

2007 Annual Report

Property naturally



S O C I É T É D E L A T O U R E I F F E L



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As the worthy heir to its founder Gustave Eiffel's creation in 1889, Société de la Tour Eiffel is a listed property company investing exclusively in commercial real estate. Benefitting from its status as an SIIC (French REIT) since January 2004, the Company has built up a balanced portfolio of quality property assets, primarily composed of suburban offices and business parks. The year-end value is €1,190m for 711,139 sq. m (and 160,000 sq. m of land reserves), being evenly spread between the Ile-de-France and the other regions of France.

An experienced team that privileges quality has assembled a portfolio reflecting an ambitious, rigorous strategy targeting assets offering a high yield.

With the benefit of 450 tenants and 80% of its rental income identified until 2011, the Company since 2006 has concentrated on developing its land reserves. The construction of pre-let new offices is a significant source of growth for the Group.

This investment strategy, aimed at creating a portfolio of quality commercial real estate with secure rental income as well as growth potential, ensures regular, consistent returns for its shareholders. In accordance with its undertakings, Société de la Tour Eiffel distributes 90% of its earnings to its shareholders, at the same time developing a portfolio, making it a genuinely crisis-resistant investment.

— Background

1889: Creation of Société de la Tour Eiffel by Gustave Eiffel.

1979: The City of Paris takes over the management of the Eiffel Tower.

Société de la Tour Eiffel becomes a dormant listed company.

2003: The Company is taken over by Awon Group, backed by the Soros Real Estate Investors fund.

2004: Mark Inch and Robert Waterland transform Société de la Tour Eiffel into the first new SIIC to be listed on the Paris Stock Exchange.

— 2007 results

Rental income	€72.4m	+32%
Net Operating income*	€52.4m	+42%
Net profit (Group share)	€91.6m	-22%
Cash flow**	€29.6m	+20%
Dividend per share	€6	+20%

* See page 44

** after allowing €6.2m for 2007 exit tax charges

— The property portfolio***

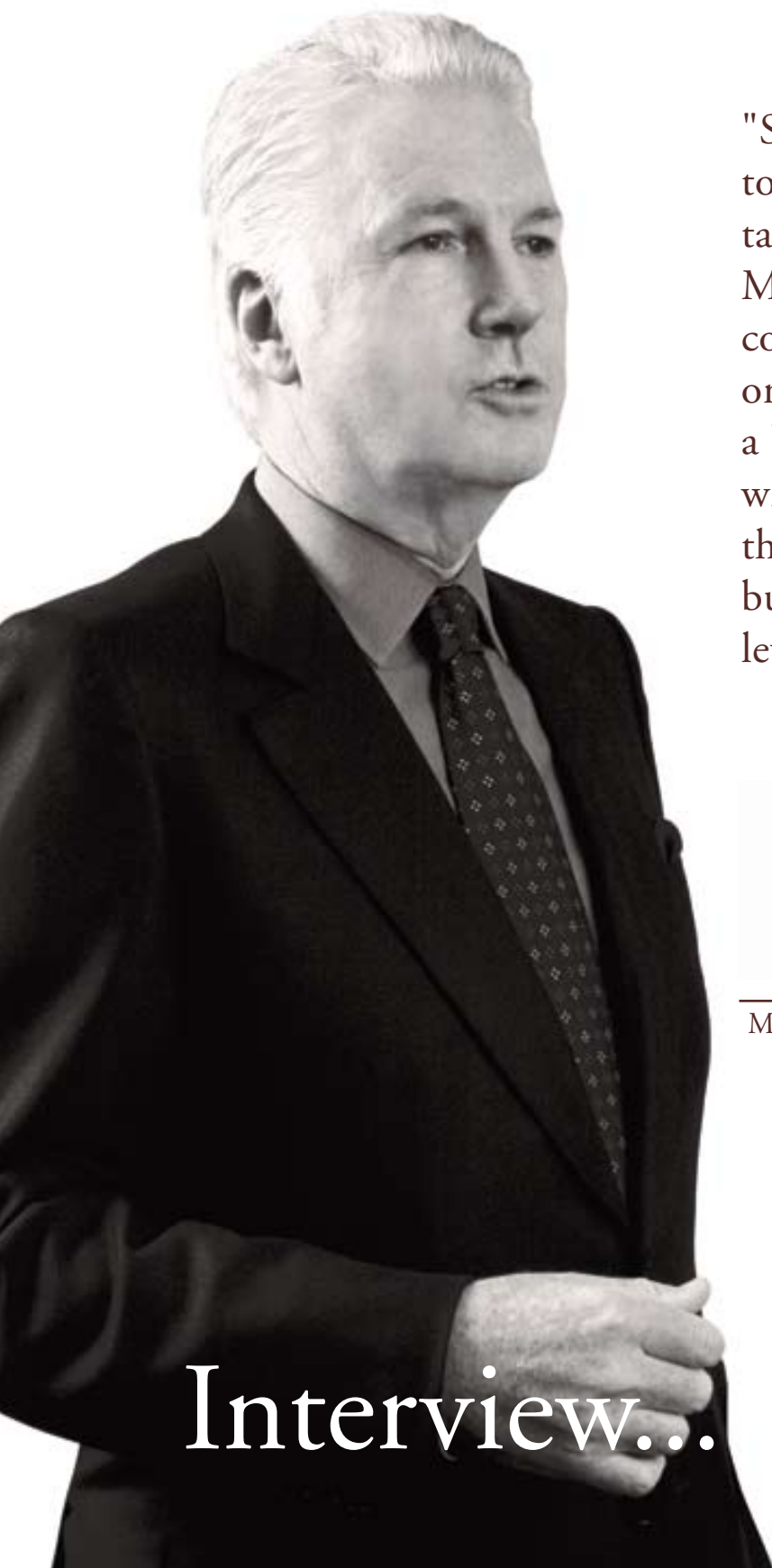
711,139 sq. m of offices, business parks, warehouses, light industrial space and nursing homes

€1,190m portfolio of commitments

92% financial occupancy rate

*** at 31 December 2007





"Société de la Tour Eiffel continued to develop new buildings without taking any excessive leasing risk. Most of our projects under construction are already fully or partly rented. We therefore have a balanced and quality portfolio with dual growth potential: that due to our land reserves, but also because of the moderate level of our prevailing rents."

A handwritten signature in dark ink, reading "M. Inch.", with a horizontal line underneath.

Mark Inch, President

Interview...

What conclusions do you draw from 2007?

Mark Inch: The commercial property market remained sound in 2007, with investment transactions surpassing the record value established in 2006, and a high level of leasing take up. Against this background, Société de la Tour Eiffel continued to implement its strategy, the relevance of which was highlighted following the events of the summer.

Robert Waterland: As planned we applied our business model based on security and development. Security stems from long-term leases, and the large number of tenants (450), which implies that 80% of our current rental income is clearly identifiable until 2011. Development is based on building out our land reserves and acquiring new properties by forward purchase, it being clear that tenant demand lies heavily in favour of new, efficient space. Apart from CityZen in Rueil-Malmaison and Viseo in Grenoble which were marketed beyond our expectations, the new buildings of our parks in Aix (Parc du Golf) and Nantes (Parc du Perray), for example, systematically found tenants upon delivery.

