed assets	3,442,074		3,442,074	6,569,335
	345,163,299	**8,917**	**345,154,383**	**299,197,067**
CIRCULATING ASSETS				
Stock and In-Process				
Down payments and Advances of Purchase Orders	536,536		536,536	
Receivables (2)				
Trade receivables	1,626,578		1,626,578	1,311,722
Other receivables	15,449,858		15,449,858	27,461,816
Investment securities				
Other securities				10,123,625
Available cash	1,379,409		1,379,409	2,660,164
Prepaid expenses (2)	852,304		852,304	24,029
	19,844,685		**19,844,685**	**41,581,356**
Deferred Expenses	147,042		147,042	45,984
OVERALL TOTAL	**365,155,026**	**8,917**	**365,146,110**	**340,824,407**
(1) Including those at less than one year (gross)			11,448,920	13,238,688
(2) Including those at more than one year (gross)				

II ◆ LIABILITIES

In Euros	31/12/2006	31/12/2005
	Net	Net
EQUITY CAPITAL		
Capital (of which paid: 249,132,144)	249,132,144	243,673,920
Issue, merger and acquisition premiums	42,570,647	41,626,257
Reserves:		
Legal reserve	742,807	246,820
Regulated reserves		
Other reserves	518,802	518,802
Retained earnings	38,977	206,082
Earnings in financial year (profit/loss)	36,403,314	9,720,481
Dividend advances	(18,944,424)	(5,076,540)
	310,462,268	**290,915,822**
OTHER EQUITY CAPITAL		
RISK AND EXPENSES PROVISIONS		
Risk provisions		4,500
		4,500
DEBTS (1)		
Credit establishment borrowings and debts (2)	32,994,315	32,087,083
Financial borrowings and debts (3)	18,229,321	8,098,664
Trade accounts payable	2,825,897	9,382,123
Tax and social debts	634,175	336,082
Other debts	133	133
	54,683,841	**49,904,084**
OVERALL TOTAL	**365,146,110**	**340,824,407**
(1) Including those at more than one year (a)	32,858,019	
(1) Including those at less than one year (a)	21,825,822	49,904,084
(2) Including current bank loans and bank credit balances		
(3) Including guaranteed loans		
(a) With the exception of down payments and advances on purchase orders		

III ◆ PROFIT AND LOSS ACCOUNT

In Euros	31/12/2006			31/12/2005
	France	Export	Total	Total
Operating income (1)				
Production sold (services)	5,570,553		5,570,553	2,960,611
Net sales	5,570,533		5,570,533	2,960,611
Reversal of provisions and expense reclassifications			180,000	47,000
Other income			24	7
			5,750,577	**3,007,618**
Operating expenses (2)				
Other purchases and external expenses (a)			7,113,962	5,427,586
Taxes, dues and similar payments			41,310	6,930
Wages and salaries			392,898	207,102
Social charges			115,762	66,628
Allocations to depreciations and provisions:				
For fixed assets: allocations to depreciations			87,236	1,321
Other charges			46,125	24,027
			7,797,293	**5,733,593**
OPERATING EARNINGS			**(2,046,717)**	**(2,725,975)**
Share of earnings from joint ventures				
Financial income				
From participating interests (3)			40,112,905	12,608,457
From other marketable securities and fixed asset receivables (3)			263,919	282,613
Net income from sales of marketable securities			282,665	96,672
			40,659,489	**12,987,741**
Financial expenses				
Interest and similar expenses (4)			1,984,726	537,529
Exchange Losses			11	
			1,984,737	**537,529**
OPERATING RESULT			**38,674,752**	**12,450,212**
CURRENT PRE-TAX EARNINGS			**36,628,035**	**9,724,237**
Extraordinary income				
From capital transactions			387	9
Reversal of provisions and expense reclassifications			4,500	1,125
			4,887	**1,134**
Extraordinary expenses				
From capital transactions			411	15
Allocations to depreciations and provisions				3,750
			411	**3,765**
EXTRAORDINARY EARNINGS			**4,476**	**(2,631)**
Income Tax			**229,197**	**1,125**
Total income			**46,414,953**	**15,996,493**
Total expenses			**10,011,638**	**6,276,012**
PROFIT/LOSS			**36,403,314**	**9,720,481**

(a) Including:		
- Equipment leasing instalments		
- Property leasing instalments		
(1) Including income relating to previous financial years		
(2) Including expenses relating to previous financial years		
(3) Including income to do with affiliated entities	*40,112,905*	*12,608,457*
(4) Including interest to do with affiliated entities	*999,973*	*415,332*

IV ◆ APPENDIX

To the balance sheet prior to allocations in the financial period ended 31 December 2006 the total of which is €365,146,109.68 and to the profit and loss account, presented in list form, and showing earnings of €36,403,314.35.

GENERAL COMMENTS

Société de la Tour Eiffel was formed in 1889 by Gustave Eiffel, who designed the Tower that bears his name. It held the concession for the Eiffel Tower up until 31 December 1979.

From 1980, the company became involved in shareholding acquisitions then cash management following the sale of its participating interests.

Since 2003, its primary object has been the purchase or construction of buildings with a view to their leasing, and direct or indirect ownership of interests in corporate entities with the same vocation.

Adoption of the Société d'Investissements Immobiliers Cotée (SIIC).

The company opted for the status of Société d'Investissements Immobiliers Cotée (SIIC or listed property investment company) on 15 April 2004, which took effect retroactively from 1 January 2004.

The SIIC Scheme introduced under Article 11 of the 2003 Finance Law, is available to listed companies with more than €15m of capital whose sole business is real estate. Companies having opted into it irrevocably are able to benefit from corporate tax exemption for the proportion of their net income stemming from real estate business under the following distribution conditions:

- 85% of income stemming from the leasing of property
- 50% of capital gains from the sale of property,
- 100% of dividends received from subsidiaries having opted in.

Admission to the scheme results in the immediate taxation of unrealised capital gains from property and shares held in real estate companies, at the reduced rate of 16.5%, in other words "exit tax" on their market value payable over 4 years.

KEY EVENTS

1. Acquisitions

1.1. 2006 ACQUISITIONS

1.1.1. REAL ESTATE COMPLEX

On 20 December 2006, SOCIETE DE LA TOUR EIFFEL acquired the "Energy II" Real Estate Complex located at VELIZY for €8,000,000. Acquisition expenses amount to €466,876 and are associated with the acquisition cost in accordance with the new rules on assets.

In compliance with enacting clause "SIIC 3" of the provisions of Article 210 E of the CGI, the purchaser undertakes to retain the property for a period of 5 years.

1.1.2. PARTICIPATING INTERESTS

During 2006, Société de la Tour Eiffel acquired two companies and formed two:

- **SCI GRENOBLE PONT D'OXFORD**

Formed on 12 May 2006 with a contribution of €990.
The tax regime for the SCI is the same as that for a partnership. Its taxable earnings are calculated in accordance with rules applicable to SIICs.

- **SCI RUEIL NATIONAL**

Formed on 10 May 2006 with a contribution of €990.
The tax regime for the SCI is the same as that for a partnership. Its taxable earnings are calculated in accordance with rules applicable to SIICs.

- **SCI SODEPROM**

Acquisition of 100% of SCI SODEPROM's shares on 20 December 2006 in accordance with a deed of transfer dated 20 December 2006 for a provisional sum of €12,450,404 calculated on the basis of a certified situation at 15 December 2006. The value of the shares on the balance sheet amounts to €13,565,799 and includes acquisition fees of €1,115,395 associated with the acquisition cost in accordance with the new rules on assets.
The tax regime for the SCI is the same as that for a partnership. Its taxable earnings are calculated in accordance with rules applicable to SIICs.

- **SNC AWON ASSET MANAGEMENT**

Acquisition of 99.99% of SNC AWON ASSET MANAGEMENT's shares on 1 April 2006 in accordance with a deed of transfer dated 16 May 2006 for the sum of €3,872,133 calculated on the basis of a certified situation at 31 March 2006. The value of the shares on the balance sheet amounts to €4,112,548 and includes acquisition fees of €240,415 associated with the acquisition cost in accordance with the new rules on assets.

The tax regime for the SNC is the same as that for a partnership. Its taxable earnings are calculated in accordance with the regime for Business Profit and are subject to taxation under the taxed sector of the SIIC Scheme.

1.2. VARIATION IN PARTICIPATING INTERESTS ACQUIRED IN 2004 AND 2005

The value of SAS LOCAFIMO's participating interests has increased following payment of an additional sum of €949,512 as defined in the additional clause to the contract for the disposal of shares dated 13 March 2006 and a sum in respect of additional acquisition fees of €48,588.
Similarly, the value of SCI COMETE's securities has increased following the release of the second half of the holdback sum, namely €545,000 and additional acquisition fees of €7,500.

2. Allocation of 2005 income

The Mixed Shareholder Meeting of 17 May 2006 voted to allocate earnings from the 2005 financial period, namely €9,720,481 to which is to be added retained earnings of €6,815 together with retained earnings resulting from the adoption of new accounting rules to do with assets of €199,267, and after allocating an amount of €495,487 to the legal reserve, with an amount of €9,391,599 by way of dividends and €38,976 as a proportion of retained earnings. The balance of the 2005 dividend, in the amount of €0.85 from a total of €2.85 per share, was paid on 30 May 2006.

3. 2006 Dividend Advances

On the basis of an interim balance sheet closed on 28 February 2006 showing distributable earnings of €8,623,340, and the report drawn up by the Statutory Auditors in relation thereto, on 22 March 2006, the Board of Directors voted to distribute a dividend advance amounting to €5,838,021 representing €1.15 per share, and this was paid on 30 May 2006.

Following the capital increase that took place (see § 6 Capital Increase) on 18 May 2006 through the exercising of share warrants resulting in the creation of 113,713 new shares bearing interest from 1st January 2006, an additional 2006 dividend advance was paid out on 20 June 2006 amounting to €130,770.

On the basis of an interim balance sheet closed on 30 June 2006 showing distributable earnings of €16,146,948, and a report drawn up by the Statutory Auditors in relation hereto, on 14 September 2006, the Board of Directors voted to distribute a dividend advance amounting to €12,975,632.50 representing €2.5 per share, and this was paid on 26 September 2006.

4. Allocation of Subsidiaries' 2006 Profits/Losses

4.1. FINANCIAL RESULT – INCREASED BY 2006 RESULTS

The Memorandum and Articles of Association of all subsidiaries with the legal form 'Sociétés Civiles Immobilières' (non-commercial partnership) and 'Société en Nom Collectif' (commercial partnership) (excluding the SAS LOCAFIMO) attaches importance to a clause regarding the allocation of earnings at the close of the financial period, unless the partners decide otherwise. The balance sheet date for all subsidiaries is 31 December.

On 30 June 2006, Société de la Tour Eiffel, as the active partner of its subsidiaries, decided to divide distributable earnings in proportion to the participating interest of partners in the capital.

As at 31 December 2006, Société de la Tour Eiffel's financial income included a share of 2006 income from those subsidiaries with an SCI or SNC legal status.

Exceptionally in 2006, in view of an extended company year running from 15 December 2006 to 31 December 2007, SCI SODEPROM's share in the earnings was not accounted for in the Société de la Tour Eiffel's financial result.

4.2. FINANCIAL RESULT – OTHER DISTRIBUTIONS

On 28 February 2006, 30 June 2006 and 29 September 2006, SAS LOCAFIMO voted to distribute dividends of €8,910,353, €6,210,246 and €8,370,332 respectively to its sole partner. An amount of €21,940,652 representing these distributions was substracted from the "non SIIC" 2005 income (SAS LOCAFIMO having opted into the SIIC Scheme on 31 March 2006 with retroactive effect from 1 January 2006) together with a balance of €1,550,279 corresponding to the proportion of its 2006 "SIIC" income.

On 20 March 2006, SCI ARMAN FO2 decided to distribute the legal reserve it no longer required in the amount of €35,861.

On 30 June 2006 and 29 December 2006, Société de la Tour Eiffel, acting as the active partner, opted for the reclassification under distributable reserves and the extraordinary distribution of the portion of the revaluation reserve corresponding to the amortisation supplement for the following subsidiaries and in the following amounts:

- €128,647 received from SCI MALAKOFF VALETTE on account of 2006,
- €165,978 received from SCI ARMAN F02 on account of 2006,

On 30 June 2006, Société de la Tour Eiffel, acting as the active partner, opted to allocate partners retained earnings generated by the application of regulations concerning the amortisation and depreciation of assets that came into effect from 1st January 2005 for the following subsidiaries and in the following amounts:

- -€19,515 from the SCI at 153 AVE JEAN JAURES,
- -€31,339 from SCI ARMAN FO2
- €400,508 from SCI NOWA
- -€6,295 from SCI MALAKOFF VALETTE,
- €280,966 from SCI MARCEAU BEZONS,
- €4,401 from SCI CHAMPIGNY CARNOT,
- €11,060 from SCI COMETE
- -€719 from SCI DES BERGES DE L'OURCQ.

5. Taxable Income – Monitoring of the Provisions of the SIIC Scheme

Société de la Tour Eiffel's 2006 accounting income amounts to €36,403,000 corresponding to a taxable income of €15,481,000 after recognition of previous losses.

