2007 Annual Report

Property naturally

SOCIÉTÉ DE LA TOUR EIFFEL

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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*

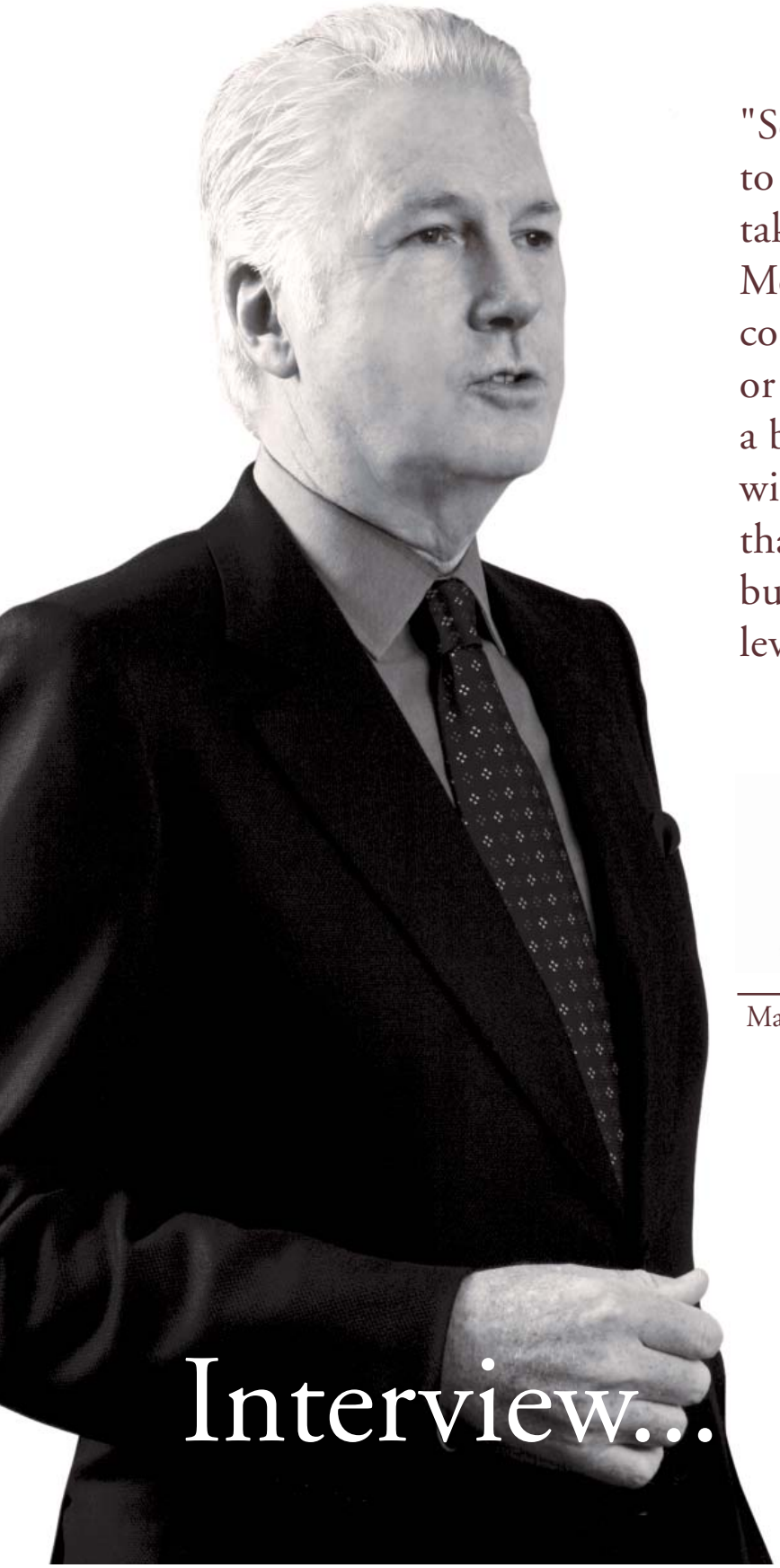
— The property portfolio***

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*



Interview...

"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."

Mark Inch, President

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?