The subprime crisis has not affected your business?

M.I.: The subprime crisis has led to a lack of confidence in financial circles which has had greater impact on listed rather than on physical real estate. The commercial property market in France continues to be robust because tenant demand is – and will no doubt remain – sustained, in any case on our segment: that of offices and new or recent business parks located in the suburbs of large cities, with moderate rents.

R.W.: Société de la Tour Eiffel has countered risk by building a balanced, quality portfolio between Paris and the large regional cities (40/60 in sq. m 55/45 in value), with an average of 1,300 sq. m per tenant (excluding the French Post Office). What is more, we have always had a traditional approach to real estate and studied first and foremost the quality of the assets and their return prior to investing. Financial engineering comes thereafter.

2007 underlined the Société de la Tour Eiffel's increasing focus on new buildings...

M.I.: Société de la Tour Eiffel continued to develop new buildings without taking any excessive leasing risk. Most of our projects under construction are already fully or partly rented. We therefore have a balanced and quality portfolio with dual growth potential: that due to our land reserves, but also because of the moderate level of our prevailing rents.

R.W.: It is an option which was rewarded by considerable success in 2007 and will be equally so in the future. The high level of obsolescence in the existing office stock and the creation of jobs in the service sector will sustain the market which is in no way oversupplied. Our 160,000 sq. m of land reserves (for a total portfolio of commitments of 711,139 sq. m) provides us with a significant margin for growth. New buildings (including those entirely renovated or less than ten years old) now represent 57% of the portfolio in 2007 compared with 46% in 2006.

So it was an active year?

R.W.: Last year we acquired €135m of assets, slightly less than in 2006 (€210m), but undertook the construction of almost 75,000 sq. m of new buildings, for financial commitments of €110m. We also delivered some 36,000 sq. m of new space during the period, valued at €43m. Non-strategic asset disposals represented 36,000 sq. m and €40.5m of proceeds. Lastly, we leased 35,000 sq. m of space representing some €6m of secure annual income in addition to the €8m of additional rental income expected from our acquisitions made in 2007.

with Mark Inch...



As seen in your results...

M.I.: Our NAV, net of transfer costs, increased by 22% during 2007, to reach €101.9 at 31 December against €83.50 one year earlier. At year-end share prices, that means a yield per share of 7.5%!

... and in your dividend?

M.I.: The dividend paid out for 2007 will be €6 per share as anticipated. The dividends for the years to come are also secured by the structure of the portfolio.

In addition, we have further prospects for growth with the new assets under development, most of which are already pre-let. We are therefore targeting regular, foreseeable, and reasonable growth in dividends. Société de la Tour Eiffel is a crisis-resistant investment!

What is your outlook for 2008?

R.W.: The portfolio rationalisation is almost completed; there remain some non-strategic assets to be divested through selective arbitration. But our priority is to develop the portfolio, for example, by completing the forward purchase (VEFA) projects in Porte des Lilas and Vélizy, and the reconversion or extension operations in Massy and in the business parks. We also want to renovate the image of our business parks, by giving them a new improved identity with amenities and related services, creating a chain effect. To give impetus to this strategy, the parks will be unified under the "Parc Eiffel" brand.



M.I.: Having constructed the balanced, quality portfolio of Société de la Tour Eiffel today, which secures our income for the years to come, the priority is developing growth potential. Our firm belief in the project is demonstrated by the fact that our personal commitment to the capital of Société de la Tour Eiffel is still almost 10% through Eiffel Holding which, for technical reasons, has replaced Osiris Patrimoine.

R.W.: It may be anticipated that the instability of the financial environment observed at the end of the year will provoke a medium-term correction in the property markets, which will become healthier by returning to fundamental values. Such an outcome can only be beneficial for our on-going strategy.

...& Robert Waterland

"Société de la Tour Eiffel has countered risk by building a balanced, quality portfolio between Paris and the large regional cities. What is more, we have always had a traditional approach to real estate and studied first and foremost the quality of the assets and their return prior to investing."

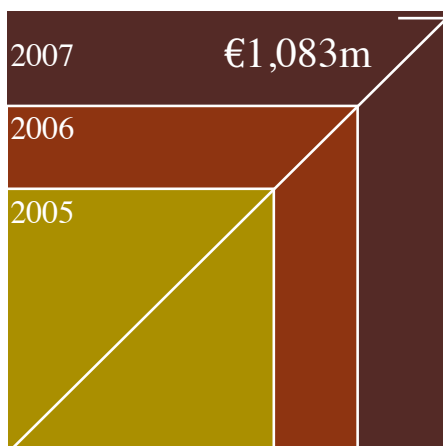


A handwritten signature in dark ink, appearing to read 'R. Waterland', positioned above a horizontal line.

Robert Waterland, Managing Director

Value of property assets:

The existing portfolio comprises 60 assets. Its total value is €1,083m comprising €1,008m of properties in service and €75m of buildings under construction, valued at historic cost, in the accounts at 31 December 2007. The financial occupancy rate at 31 December 2007 was 92%.



2007: **+25%**
€1,083m*

2006: **+32%**
€867m*

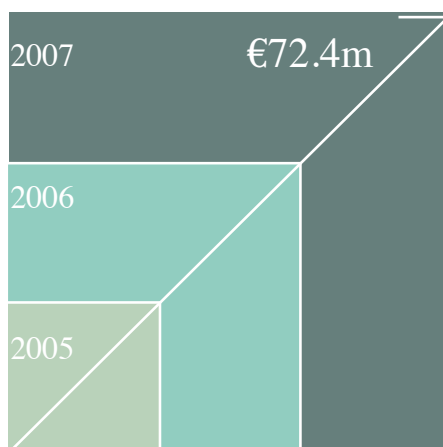
2005: **€654m***

* excluding transfer costs

Rent*:

The substantial rental growth recorded by the portfolio is due to a dynamic investment policy, initially focusing on existing leased properties, an approach which has been supplemented more recently by a commitment to quality development projects offering critical mass.

* invoiced rent



2007: **+32%**
€72.4m

2006: **+102%**
€54.9m

2005: **€27.2m**

Since 2004, the Company has achieved growth in its portfolio and rental income.