5.1. EXEMPTED TAXABLE INCOME AND MONITORING OF DISTRIBUTION OBLIGATIONS

The 2006 exempted taxable income amounts to €14,793,000 and can be broken down as follows:

- €6,573,000 from property rental subject to an 85% distribution obligation,
- €3,244,000 from capital gains on the sale of property subject to a 50 % distribution obligation,
- €4,976,000 from dividends received from subsidiaries having opted in and subject to a 100% distribution obligation.

The distribution obligation therefore amounts to €10,563,000 in 2007 and €1,622,000 between 2007 and 2008 on account of capital gains on sales.
The 2007 distribution obligation is therefore to be adhered to by the distribution of €31,920,000, namely €6.15 per share, put to the vote at the General Meeting.

5.2. TAXABLE INCOME

The taxable income for 2006 amounts to €688,000 and corresponds to an increase in the taxable income of SNC AWON ASSET MANAGEMENT that is not part of the SIIC Scheme, together with the re-integration of a share of the fees and expenses on account of dividends received by the subsidiary SAS LOCAFIMO substracted from previous reserves upon it being admitted to the Scheme. Corporate Tax has been accounted for at the rate of 33.1/3% in the amount of €229,000.

6. Capital Increase

On 24 May 2006, the Chairman and Managing Director recorded a capital increase with effect from 18 May 2006 in the amount of €5,458,224 with an issue premium of €963,317 arising from the Company OSIRIS PATRIMOINE exercising its options on 12,852 (A) share warrants, and 88,678 (B) share warrants giving it the right to subscribe to 1.12 share, and the subsequent subscription of 113,713 new shares at a nominal value of €48.

Additional fees amounting to €18,926 in respect of a capital increase on 21 December 2005 were charged to the issue premium.

ACCOUNTING POLICIES

The Annual Accounts are established in accordance with the rules laid out by the general accounting system of 1999 and fundamental accounting policies (prudence, consistent methods, independence of financial years, continuity of activity). In particular, recommendations stipulated in the Professional Guide for companies in the sector of activity have been adhered to.

The financial year spans a 12-month period running from 1 January to 31 December 2006.

Recognised items are valued according to the historic costs method.

The notes and tables hereinafter are an integral part of the Annual Financial Statements.

The main accounting methods used are as follows:

1. Tangible Fixed Assets

1.1. LAND AND BUILDINGS

1.1.1. GENERAL RULES

Fixed assets are valued at their acquisition cost as per the provisions of CRC Regulation no. 2004-06. The company has opted to capitalise acquisition expenses and the costs of borrowings, where applicable.

In accordance with the CRC Regulation no. 2002-10, property assets have been accounted for using the components approach.

The gross value was split into 4 separate components (and 10 sub-components) on the basis of valuations carried out by the Technical Services of the Asset Management Company.

Given the nature of the property, a residual value of 10% was recorded under the main component (the structure).

Amortisations made are in accordance with the provisions of Rule no. 2002-10, each component being amortised over its individual useful life on the following basis:

- Structure:
  life: 60 years
  method: straight line
- Imperviousness:
  life: 20 years
  method: straight line
- Equipment:
  life: 20 to 50 years
  method: straight line
- Fixtures:
  life: 15 to 50 years
  method: straight line

1.1.2. VALUATION OF ASSETS

The company has all its property assets valued by an independent valuer every six months. In the financial period ended 31 December 2006, no provision was made in the accounts for these valuations.

1.2. OTHER TANGIBLE FIXED ASSETS

Depreciation amortisations are calculated on the following basis:

- Office equipment:
  life: 3 years
  method: straight line

Fixed assets are valued at their acquisition cost (purchase price and additional expenses).

2. Investment securities

The gross value is made up of the purchase cost excluding additional expenses. When the inventory value is lower than the gross value, the difference gives rise to a depreciation provision.

3. Treatment of Current and Extraordinary Income

Items arising from ordinary activities, even items that are extraordinary by their frequency or size, are included under current income. Only those items that are not the result of the company's ordinary activities have been recognised under extraordinary income.

4. Participating Interests and Other Fixed Securities

Participating interests are entered on the balance sheet at their acquisition cost as per the provisions of CRC Regulation no. 2004-06 pertaining to the definition, recognition and valuation of assets. The company has opted to include acquisition expenses in the value of securities.
Participating interests include shares in Sociétés Civiles Immobilières (SCI), Sociétés en Nom Collectif (SNC) and all shares held in a simplified stock company (see further details in the table of subsidiaries and participating interests at the end of the appendix).
If the inventory value of these shares proved to be lower than their purchase cost, a depreciation provision would be made The inventory value is determined based on the participating interest's value in use. For SCIs, this value takes into account the market value of the owned company's assets, which are audited every half year. As regards LOCAFIMO SAS, it is valued on the basis of a multi-criteria analysis (stock market comparables, discounted cash flow and property approach methods).

5. Receivables

Receivables are valued at their nominal value. A depreciation provision is entered when the inventory value is lower than the book value.

ADDITIONAL INFORMATION

1. Staff

The company has employed a Director of Property since 1 July 2005.

2. Remuneration of members of management and senior management

Board Members' attendance fees paid in 2006 total €45,000. Gross salaries paid to members of management for their director mandates total €150,000.

3. Provisions entered on the balance sheet

During the financial year, the provision for liabilities and charges initially allocated in the amount of €4,500, associated with the risk of non- of minimum annual tax (Impôt Forfaitaire Annuel –IFA), was the subject of an extraordinary reversal.

4. Reclassification of Expenses

During the financial period, issue fees and fees resulting from borrowings as part of a renewable finance contract (see §9 hereinafter) were the subject of an operating expenses reclassification in the amount of €180,000. These expenses were reclassified under capitalised expenses and amortised over the duration of the loans in question.

5. Asset Management Master Agreement

The aim of this master agreement is to entrust the asset management and administrative management of companies in the group formed by Société de la Tour Eiffel and its subsidiaries to Awon Asset Management.
The master agreement will run for a period of six years from 26 April 2004. After three years, the agreement may be terminated subject to one year's notice and in the event of termination by Société de la Tour Eiffel, the Asset Manager will receive compensation equal to one and a half times the remuneration received during the calendar year preceding the year of termination.

A contract amendment was signed on 30 November 2006 with the aim of:

- Extending the contract for a period of 5 years,
- Expanding it to encompass coordination activities and development transaction consultancy (VEFA, CPI, etc.),
- Simplifying financial conditions through their integration into the Group.

This first amendment is to take effect from 1st January 2007.

6. Management Master Agreement

The aim of this master agreement was to award Awon Gestion, on behalf of Société de la Tour Eiffel and its subsidiaries, lease management, technical management and assistance in the accounting management of buildings, as well as third-party representation.
The master agreement will run for a period of three years from 26 April 2004 and will be renewed once for a period of one year barring termination by either party at least six months before the end of the three-year period.
Further to a contract signed on 31 March 2005 to sell Awon Gestion's business assets, as of 1 April 2005, its management mandates are operated by SAVILLS GESTION.

7. Provision of Services Agreement

Société de la Tour Eiffel has appointed Bluebird Holding to assist its senior management with managing its existing property portfolio and acquisitions of new buildings. Under this contract, Bluebird Holding is to receive an annual set fee of €250,000. This agreement came into effect on 1st July 2005 for an unspecified duration with a 3 years period of notice termination after notification.

8. Line of Credit Master Agreement

8.1. CHARACTERISTICS

A line of credit master agreement aimed at financing or re-financing acquisitions of assets was signed on 30 November 2004 between Société de la Tour Eiffel and the Royal Bank of Scotland (RBS) totalling €210,000,000 on 30 November 2006, renewable on 30 November 2008. On 12 July 2005, an initial amendment made to this master agreement increased the line of credit to €222,500,000.

On 15 June 2006, a second amendment reduced the line of credit to €212,708,427 and extended its duration to 15 June 2013. On the same date, RBS signed an agreement to assign CALYON and AXA FRANCE IARD a share of its participating interest. Consequently, RBS became the RBS, CALYON and AXA FRANCE IARD each with a share in a third of the main credit item.

On 07 November 2006, a third amendment took the line of credit to €215,927,387 (comprising a principal amount of €193,427,387 and a VAT tranche of €22,500,000). The interest rate applied is the 3 month EURIBOR plus 75 basis points for the main credit item and the 3 month EURIBOR plus 80 basis points for the VAT tranche.

On 18 December 2006, CALYON assigned 2/5 (13.33%) of its share of a third in the main credit item to CREDIT FONCIER.

8.2. INTEREST RATE HEDGING INSTRUMENTS

On 28 June 2006, Société de la Tour Eiffel subscribed to an agreement with RBS for the hedging of risk exposure at the following interest rates:

- a CAP agreement at a rate of 4.5% for the period 1st April 2006 to 7 June 2013 for a maximum notional principal amount of €20,134,174. The CAP premium paid is to be spread over the duration of the agreement.
- a 3-month EURIBOR variable rate swap agreement exchanged for a 4.10% fixed rate for the period 1st August 2006 to 7 June 2013 for a maximum notional principal amount of €60,402,523.
- a CAP agreement at a rate of 4.5% for the period 1st March 2007 to 7 June 2013 for a maximum notional principal amount of €21,868,678. The CAP premium paid is to be spread over the duration of the agreement.
- a 3-month EURIBOR variable rate swap agreement exchanged for a 4.1875% fixed rate for the period 1st May 2007 to 7 June 2013 for a maximum notional principal amount of €65,582,033.

9. Renewable Finance Contract

9.1. CHARACTERISTICS

A renewable finance contract maturing 15 May 2009 for a maximum amount of €40,000,000 for the purpose of financing the general needs of the company, the payment of exit tax, work and investment needs, was signed on 15 June 2006 between Société de la Tour Eiffel and the Royal Bank of Scotland in its capacity as the RBS, CALYON and AXA FRANCE IARD bank agent. The rate of interest applied is the EURIBOR plus 100 basis points.

9.2. INTEREST RATE HEDGING INSTRUMENTS

On 28 June 2006, Société de la Tour Eiffel subscribed to an agreement with RBS in the form of a CAP agreement to hedge its risk rates at a rate of 4.5% for the period 1st April 2006 to 7 June 2009 and for a notional amount of €17,000,000. The CAP premium paid is to be spread over the duration of the agreement.

10. Cash Agreement

The subsidiaries of Société de la Tour Eiffel have adhered to the cash agreement signed on 2 April 2004 and its amendment of 24 June 2004.
The group interest rate is the 3-month EURIBOR plus 25 basis points.

11. Subordinated Loans

Société de la Tour Eiffel, acting as a lender, makes sums available to its subsidiaries in the form of subordinated loan agreements. These loans are granted at the 3-month EURIBOR interest rate plus 100 basis points for a period identical to the line of credit master agreement with the Royal Bank of Scotland, namely for a term ending 15 June 2013.
The repayment of these loans is subordinate to the creditor agreement in accordance with the line of credit master agreement signed with Royal Bank of Scotland.

12. Turnover

Société de la Tour Eiffel's turnover mainly comprise re-invoicing Group subsidiaries for services rendered in property, administration, asset management, financing and consultancy.

13. Re-Invoicing Agreement

A re-invoicing agreement was signed between Société de la Tour Eiffel and its subsidiaries to clarify and confirm the terms and conditions of re-invoicing to subsidiaries of costs supported by Société de la Tour Eiffel (management costs paid in respect of technical activities, financing and re-financing costs, ...).

14. Master Agreement for the Sale of Professional Tax Credits as Surety

On 19 December 2005, Société de la Tour Eiffel sold Société Générale, as surety, a 3 year loan, a government tax credit worth €2,197,384 linked to the payment of extraordinary tax of 25% on dividends paid in 2005. On 15 June 2006, Société de la Tour Eiffel repaid Société Générale an amount totalling €732,461 in respect of the first repayment instalment on the principal amount, following repayment by the government of the first third of the extraordinary taxation of 25%.

15. Share Purchase Option Plan

15.1. 2005 SHARE PURCHASE OPTION PLAN

In its 21st resolution, the Extraordinary Shareholders Meeting of 12 May 2005 authorised the Board of Directors to award options, limited to 3% of the capital and for a period of 38 months from the date of the Shareholders Meeting, to designate beneficiaries, set the subscription price and define the option conditions.

15.1.1. ALLOCATIONS BY THE BOARD MEETING OF 26 DECEMBER 2005

The Board Meeting of 26 December 2005 voted to award 111,530 share subscription options under the following conditions:

- 101,530 share subscription options giving the right to subscribe to 101,530 shares representing 2% of the capital. These options become exercisable from their grant date, namely 26 December 2005.
- 10,000 share subscription options giving the right to subscribe to 10,000 shares representing nearly 20% of the remaining total capital that may be allocated to the company's directors and employees. These options become exercisable from the first anniversary of their grant date, namely 26 December 2006, and in 25% tranches. Director or employee status will be required when exercising this tranche of options.

The subscription price is equal to the average of the first quoted prices between 28 November and 23 December 2005 minus 5%, or €68.44 per share. Options must be exercised within a period of five years, namely before 26 December 2010.