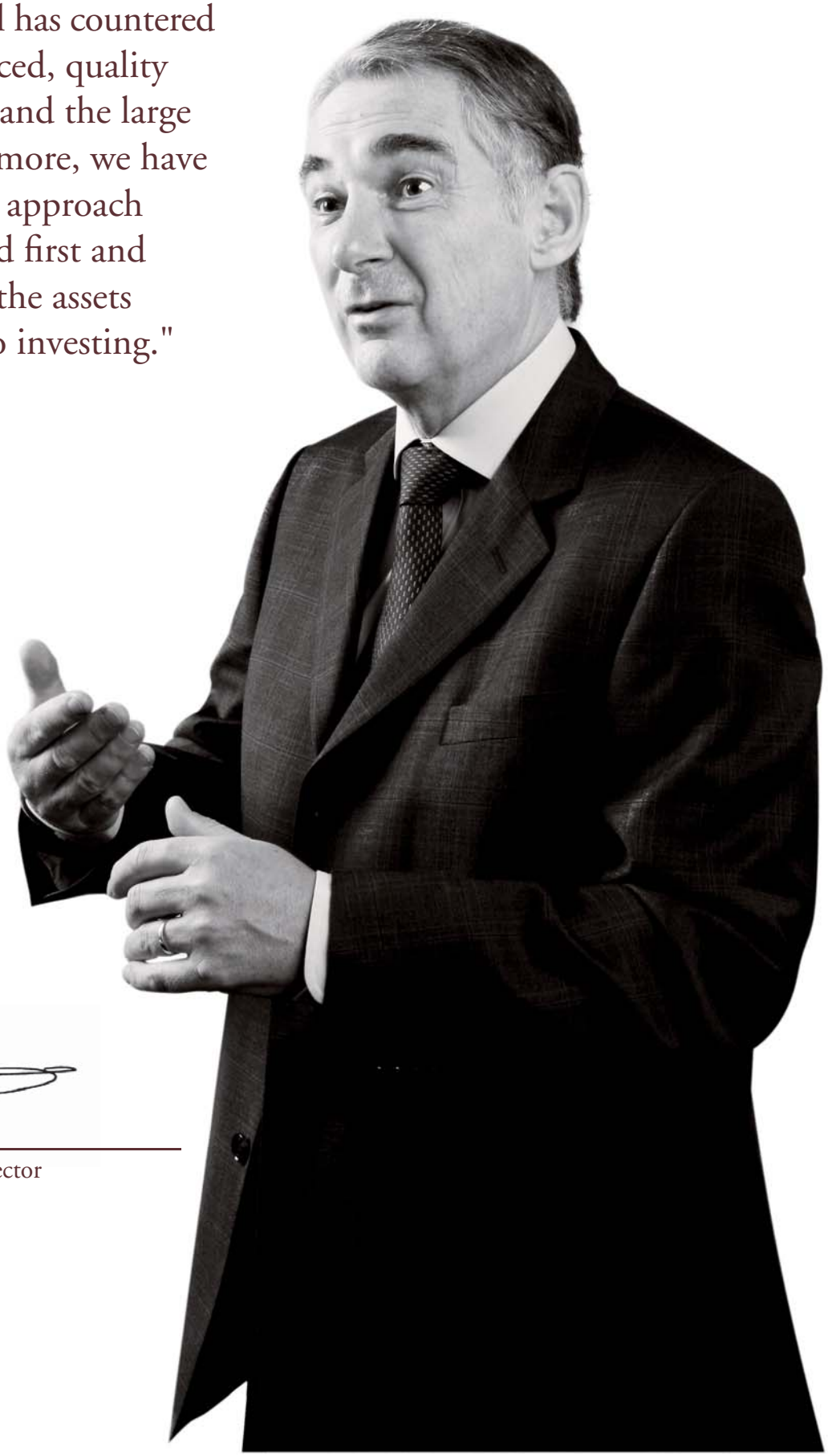
R.W.: The portfolio rationalisation is almost completed; there remain some non-strategic assets to be divested through selective arbitration. But our priority is to develop the portfolio, for example, by completing the forward purchase (VEFA) projects in Porte des Lilas and Vélizy, and the reconversion 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

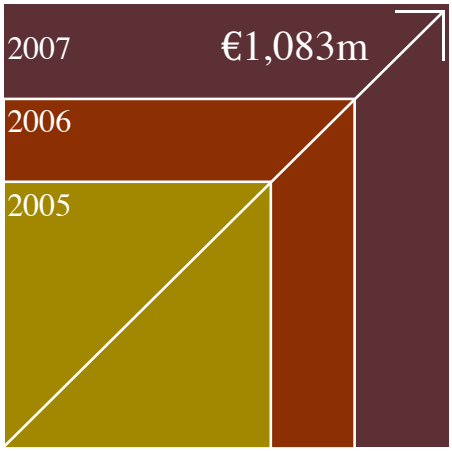
"Société de la Tour Eiffel has countered risk by building a balanced, quality portfolio between Paris and the large regional cities. What is more, we have always had a traditional approach to real estate and studied first and foremost the quality of the assets and their return prior to investing."



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*

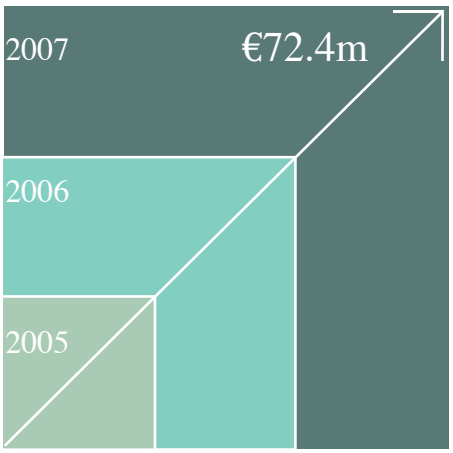
2005: €654m*

** 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

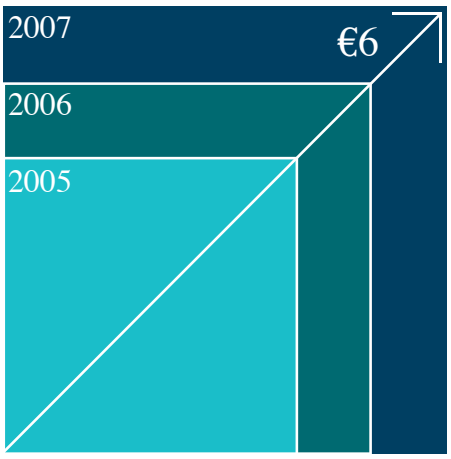
* full year rent

- 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 Inovallée 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)