Key figures

Portfolio of commitments:

> Value:
€1,190m



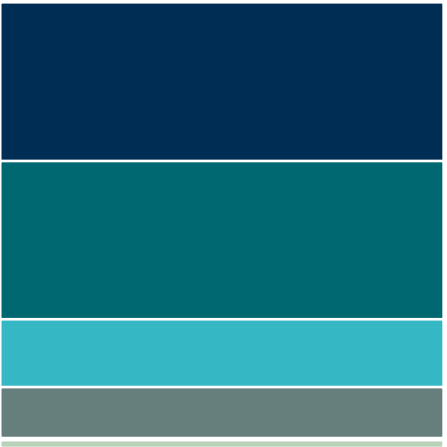
- Offices: 57%
- Business parks: 26%
- Warehouses: 9%
- Light industrial: 5%
- Nursing homes: 3%

> Rent*:
€86m
* full year rent



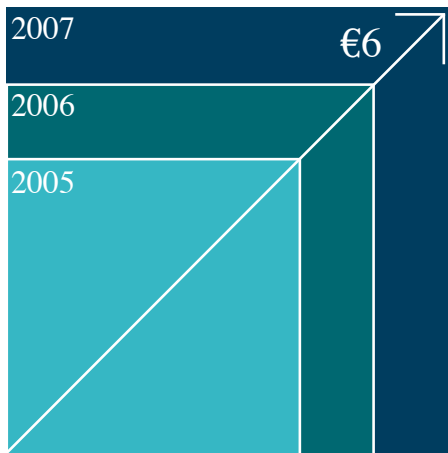
- Offices: 55%
- Business parks: 26%
- Warehouses: 11%
- Light industrial: 5%
- Nursing homes: 3%

> Floor area:
711,139 sq. m



- Offices: 34%
- Business parks: 36%
- Warehouses: 16%
- Light industrial: 12%
- Nursing homes: 2%

Dividend:



2007: +20%
€6
2006: +25%
€5
2005: €4

Net profit (group share):

€91.6m



From left to right:

- Jérôme Descamps, Deputy Managing Director (finance) and Director
- Claude Marin, Independent Director
- Robert Waterland, Managing Director
- Mark Inch, Chairman
- Michel Gautier, Independent director

Management team

Mark Inch, Chairman

After beginning his career in 1973 with Jean-Claude Aaron, one of the leading property developers in France in the 1970s, Mark Inch (Scottish, 57, Oxford and Sciences Po Paris) joined the Arab International Investment Bank in 1979. Between 1985 and 1990, as Director of the Bank and President of its real estate subsidiary, he multiplied the operations combining financial engineering and property assets, restructuring companies by developing their real estate assets (Felix Potin, Les Trois Quartiers, etc). He founded the Franconor firm of consultants (specifically for Anglo-Saxon property investors) at the start of the 1990s before creating the Awon Group in 1999 with Robert Waterland. Together they built up the new company in a few years into one of the leading French independent asset management firms, teaming up with the Soros investment fund in July 2003 to take over Société de la Tour Eiffel.

Robert Waterland, Managing Director

In 1971 Robert Waterland (English, 59, Kings School Rochester and College of Estate, FRICS) joined the real estate advisory group Jones Lang Wootton in London, before moving to Paris in 1973, to take part in the opening of the firm's French office. He was named a partner in 1977 before becoming the President of the French business in 1985, a position which he held for ten years. During this period, he initiated numerous projects and transactions on the French property market: the Hotel Meurice, Fnac Etoile, the head offices of Nina Ricci, then of Ralph Lauren, etc. In 1995, he joined Mark Inch as the head of Franconor. The pair went on to form Awon Group, culminating in the take-over of Société de la Tour Eiffel in 2003. As one of the most recognised professionals in the French real estate market, he has twice been awarded the Pierre d'Or (Pierre Expertise) as asset manager of the year in 2001 and as investor of the year in 2003. He is a former Chairman of the Paris Regional office observatory (ORIE).

Jérôme Descamps, Deputy Managing Director (finance) and Director

Before joining Awon Asset Management in 2000, Jerome Descamps (40, ESG) began his career with the ISM group subsequently joining Bail Investment. His duties cover financial management in the broad sense: finance, legal, administration, financial communication. He also liaises between the investment, asset management and property management teams of the group.

Claude Marin, Independent director

A board member of Société de la Tour Eiffel since 1970, Claude Marin (HEC, bachelor of law) has spent most of his career with the Havas group for which he was the Managing Director of IP (controller of the French radio station RTL), President of the ODA (Yellow Pages), CEO of the Avenir bill-posting company, then Managing Director of the group, and a Director of PIM Gestion Finances.

He is also a member of the Board of trustees of Actes Sud publishing house and Safra Bank.

Michel Gauthier, Independent director

A board member of Société de la Tour Eiffel since 1989, Michel Gauthier (Polytechnic, Insead MBA) is an advisor and expert in financial policy on the European and African markets.

As part of his activities as company director, he is member of the Board of trustees of ADL Partners (VPC for cultural products), President of Salamander Investment France (a capital investment company) and Director of the Pakidié Rubber Company.

Awon Asset Management

Exclusively dedicated to the acquisition, disposal and management of the property assets of Société de la Tour Eiffel, its mother company since 2006,

Awon Asset Management is headed by **Frédéric Maman** (40, Institut Supérieur de Commerce de Paris). Frédéric joined Awon Asset Management in 1999 after beginning his career with Barclays Bank, before joining the Consortium de Réalisation, in charge of investments.

With a staff of 24, the Awon Asset Management team expanded in 2007 to accompany the growth of Société de la Tour Eiffel, particularly in development projects and the management of business parks. The team's professionals provide expert input throughout the investment and development process: analyzing opportunities, carrying out acquisitions, financial engineering, and dynamic management of the portfolio in order to constantly create value.



From left to right:

- Aurélie Leroux
- Sophie Gay-Perret
- Nicolas de Saint Maurice
- Cindy Drieux
- Nicolas Ingueneau
- Joris Bruneel
- Odile Batsère
- Dominique Gros
- Frédéric Maman

The Board of directors, after recording in 2007 the resignation of Alain Dinin as independent director for reasons of corporate governance relating to listed property companies, wishes to express its sincerest gratitude for the positive contribution he made to the development of the Company.





■ January

■ Handover in Colombelles (suburb of Caen) on the EffiScience campus of a 17,525 sq. m office building entirely leased to NXP Semiconductors (formerly Philips Semiconductors) on a nine-year fixed term. The investment of €32.7m is the largest of the Group in the regions. At the Simi 2006 (a commercial property exhibition), Société de la Tour Eiffel received the SIIC award under the "City and Future" category in recognition of the impact on the urban environment of this ambitious project.

■ Purchase of the historical head office of Cogema. The office block located in Vélizy comprises a tower with 12,000 sq. m, built in 1980, and a lot of 5,620 sq. m in the adjacent "Energy Park" development, built in 1991. The site is to be entirely restructured in partnership with the developer Cibex, for handover scheduled in 2010. A total investment of €55m.

■ March

■ Société de la Tour Eiffel leases up its Parc des Aygalades in Marseilles after signing 3 tenancy agreements during the first quarter, for a total of 2,482 sq. m (including 1,886 sq. m of offices and business premises for SERAM, the operator of the Marseilles sanitation network). Following these transactions, the occupancy rate for this park was nearly 95% with an average rent of €100/sq. m (offices). Acquisition of Parcoval, a company holding 6 business parks (80,000 sq. m built) and land reserves for development (more than 30,000 sq. m), for €110m. This acquisition, which will generate more than 8 million euros in annual rent, supplements the positions of the Group in the business parks of Aix en Provence, Lille, Montpellier, Nantes and Orsay, as well as marking a first presence in Bordeaux. The objective to become sole owner of these parks is progressing satisfactorily.