15.1.2. ALLOCATION BY THE BOARD MEETING OF 26 DECEMBER 2006

The Board Meeting of 22.March 2006 voted to award 28,516 share subscription options under the following conditions:

- 23,516 share subscription options giving the right to subscribe to 23,516 shares. These options become exercisable from their grant date, namely 22 March 2006.
- 5,000 share subscription options giving the right to subscribe to 5,000 shares. These options become exercisable from the first anniversary of their grant date, namely 22 March 2007, and in 25% tranches.

The subscription price is equal to the average of quoted prices between 22 February and 21 March 2006 minus 5%, or €83.77 per share. Options must be exercised within a period of five years, namely before 22 March 2011.

15.1.3. ALLOCATION AT THE BOARD MEETING OF 17 MAY 2006

The Board Meeting of 17 May 2006 voted to award 10,750 share subscription options under the following conditions:

- 10,750 share subscription options giving the right to subscribe to 10,750 shares. These options become exercisable from their grant date, namely 17 May 2006.

The subscription price is equal to the average of quoted prices between 18 April and 16 May 2006 minus 5%, or €87.78 per share. Options must be exercised within a period of five years, namely before 17 May 2011.

15.2. 2006 SHARE PURCHASE OPTION PLAN

In its 17th resolution, the Extraordinary Shareholders Meeting of 17 May 2006 authorised the Board of Directors to award options giving the right to subscribe to new shares in the company, to be issued under the terms of a capital increase, or to buy existing shares, limited to 3% of the capital and for a period of 38 months from the date of the Shareholders Meeting, to designate beneficiaries, set the subscription price and define option conditions. The new authorisation cancels any previous authorisation relating to the Board of Directors power to grant subscription options, in respect of any part not yet used.

15.2.1. ALLOCATION BY THE BOARD MEETING OF 14 SEPTEMBER 2006

The Board Meeting of 14 September 2006 voted to award 132,400 share subscription options under the following conditions:

- 103,900 share subscription options giving the right to subscribe to 103,900 shares. These options become exercisable from their grant date, namely 14 September 2006.
- 28,500 share subscription options giving the right to subscribe to 28,500 shares. These options become exercisable from the date of the first anniversary of their grant date, namely 14 September 2007, and in 25% tranches.

The subscription price is equal to the average of the first quoted prices between 17 August and 13 September 2006 minus 5%, or €100.04 per share. Options must be exercised within a period of five years, namely before 14 September 2011.

15.3. RISK ASSESSMENT OF PAYROLL TAX LIABILITY

The maximum risk of employer's payroll tax liability from capital gains on acquisitions in the event of the disposal of shares within a period of 4 years by all beneficiaries in the share purchase option plans, and for the totality of shares allocated, is estimated at €5m (at a notional price of €125 applying an estimated employer's contribution rate of 44%).

16. Allocation of Free Shares

In its 18th resolution, the Extraordinary Shareholders Meeting of 17 May 2006 authorised the Board of Directors to proceed with the distribution of 20,000 free shares, existing or to be issued, to the benefit of employees and/or corporate officers or to subsidiaries of its choice subject to legal terms and conditions. The granting of shares to beneficiaries will be definitive at the end of a 2-year acquisition period. Beneficiaries have to retain their shares for a minimum period of 2 years from the date of their definitive allocation. If the free award of shares arises from the issue of new shares, the latter shall be issued at the money and substracted from the company's reserves, implying the relinquishment by shareholders of profit from the new shares so created and profit from capitalised reserves.

The Board Meeting of 14 June 2006 voted to distribute 10,800 free shares. Their allocation will become definitive from the end of the acquisition period, namely 14 June 2008.

The Board Meeting of 29 November 2006 voted to distribute 8,000 free shares. Their allocation will become definitive from the end of the acquisition period, namely 29 November 2008.

On 31 December 2006, a further 1,200 free shares may be distributed by the Board.

The company is to make the free shares available to beneficiaries either within the context of a share purchase programme or through a capital increase and deduction from its reserve.

In the event of shares being made available through a capital increase, the theoretical dilutive effect on the 2006 income per share is as follows:

- 2006 net income per share: €7.01
- Theoretical net income per share following the distribution of free shares: €6.99

17. Financial Commitments

17.1. COMMITMENTS MADE

Commitments made are as follows:

- A guarantee, in respect of subsidiaries, of all sums due under the line of credit master agreement with Royal Bank of Scotland, CALYON, CREDIT FONCIER and AXA IARD in the amount of €215,927,387.
- Authorisation for a personal and joint and several guarantee in favour of borrowing subsidiaries as part of the master agreement signed with the Royal Bank of Scotland, CALYON, CREDIT FONCIER and AXA IARD.
- Surety issued in favour of BNP PARIBAS in respect of an interest rate hedging agreement concluded on 28 November 2002 with SCI NOWA transferred to SAS LOCAFIMO on 24 March 2006.
- Issue of a letter of credit within the context of the sale of 8 properties made on 30 June 2006 by SAS LOCAFIMO and SCI NOWA amounting to €746,580,
- The pledging of shares in SCI Nowa to Calyon.
- The pledging of shares in SCI Arman F02 to Aareal Bank.
- The pledging of shares in SCI Comète to Royal Bank of Scotland.
- The pledging of shares in SCI Berges de l'Ourcq to Royal Bank of Scotland.
- The pledging of shares in SCI Champigny Carnot to Royal Bank of Scotland.
- The pledging of shares in SCI Marceau Bezons to Royal Bank of Scotland.
- The pledging of shares in SCI Grenoble Pont d'Oxford to Royal Bank of Scotland.
- The pledging of shares in SCI Rueil Malmaison to Royal Bank of Scotland.
- The pledging of shares in SCI Lyon Genlis to Royal Bank of Scotland.
- The pledging of shares in SCI Jean Jaurès to Royal Bank of Scotland.
- The pledging of shares in SCI Caen Colombelles to Royal Bank of Scotland.
- The pledging of shares in SCI Etupes de l'Allan to Royal Bank of Scotland.
- The pledging of shares in SCI Massy Campus 2 to Royal Bank of Scotland.
- The pledging of shares in SCI Marceau Bezons to Royal Bank of Scotland.

17.2. COMMITMENTS RECEIVED

Commitments received are as follows:

Compensation by the seller for any increase in liabilities or decrease in assets of the following companies:	(in €)
SCI Jean Jaurès	100% of sums
SCI Nowa	10,000,000
SCI Arman F02	3,500,000
SCI Malakoff Valette (formerly Engel)	3,387,388
SCI Marceau Bezons	10,000,000
SCI Comète	2,219,231
SAS Locafimo	5,000,000
SNC Awon Asset Management	400,000
SCI Sodeprom	1,200,000
Profit from the registration of SCI Jean Jaurès' conventional mortgage	8,000,000
TOTAL	**43,706,619**

17.3. RECIPROCAL COMMITMENTS

Reciprocal commitments are as follows (in €):

Credit allocated to subsidiaries not yet paid as part of the line of credit master agreement with the Royal Bank of Scotland	34,744,842
Sum available as part of the renewable line of credit master agreement with Royal Bank of Scotland	7,141,981
TOTAL	**41,886,823**

FIXED ASSETS

Table A (in €)	Gross Value	Increases	
	Financial Year Start	Revaluations	Acquisitions
Tangible fixed assets			
Land			2,963,407
Buildings on one's own land			5,503,470
Office and IT equipment, property	915		
Total I	**915**		**8,466,876**
Financial fixed assets			
Other participating interests	292,627,439		41,976,743
Loans and other financial fixed assets	6,569,335		3,247,169
Total II	**299,196,774**		**45,223,912**
OVERALL TOTAL (I + II)	**299,197,689**		**53,690,789**

Table B (in €)	Write downs		Gross Value	Revaluations
	By Transfer	By Sale	Financial Year End	Original Value
Tangible fixed assets				
Land			2,963,407	2,963,407
Buildings on one's own land			5,503,470	5,503,470
Office and IT equipment, property			915	915
Total I			**8,467,791**	**8,467,791**
Financial fixed assets				
Other participating interests	1,350,748		333,253,434	333,253,434
Loans and other financial fixed assets	6,374,430		3,442,074	3,442,074
Total II	**7,725,178**		**336,695,508**	**336,695,508**
OVERALL TOTAL (I + II)	**7,725,178**		**345,163,299**	**345,163,299**

DEPRECIATIONS

Table A (in €)	FINANCIAL YEAR POSITION AND MOVEMENTS			
FIXED ASSETS DEPRECIABLE	Value at Financial Year Start	Increases Allocations	Write downs Disposals/Reversals	Value at Financial Year End
Tangible fixed assets				
Buildings on one's own land		8,002		8,002
Office and IT equipment, property	622	293		915
Total	622	8,295		8,917
OVERALL TOTAL	622	8,295		8,917

Table B (in €)	ALLOCATION OF PROVISIONS TO FINANCIAL YEAR DEPRECIATIONS			Table C PROV. AMORT EXCEPTIONAL	
FIXED ASSETS DEPRECIABLE	Straight-Line Depreciations	Declining Depreciations	Extraordinary Depreciations	Allocations	Reversals
Tangible fixed assets					
Buildings on one's own land	8,002				
Office and IT equipment, property	293				
Total	8,295				
OVERALL TOTAL	8,295				

Table D (in €) CHANGES IN DEFERRED EXPENSES	Net Sum at Financial Year Start	Increases	Financial Year Depreciation Provisions	Net Sum at Financial Year End
Deferred expenses	45,984	180,000	78,942	147,042

RECEIVABLES AND DEBTS STATEMENTS

Table A (in €) RECEIVABLES STATEMENT	Gross Sum	Up to 1 year	More than 1 year
Fixed assets			
Investment-related receivables	65,942,122	8,006,846	57,935,276
Other financial fixed assets	3,442,074	3,442,074	
Circulating assets			
Other accounts receivable	1,626,578	1,626,578	
Income Tax	4,500	4,500	
Value added tax	287,650	287,650	
Group and partners	15,027,845	15,027,845	
Miscellaneous debtors	129,863	129,863	
Prepaid expenses	852,304	852,304	
Total	87,312,936	29,377,659	57,935,276

Table B (in €) DEBT STATEMENT	Gross Sum	Up to 1 year	From 1-5 years	More than 5 years
Credit establishment loans and debts:				
up to an original maximum of one year	2,572	2,572		
more than an original maximum of one year	32,991,743	133,724	32,858,019	
Trade accounts payable	2,825,897	2,825,897		
Staff costs				
Social security and other contributions	80,388	80,388		
Income tax	229,197	229,197		
Value added tax	316,472	316,472		
Taxes, dues and similar payments	8,118	8,118		
Group and partners	18,229,321	18,229,321		
Other debts	133	133		
Total	54,683,841	21,825,822	32,858,019	

ACCRUED INCOME

(in €)	31/12/2006	31/12/2005
Investment-related receivables	676,804	874,724
Accounts receivable and associated items	53,954	22,702
Other receivables	677,856	1 186,667
OVERALL TOTAL	**1,408,614**	**2,084,092**

ACCRUED EXPENSES

(in €)	31/12/2006	31/12/2005
Credit establishment borrowings and debts	2,572	69,666
Miscellaneous borrowings and financial debts	1,002,627	177,258
Trade accounts payable	2,306,978	7,585,829
Tax and social debts	13,653	81,800
OVERALL TOTAL	**3,325,830**	**7,914,553**

PREPAID EXPENSE

(in €)	31/12/2006	31/12/2005
VARIOUS PREPAID EXPENSES	27,523	9,319
PUBLIC RELATIONS PREPAID EXPENSES	26,649	14,710
CAP PREMIUMS PREPAID EXPENSES	798,132	
TOTAL GENERAL	**852,304**	**24,029**

DEFERRED EXPENSES

(in €)	31/12/2006	31/12/2005
LOAN ISSUANCE COSTS	147,042	45,984
OVERALL TOTAL	**147,042**	**45,984**

BREAKDOWN OF EQUITY CAPITAL

(Decree 83-1020 of 29-11-1983 - Article 24-12)

Different Categories of Securities	Nominal Value	Number of Securities			
		At the Financial Year Start	Created during the Financial Year	Reimbursed during the Financial Year	At the Financial Year End
ORDINARY SHARES	48.00	5,076,540	113,713		5,190,253

ITEMS RELATING TO SEVERAL BALANCE SHEET ENTRIES

(Decree 83-1020 of 29-11-1983 - Article 10 and 24-15)

Items relating to several Balance Sheet Entries (in €)	Sums concerning Companies: that are Affiliates	Sums concerning Companies: with which the Company has a Shareholding Link	Sum of Debts or Receivables represented by Bills of Exchange
Financial fixed assets			
Participating interests	267,311,312		
Investment-related receivables	65,942,122		
Total Fixed Assets	**333,253,434**		
Receivables			
Accounts receivable and associated items	1,602,658		
Other receivables	15,027,845		
Total Receivables	**16,630,503**		
Debts			
Miscellaneous borrowings and financial debts	18,184,321		
Trade accounts payable	369,269		
Total Debts	**18,553,590**		