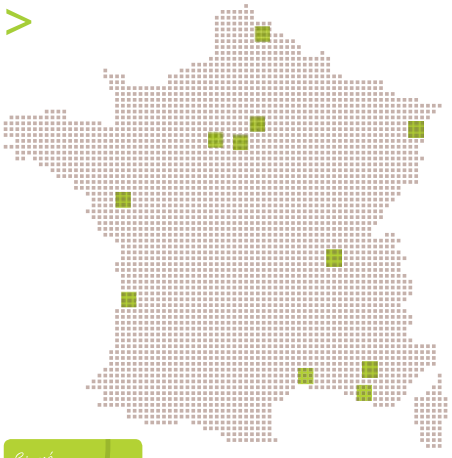
> 326,000 sq. m
of which 250,000 sq. m already exist, 26,500 are under development and 49,600 of land reserves

> 413 tenants

> 173 buildings

Parc Eiffel locations in France

>

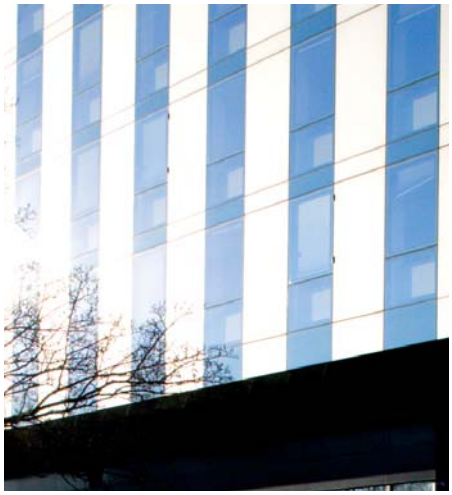


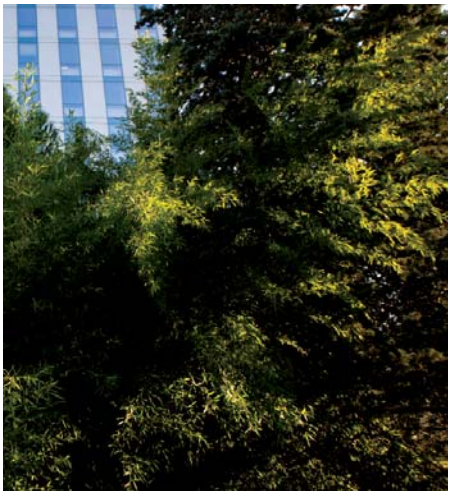
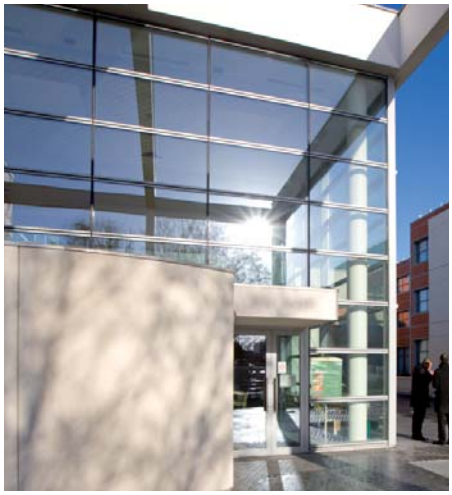
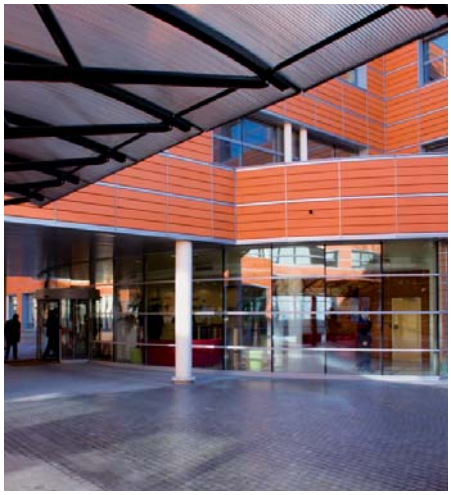
- Aix
- Bordeaux
- Chartres*
- Le Bourget
- Lille
- Lyons
- Marseilles
- Montpellier
- Nantes (2 parks)
- Orsay
- Strasbourg

** 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.

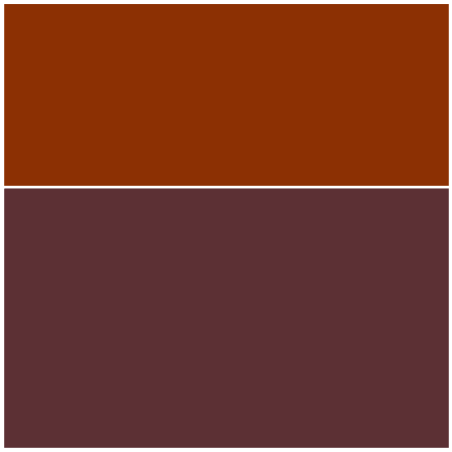
Percentage of speculative development in the portfolio