Throughout 2007, Société de la Tour Eiffel adhered to the business strategy presented to its shareholders and the market. Acquisitions and development of land reserves in offices and business parks, the launch of wholly or partially pre-let developments, selected sales of non-strategic assets, etc. **An eventful year, confirming the relevance of the Group's approach.**

2007 Highlights



■ April

■ Acceleration in the development of business parks. The Group purchases a plot of land of 21,464 sq. m in Le Bourget on which Nexity Geprim will build on its behalf 9,641 sq. m of light industrial space and offices for an investment of €8.4m and a expected global rental income of €0.9m per annum. In Bordeaux, in the Mérignac-Cadera district, Société de la Tour Eiffel also launches with Nexity Geprim the construction of 6,000 sq. m of offices for an investment value of €7.5m.

■ June

■ Sale of a nursing home in Marseilles (2,300 sq. m) to a residential property developer for the equivalent of €4.75m.
■ Delivery of the Polytec building (Grenoble) to Schneider (6,000 sq. m of offices, turnkey).

■ September

■ The CityZen office building under construction (6,800 sq. m, or more than 25% of the group's projects under development), located on the National Boulevard in Rueil-Malmaison, is fully pre-rented to Soletanche Bachy, a subsidiary of the Vinci Group, on a 6/9 year lease. Built by Kaufman & Broad, handover is scheduled for mid 2008.

■ November

■ The property developer Cibex delivers Viseo (11,800 sq. m of offices on the Zirst Inovalée in Montbonnot Saint Martin, near Grenoble) to Société de la Tour Eiffel. This ambitious project for Grenoble was rapidly taken up by quality tenants (including Eaton, Schneider Electric, Thales and Tiempo), for an average rent of €140/sq. m.
■ Sale of a mixed portfolio of 7 non-strategic property assets (3 in Paris and 4 in the provinces representing more than 34,000 sq. m) for a total of €36m to a German fund.

Visuals from left to right: ■ Caen, Campus Effiscience ■ Vélizy, Topaz ■ Marseilles, Parc des Aygalades
■ Grenoble, Polytec ■ Rueil-Malmaison, Citizen ■ Grenoble - Montbonnot, Viseo





The successive acquisition of Parcoval (outset 2007) and Locafimo, has enabled Société de la Tour Eiffel to accumulate significant shareholdings in business parks, which have since become a distinctive feature of its portfolio. Conceived in the 1980s by the Bank Pallas under the Parc Club label, the various parks were initially a blend of offices and light industrial space. Since then, however, the parks have tended to become service-oriented reflecting with the general evolution in the French economy, and today mainly consist of "campus" style offices.

The 11 existing parks (a twelfth is under development) are strategically located on the outskirts of large regional cities. The parks currently accommodate **413 tenants for 252,846 sq. m** of floor space, i.e. **580 sq. m built per tenant**, providing therefore an excellent spread of letting risk. **The occupancy rate remains stable, at around 87%.**

The parks offer significant **land reserves with 26,000 sq. m** of new buildings under development and **a further construction potential of 50,000 sq. m.** The Société de la Tour Eiffel has also launched an active renovation programme for buildings that become vacant.

Creation of Parc Eiffel

Rebranding...

Having become sole or majority owner (in ten of its eleven parks), in 2008 the company intends to launch the Parc Eiffel brand. The aim is to create the notion of a chain concept with a distinctive image and the introduction of amenities and related services. Renovation work on the common areas and vacant floor space as well as the development of new buildings have helped top-down homogenisation focused on the quality of occupational space.

... responding to needs

Over and above the large-scale renovation work driven by the creation of the Parc Eiffel brand, the entire business park concept has been studied in order to improve their user-friendliness and visibility. For example, the Société de la Tour Eiffel intends to encourage the development of convenience services, such as catering, in proximity to the offices which are invariably located outside city centres. The large number of people who travel to work by car (to locations in the suburbs where parking is easier) has led the company to provide services similar to those that can be found down town.

A chain concept

Discussions are also held with the relevant local authorities in order to improve access and transport. In Strasbourg, for instance, the future Tramway will pass nearby the Parc des Tanneries, directly connecting the location to the city centre. Improving access also means sign-posting specific to the Parcs Eiffel, which will be deployed in the surrounding areas. A standard logo will reinforce the chain concept. Lastly, an informative website is to be created for the larger parks to broaden their community base: Users will be able to access relevant information, on campus co-tenants for example as well as on adjacent facilities such as shops and available transport, and so on. All these facilities and services are designed to promote a brand associated with a quality environment helping forge a product suitably adapted to local demand.

This approach signals the Société de la Tour Eiffel's intention of becoming a leading player in the business park field in France.

Parc Eiffel in figures

> 12 parks

(in ten of which the company is the majority shareholder)

> 326,000 sq. m

of which 250,000 sq. m

already exist, 26,500 are

under development

and 49,600 of land reserves

> 413 tenants

> 173 buildings

Parc Eiffel locations in France



- | | |
|--------------|--------------------|
| ■ Aix | ■ Marseilles |
| ■ Bordeaux | ■ Montpellier |
| ■ Chartres* | ■ Nantes (2 parks) |
| ■ Le Bourget | ■ Orsay |
| ■ Lille | ■ Strasbourg |
| ■ Lyons | |

* future development



Property, a savings portfolio product



In a particularly competitive commercial property market, the construction of quality property assets requires detailed knowledge of the sector and strategic decisions based on proven experience. The portfolio profile thus assembled depends on these various factors. Combining quality and yield is Société de la Tour Eiffel's strategy in order to provide shareholders with a recurring source of significant revenues that will continue to increase over time.



■ **Despite the subprime crisis in the United States in 2007** and its effects on the credit supply around the world, the commercial property market reached new records in France in 2007, as in most of the European markets. No less than €28.5 Bn of investments were transacted on this segment, representing an increase of 17% compared with 2006 and more than double the amount invested in 2004.

■ **Out of this global record, Île-de-France** attracted €20 Bn of investments, or 70% of the total. This being said, the share of the regions at 30% is clearly increasing. Offices represented the lion's share, with 70% of the amounts invested nationwide, a proportion which rose to 86% for the Paris area.



■ **A market characterised by major transactions,** since 58% of the volume of transactions involved operations worth more than €100m, and 25 deals exceeded €200m.

A particularly active market in 2007

No excess supply

Sound fundamentals are behind the continued growth in real estate investment. Demand from investors and users remains strong and there is no overall oversupply, to the contrary in certain locations one can talk of shortage of new space. A Cushman & Wakefield study published at the outset of 2008 emphasises the strong appetite for new office space, which has led to a decline in the supply available in Île-de-France. Hence, the gross take-up in this office market during 2007 exceeded 2.6 million sq. m, an exceptional outcome even if slightly below the 2.8 sq. m record set in 2006. These levels are all the more relevant given that the vacancy rate is below 5%. The prime rental rate for CBD offices just exceeded €800 per sq. m at year end while the average rent for the Île-de-France region was €330 per sq. m. This was up slightly, but remains at a reasonable level by international comparison.