TABLE OF SUBSIDIARIES AND PARTICIPATING INTERESTS

AT 31/12/2006

(in €) Financial Information Subsidiaries Participating Interests	Capital	Reserve and Retained Earnings before allocation of income	Share of Capital held in %	Book Value of Securities held		Loans and Advances allocated by the Company and not yet repaid
				GROSS	NET	
I - Detailed information on each security whose gross value exceeds 1% of the affiliated company's capital at the time of publication:						
1. Subsidiaries (more than 50% of the capital held)						
SCI JEAN JAURES	152	(762,876)	99.00	5,106,124	5,106,124	422,791
SCI NOWA	5,293,090	(5,177,970)	99.99	14,526,401	14,526,401	10,653,233
SCI BERGES DE L'OURCQ	1,000	(129,812)	99.00	990	990	5,545,050
SCI COMETE	1,000	(1,543,336)	99.00	16,375,070	16,375,070	785,241
SCI CHAMPIGNY CARNOT	1,000	(254,216)	99.00	990	990	11,880,629
SCI ETUPES DE L'ALLAN	1,000	16,377	99.00	990	990	6,087,114
SCI LYON GENLIS	1,000	(126,154)	99.00	990	990	3,165,171
SCI CAEN COLOMBELLES	1,000	58,052	99.00	990	990	9,964,180
SCI MASSY CAMPUS 2	1,000	(555,109)	99.00	990	990	14,438,854
SCI ARMAN F02	11,192,100	4,900,933	99.99	20,254,699	20,254,699	4,230,915
SCI MALAKOFF VALETTE	321,423	7,581,634	99.99	11,363,565	11,363,565	523,591
SCI MARCEAU BEZONS	10,000	(99,149)	99.90	1,003,944	1,003,944	854,009
SAS LOCAFIMO	3,780,150	120,812,852	100.00	180,983,743	180,983,743	-
SCI GRENOBLE PONT D'OXFORD	1,000	17,999	99.00	990	990	2,029,906
SCI RUEIL NATIONAL	1,000	83,757	99.00	990	990	7,675,299
SNC AWON ASSET MANAGEMENT	150,000	(1,347,254)	99.99	4,112,548	4,112,548	1,199,087
SCI SODEPROM	15,000	245	100.00	13,565,798	13,565,798	1,541,894
2. Participating interests (from 10 to 50% of the capital held)						
II – General information on securities whose gross value does not exceed 1% of the affiliated company's capital at the time of publication:						
1 – Subsidiaries:						
a) French (all)						
b) Foreign (all)						
2 - Participating interests:						
a) French (all)						
b) Foreign (all)						

TABLE OF SUBSIDIARIES AND PARTICIPATING INTERESTS (continued)

AT 31/12/2006

(in €) Financial Information Subsidiaries Participating Interests	Sums of Guarantees made by the Company	Turnover excluding tax from the previous financial year	Net Profit or Loss from the previous financial year	Dividends received by the Company during the financial year	COMMENTS
I - Detailed information on each security whose gross value exceeds 1% of the affiliated company's capital at the time of publication:					
1. Subsidiaries (more than 50% of the capital held)					
SCI JEAN JAURES	11,332,685	1,538,007	763,017	682,700	**Information in conformity as at 31.12.06 and not yet finalised by the management**
SCI NOWA	73,707,000	11,346,837	5,177,969	5,445,844	
SCI BERGES DE L'OURCQ	8,812,560	1,254,242	129,812	173,542	
SCI COMETE	27,146,729	4,086,719	1,543,336	1,560,633	
SCI CHAMPIGNY CARNOT	19,785,651	2,978,589	254,216	366,982	
SCI ETUPES DE L'ALLAN	10,385,134	1,617,349	(16,377)		
SCI LYON GENLIS	5,859,580	844,093	126,154	148,789	
SCI CAEN COLOMBELLES	28,774,488	91,526	(58,052)		
SCI MASSY CAMPUS 2	43,758,617	1,046,813	555,108		
SCI ARMAN F02		5,860,342	2,366,999	2,272,386	
SCI MALAKOFF VALETTE		1,134,549	801,627	1,458,675	
SCI MARCEAU BEZONS	4,897,759	940,146	167,659	199,050	
SAS LOCAFIMO	4,900,000	21,786,823	3,435,358	15,120,599	
SCI GRENOBLE PONT D'OXFORD	297,270		(17,999)		
SCI RUEIL NATIONAL	1,272,080		(83,757)		
SNC AWON ASSET MANAGEMENT		3,990,968	1,347,254	150,000	
SCI SODEPROM		50,000	32,473		
2. Participating interests (from 10 to 50% of the capital held)					
II – General information on securities whose gross value does not exceed 1% of the affiliated company's capital at the time of publication:					
1 – Subsidiaries:					
a) French (all)					
b) Foreign (all)					
2 - Participating interests:					
a) French (all)					
b) Foreign (all)					

CHANGE IN EQUITY CAPITAL

IN EUROS

	Capital	Premiums	Legal Reserve	Reserves	Long-Term Capital Gain Special Reserve	Retained income	income	Dividends	Total
At 01.01.05	**121,836,960**	**13,456,051**	**36,720**	**231,450**	**287,352**	**-418,520**	**4,201,998**		**139,632,012**
Change in accounting method: CRC no. 2002-10 and no. 2004-06						199,267			199,267
AGM of 12/05/2005									
of earnings		-418,520	210,100			425,335	-4,201,998	3,985,084	
Payment of dividends								-3,985,084	-3,985,084
Re of LTCGSP				287,352	-287,352				
Cash increase	121,836,960								121,836,960
Issue premium		35,535,780							35,535,780
of capital increase costs		-6,947,055							-6,947,055
Board of directors as at 20/09/05									
2005 dividend advance								-5,076,540	-5,076,540
2005 earnings							9,720,481		9,720,481
At 31.12.05	**243,673,920**	**41,626,257**	**246,820**	**518,802**	**0**	**206,082**	**9,720,481**	**-5,076,540**	**290,915,822**
Turnover as at 22.03.06									
2006 dividend advance								-5,838,021	-5,838,021
AGM of 17.05.06									
of earnings			495,987			-167,105	-9,720,481	9,391,599	
Payment of balance of 2005 dividends								-4,315,059	-4,315,059
of capital increase costs AGM of 12/05/05 (suppl.)		-18,926							-18,926
CEO's Decision of 24/05/06 Exercise of 113,713 share warrants									
Cash increase	5,458,224								5,458,224
Issue premium		963,316							963,316
Turnover as at 14.06.06									
2006 dividend advance								-130,770	-130,770
Turnover as at 14.09.06									
2006 dividend advance								-12,975,633	-12,975,633
2006 earnings							**36,403,314**		**36,403,314**
At 31.12.06	**249,132,144**	**42,570,647**	**742,807**	**518,802**	**0**	**38,977**	**36,403,314**	**-18,944,424**	**310,462,268**

TABLE OF CASH FLOW

IN EUROS

	2006	2005
Net Earnings	**36,403,314**	**9,720,481**
Discontinuance of expenses and income not affecting cash:		
+ Depreciations and provisions	87,286	5,071
- Reversals of depreciations and provisions	-4,500	-1,125
+ Net book values of assets disposed of	411	15
- Income from disposals	-387	-9
Variation in WCR	**4,065,747**	**13,000,694**
Cash flow generated by activity	**40,551,822**	**22,725,127**
- Acquisition of tangible fixed assets	-8,458,875	
- Acquisition of financial fixed assets	-37,498,735	-201,065,205
- Deferred expenses	-180,000	-47,000
+ Income from asset disposals	387	9
Cash flow linked to investment transactions	**-46,137,233**	**-201,112,196**
- Pay-out of dividends	-23,259,483	-9,061,624
+ Capital increase	6,402,614	157,372,740
+ Increase in financial debts	11,037,890	37,498,106
Cash flow linked to financing transactions	**-5,818,979**	**185,809,222**
- Opening cash flow	12,783,789	5,361,636
+ Closing cash flow	1,379,409	12,783,789
Variation in cash flow	**-11,404,381**	**7,422,153**

INVENTORY OF PORTFOLIO OF MARKETABLE SECURITIES

(Com. Code. art. L 232-7 and L 232-8)

PARTICIPATING INTERESTS

None.

Participating interests are entirely made up of shares in SCIs, SNCs and a simplified stock company.

INVESTMENT SECURITIES

None.

COMPANY RESULTS OVER THE LAST FIVE FINANCIAL YEARS

IN EUROS

NATURE OF DISCLOSURES	Financial Year 2002	Financial Year 2003	Financial Year 2004	Financial Year 2005	Financial Year 2006
CAPITAL AT END OF FINANCIAL YEAR					
Capital	367,200	15,422,400	121,836,960	243,673,920	249,132,144
Number of shares issued	91,800	321,300	2,538,270	5,076,540	5,190,253
Nominal Value of shares	4	48	48	48	48
TRANSACTIONS AND RESULT IN THE FINANCIAL YEAR					
Turnover (1)	156,812.41	95,691.24	1,076,229	2,960,611	5,570,553
Pre-tax Result, Depreciations and provisions	93,350.52	(554,688.27)	4,402,065	9,721,606	36,535,247
Income tax	-	-	-	1,125	229,197
Employee participation due on account of the financial year	-	-	-	-	-
Result after tax, employee participation and calculated expenses	32,756.82	(418,519.62)	4,201,998	9,720,481	36,403,314
Result distributed	-	-	3,985,083.90	9,391,599	31,920,056
RESULT PER SHARE					
Result after tax, before depreciations and provisions (2)	1.02	(6.00)	3.14	3.70	7.00
Earnings after tax, depreciations and provisions (2)	0.36	(4.53)	3.00	3.72	7.01
Net dividend allocated to each share (3)	-	-	1.57	2.85	6.15
STAFF					
Average number of employees in the financial year	-	-	-	1	1
Sum of the wage bill in the financial year (4)	-	-	-	207,102	392,898
Amount of sums paid by way of social benefits in the financial year (social security, social & cultural activities) (4)	-	-	-	66,628	115,762

(1): Financial income for the financial years 2002 to 2003 only

(2): Results per share are calculated on the basis of an average weighted number of shares in the financial year.

(3): inclusive of those on account of the financial year 2006 €3.65 dividend advance paid and a proposed balance of €2.5

(4): The wage bill takes account of remuneration paid to corporate officers

V ◆ GENERAL REPORT FROM THE AUDITORS

TO THE SHAREHOLDERS OF:

SOCIETE DE LA TOUR EIFFEL
A French joint stock company (société anonyme)
with capital of 249,132,144 Euros
20-22 rue de la Ville l'Evêque - 75008 PARIS

In carrying out the assignment entrusted to us by your General Shareholders' Meeting, we now present you our report relating to the year ended 31 December 2006 on:

- the audit of the annual financial statements of Société de la Tour Eiffel, as attached to this report,
- the basis of our appraisals,
- the specific verifications and information required by French law.

The year-end financial statements were closed by the Board of Directors. It is our responsibility, based on our audit, to provide our opinion on these financial statements.

I - OPINION ON THE YEAR-END FINANCIAL STATEMENTS

We have conducted our audit in accordance with the professional auditing standards applicable in France; these standards require the implementation of due diligences that enables us to confirm, with reasonable assurance, that the annual financial statements do not contain any significant misstatements. An audit consists of the examination, on a test basis, of evidence relevant to the amounts and disclosures contained in these financial statements. It also consists of appraising the accounting principles applied and the significant estimates retained for the preparation of the financial statements as well as assessing their overall presentation. We consider that our verifications provide a reasonable basis for the opinion provided here below.

We certify that, with regard to French accounting rules and principles, the year-end financial statements are a true and fair representation of the result of the transactions completed over the past year and the company's financial situation and assets at the end of said year.

II - BASIS OF OUR APPRAISALS

In application of the provisions of article L. 823-9, paragraph 1, of the French Commercial Code relating to the basis of our appraisals, we draw your attention to the following items:

Note 4 on the accounting rules in the appendices discusses the valuation principles applied to equity interests and other fixed securities existing at the year-end. Our work consisted of verifying the appropriateness of these principles as well as their proper application and the fact that this did not result in the recognition of any depreciation in the historical price of equity interests.

Assessments made in this manner fall within the scope of our procedure for auditing the year-end financial statements as a whole and have therefore contributed to our opinion provided in the first part of this report.

III - SPECIFIC VERIFICATIONS AND INFORMATION

We have also proceeded, in compliance with professional standards applicable in France, with the specific verifications required by French law.

We have no comments regarding:

- the fairness and consistency of the information submitted in the Board of Directors' management report and the documents addressed to the shareholders regarding the financial position and year-end accounts,
- the fairness of the information submitted in the management report regarding remuneration and benefits granted to company representatives as well as any commitments made toward the latter at the time they assume their functions, are dismissed from their functions or are subject to a change in their functions, or any time after they have ceased to carry out their functions.

In application of French law, we have made sure that you were provided with all information relating to the acquisition of equity interests and ownership and the identity of shareholders in the management report.