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

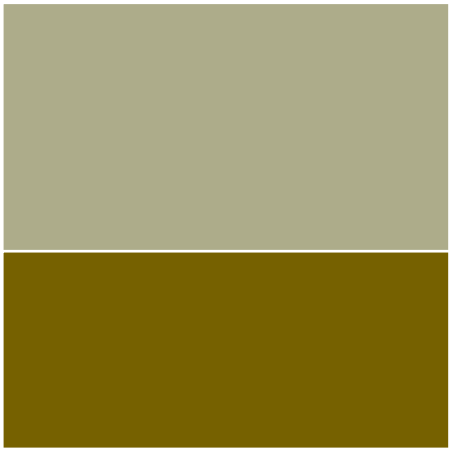
Floor area



Paris/IDF:
40% ¦ 284,207 sq. m

Regions:
60% ¦ 426,932 sq. m

Value

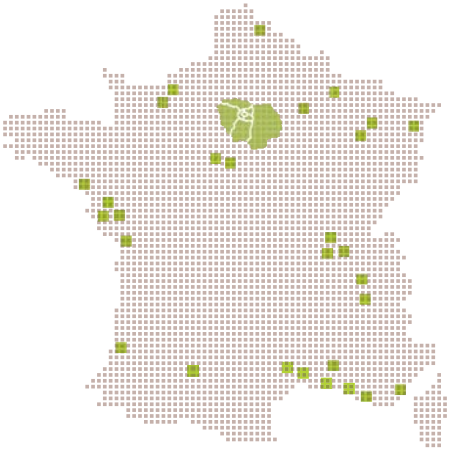


Paris/IDF:
55% ¦ €659m

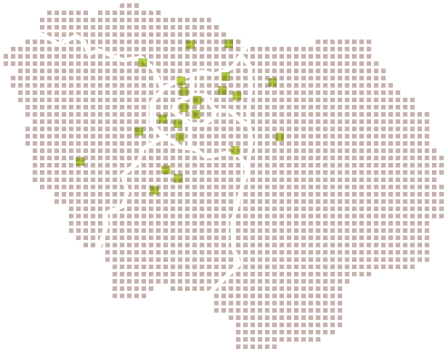
Regions:
45% ¦ €531m

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.

Major locations



Paris/Île-de-France



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**

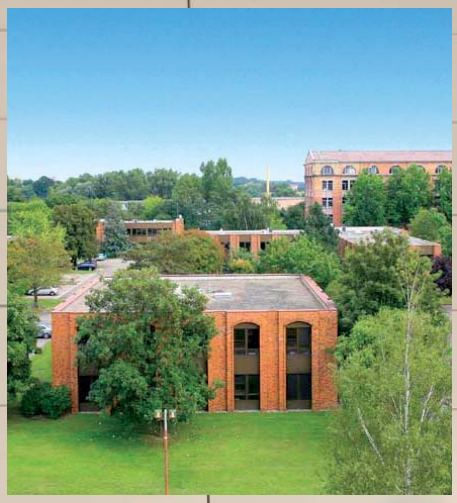
Offices

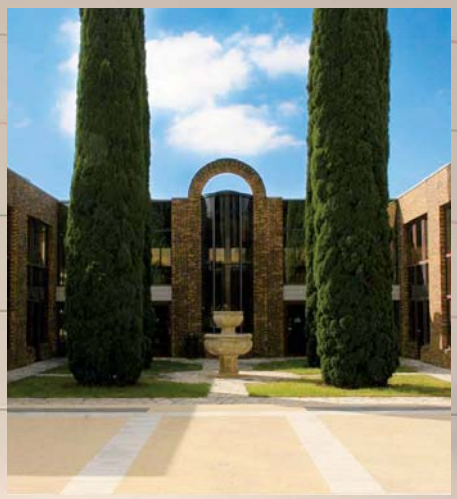
Visuals from top to bottom and from left to right:

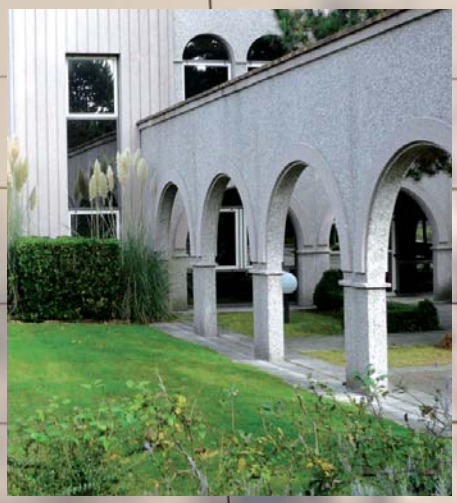
- Grenoble - Montbonnot, Viseo
- Massy, Campus - RIE (communal restaurant)
- Champigny, Carnot
- Champs-sur-Marne, East Side

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:

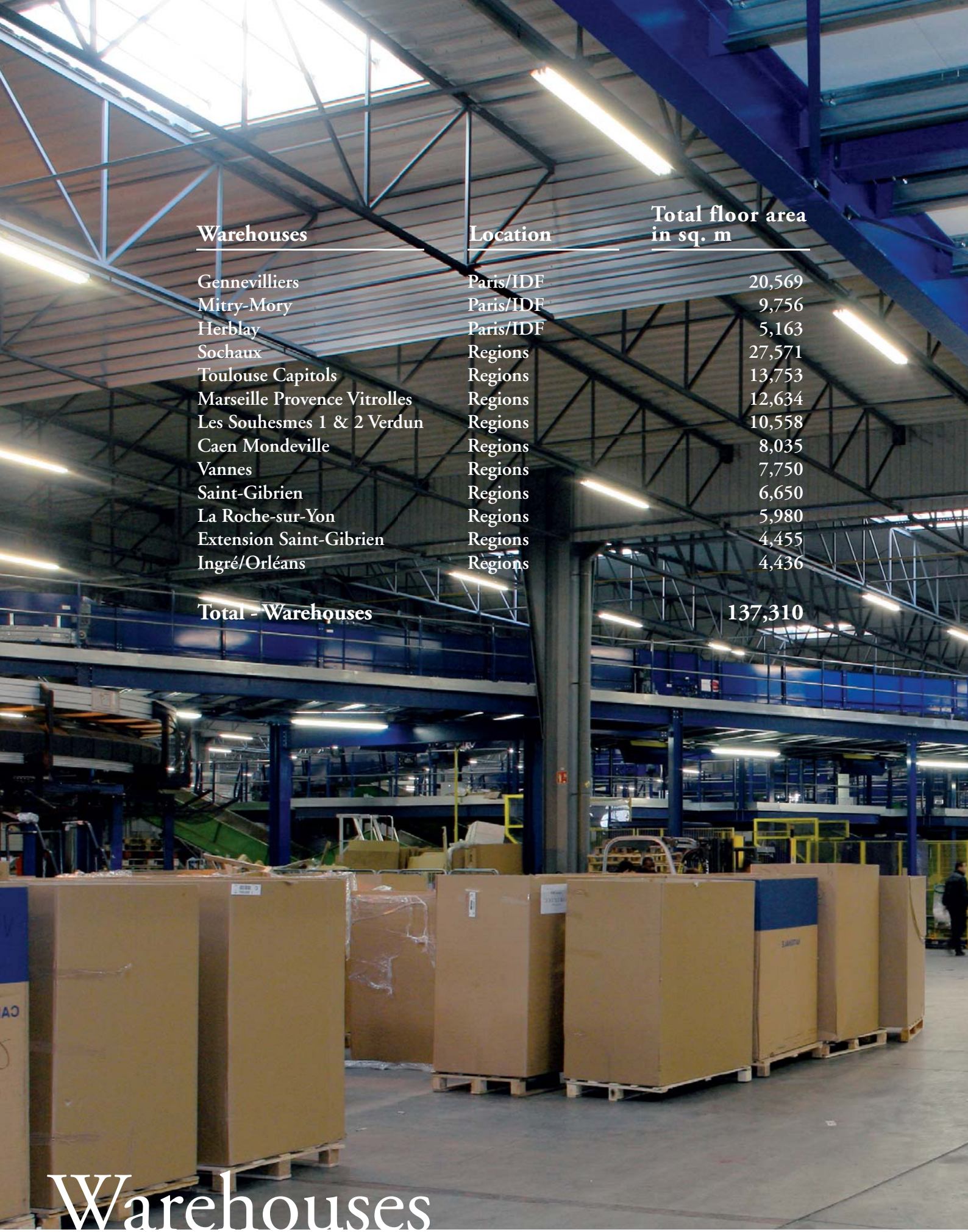
- Strasbourg, Parc des Tanneries
- Lyon, Parc du Moulin-à-vent
- Orsay, Parc de l'Université
- Aix-en-Provence, Parc du Golf

Light industrial space	Location	Total floor area in sq. m
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

Nursing homes	Location	Total floor area in sq. m
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

FONDATION
SOCIÉTÉ DE LA
TOUR EIFFEL

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.

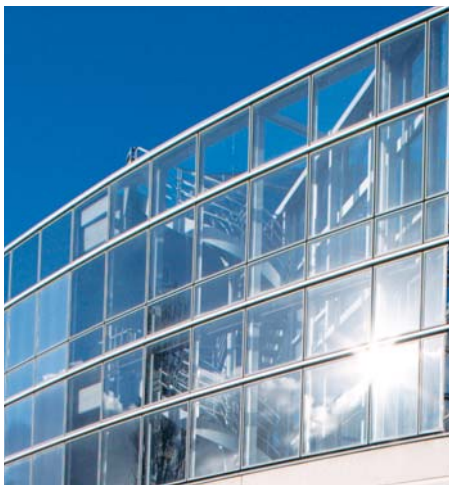
Among the office projects in hand for 2008 are the marketing of 11,600 sq. m of the Domino, Porte des Lilas-Paris, due for delivery in July, and the groundbreaking for an initial building at Massy with 18,000 sq. m of floor space. This building is already leased to Alstom on a nine-year fixed term. Also 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

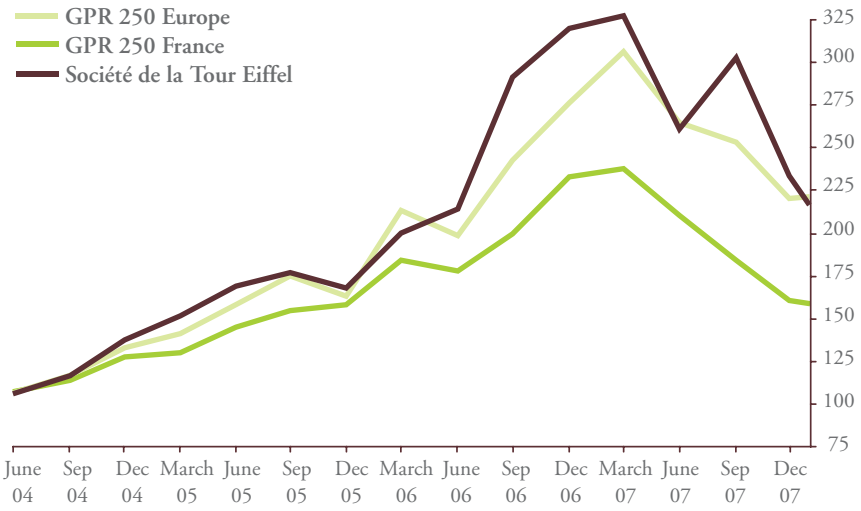
Société de la Tour Eiffel has a free float of almost 90%. At 31 December 2007, 5 shareholders held more than 5% of the capital:

> 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)

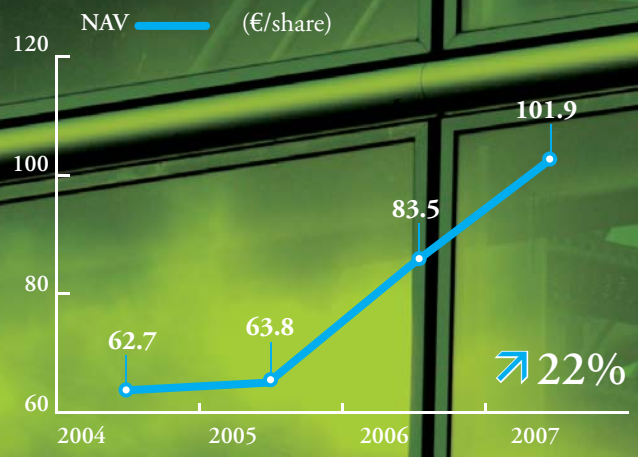


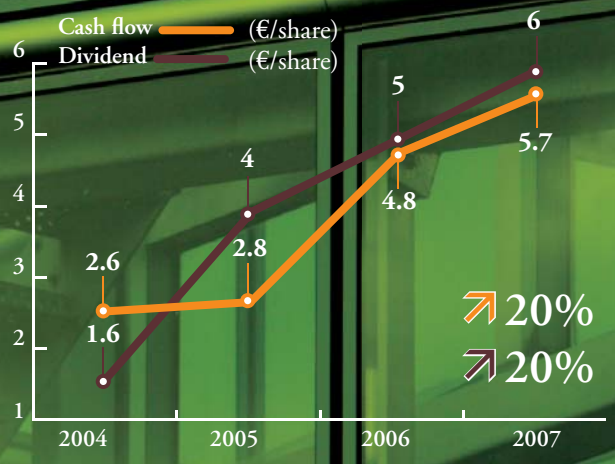
Source: Global Property Research, January 2008

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

Jérôme Descamps: Chief Financial Officer
Tel.: +33(0)1 53 43 07 06
Fax: +33(0)1 44 51 49 26
jerome.descamps@societetoureiffel.com

FINANCIAL REPORTING

The press releases as well as financial and legal information are available on the Company's website at: www.societetoureiffel.com

Design, creation and execution: TERRE DE SIENNE *Paris*
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Société de la Tour Eiffel
20, rue de la Ville l'Evêque 75008 Paris France
Tel.: +33(0)1 53 43 07 06 - Fax: +33(0)1 44 51 49 26
www.societetoureiffel.com

Financial report 2007

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MESSAGE FROM THE CFO

Despite the American subprime crisis which emerged during the summer of 2007 spreading ultimately throughout the global economy, French commercial real estate posted a record year. Investment demand was both sustained and increasingly sophisticated in application.

Lately, the volatility of the financial markets was accompanied by a rise in interest rates and therefore the cost of finance for property companies. At the end of the year, rates reduced somewhat and this trend is expected to continue in 2008.

This said, the economic climate remains difficult and uncertain which underlines the relevance of Société de la Tour Eiffel's investment strategy based on a quality portfolio with secure revenues and strong growth potential. The fundamentals remain sound: an increase in consolidated cash flow of 20%, NAV +22% and a dividend increase of 20%. The dividend is amongst the highest of European property companies.

For 2008, the profile of our revenues together with dynamic asset management will enable the company to perform strongly for its shareholders. A certain number of developments and other value creation opportunities are expected to sustain rental income and cash flow.

Jerôme Descamps, Chief Financial Officer

Management report

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Back to basics…

After several years of euphoria on the international property markets in general, and the French market in particular due to the introduction of the SIIC tax status, the pressure of abundant competitive finance, the favourable economic climate, the financial sophistication of listed property investment companies and yield compression, we have returned to a period of "normality".
It is important to find a little serenity in a property market that has switched from one extreme to the other by returning to the guiding principles of real estate investment: quality buildings at accessible prices attracting solvent tenants to generate secure, long-term income.
During these turbulent times in which the financial markets are exceptionally volatile, and rumours and pessimism have gained ground over yesterday's euphoria, it is important to keep calm and to concentrate on real estate fundamentals.
In this sense, Société de la Tour Eiffel can be regarded as an "example".

We have avoided making over priced acquisitions: none being made during the year at less than a yield of 7.50%.
We have focused on the creation of value by supplementing our portfolio of business parks, initiated with Locafimo and extended with the acquisition of Parcoval.
Lastly, at the end of the year we disposed of a portfolio of non-strategic assets generating a distributable capital gain of €20 million.

Since the beginning of 2008, the Company has also carried out three new acquisitions for a total commitment of €30 million.
Finally, the renewal of the Massy Ampère site has tangibly begun with the forthcoming signature of a firm 9-year lease agreement with Alstom for a first building of 18,000 m², and construction start scheduled for spring 2008.
An agreement with the municipality and a developer to assign surplus plots will generate revenue of some €14 million, thereby reducing the residual constructability to 88,000 m² of offices which the Company will develop according to tenant demand.