Distinct segments

Yields continued to decline in the first half of 2007 until the sub prime crises loomed in the summer, marking a definite market peak. By year end, prices had returned to where they were at the start of the year. Yield compression has reversed however it is still too early to draw any definite conclusions as to cap rate movements. Nevertheless, the Parisian prime investment yield is about 4% while those for the suburbs range from 5-7%.

New construction has an edge

Although certain particularly prime segments of market seem to have topped out in terms of rental values, the demand for new or renovated space at medium rentals remains strong. In 2007, 36% of take-up involved new or renovated offices according to a study by CB Richard Ellis. The increasing attraction of new construction is logical. Aside from price considerations, new buildings offer optimal use of floor space and improved environmental qualities. They are attracting a growing number of companies principally motivated by the need to rationalize and regroup the space they occupy. Both factors play in favour of the new development market. A third factor of significance is the fall in unemployment; the French economy created some 300,000 jobs in 2007.

Key figures 2007

- > **€28.5 Bn**
invested in the commercial property market in France
- > **Over €20 Bn**
in Île-de-France alone
- > **Over 2.6m sq. m**
of offices leased
in Île-de-France
- > **Over €800 per sq. m**
(prime CBD office rent)
- > **Over €330 per sq. m**
(average prime office
rent in Île-de-France)

Visuals at left:

- Champigny, Carnot
- Le Plessis-Robinson



■ **As the first new SIIC launched at the beginning of 2004**, Société de la Tour Eiffel has since demonstrated a clearly ambitious, disciplined strategy of creating a high yielding commercial property portfolio of quality. This strategy is based on the fundamentals of asset selection, a prudent investment policy and a balanced portfolio allocation with regard to asset category and location. The Company also has built up a significant land reserve and an effective financing structure.

■ **The implementation of this strategy is facilitated by the Group's professionalism**, managed by Mark Inch and Robert Waterland, each with over thirty-five years of experience in the market. Avoiding overheated prime markets, their strategy aims at acquiring quality properties in emerging locations capable of offering yields which meet the Group's criteria.



■ **Société de la Tour Eiffel's portfolio** has been forged with the aim of distributing an attractive dividend to the company's shareholders, who after receiving €4 per share in 2005 and then €5 in 2006, will receive €6 in 2007.

An ambitious and rigorous strategy

A balanced portfolio

The Group built up its property portfolio in several stages. The first phase consisted in 2003 and 2004 of applying an investment policy aimed at obtaining yields secured by long-term leases with top quality tenants such as the Post office, Air Liquide, Alstom, Atos Origin, Colt, etc. The acquisition of Locafimo in 2005 represented a second tier of income security through a multiplicity of tenants which increased from 15 to 450 as a result of that transaction. Having created a basis for secure income, the Company in 2005 and 2006 concentrated on new developments, initially on a pre-let basis and subsequently speculatively. The year 2007 was devoted to consolidating the business parks (Parcoval acquisition), developing the land reserves, renovating the core portfolio and rationalising the portfolio through the disposal of €40m of non-strategic assets.

A quality property portfolio

Fundamental to the development of its office and business parks, making up nearly 70% of the total floor area, it is a Company's ethic of constantly endeavouring to offer high quality space at a moderate rent. The pre-leasing of a total or significant portion of the projects under construction like CityZen (6,800 sq. m in Rueil-Malmaison) and Viseo (11,800 sq. m in Grenoble) demonstrates the effectiveness of this strategy. The systematic renovation of existing buildings and the development of land reserves providing new buildings corresponding to user demand through a combination of rational space in a favourable environment is another constant.

A secure revenue stream

The creation of a balanced portfolio comprising 450 tenants (1,300 sq. m per tenant on average excluding the Post Office) with long-term leases creates a secure revenue stream for the Group. The portfolio should generate €75m of rental income in 2008, against €72.4m in 2007. Another illustration of an assured revenue stream is that some 80% of the total rents are clearly identifiable until 2011. The development of the land reserves, which consist of 160,000 sq. m in addition to a total portfolio of 711,139 sq. m, offers growth and value creation. This serves to create a source of rental income for years to come. The investments made in new office developments and the launch of the new Parc Eiffel brand are two new avenues of growth for the Company.

Key figures

- > **Over 80%** offices and business parks in terms of value in the portfolio
- > **Over 70%** offices and business parks in terms of floor space in the portfolio
- > **€75m** of secure rents in 2008
- > **Over 160,000 sq. m** of land reserves, or 22.5% of the total
- > **Over 80%** of current rents are secured until 2011
- > **Over 450** tenants, or 1,300 sq. m per tenant, excluding the Post Office

Visuals at left:

- Grenoble - Montbonnot, Viseo
- Bezons, Giga





■ With 24 professionals and an average age of thirty-three years, the **Awon Asset Management team** brings all of its expertise to bear in creating and managing the portfolio of Société de la Tour Eiffel, its controlling shareholder. The increasing number of tenants, the development of land reserves and the Company's growth in general have encouraged our team of professionals to adapt appropriately.

■ **Awon Asset Management** has been reorganised in three areas of expertise: financing and investment, development and asset management, i.e. rental management for 500 leases. The result is improved reactivity and management efficiency throughout the Group.

■ **One area of latent growth for the Group** lies in the unlocking and working up of development potential on the land reserves including the acquisition of adjoining parcels or the obtention of new building permits. Anticipation is essential to value creation.

Complementary skills

"Awon Asset Management made selected recruitments in 2007, organising the staff into three areas of expertise to manage the Company's growth and to gain reactivity while adding new skills. One of our core activities is the optimisation of our land reserves, thereby adding to the portfolio's value."



Frédéric Maman,
Director of Awon Asset Management

"For some time now, we have been experiencing a real awakening on the part of companies to the importance of office quality, especially when the corporate image of the head office is at stake. Yet the market is two-tier; in Île de France, new buildings are almost automatically certified High Environmental Quality while in the regions it is more difficult to sensitive the decision makers."



Nicolas de Saint Maurice,
Development Manager

"We never lose sight of the fact that our core business is real estate. Our property analysis counts for as much as the financial analysis and the two approaches combined determine our choice of an acquisition. The quality of the property is a real safeguard for what might follow."



Nicolas Ingueneau,
Senior Asset Manager - Investment
and Portfolio Management

"There are two aspects driving our success in marketing offices. One is the issue of a reasonable rental value and the other the quality of location which is crucial. Our role as asset manager also is to be receptive to clients requirements."



Odile Batsère,
Senior Asset Manager

"The diversity of choice that we will offer in the "Parcs Eiffel" will allow us to create an overall consistency and a strong brand image that will distinguish us from our competitors. The ripple effect will result in a qualitative upgrading of all of our business parks, making it easier to attract new tenants while enhancing values."