Paris and Neuilly-sur-Seine, 16 February 2007

The Statutory Auditors

Expertise & Audit SA
3, rue Scheffer
75016 Paris

Pascal Fleury

PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine

Catherine Thuret

VI ◆ SPECIAL REPORT FROM THE STATUTORY AUDITORS ON:

1- The issue of various marketable securities
2- The capital increase to the benefit of employees or company representatives
3- The issue of options for the subscription or purchase of shares to the benefit of employees or company representatives
4- The award of free shares to employees or company representatives

TO THE SHAREHOLDERS OF:

SOCIETE DE LA TOUR EIFFEL
A French joint stock company (société anonyme)
with capital of 249,132,144 Euros
20-22 rue de la Ville l'Evêque - 75008 PARIS

In our capacity as auditors to Société de la Tour Eiffel and in application of the statutory provisions, we now present you our report with regard to the different transactions on which you are required to submit your vote.

1- ISSUE OF VARIOUS MARKETABLE SECURITIES (twelfth to fifteenth resolutions)

In our capacity of Statutory Auditors to Société de la Tour Eiffel and in application of the provisions of the French Commercial Code and in particular, articles L. 225-135 and L. 228-92, we present you our report concerning the issue of various marketable securities, with or without the suppression of pre-emptive subscription rights, giving access to, immediately or in the long term, rights in the capital of your company, transactions that will be submitted to your vote.
Your board of directors proposes that, on the basis of its report and for a period of 26 months, it be delegated the authority to decide on such transactions and establish the corresponding terms and conditions. It also proposes, for the thirteenth resolution, the suppression of your pre-emptive subscription rights.
We conducted our work in accordance with the auditing standards applicable in France. These standards require the implementation of due diligences so as to verify the means by which the issue price is calculated.
Notwithstanding any subsequent review of the terms and conditions of the proposed capital increase, we have no comments regarding to means by which the issue of capital stipulated in the Board of Directors' report, resolutions thirteen through fifteen, has been calculated. We hereby remind you however that we will not offer our opinion regarding the means by which the issue price of capital under the twelfth resolution is calculated as this information has not been stipulated in the management report.
Since the issue price of capital has not been established, we will not offer our opinion on the final terms and conditions on which issues will be made and therefore, with regard to the thirteenth resolution, on the proposed suppression of your pre-emptive subscription rights although the principle nonetheless falls within the logic of the transaction submitted for your approval.
In compliance with article 155-2 of the Decree of 23 March 1967, we will prepare an additional report once this authorisation is exercised by your Board of Directors.

2- CAPITAL INCREASE RESERVED FOR EMPLOYEES OR COMPANY REPRESENTATIVES (sixteenth resolution)

In our capacity of Statutory Auditors to Société de la Tour Eiffel and in application of our mission pursuant to articles L. 225-135 and thereafter of the French Commercial Code, we present you our report on the proposed capital increase via the issue of capital with suppression of your pre-emptive subscription rights for an amount capped at ten million Euros and the issue being reserved for employees of your company or any related companies as defined in article L. 225-180 of the French Commercial Code, a transaction that is to be submitted for your vote.
This capital increase is submitted for your approval pursuant to articles L. 225-129-6 of the French Commercial Code and L. 443-5 of the French Labour Code.
Your board of directors proposes that, on the basis of its report and for a term of five years, it be invested with the powers to establish the terms and conditions of this transaction with the suppression of your pre-emptive subscription rights to the capital issued.
It is the responsibility of the Board of Directors to prepare a report in compliance with articles 154 and 155 of the Decree of 23 March 1967. It is our mission to provide our opinion on the fairness of the figures recorded, the proposed suppression of your pre-emptive subscription rights and other information concerning the issue, as provided in this report.
We conducted our work in accordance with the auditing standards applicable in France. These standards require the implementation of due diligences so as to verify the infor-

mation contained in the Board of Directors' report regarding this transaction and the means by which the issue price of capital shares to be issued is calculated.
Notwithstanding any subsequent review of the terms and conditions of the proposed capital increase, we have no comments with regard to the means by which the issue price of the capital to be issued, as presented in the Board of Directors' report, has been calculated.
As the issue price has not been established, we will not offer our opinion on the final terms and conditions on which the capital increase will be made and therefore, on the proposed suppression of your pre-emptive subscription rights although the principle nonetheless falls within the logic of the transaction submitted for your approval.
Should this resolution be adopted, and in compliance with article 155-2 of the Decree of 23 March 1967, we will prepare an additional report, where applicable, once the capital increase has been exercised by your Board of Directors.

3- OPTIONS FOR THE SUBSCRIPTION OR PURCHASE OF SHARES TO THE BENEFIT OF EMPLOYEES OR COMPANY REPRESENTATIVE
(seventeenth resolution)

In our capacity of Statutory Auditors to your company and in carrying out our mission pursuant to article L.225-177 of the French Commercial Code, we now present you our report on the options for the subscription or purchase of shares to be awarded to employees or company representatives.
It is the responsibility of the Board of Directors to prepare a report on the merits of implementing a plan awarding options for the subscription or purchase of shares and presenting the proposed terms and conditions on which the subscription or purchase price is to be established. It is our duty to provide our opinion on the proposed terms and conditions on which the subscription or purchase price will be established.
We conducted our work in accordance with the auditing standards applicable in France. These standards require the implementation of due diligences so as to verify that the proposed terms and conditions on which the subscription or purchase price is to be established are indicated in the Board of Directors' report, that they comply with legal provisions, that they of a nature to enlighten shareholders and that they appear to be appropriate.
We have no comments to make on the proposed terms and conditions.

4- AWARD OF FREE SHARES TO EMPLOYEES OR COMPANY REPRESENTATIVES
(eighteenth resolution)

In our capacity of Statutory Auditors to your company and in carrying out our mission pursuant to article L.225-197-1 of the French Commercial Code, we have prepared this report on the proposed award free shares, either existing shares or future issues, to the benefit of certain employees and/or company representatives.
Your board of directors proposes that it be authorised to award free shares, either existing shares or future issues. It is the responsibility of the Board of Directors to prepare a report on this transaction should it wish to proceed with its proposal. It is our duty to provide you, where applicable, with our comments regarding the information with which you have been presented regarding the proposed transaction.
In the absence of any applicable professional standard in terms of this transaction, as a result of legal provisions dated 30 December 2004 and 30 December 2006, we have implemented the due diligences we deemed necessary. These diligences involved, in particular, verifying that the proposed terms, conditions and information presented in the Board of Directors' report comply with the legal provisions applicable in France.
We have no comment regarding the information provided in the Board of Directors' report concerning the proposed award of free shares.

Paris and Neuilly-sur-Seine, 16 February 2007

The Statutory Auditors

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92200 Neuilly-sur-Seine

Catherine Thuret

VII ◆ SPECIAL STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS

TO THE SHAREHOLDERS OF:

SOCIETE DE LA TOUR EIFFEL
A French joint stock company (société anonyme)
with capital of 249,132,144 Euros
20-22 rue de la Ville l'Evêque - 75008 PARIS

In our capacity of Statutory Auditors to your company, we now present you our report on regulated agreements.

1. AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE 2006 FINANCIAL YEAR

In application of article L.225-40 of the French Commercial Code, we are informing you of any agreements and commitments subject to the prior authorisation of you Board of Directors.

It is not our responsibility to verify the existence of any other agreements not mentioned herein but to provide you with the characteristics and essential terms and conditions of those of which we have been notified, based on the information with we which we have been provided and without our opinion as to their pertinence and merits being required. It is your responsibility, in accordance with the terms of article 92 of the Decree of 23 March 1967 to assess the motivations behind the conclusion of these agreements in view of their approval.

We conducted our work in accordance with the professional standards applicable in France; these standards require the implementation of due diligences so as to verify the consistency of the information with which we have been provided with the source documents from which it is derived.

MEETING HELD 29 NOVEMBER 2006

◆ First amendment to the master asset management agreement

An amendment has been made to the agreement concluded with AWON ASSET MANAGEMENT on 24 April 2004 for the purpose of:
◆ extending the term for 5 years as of 1 January 2007, automatically renewable thereafter,
◆ extending the purpose to other mission and in particular, the study, consultancy and completion of any development operations involving the valuation of building land or the restructuring of major property complexes,
◆ streamlining the financial terms of the initial agreement:

An annual remuneration representing 3% of rentals recovered, net of tax and charges; all other services being remunerated as follows:

Service	Terms
Acquisitions	between 0.5% and 1.5% of the acquisition, net of duties
Unsuccessful potential investments	between 0.2% and 0.4% of the property's value, net of duties
Sales	between 0.5% and 1% of the net sale price
Follow-up on development projects	Cost price of the project (CP) -Less than €50m: between 0.2% and 0.30% of the CP -Greater than €50m: per-case basis, capped at 0.65% of the CP
Refinancing assistance	0.10% of the amount refinanced
Company management	0.5% of annual rentals invoiced, net of VAT, with a minimum of €200,000 applicable.

This agreement was concluded on 30 November 2006, effective as of 1 January 2007.

Board members concerned:
Mr. Robert Waterland and Mr. Jérôme Descamps

◆ Adhesion of the subsidiaries to the master asset management agreement

The agreement for the adhesion of the subsidiaries to the master asset management agreement is intended to establish the specific terms and conditions regarding their inclusion in the agreement in question.

In particular, it specifies the terms on which the fees invoiced by Awon Asset Management to the company are to be re-invoiced to each subsidiary.

The subsidiaries will be re-invoiced as follows:
◆ any services directly related to the subsidiary (at cost price);
◆ company management services (proportionally to the rentals recovered with a minimum charge of 1,500 Euros per subsidiary, after deduction of a fixed amount to be born by the company, thus 100,000 Euros for 2006).

This agreement was concluded on 30 November 2006.

Board members concerned:
Mr. Mark Inch, Mr. Robert Waterland and Mr. Jérôme Descamps

• The agreement concerning the re-invoicing of expenses incurred by SOCIETE DE LA TOUR EIFFEL.

The purpose of this agreement is to confirm the terms on which the subsidiaries are to be re-invoiced for any costs incurred by the company, as follows:

Type	Terms
Management costs	Proportionally to rentals recovered
Refinancing costs	Proportionally to the use of funds

This agreement was signed on 30 November 2006. For 2006, management costs and refinancing costs re-invoiced represented 577,775 Euros and 1,192,643 Euros, respectively.

Board members concerned:
Mr. Mark Inch, Mr. Robert Waterland and Mr. Jérôme Descamps

• Service agreement concluded with BLUEBIRD INVESTISSEMENT

This agreement replaces that previously concluded with BLUEBIRD HOLDING investing BLUEBIRD INVESTISSEMENT with the mission of assisting the company's managers in managing the existing property portfolio and in acquiring new properties.

The main terms and conditions of this agreement, signed 17 January 2007, are:

Effective date	1 January 2007
Term	Indefinite
Remuneration	Annual lump-sum of 670,000 Euros
Cancellation terms	May be cancelled at any time by either party upon three years notice is given.

Board member concerned: Mr. Mark Inch

• Employment contract with Mr. Robert Waterland

Following the company's acquisition of AWON ASSET MANAGEMENT, the employment agreement concluded with Mr. Robert Waterland was amended with effect as of 1 January 2007 so as to extend the scope of his functions and in particular, those carried out within AWON ASSET MANAGEMENT.

The new agreement annuls and replaces the previous agreement approved at the last General Meeting. The main characteristics of this agreement, signed 8 January 2007, are:

Gross annual salary	500,000 Euros + bonus awarded according to the objectives set by the President.
Effective date	1 January 2007
Term	Indefinite
Termination	24 months notice required in the event of dismissal (to the exclusion of gross misconduct) and 6 months notice in the event of resignation.
Indemnity for dismissal	No less than 12 months salary based on the most recent fixed monthly salary (annual bonus included) if dismissed before the age of 65.

Board member concerned: Mr. Robert Waterland

SUB-AGREEMENTS CONCLUDED WITH THE ROYAL BANK OF SCOTLAND (RBS)

In respect of the general authorisation issued by the Board of Directors on 10 December 2004 under the terms of which the conclusion of any sub-agreements between the subsidiaries and RBS, an agreement submitted for your approval, the following new transactions have been concluded:

Subsidiaries concerned	Date	Amount
SCI Marceau Bezons	15 June 2006	€4,862,795
SCI Grenoble pont d'Oxford	7 November 2006	€9,812,911
SCI Rueil National	28 November 2006	€30,509,839

For each sub-agreement, capital of the SCI has been pledged to RBS, CALYON and AXA IARD.

Board members concerned:
Mr. Mark Inch, Mr. Robert Waterland and Mr. Jérôme Descamps

2. AGREEMENTS AND COMMITMENTS APPROVED IN PREVIOUS AND IN EFFECT DURING THE PAST YEAR ENDED:

Furthermore, in application of the Decree of 23 March 1967, we have been informed that the following conventions, approved during previous years, were in effect during the past year ended:

◆ Employment contract with Mr. Robert Waterland

Mr. Robert Waterland received a gross remuneration of 250,000 Euros for 2006 for his functions of Property Manager involving the development of property assets for the company and the subsidiaries.

This agreement has been annulled and replaced by a new agreement in effect as of 1 January 2007 on the terms and conditions mentioned here above.