The management teams of Société de la Tour Eiffel will remain attentive to any opportunity to create value that may arise in 2008, whether by organic growth or by arbitrage

Management report

1 – BUSINESS AND HIGHLIGHTS

1.1 – Highlights in the business of the Company and the Group

In 2007 the Group continued its growth in accordance with its selective investment criteria, in particular through the acquisition of Parcoval, a company holding 6 business parks, and development land, thus supplementing the position of the Locafimo subsidiary in this asset category which represents nearly 30% of the total value of its portfolio.

The Group has started value creation of its property assets, in particular in Massy (the Ampère integrated development zone). During the year the site was the subject of redevelopment studies at the end of which, for its first phase, a building of 18,000 m² will be built and rented to the current tenant, parallel to the divestment of plots for the construction of a residential program and the construction of public infrastructures and new roadway layouts. These redevelopment operations will be spread out over several years. The Group is also continuing to release value by developing land in its business parks.

Two major property complexes are under study or construction: the Topaz building in Vélizy (the former head offices of Cogéma), handover for which is scheduled for 2010, and the Domino building located in Paris–Porte des Lilas (handover scheduled for year-end 2008).

The marketing of the new buildings is going ahead satisfactorily: 80% of the Viseo Grenoble building, delivered in October 2007 was leased at year end whereas CityZen in Rueil Malmaison was fully rented, well in advance of handover which is scheduled for mid-2008. The occupancy rate of our property assets was higher than 90% at 31 December 2007.

The signature of new leases for large sizeable floor areas of the existing portfolio represented 35,000 m², or €6 million of annual rentals.

Finally, the Parcoval company has opted for the tax regime of French Listed property investment companies (SIIC) with effect on 1 April 2007, and revalued its properties.

On 28 June 2007, the company set up a share buyback plan the purpose of which is as follows:

- to ensure, via the intermediary of an investment service provider and through a liquidity contract compliant with the deontology charter of the AFEI, the favourable market performance of the Company's shares and the liquidity of transactions,
- to enable the attribution of shares to employees or members of the board of the Company or of its Group with options to purchase shares pursuant to the provisions of articles L.225-177 et seq. of the French Code of Commercial law and to attribute bonus shares pursuant to the provisions of articles L.225-197-1 et seq. of the French Code of Commercial law,
- to remit shares as payment or in exchange as part of external growth transactions.

The maximum number of securities that can be purchased on the date of publication of this report is 519,025 shares, representing 10% of the capital in Société de la Tour Eiffel.

At the same time, the Company also signed a liquidity contract entailing the provision of a maximum amount of €1.25m, in order to support the liquidity of transactions and the regularity of stock exchange quotations, as well as to moderate price variations unjustified by market trends.

1.2 – Highlights related to property assets

During 2007, the Société de la Tour Eiffel Group continued its development through the acquisition of property assets representing a total commitment of some €135m, accounting for €10m of rentals for a full year. It also launched the construction or finalised the studies for €110m of new projects, in particular in Massy, Vélizy and within several business parks located in other regions of France.

The value of the commitments portfolio at 31 December 2007 amounted to €1,190m. The commitments include investment properties registered in the accounts at 31 December 2007 (€1,008m), buildings under construction at their fair value of completion (€131m) and the completion value of property the group has committed to develop (€51m). The commitments overall represent a rent potential of €86m.

SAS LOCAFIMO:

Parcoval Acquisition: On 30 March 2007, Locafimo acquired all the capital in SAS Parcoval, a company holding 6 parc clubs with a floor area of 80,000 m² as well as 30,000 m² of development land; the value of the property assets amounts to €110m, generating more than €8m in net rental income in 2007. This acquisition supplements the positions of Locafimo in the parc clubs of Aix-en-Provence, Lille, Montpellier, Nantes and Orsay and establishes it in Bordeaux.

Le Bourget: On 30 March 2007, Locafimo acquired a plot of land located in Le Bourget, rue du Commandant Roland, within the perimeter of the Commandant Rolland integrated development zone. The development contract for the Espace business park was signed in parallel; handover of this new building of 9,641 m² is scheduled for the 1st half of 2008, for a cost of development evaluated at €8.5m.

Herblay: On 28 February, 9 October and 29 October 2007 Locafimo purchased three buildings located respectively at 6, 8 and 6(a) rue Paul Langevin for a respective value of €0.8m, €3.4m and €1.5m, thereby reinforcing its position in this well-known trading area, for construction in the long term of a "retail park".

Nantes Connemara: On 14 June 2007, the Locafimo Company signed a forward acquisition agreement (VEFA) for the construction of a building of 3,000 m² in Chapelle sur Erdre (Loire Atlantique region), rue de Leinster, at a total development cost evaluated at €4.7m.

Strasbourg: On 9 March 2007, Locafimo signed a building contract (€0.8m) for the construction of a new building in Strasbourg, Parc les Tanneries, which was delivered turn-key to the ANPE at year-end 2007.

SAS PARCOVAL:

Aix-en-Provence: In 2007 Parcoval signed several delegated contract management contracts for the construction of new buildings within the business parks located in Aix-en-Provence (Parc Club du Golf) and in Bordeaux (Parc Cadéra).

SCI NOWA:

Saint-Gibrien: On 27 April 2007, SCI Nowa acquired a plot of land adjacent to that it already owns in Saint Gibrien, in order to construct the extension to the Sorting office of the French Post Office, tenant of the building. The real-estate development project agreement was signed on 5 April 2007, for handover in the first half of 2008, subject to a firm 9-year lease agreement on the entire property.