Sophie Gay-Perret,
Asset Manager

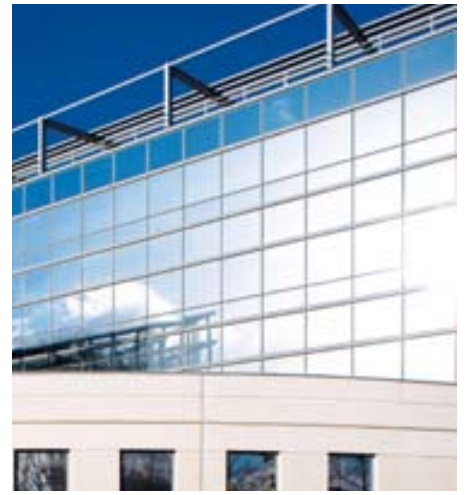
"With the creation of the "Parc Eiffel" label, we wish to match quality with agreeable lifestyle and rejuvenation. This entails being attentive to tenants which although generally satisfied can nevertheless look forward to benefitting from a range of services which will further improve their daily routine."



Cindy Drieu,
Asset Manager



Sustainable performance



Portfolio quality is a major preoccupation of the Company, be it the development of buildings qualifying for a HEQ label, or simply providing agreeable landscaped workspace in business parks or encouraging ambitious architecture. Excellence is a cornerstone of the Group's strategy, creating value for the shareholders.



Société de la Tour Eiffel’s portfolio breaks down into five components: offices and business parks located in the Paris area and the regions, warehouses – principally Post Office sorting centres on long leases, light industrial space in the Paris suburb and regions, nursing homes in the south of France leased long term to an operator.

Percentage of speculative development in the portfolio

Floor area



■ Assets rented:
91%

■ Speculative:
9%

Value



■ Assets rented:
84%

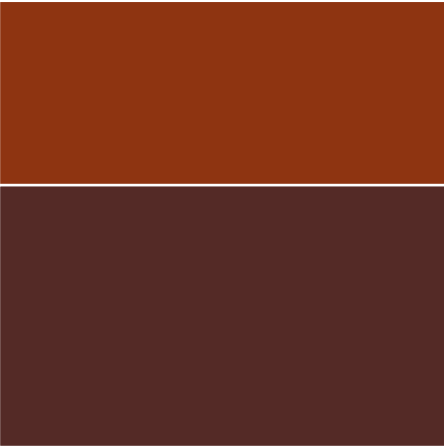
■ Speculative:
16%

The Company seeks to develop new property corresponding to contemporary tenant demand whilst limiting letting risk. At year end, the potential rental shortfall from this activity represented less than 10% of the Company’s rental income. In 2007, all the Company’s new deliveries were leased upon completion.

A diversified
property portfolio

Geographical spread of portfolio

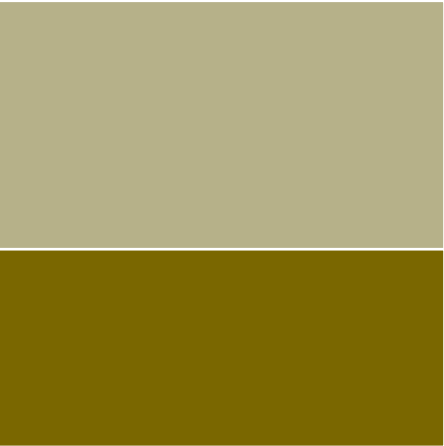
Floor area



■ Paris/IDF:
40% | 284,207 sq. m

■ Regions:
60% | 426,932 sq. m

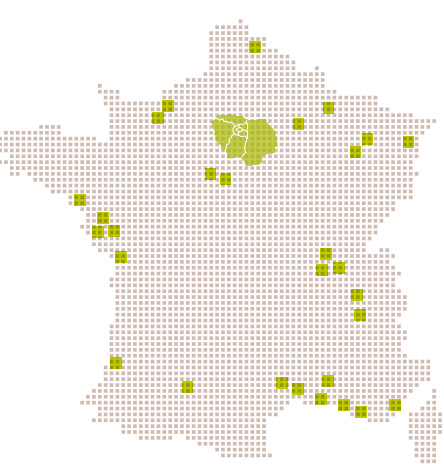
Value



■ Paris/IDF:
55% | €659m

■ Regions:
45% | €531m

Major locations



Paris/Île-de-France



The portfolio is well balanced between Paris and the major regional centres. In the regions, the business parks located on the periphery of major towns dominate.



Offices	Location	Total floor area in sq. m
Massy/Ampère	Paris/IDF	45,678
Plessis	Paris/IDF	16,597
Champigny Carnot	Paris/IDF	14,153
Massy Campus	Paris/IDF	13,585
Champs-sur-Marne East Side	Paris/IDF	12,029
Asnières Quai Dervaux	Paris/IDF	10,391
Montigny-le-Bretonneux	Paris/IDF	7,586
Bobigny	Paris/IDF	6,373
Vélizy Energy 2	Paris/IDF	5,620
Herblay Langevin	Paris/IDF	4,778
Chatenay Central Parc	Paris/IDF	4,755
Paris Charonne	Paris/IDF	3,685
Paris Tour Montparnasse	Paris/IDF	1,739
Paris Dumont d'Urville	Paris/IDF	1,497
Roissy Fret	Paris/IDF	1,319
Paris Courcelles	Paris/IDF	881
Paris Malesherbes	Paris/IDF	753
Caen Colombelles	Regions	17,525
Grenoble Viseo	Regions	11,477
Lyon Tour Crédit Lyonnais	Regions	10,502
Nantes Einstein	Regions	7,745
Orléans Université	Regions	6,470
Grenoble Polytec	Regions	5,968
Lyon Paul Santy	Regions	3,010
Aix La Duranne	Regions	2,747
Nancy Lobau	Regions	2,262
		219,125
Developments in hand		
Vélizy Topaz	Paris/IDF	14,100
Paris Porte des Lilas	Paris/IDF	10,552
Rueil-Malmaison	Paris/IDF	7,354
Total - Offices		251,131

Offices



Visuals from top to bottom
and from left to right:

- Grenoble - Montbonnot, Visco
- Massy, Campus - RIE (communal restaurant)
- Champigny, Carnot
- Champs-sur-Marne, East Side



Business parks	Location	Total floor area in sq. m
Orsay University	Paris/IDF	17,211
Strasbourg Tanneries	Regions	59,904
Lyon Moulin-à-Vent	Regions	36,588
Bordeaux Cadera	Regions	25,334
Lille Les prés	Regions	24,740
Montpellier Millénaire	Regions	23,597
Aix-en-Provence Golf	Regions	21,104
Marseille Aygalades	Regions	16,660
Nantes Perray	Regions	15,606
		240,744
Developments in hand		
Le Bourget	Paris/IDF	9,641
Nantes Connemara	Regions	2,461
Total - Business parks		252,846

Business parks



Visuals from top to bottom
and from left to right:

- Strasbourg, Parc des Tanneries
- Lyon, Parc du Moulin-à-vent
- Orsay, Parc de l'Université
- Aix-en-Provence, Parc du Golf