◆ Service contract with the company BLUEBIRD HOLDING

The service agreement with BLUEBIRD HOLDING involves carrying out studies and providing consulting services for the acquisition of new properties, management of the existing property portfolio and acting as intermediary. These services were invoiced to the company in the amount of 250,000 Euros for 2006.

This agreement has been terminated as of 1 January 2007 and replaced by the aforementioned agreement concluded with BLUEBIRD INVESTISSEMENT.

◆ Acquisition of AWON ASSET MANAGEMENT

All shares in AWON ASSET MANAGEMENT were acquired, as approved at your last General Meeting, on 16 May 2006 for an amount of 3,872,133 Euros.

◆ Master agreement for the provision of services concluded AWON ASSET MANAGEMENT and re-invoicing of the subsidiaries

The services provided by AWON ASSET MANAGEMENT (asset management and administrative management of companies) have, in compliance with the master agreement dated 26 April 2004, given rise to a remuneration of 4,198,597 Euros, with 3,741,458 Euros re-invoiced by SOCIETE DE LA TOUR EIFFEL to the various subsidiaries concerned.

◆ RBS sub-agreements

The sub-agreements entered into with RBS regarding the following subsidiaries were in effect during 2006:

	Amounts used at 31/12/2006
SCI LYON GENLIS	€5,817,750
SCI 153, AVENUE JEAN JAURES	€11,250,000
SCI CAEN COLOMBELLES	€28,739,122
SCI ETUPES DE L'ALLAN	€10,310,998
SCI MASSY CAMPUS 2	€43,668,380
SCI DES BERGES DE L'OURCQ	€8,749,650
SCI COMETE	€26,948,662
SCI CHAMPIGNY CARNOT	€19,641,292

Paris and Neuilly-sur-Seine, 16 February 2007

The Statutory Auditors

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Catherine Thuret

D ◆ REPORT FROM THE CHAIRMAN OF THE BOARD

Dear Sir/Madam,

In keeping with the provisions of article L 225-37 paragraph 6 of the Commercial Code, amended by law 2005-842 of 26 July 2005, we draw your attention under the terms of the present report to:
- **conditions for the preparation and organisation of your Board of Directors' work;**
- **internal control procedures put in place by the Company;**
- **any limitations placed on the powers of the Managing Director by the Board of Directors.**

I- CONDITIONS FOR THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK

THE BOARD STRUCTURE

Société de la Tour Eiffel's Board of Directors is made up of six members. Three Board members, Messrs Mark Inch, Jérôme Descamps and Robert Waterland, are also Directors of the Company.

The three other Board members, Messrs Alain Dinin, Michel Gauthier and Claude Marin, have no link with the Company, although it should be pointed out that Messrs Gauthier and Marin have been members of the Board for more than twelve years. They receive no remuneration other than directors' attendance fees.

Since the Board of Directors is made up of only six members, it has not been found necessary to set up any committees within it, all decisions being made collectively.

BOARD MEETINGS

Article 14 of the Memorandum and Articles of Association stipulates that the Board should meet as often as required by Company interests. Consequently, your Board of Directors met eight times during the last financial year.

- 1st February 2006:
  - To authorise the acquisition of Awon Asset Management's shares under the terms of Article L 225-38 of the Commercial Code
  - To re-finance SCI Nowa
  - To authorise sureties, avals and guarantees
- 22 March 2006
  - To close the company and consolidated accounts as at 31 December 2005, and to allocate earnings
  - To allocate a dividend advance
  - To allocate share purchase options
- 6 April 2006:
  - To prepare for and convene the AGM
- 17 May 2006:
  - To grant powers to the Chairman to announce a capital increase as a result of the exercising of share warrants
  - To allocate share purchase options
- 14 June 2006:
  - To re-finance the Group, and authorise a deposit guarantee
  - To authorise a letter of credit
  - To distribute free shares
- 6 July 2006:
  - To approve internal regulations

- 14 September 2006:
  - To co-opt Mr Alain Dinin in place of Mr Renaud Haberkorn
  - To finalise the six monthly consolidated accounts as at 30 June 2006, and a progress report
  - To distribute a dividend advance
  - To allocate share purchase options

- 29 November 2006:
  - To authorise agreements covered under articles L 225-38, in accordance with the Commercial Code.
    - -To amend the Awon Asset Management master agreement, subsidiary membership, the re-invoicing agreement
    - -A new contract with Bluebird Investments for the provision of services
    - -Mr Robert Waterland's new contract of employment
  - To set Mr Mark Inch's remuneration in his capacity as Chairman and Managing Director, and that of Mr Robert Waterland in his capacity as Deputy Managing Director
  - To authorise sureties, avals and guarantees
  - To distribute free shares
  - To allocate directors' attendance fees

CONVENING BOARD MEMBERS

Board members were convened several days in advance by mail and/or e-mail.

In accordance with article L 225-238 of the Commercial Code, the Statutory Auditors were asked to attend the Board meetings to review and close intermediary financial statements (half-year accounts) and annual financial statements.

PROVISION OF INFORMATION TO THE BOARD MEMBERS

Prior to every meeting, each board member receives all necessary documentation and information, including a detailed agenda, the minutes of the previous meeting for approval, a file on all items requiring additional information, particularly property investment transactions, and a table detailing the state of progress of current property transactions.

THE HOLDING OF MEETINGS

Board meetings are held at head office. The date of each Board meeting is usually set by mutual agreement at the conclusion of the previous meeting.

THE BOARD OF DIRECTORS' MISSION

In accordance with the Memorandum and Articles of Association, the Board of Directors determines the Company's business strategies and ensures that they are implemented. It deals with all issues pertaining to the correct functioning of the Company and deliberates to resolve any matter that gives it cause for concern.

It reviews and also decides on property investment and financing strategies, the accounts, budgetary procedures and organisation, auditing and internal control strategies.

INTERNAL REGULATIONS

Internal regulations were established on 6 July 2006. Initially, they only concern ways of taking part in Board meetings by means of video-conferencing or telecommunications. Internal regulations are to be followed up by the Board of Directors.

PRINCIPLES AND REGULATIONS AGREED BY THE BOARD OF DIRECTORS WHEN DETERMINING CORPORATE OFFICERS' REMUNERATION AND BENEFITS, OF WHATEVER KIND

The remuneration of Mr Mark Inch, Chairman and Managing Director, and Mr Robert Waterland, Deputy Managing Director, is fixed and to be reviewed on 1st January 2007 so as to take account of any increase in responsibility as a result of developments in the Company.

We would point out that Mr Robert Waterland receives a salary as part of his contract of employment in his capacity as Director of Property. Mr Jérôme Descamps' remuneration in his capacity as Deputy Managing Director comes uniquely from his employment contract with Awon Asset Management, except for directors' attendance fees that he receives in his capacity as a Board member.

The allocation of free shares voted by the Mixed Shareholders Meeting of 17 May 2006 constitutes an additional remuneration for directors with a significant increase in the Company's value and/or earnings, a considerable increase of more than 20% in the amount of dividends paid to shareholders having been granted.

Additionally, directors are benefiting from the allocation of share purchase options based on an increase of at least 20% in dividends and/or the company's value.

Directors' remunerations are detailed in the appendices to the Board of Directors' Report including the Group's Management Report.

2- INTERNAL CONTROL PROCEDURES

Internal controls apply to the Company and all subsidiaries that are fully integrated into its consolidation structure.

2.1 CONTROL PROCEDURE OBJECTIVES

Since the management of the Company and its subsidiaries is now outsourced, both internal and external control procedures put in place by the Group aim to:

- ensure that action taken by management is in line with activities arising from the Company's business object, strategies as defined by the Board of Directors and proposed by Senior Management, that are compliant with current laws and regulations, the company's business interests and those of each of its subsidiaries.
- Improve the effectiveness of Company transactions and enable the use of efficient resources.
- Coordinate the effective communication of accounting, financial and management information between external agents and directors of companies within the Group, to verify that the said information is circulated to the Company's corporate entities and subsidiaries on a regular basis, and that they are a true reflection of the Group's business and position.
- And lastly, to prevent and control risks associated with the Group's activity and the risk of error or fraud, particularly with regard to accounting and financial matters.

Internal controls cannot provide an absolute guarantee that the Company's objectives will be achieved.

2.2 PREPARING AND CONTROLLING ACCOUNTING AND FINANCIAL INFORMATION

2.2.1 THE ROLES OF THE VARIOUS EXTERNAL AGENTS

General Secretariat

Awon Asset Management ensures the role of General Secretariat in addition to the task commonly defined as asset management (acting as an Asset Manager).

The General Secretariat is responsible for the distribution and coordination of financial information among the various service providers and agents, taking into account strategy requirements defined by the Owner.

Acting as a liaison between the Owner, Asset Manager and Managers, the General Secretariat has an overall view of the Owner and its companies, and ensures adherence to legal and conventional, financial, fiscal and administrative commitments to provide the Owner and companies with effective and optimum management.

In order to carry out its mission successfully, the General Secretariat ensures that it is informed of all matters relating to the Owner and companies, takes the necessary measures to gather information if required, validates any decisions made and warns the appropriate entities and the Owner about any potentially unfavourable consequence arising from decisions not yet approved.

In its administrative monitoring of the companies, the General Secretariat's primary tasks include the overseeing of Company accounting that is outsourced to firms of accountants, cash flow management and tax returns.

As part of its monitoring responsibilities, the General Secretariat informs, forewarns and alerts the Owner and Asset Manager about any legislative and jurisprudential developments that have a bearing on the Owner's or companies' administration and management. It makes recommendations to the latter concerning strategies and the monitoring of the Owner, companies and buildings in the light of these developments.

Lastly, the General Secretariat warns of, offers advice and information on any determining event affecting the Owner's strategies. It works with the Asset Manager to ensure the preparation and presentation of the Global Budget and Business Plan for the medium term, laying out the Owner's objectives and strategies for the short and medium term.

The Managers

The building managers account for income and expenditure relating to buildings, in accordance with current French accounting regulations.

They are responsible for the monitoring and computerisation of regulations, follow-up, agreements and disputes and their outcome so that the Owner has access to clear and up-to-date information.

As and when required, the Managers forward the Owner, Asset Manager and any person designated by the General Secretariat, items required for the preparation of tax returns.

Every month, and a maximum of 10 days from the month end, items required for the preparation of the Owner's accounts are sent to the General Secretariat or any other person it designates.

Every year, and within a period of 20 days from the year end, the Managers send the annual account reports to the General Secretariat, who is responsible for account keeping.

The Asset Manager and the Managers meet quarterly to discuss the past and future management of Buildings. At this time, the Managers submit a report to the Asset Manager detailing activity, key events during the last quarter and proposed courses of action for the following month.

The Asset Manager

The Owner, Managers and Asset Manager (the 'Asset Manager' role being entrusted to the same company that acts as the General Secretariat) and/or their respective representatives meet at least once a year, and more often if so required, in accordance with a timetable jointly established at the beginning of each year, with the purpose of:

- discussing the state of and forecasting developments on the markets in which the buildings are situated;
- updating management objectives and business strategies, validating the long-term works programme and updating it for the coming year;
- reviewing safety and regulatory compliance issues;
- evaluating the IT system, its performances, developments and interconnections;
- evaluating the accounting and management analyses.

The Asset Manager promptly notifies the Owner of any event or circumstance that has a significant negative or positive effect on the value of the buildings.

2.2.2 THE PREPARATION AND CONTROL OF ACCOUNTING AND FINANCIAL INFORMATION PROVIDED TO SHAREHOLDERS

The company accounts and consolidated accounts are entrusted to accountants for preparation in close coordination with the General Secretariat and the main options regarding the choice of accounting methods to be retained are discussed beforehand with the accountants, statutory auditors and Senior Management, as well as the Board of Directors if required.

The preparation of the accounting and financial information provided to shareholders requires coordination between the General Secretariat, Senior Management, with the Board of Directors participating if need be, and external agents (accountants).

The Chief Executive and Deputy Managing Directors are responsible for the preparation and control of the accounting and financial information provided to shareholders, in liaison with the accountants and under the auspices of the statutory auditors.

2.3 CONTROL IMPROVEMENT OPPORTUNITIES

2007 will provide the opportunity to improve risk control, such as those risks identified in the Board's report including the Group's management report.

Furthermore, the information system is to be improved by the setting up of an integrated asset management tool that is to serve as a common base for the asset management and property management teams in dealings with Société de la Tour Eiffel's Senior Management.

3- POWERS DELEGATED TO THE MANAGING DIRECTOR

The managing directorship of Société de la Tour Eiffel can be assumed either by the Chairman of the Board or by another individual appointed by the Board of Directors and bearing the title of Managing Director.

By decision of the Board meeting of 10 July 2003, the Managing Directorship has been entrusted to Mr Mark Inch, who on 22 July 2003 was appointed Chairman of the Board.

Please note that no limitations have been placed on the powers delegated to Mr Mark Inch, your Managing Director during the 2006 financial year.

Please also note that the Board of Directors appointed two deputy managing directors, on 30 September 2003 and 14 March 2005, who have the same powers as the Managing Director.

The Chairman of the Board of Directors

REPORT FROM THE AUDITORS ON THE REPORT FROM THE CHAIRMAN OF THE BOARD

on the report submitted by the Chairman of the Board of Directors regarding internal monitoring procedures for the preparation and processing of accounting and financial information.