<u>Light industrial space</u>	<u>Location</u>	<u>Total floor area in sq. m</u>
Aubervilliers	Paris/IDF	20,508
Malakoff	Paris/IDF	10,882
Bezons	Paris/IDF	7,052
Montpellier Areva	Regions	12,003
Nancy Ludres	Regions	8,096
Total - Light industrial space		58,541

Light industrial space



Visuals from top to bottom
and from left to right:

- Bezons, Giga
- Aubervilliers, Jean Jaurès
- Bezons, Giga
- Malakoff, Valette





Warehouses	Location	Total floor area in sq. m
Gennevilliers	Paris/IDF	20,569
Mitry-Mory	Paris/IDF	9,756
Herblay	Paris/IDF	5,163
Sochaux	Regions	27,571
Toulouse Capitols	Regions	13,753
Marseille Provence Vitrolles	Regions	12,634
Les Souhesmes 1 & 2 Verdun	Regions	10,558
Caen Mondeville	Regions	8,035
Vannes	Regions	7,750
Saint-Gibrien	Regions	6,650
La Roche-sur-Yon	Regions	5,980
Extension Saint-Gibrien	Regions	4,455
Ingré/Orléans	Regions	4,436
Total - Warehouses		137,310

Warehouses



Visuals from top to bottom
and from left to right:

- Gennevilliers
- Sochaux
- Gennevilliers
- Verdun, les Souhesmes





<u>Nursing homes</u>	<u>Location</u>	<u>Total floor area in sq. m</u>
La Crau	Regions	3,331
Bourg-en-Bresse	Regions	2,840
Lyon	Regions	2,710
Cogolin	Regions	2,430
Total - Nursing homes		11,311

Nursing homes



Visuals from left to right:

- Lyon, Les Lilas
- La Crau

Whether it is to improve employee working conditions, to make the most efficient use of space or to save on energy, companies are increasingly seeking new construction that meets the criteria for sustainable development. The majority of new developments in Île-de-France meet the criteria for green buildings (HEQ).



■ **Reflecting this philosophy** and its desire to offer its tenants quality properties, Société de la Tour Eiffel has fully embraced the concept of sustainable development and adapted its approach to each project – from its location to its conception and construction. Although the HEQ label certifies certain defined criteria which vary with each construction project, sustainable development also involves environmental protection and the sense of well being that comes with it. Thus, the Parcs Eiffel, which are built in the suburbs of major regional cities, ideally meet this expectation with an appropriate architecture and a landscape design that typically reflect regional characteristics. An example of this are the umbrella pines at Aix-en-Provence.

Sustainable development and the foundation



Parisian HEQ

The principal projects developed by the Group in Île-de-France naturally meet green building specifications. Domino, the Porte des Lilas development to be delivered in the third quarter of 2008, will be certified HEQ. Green buildings will also be developed on the sites of Vélizy (formerly-Cogema) and at Massy (Alstom) with criteria oriented towards the management, upkeep and maintenance of the building, air quality, visual and atmospheric comfort, managing energy consumption etc. By agreeing to adopt demanding standards, both environmental and architectural, Société de la Tour Eiffel offers high quality products with maximum appeal to future users.



Innovations

Even though the regional users are clearly less demanding, they are still highly aware of the topic. Thus, at the parks in Aix-en-Provence and Marseille, which each have 4,000 sq. m of offices under development, there is no lack of innovations for making the accommodation more environmentally friendly. These range from cooling systems, to heat pumps, exterior sun visors in inert materials and even water retention systems for landscape irrigation.



The Foundation - sharing values

Formed in March 2007, the Société de la Tour Eiffel Foundation has set the goal of fostering creativity and innovation in the domain of the construction and the environment. With a view to sharing and recognising these values, the foundation is sponsoring an architectural competition that will take place between April and August 2008. The rules and procedures can be downloaded from the website at www.fondationsocietetoureiffel.org. Chaired by Robert Waterland and composed of professionals in architecture and town planning along with the Eiffel family, the panel of judges will announce its awards at the end of 2008 at the Cité de l'architecture et du patrimoine.

As in the 2007 financial year, Société de la Tour Eiffel will continue to implement its business model in 2008 based on building up its portfolio and selectively disposing of non-core assets. The Group's investment programme can draw on an annual rental income of €80m.



■ **Among the office projects in hand for 2008**

are the marketing of 11,600 sq. m of the Domino, Porte des Lilas-Paris, due for delivery in July, and the groundbreaking for an initial building at Massy with 18,000 sq. m of floor space. This building is already leased to Alstom on a nine-year fixed term. Also scheduled are the delivery of phase one of 6,000 sq. m at Vélizy and the groundbreaking of Topaz, a 15,000 sq. m building at Vélizy with handover planned for 2010.

■ **Another major growth driver in 2008,**

is the continued renovation and upgrade of the 12 business parks under the “Parc Eiffel” label. New construction perfectly attuned to tenant demand and renovation of existing blocks will lead to qualitative upgrading and value uplift in these parks.

Prospects for 2008



Visuals from left to right:

- Massy, Ampère
- Le Bourget, Parc de l'Espace under construction
- Vélizy, Topaz



Naturally transparent

Since the beginning of 2007, Société de la Tour Eiffel applies the EU transparency directive. This involves disclosing information relating to the Company's activities and financial items in order to ensure that it provides the most complete and clearest reporting possible. This approach dovetails perfectly with our current policy of reporting and dialogue with individual and institutional shareholders, financial analysts, journalists and other opinion leaders in both France and abroad. All of the financial documents and useful information concerning the company's activity are also available on its website at www.societetoureiffel.com. Some ten road shows are organised annually.

■ Shareholding structure

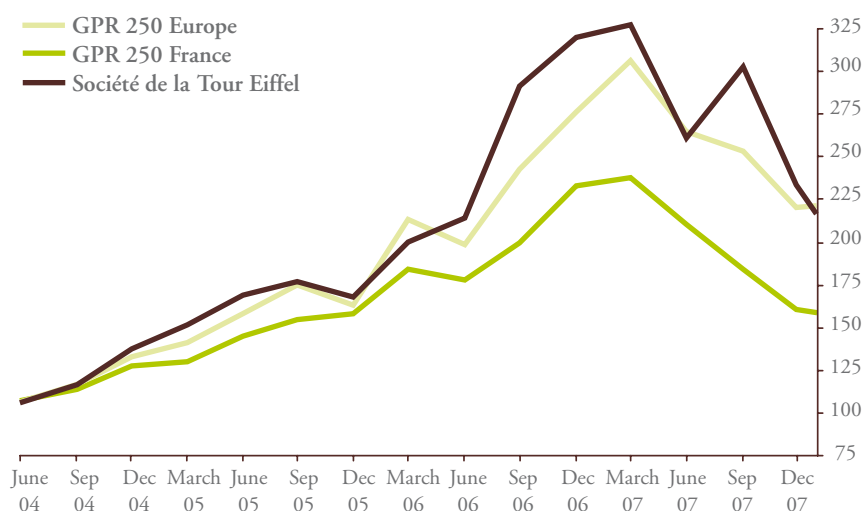
Société de la Tour Eiffel has a free float of almost 90%. At 31 December 2007, 5 shareholders held more than 5% of the capital:

- > ING Clarion,
- > Fortis Investment Management France,
- > Nomura Asset Management,
- > DLIBJ Asset Management.

Eiffel Holding, a company which holds the managers' equity stake, holds nearly 10% of the capital.

Share price: comparable performance

(Base 100 in June 2004)

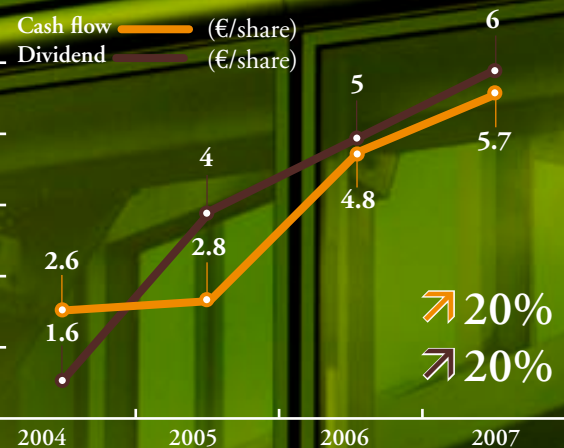
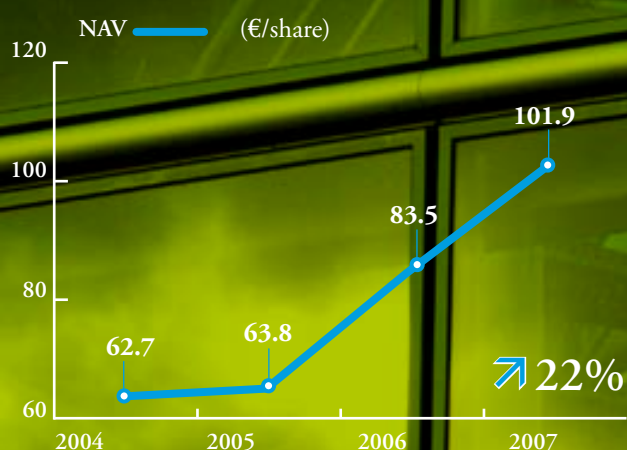


Source: Global Property Research, January 2008

Stock exchange

■ Summary share data table

	Unit	2004	2005	2006	2007	Variation 2007/2006
Consolidated net profit (Group share)	€m	10.7	15.8	117.9	91.6	-22%
NAV per share	€	62.7	63.8	83.5	101.9	22%
Cash flow per share	€	2.6	2.8	4.8	5.7	20%
Share price at 31/12	€	59.75	74.5	136.5	93.9	-31%
Dividend per share	€	1.6	4.0	5.0	6.0	20%
Market capitalisation at 31/12	€m	151.7	378.2	708.5	487.4	-31%



■ Consolidated balance sheet

In thousands of euros	31/12/2007	31/12/2006	31/12/2005
NON-CURRENT ASSETS	1,105,580	885,160	664,207
Tangible assets	74,938	41,544	36,315
Investment properties	1,007,908	825,465	617,721
Goodwill	-	-	-
Intangible assets	3,043	3,707	1
Loans and receivable	12,320	9,653	8,637
Derivatives at fair value	7,371	4,791	1,533
CURRENT ASSETS	64,952	70,158	95,144
Properties under promise or mandate of sale	-	-	-
Trade receivables and related accounts	8,685	7,110	7,700
Tax receivables	20,189	32,396	14,675
Other receivables	9,052	7,667	5,864
Investment securities	16,247	8,788	18,521
Cash	10,779	14,197	48,384
■ TOTAL ASSETS	1,170,532	955,318	759,351
Shareholders' equity (Group share)	471,499	410,777	305,313
Capital	249,264	249,132	243,674
Share premiums	42,653	42,571	41,845
Legal reserve	2,563	743	247
Consolidated reserves	85,424	423	3,768
Consolidated net profit	91,595	117,908	15,779
Minority interests	69	21	-
TOTAL SHAREHOLDERS' EQUITY	471,568	410,798	305,313
NON-CURRENT LIABILITIES	621,836	485,087	345,547
Long-term borrowings	601,335	464,529	310,918
Derivatives at fair value	1,979	1,977	1,953
Rental deposits and guarantees received	9,684	7,474	6,981
Long-term provisions	619	305	496
Tax liabilities	8,219	10,802	739
Deferred tax liabilities	-	-	24,460
CURRENT LIABILITIES	77,128	59,433	108,491
Borrowings and financial debts (less than one year)	14,905	7,730	37,940
Trade payables and equivalent	49,380	40,239	43,378
Tax liabilities and social security liabilities	12,843	11,464	27,155
Short-term provisions	-	-	18
■ TOTAL LIABILITIES	1,170,532	955,318	759,351

Financial information*

* detailed information in financial report



■ Consolidated income statement

In thousands of euros	31/12/2007	31/12/2006	31/12/2005
Gross rental income	83,858	60,457	29,559
Property tax	-8,250	-5,403	-3,449
Other property operating expenses	-8,621	-4,889	-683
Net rental income	66,987	50,165	25,427
Corporate expenses	-14,630	-13,262	-8,070
■ CURRENT OPERATING PROFIT	52,357	36,903	17,357
Depreciation and operating provision	-1,073	-191	17
Net other income	406	60	-82
Proceeds from the disposal of investment property	40,510	45,376	
Carrying value of investment property sold	-37,363	-40,585	
Net profit or loss on disposal of investment property	3,147	4,791	0
Fair value adjustment to investment properties	68,902	88,911	33,237
Goodwill adjustment	-	-999	-29,434
Net balance of value adjustments	68,902	87,912	3,803
■ NET OPERATING PROFIT	123,739	129,475	21,095
Financial income	868	1,287	535
Financial expenses	-28,200	-15,064	-5,874
■ NET FINANCIAL COSTS	-27,332	-13,777	-5,339
Fair value adjustment of derivatives	1,950	3,427	24
■ PROFIT BEFORE TAX	98,357	119,125	15,780
Income tax expenses	-6,811	-1,196	-1
■ Net profit	91,546	117,929	15,779
Minority interests	49	-21	
■ NET PROFIT (GROUP SHARE)	91,595	117,908	15,779

2008 AGENDA

8 April 2008:	Dividend paid for the second half of 2007
25 July 2008:	Turnover for the first half of 2008
30 July 2008:	Presentation of the 2008 interim results
8 August 2008:	Interim dividend payment

STOCK MARKET LISTINGS

The shares of Société de la Tour Eiffel are listed on Euronext Paris (Eurolist B):

ISIN Code: FR 0000036816

Reuters: EIFF.PA

Bloomberg: EIFF.FP

FINANCIAL INFORMATION

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FINANCIAL REPORTING

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