TO THE SHAREHOLDERS OF:

SOCIETE DE LA TOUR EIFFEL
A French joint stock company (société anonyme)
with capital of 249,132,144 Euros
20-22 rue de la Ville l'Evêque - 75008 PARIS

In our capacity of Statutory Auditors to Société de la Tour Eiffel and in application of our mission pursuant to articles L. 225-235 of the French Commercial Code, we present you with our report on the report submitted by the Chairman of the Board of Directors pursuant to article L. 225-37 of the French Commercial Code for the year ended 31 December 2006.

It is the Chairman's duty to state in particular, in his report, the conditions under which the works of the Board of Directors are prepared and organised and internal monitoring procedures are implemented within the company.

It is our duty to inform you of any comments we may have regarding the information provide in the Chairman's report concerning internal monitoring procedures relating to the preparation and processing of accounting and financial information.

We carried out our work in accordance with the code of professional conduct applicable in France. This requires the implementation of due diligences so as to assess the fairness of the information provided in the Chairman's report concerning internal monitoring procedures for the preparation and the processing of accounting and financial information.

These due diligences particularly involved the following:

- familiarising ourselves with the objectives and general organisation of the internal monitoring procedures in general and those specifically related to the preparation and processing of the accounting and financial information presented in the Chairman's report;
- obtaining information regarding the preparatory works behind the information presented in this report.

On the basis of this work, we have no comments regarding the information provided on the company's internal monitoring procedures for the preparation and processing of accounting and financial information contained in the report of the Chairman of the Board of Directors, prepared in application of the provisions of the final paragraph of article L. 225-37 of the French Commercial Code.

Paris and Neuilly-sur-Seine, 16 February 2007

The Statutory Auditors

Expertise & Audit SA
3, rue Scheffer
75016 Paris

Pascal Fleury

PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine

Catherine Thuret

E ◆ RESOLUTIONS

I - BY DECISION OF THE ORDINARY SHAREHOLDER MEETING

FIRST RESOLUTION
(approval of the company accounts)

Having heard and considered the Board of Directors' management report, the Chairman's report (article L. 225-37 of the Commercial Code) and the Statutory Auditors' report, the shareholders voted to adopt the annual financial statements for the financial year ended 31 December 2006, which show earnings of €36,403,314.35.

The General Meeting of Shareholders also approved transactions reported in these statements or summed up in these reports.

As a result, the Directors were fully and unreservedly discharged of their duties for said financial year.

SECOND RESOLUTION
(of earnings - distribution)

In accordance with a proposal made by the Board of Directors, the General Meeting resolved to allocate the financial year's earnings as follows:

Financial year earnings of	**€36,403,314.35**
to which are added the following items:	
◆ Retained earnings	€38,976.42
giving a total of	**€36,442,290.77**
◆ A legal reserve contribution of	-€1,820,165.72
leaving distributable earnings of	**€34,622,125.05**
◆ from which a dividend advance of decided on by the Board meeting of 22 March 06 has already been paid out	€5,968,790.95
◆ and a dividend advance of decided on by the Board meeting of 14 September 2006	€12,975,632.50
resulting in a balance of distributable earnings of	**€15,677,701.60**
◆ for distribution as the dividend balance, or or €2.5 per share,	€12,975,632.50
◆ with the balance of being considered as retained earnings.	€2,702,069.10

Dividends will be payable on 06 April 2007 or 16 April 2007 in the event that no meeting is held when first convened due to a lack of quorum.

For individuals with their principal residence in France, all sums distributed and paid in 2007 are eligible, where applicable, for:

- on the one hand, an abatement of 40% (in accordance with article 158-3-2° of the new version of the General Tax Code);
- and on the other, a set annual abatement of €1,525 for single, divorced, widowed and married taxpayers subject to separate taxation and €3,050 for married taxpayers subject to joint taxation or taxpayers bound by a PACS contract and subject to joint taxation (as per the new provisions of article 158-3-5° of the General Tax Code).

The General Meeting states that if, upon payment of dividends, the company happens to own several of its own shares, earnings corresponding to the unpaid dividend on the said shares is to be allocated to retained earnings.

The General Meeting acknowledges the Board of Directors, who in accordance with the provisions of article 243 bis of the General Tax Code, state that the dividends paid in the last three financial years were as follows:

	2003 Financial Year	2004 Financial Year	2005 Financial Year
Number of shares	321.300	2.538.270	5.076.540
Net dividend per share	0	€1.57	€2.85
Tax Credit	0	0	0
Total dividend per share	0	€1.57	2.85

THIRD RESOLUTION
(approval of the consolidated financial statements)

Having heard and considered the Statutory Auditors' report on the consolidated financial statements, the shareholders resolved to approve the consolidated financial statements to 31 December 2006 as well as the transactions stated in these accounts or summed up in the Group management report included in the management report.

FOURTH RESOLUTION
(approval of regulated agreements)

Having heard and considered the Statutory Auditors' special report on the agreement regulated by article L. 225-38 and following of the Commercial Code, the shareholders resolved to approve the conclusions of the said report and the agreements mentioned therein.

FIFTH RESOLUTION
(attendance fees)
The General Meeting set the sum of attendance fees to be split among the Board Members for the current financial year at €100,000.

SIXTH RESOLUTION
(ratification of the co-opting of Mr Alain DININ as a Board member)
The General Meeting ratified the Board's decision of 14 September 2006 that co-opted Mr Alain DININ as a Board member in place of Mr Renaud HABERKORN, following his resignation.

SEVENTH RESOLUTION
(renewal of Mr Jérome DESCAMPS' mandate as a Board member)
The General Meeting, upon noting that Mr Jérôme Descamps' mandate as a Board member was due to expire following the present Meeting, voted to renew it for a period of three years namely up until the end of the General Meeting to be held in 2010 convened to approve the accounts for the financial year 2009.

EIGHTH RESOLUTION
(renewal of Mr Mark INCH's mandate as a Board member)
The General Meeting, upon noting that Mr Mark Inch's mandate as a Board member was due to expire following the present Meeting, voted to renew it for a period of three years, namely up until the end of the General Meeting to be held in 2010, convened to approve the accounts for the financial year 2009.

NINTH RESOLUTION
(renewal of Mr Robert WATERLAND's mandate as a Board member)
The General Meeting, upon noting that Mr Robert Waterland's mandate as a Board member was due to expire following the present Meeting, voted to renew it for a period of three years, namely up until the end of the General Meeting to be held in 2010, convened to approve the accounts for the financial year 2009.

TENTH RESOLUTION
(renewal of Mr Alain DININ's mandate as a Board member)
The General Meeting, upon noting that Mr Alain Dinin's mandate as a Board member was due to expire following the present Meeting, voted to renew it for a period of three years, namely up until the end of the General Meeting to be held in 2010, convened to approve the accounts for the financial year 2009.

ELEVENTH RESOLUTION
(provide the Board of Directors with the authority to implement a share buyback programme)
Recognising the conditions of quorum and majority required for ordinary shareholder meetings and acknowledging the Board of Directors' report prepared in accordance with article L. 225-209 of the Commercial Code, the shareholders authorised, in keeping with article 225-209 of the Commercial Code, the Board of Directors to acquire shares in the company in order to cover share purchase options, the allocation of free shares and convertible bond plans, to conduct external growth operations and, under the terms of a liquidity contract, stimulate the market to increase the company's share.

The maximum number of shares that may be acquired, by application of the present authorisation, is set at 10% of the total number of shares making up the capital adjusted to allow for any changes that come about during the authorised period.

The maximum purchase price is set at €175 exclusive of fees. The Board of Directors may adjust the aforementioned price in the event of the capitalisation of reserves or earnings giving rise either to an increase in the nominal value of the shares or to the creation and of free shares, in the event of the division of the shares' nominal value or the regrouping of shares, and, more generally, in the event of transactions pertaining to equity capital, in order to take into account the consequences of these operations on the value of shares. The price is then adjusted using a multiplying coefficient equal to the difference between the number of shares making up the capital before and after the operation.

The acquisition, sale or transfer of these shares may be conducted by any means available on the market or over-the-counter in keeping with current regulations.

The authorisation is valid for a maximum period of eighteen months from the date of the present Meeting.

It cancels out any previous authorisation having the same purpose.

II - BY DECISION OF THE EXTRAORDINARY SHAREHOLDER MEETING

TWELFTH RESOLUTION
(Delegation of authority granted to the board of directors for the purpose of increasing the capital by issuing all securities maintaining the pre-emptive right granting access immediately or in the future to company shares by the incorporation of profits, premiums, reserves or other items)

Recognising the conditions of quorum and majority in extraordinary shareholder meetings, acknowledging the Board of Directors' report and the Statutory Auditors' special report and in keeping with the provisions of legislation on commercial businesses, particularly articles L. 225-129-2 and L. 228-92 of the Commercial Code, the shareholders:

1°) delegates to the Board of Directors all the authority required in order to increase the capital in one or more instalments in the proportions and on the dates of its choice:

a) by issuing in euros or foreign currencies shares, bonds and/or securities granting access immediately or in the future at any time or on a specific date to ordinary company shares by the subscription, conversion, exchange, reimbursement or presentation of a bond or by any other means,

b) and/or by the capitalisation of earnings, premiums, reserves or other items whose capitalisation will be legally and statutorily possible and via the allocation of free shares or increasing the nominal value of existing shares.

2°) fixes the term of validity of this delegation at twenty six months following the general meeting.

3°) votes that the total nominal amount of capital increases which may be completed according to this resolution shall not exceed the overall maximum amount of 150 million Euros.

4°) in the event of the use by the Board of Directors of this delegation of authority within the framework of the issues referred to in 1 a) above:

- votes that the issue or issues shall be reserved preferably for shareholders who may subscribe on a conditional basis,
- nevertheless provide the Board of Directors with the power to establish an unconditional right to subscription;
- votes that if the conditional and, where applicable, unconditional securities have not absorbed the entire issue, the Board of Directors may use one of the faculties below under the conditions provided for by law and in the order that it determines:

- limit the capital increase to the size of subscriptions, provided that the latter is equal to at least three quarters of the original capital increase,
- freely distribute all or some of the non-subscribed issued securities,
- offer the public, via a market offering, all or part of the unsubscribed shares issued on the French and/or international market,
- acknowledges and votes as required that this delegation of authority lawfully grants the bearers of securities to be issued the specific renunciation by the shareholders of their pre-emptive right for the securities which are to be issued.

5°) votes that the Board of Directors shall have full authority to implement this delegation of authority under the conditions provided for by law in order notably to:

- determine the conditions for the capital increase and/or issue and in particular define the consideration amount which has been or may subsequently be obtained by the company for each of the shares issued or to be issued within the framework of this authorisation,
- determine the dates and terms of the issue, the security release method, the nature and form of the securities to be created (including their due date) which may notably be in the form of subordinated or non-subordinated securities with fixed or open terms,
- set the terms according to which the company shall, if applicable, be able to purchase or exchange on the stock exchange the securities which have been or are to be issued at any time or during specified periods,
- set, in the event of a capital increase by capitalisation of reserves, earnings or issue premiums, the amount by which the nominal value of shares will be increased,
- Provide for the possibility of suspending the exercising of rights associated with these securities for a maximum period of three months,
- at its initiative alone, charge the capital increase costs to the associated premiums and deduct from this amount the sums necessary to bring reserves up to one tenth of the new capital after each increase,
- deciding, if applicable, in a departure from the provisions of article L. 225-96 of the Commercial Code, that in the event of the capitalisation of earnings, premiums or reserves, the fractional rights will not be negotiable and the corresponding shares will be sold, with the sums generated by this sale being allocated to the holders of the rights at the latest 30 days after the full number of shares allocated is registered in their account,
- in general, signing any agreement, taking any measures and conducting any formalities required for the issuance and financial servicing of these securities issued by virtue of the present authorisation, as well as the exercise of the associated rights.

6°) vote that the Board of Directors may, under the conditions established by law, sub-delegate to its Chairman or, in agreement with the latter, one of its members the powers conferred upon it by virtue of the present authorisation.

This delegation shall replace all previous delegations with the same aim.

THIRTEENTH RESOLUTION

(Delegation of authority granted to the Board of Directors for the purpose of increasing the capital by issuing all marketable securities withdrawing the pre-emptive right granting immediate or future access to company shares)

Recognising the conditions of quorum and majority in extraordinary shareholder meetings, acknowledging the Board of Directors' report and the Statutory Auditors' special report and in keeping with the provisions of legislation on commercial businesses, particularly articles L. 225-129-2 and L. 225-135 of the Commercial Code, the shareholders:

1°) delegate to the Board of Directors all powers necessary for conducting a capital increase via the issue, once or on several occasions, in the amount and at the times it deems necessary, on the French and/or international market, and by soliciting investment either in euros or foreign currencies, shares, warrants and/or marketable securities giving rise immediately or in the long term, at any time or on a set date, to ordinary shares in the company, whether by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means. It should be noted that these securities may be issued for the purpose of (a) remunerating any securities provided to the company as part of a public exchange offer on shares provided for under article L. 225-148 of the Commercial Code, and (b) within the limit of 10% of the capital, remunerating contributions in kind made to the company and comprised of equity securities or marketable securities giving access to the capital, where the provisions of article L. 225-148 of the Commercial Code are not applicable.

2°) fixes the term of validity of this delegation of authority at twenty six months following the general meeting.

3°) votes that the total nominal amount of capital increases which may be completed according to this resolution shall not exceed the overall maximum amount of 150 million Euros.

4°) votes to withdraw the shareholders' pre-emptive right for securities under this resolution as these securities can be issued by the company itself or a company in which it holds more than half of the capital directly or directly, whilst the Board of Directors may grant the shareholders, according to article L. 225-135 of the Commercial Code for a period not exceeding ten trading days and according to the terms which it specifies for all or part of an issue, a subscription right which does not result in the creation of negotiable rights and which must be exercised in proportion to the number of shares held by each shareholder and which may be supplemented by an unconditional subscription, given that at the end of the priority period, unsubscribed securities will be subject to a public investment.

5°) votes that the share issue price, including those stemming from the exercising of securities granting access to capital which may be issued according to this resolution, will be at least equal to the minimum amount authorised by legislation subject to the possibility recognised by the Board of Directors for operations concerning less than 10% of the capital per year to fix the issue price according to the average of the three market prices prior to the issue decision without granting a reduction of more than 10%.

6°) acknowledges and votes as required that this delegation of authority lawfully grants the bearers of securities to be issued the specific renunciation by the shareholders of their pre-emptive right for the securities which are to be issued.

7°) votes that the Board of Directors shall have full authority to implement this delegation of authority under the conditions provided for by law in order to:

- approving the conditions of the issue(s) in agreement, if the need arises, with the Company's Board of Directors,
- determine the dates and terms of the issue, the security release method, the nature and form of the securities to be created (including their due date) which may notably be in the form of subordinated or non-subordinated securities with fixed or open terms,
- provide for the possibility of suspending the exercising of rights associated with these securities for a maximum period of three months,
- more specifically in the case of a security issue intended to remunerate securities contributed in the context of an exchange offer:
  - finalise the list of securities contributed to the exchange,
  - fix the issue conditions, the exchange parity and the equalisation payment due in cash,
- determine the issue terms under either a securities exchange offer, alternative purchase offer or exchange offer on the one hand, or a takeover or securities exchange offer in the first instance, combined with an additional securities exchange offer or takeover offer, on the other hand,
- at its initiative alone, charge the capital increase costs to the associated premiums and deduct from this amount the sums necessary to bring legal reserves up to one tenth of the new capital after each increase,
- in general, signing any agreement, taking any measures and conducting any formalities required for the issuance and financial servicing of these securities issued by virtue of the present authorisation, as well as the exercise of the associated rights.

8°) vote that the Board of Directors may, under the conditions established by law, sub-delegate to its Chairman or, in agreement with the latter, one of its members the powers conferred upon it by virtue of the present authorisation.

This delegation shall replace all previous delegations with the same aim.

FOURTEENTH RESOLUTION

(total maximum nominal amount of 150 million Euros applying to capital increases with delegation of authority)

The General Meeting, ruling under the conditions of quorum and majority of extraordinary general meetings, after acknowledging the Board of Directors' report and the special auditors' report:

- votes that the total nominal amount of capital increases likely to be completed according to the resolutions delegating authority reached by this meeting ruling under the quorum and majority conditions of extraordinary general meetings could not exceed a nominal amount of 150 million Euros in addition, where applicable, to the additional nominal amount of shares to be issued to maintain the rights of bearers of securities granting the right to shares in accordance with the law,
- votes that the total nominal amount of securities representing receivables granting the right to the company's capital likely to be issued according to the resolutions of this meeting delegating authority which could be denominated in euros or any other foreign currency could not exceed 150 million Euros.

FIFTEENTH RESOLUTION

(authorisation to be granted to the Board of Directors in order to increase the total amount of the initial issue in the event of an issue maintaining or withdrawing the pre-emptive right of shareholders according to the twelfth and thirteenth resolutions respectively)

The General Meeting, ruling under the conditions of quorum and majority required for extraordinary general meetings, after acknowledging the Board of Directors' report and the special auditors' report and ruling according to article L. 225-135-1 of the commercial code, authorised the Board of Directors for a period of 26 months, with the possibility of sub-delegation to ay individual authorised by law to decide for each issue decided upon according to the twelfth and thirteenth resolutions, that the number of ordinary shares and securities to be issued could be increased by the Board of Directors with the possibility of delegation to any individual authorised by law, when the latter acknowledges a surplus request under the conditions of article L. 225-135-1 of the commercial code and article 155-4 of decree no. 67-236 up to the maximum amount provided for by the fourteenth resolution.

This delegation shall replace all previous delegations with the same aim.

SIXTEENTH RESOLUTION

(authorisation to be granted to the board of directors in order to increase the capital with the withdrawal of the pre-emptive right for the benefit of corporate officers and employees within the framework of the provisions of articles L. 225-129-6 Com. Code and L. 443-5 Employment Code)

The General Meeting, ruling under the conditions of quorum and majority required for extraordinary general meetings, after acknowledging the Board of Directors' report and the special auditors' report and ruling according to articles L. 225-135 and L. 139-6 of the commercial code, authorised the Board of Directors for a period of five years as of this General Meeting to carry out capital increases within the framework of the provisions of articles L. 225-135 of the Commercial Code and L. 443-5 of the Labour Code reserved for corporate officers and employees of the company and companies which are bound to the latter according to the legislation in force and adhere to a company savings plan or a voluntary employee savings partnership plan up to a maximum nominal amount of 10 million Euros.

The General Meeting decided that the price set for the subscription of shares by beneficiaries should be determined by the Board of Directors within the limits fixed by current legislation.

The General Meeting noted that these decisions result in the shareholders' renunciation of their pre-emptive right for the benefit of employees for whom the capital increase is reserved and grants full authority to the Board of Directors to determine all the conditions and terms of the operations notably:

- to set and approve the opening and closing dates for subscriptions and the issue price of shares,
- to set the number of new shares to be issued,
- to note the completion of capital increases, alter the company's articles of association accordingly and in general take all useful and necessary steps within the framework of the law and the regulations in force.

The General Meeting voted that the Board of Directors may, under the conditions established by law, sub-delegate to its Chairman or, in agreement with the latter, one of its members the powers conferred upon it by virtue of the present authorisation.

This delegation shall replace all previous delegations with the same aim.

SEVENTEENTH RESOLUTION

(authority conferred upon the Board of Directors to award share subscription or purchase options)

The General Meeting, ruling under the conditions of quorum and majority required for extraordinary general meetings, after acknowledging the Board of Directors' report and the special auditors' report and according to the provisions of the commercial code and notably articles L. 225-177 to L. 225-185:

1°) authorise the Board of Directors, once or on several occasions, to award the beneficiaries mentioned hereinafter options giving the right to subscribe to new shares in the company being issued under the terms of a capital increase or to buy existing shares in said company arising from buybacks conducted under the conditions stipulated by law.

2°) fixes the term of validity of this delegation at thirty eight months following the General Meeting.

3°) votes that the beneficiaries of this option may only be:

- firstly, employees or certain persons among them or certain categories of staff,
- secondly, corporate officers defined by law or some of the latter, either from the company itself, French or foreign companies or economic interest groupings which are linked either directly or indirectly under the conditions of article L. 225-180 of the commercial code.

4°) votes that the total number of options to be offered may not authorise the subscription or purchase of a number of shares exceeding 1.5% of the capital over a period of three years (0.5% per year) in the absence of a capital increase. In the event of a capital increase (other than capital increases stemming from the conversion of marketable securities or the capitalisation of reserves) the above-mentioned limit fixed at 1.5% of the capital shall be replaced during the same three year period by a limit of 3% of the number of new shares issued in the context of the capital increases concerned.

5°) votes, in the event of the granting of subscription options, that the share subscription price will be determined on the day when the options are allocated by the Board of Directors and may not be lower than 95% of the average of the former share's first listed price during the 20 stock market trading sessions preceding the day when the subscription options are allocated.

6°) votes, in the event of the granting of purchase options, that the share purchase price will be set on the day when the options are allocated by the Board of Directors and may not be lower than either 80% of the average of the former share's first listed price during the 20 stock market trading sessions preceding the day when the subscription options are allocated, or 80% of the average purchase price of shares held by the company as per articles L. 225-208 and/or L. 225-209 of the Commercial Code; however, no subscription or purchase option may be allocated (I) less than 20 stock market trading sessions after a coupon is detached from the shares that gives the right to dividends or a preferential subscription right in a capital increase, (II) during the period of 10 stock market trading sessions preceding and following the date on which the consolidated financial statements or, if not, the annual financial statements are made public, (III) during the period between, on the one hand, the date on which the social entities receive information that, if made public, could have a significant effect on the company's share price and, on the other, the date 10 stock market trading sessions later than that on which this information is made public.

7°) notes that in accordance with article L. 225-178 of the Commercial Code, the present authorisation implies the express relinquishment by shareholders to the subscription option beneficiaries of their preferential right to subscribe to the shares that will be issued as the options are exercised.

8°) votes that the Board of Directors shall have full authority to implement this delegation of competence under the conditions provided for by law in order notably to:

- determines the conditions under which the options shall be granted and establishes the list or categories of beneficiaries of options provided for above; votes on the conditions under which the price and number of shares may be adjusted, notably in the different scenarios provided for in articles 174-8 to 174-16 of decree no. 67-236 of 23 March 1967; determines the period or periods for the exercising of the options granted, given that the term of the latter may not exceed eight years as of their allocation,
- determine the amount of shares stemming from options which the manager are bound to maintain as registered shares until the completion of their functions,
- establish the option of temporarily suspending the exercise of options during a maximum period of three months in the event of the conduct of financial transactions involving the exercise of a right attached to the shares; fulfilling or delegating fulfilment of all acts and formalities required for finalising any capital increases that may be conducted by virtue of the authorisation provided under the present resolution; altering the statutes as a consequence and generally carrying out all necessary tasks; at its sole decision and if it deems it necessary to do so, charging the capital increase costs to the premiums associated with these increases and deducting from this amount the sums required to bring the legal reserve up to one tenth of the new capital after each increase.

9°) note that the present authorisation negates the effect, in the amount of the portion not yet utilised, of any previous authorisation granting the Board of Directors the right to award subscription options.

10°) vote that the Board of Directors may, under the conditions established by law, sub-delegate to its Chairman or, in agreement with the latter, one of its members the powers conferred upon it by virtue of the present authorisation.

EIGHTEENTH RESOLUTION

(authorisation to be granted to the Board of Directors to attribute a maximum of 60,000 free shares over a period of three years)

The General Meeting, ruling under the conditions of quorum and majority required for extraordinary general meetings, after acknowledging the Board of Directors' report and the special auditors' report and according to the provisions of article L. 225-197-1 and subsequent articles of the commercial code and noting that the capital had been totally freed up, decided to authorise the Board of Directors to complete the free allocation of 60,000 existing shares or shares to be issued for a period of three years for the benefit of certain corporate officers and/or employees of the company or the subsidiaries of its choice subject to the fulfilment of the legal allocation conditions. This authorisation may be used by the Board of Directors during a maximum period of thirty eight months.

The allocation of shares to their beneficiaries will be definitive at the end of an acquisition period amounting to a minimum of two years. The beneficiaries must retain the shares for a minimum period of two years from the date they are definitively allocated.

The right arising from the free granting of shares will be unavailable until the end of the acquisition period of two years. In the event of the death of the beneficiary, his heirs may request the allocation of the shares within a period of six months of the death and they shall be freely transferable in accordance with the law.

If the free allocation of shares stems from the issuance of new shares, the latter shall be issued at par and freed up by withdrawal from the company's reserves in return for the renunciation by the shareholders of the advantages of the new shares created and the reserves incorporated in the capital.

The General Meeting grants full authority to the Board of Directors, with the possibility of sub-delegation under the legal conditions, within the limits specified above, to determine all the terms and conditions of the operation, notably:

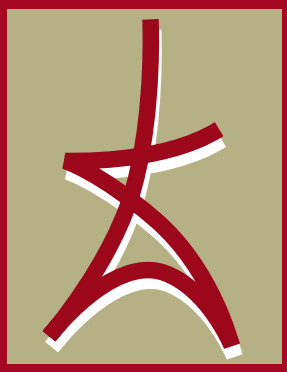
- determine the list of beneficiaries,
- determine the conditions under which the free shares are to be allocated and their number for each beneficiary,
- determine the length of the acquisition and retention periods according to the above-mentioned minimums,
- determine the number of free shares which the managers are required to retain until the termination of their functions,
- define the characteristics of the rights stemming from the free allocation, notably with regard to dividends or dividend down payments made during the acquisition period,
- note, where applicable, the capital increase or increases stemming from the allocation of free shares, complete or provide for the completion of all acts and formalities, amend the articles of association accordingly and in generally take all necessary steps.

This delegation shall replace all previous delegations with the same aim.

NINETEENTH RESOLUTION

(powers to conduct formalities)

The General Meeting shall grant full authority to the bearer or an original, copy or extract of the report on this meeting in order to carry out all the necessary formalities.



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