In addition, the group took delivery of more than 35,000 m² of new buildings initiated in 2006, practically all pre-leased, in particular 3 buildings in the Parc du Golf in Aix-en-Provence, the Viseo building in Montbonnot Saint Martin (Isère), a car park adjacent to the building located in Aubervilliers, 3 buildings in parc du Perray in Nantes and the Grenoble "Polytec" Berges offices building.

With regard to disposals in 2007, a portfolio of seven non-strategic assets was sold on 13 December 2007, involving four buildings located in Evry, Grenoble and two in Nantes by Locafimo, a building located in Paris by the SCI Nowa, a building located at Genlis (21) by the SCI Lyon Genlis and office block located at Champs sur Marne (77), by the SCI Marne Haute Maison, for a total sale price of €36.5m. In addition, the property asset held by the SCI Marseilles Sauvagère was sold on 17 September 2007 for a sale price of €4m. These 8 sales generated consolidated capital gains of €3.2m and a potential distributable gross income of €20m.

2 – ECONOMIC AND FINANCIAL PERFORMANCE REPORT

2.1 – Consolidated financial statements of Société de la Tour Eiffel

The consolidated financial statements of the Société de la Tour Eiffel Group have been prepared in accordance with IFRS standards as adopted by the European Union and applicable on the date of preparation. No change has occurred in the application of the accounting rules. The options retained by the Group for the application of IFRS standards are compliant with the recommendations of European Public Real Estate Association [1] (EPRA).

ANALYSIS OF CONSOLIDATED RESULTS

Consolidated income statement

The amount of rents and consolidated rental income from investment properties increased by 38.7% between 2006 and 2007, from €60.5m to €83.9m, rents alone rising from €54.9m to €72.4m. This uplift is primarily due, on the one hand, to recent acquisitions (net of arbitrations) and the handover of new buildings and on the other hand, to a lesser extent, to new lease agreements and indexing of rents on the existing portfolio.

Operational charges, representing €32.6m in 2007 versus €23.7m in 2006, followed the increase in business of the company: they consist mainly of rental charges (€10.1m versus €8.3m in 2006), payroll expense (€7.7m versus €6.3m) including €4.1m, under IFRS standards, of the valuation in 2007 of share subscription options and bonus shares and general expenses and operating costs of the companies in the Société de la Tour Eiffel Group.

The net balance of value adjustments is mainly due to an increase in the fair value of investment properties in 2007 (+€68.9m).

After inclusion of a net gain on the sale of assets in the amount of €3.2m, the net operating profit stands at €123.7m in 2007 compared with €129.5m in 2006.

The cost of net financial debt (net cash finance charges) was €27.3m in 2007 versus €13.8m, under the combined effect of the appreciable increases in the portfolio financed and interest rates.

Other financial income (€2.0m in 2007) 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 on the other.

Taking the above into account along with income tax in the amount of €6.8m (Exit Tax related to the Parcoval SIIC option), net consolidated income for 2007 stands at €91.6m versus €117.9m in 2006, or €17.7 per share based on the average weighted number of shares outstanding during the year, i.e. 5,192,330 shares.

Cash flow after income tax and the cost of net financial debt is €23.5m in 2007 (€30.3m prior to Parcoval exit tax) compared respectively with €24.7m and €25.9m in 2006.

Consolidated balance sheet

At 31 December 2007, net non-current assets amount to €1,105.6m versus €885.2m at year-end 2006. 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 (€68.9m) and, on the other hand, to property sales in 2007 of€40.5m.

Current assets represent €65.0m at 31 December 2007, compared with €70.2m at the end of the preceding financial year, a reduction mainly due to the offset between a decrease in operating receivables (mainly tax receivables) as opposed to an increase in cash flow related to the property disposals occurring at the very end of 2007.

On the liabilities side, consolidated equity for the year stands at €471.5m versus €410.8m at year-end 2006, a change due in particular to the appropriation of 2006 earnings and net income 2007.

The increase in overall debt, which rose from €545m to €699m between 31 December 2006 and 31 December 2007, can be explained principally by the rise in banking loans having financed acquisitions during the year and by that of the total operating debt.

(1) EPRA: best practices policy recommendations – November 2007

2.2 – Group Financing

2.2.1 – LIQUIDITY

In 2007, the Group adjusted its financing needs according to the acquisitions and development projects launched and reinforced its interest rate hedging policy.

New resources were obtained in 2007 on the banking market from reputed financial institutions by setting up new credit lines and by extending existing master agreements, mainly in the form of mortgage finance.

The details of the financing transactions carried out in 2007 are as follows:

Société de la Tour Eiffel: master agreement signed on 30 November 2004 and corporate loan of 15 June 2006:

1) Signature on 24 January 2007 of a fourth amendment to the master agreement in order to raise the maximum amount to €194m,
2) Signature on 24 January 2007 by the SCI of the 153 avenue Jean Jaurès of a first amendment to the sub-agreement dated 7 April 2005, in order to raise the amount to €12.5m,
3) Signature on January 24, 2007 by the SCI of the 153 Avenue Jean Jaurès of a sub-agreement for €2m in order to finance the acquisition of a plot of land adjacent to the building,
4) Refinancing on 14 February 2007 of the building held by the SCI Malakoff Valette, by signing a sub-agreement for €6.5m within the framework of the master agreement,
5) Signature on July 25 2007 of a first amendment to the corporate loan contract on 15 June 2006, in order to raise the maximum amount to €100m and to prolong its term until 31 March 2010,
6) Signature on 24 July 2007 of a fifth amendment to the master agreement in order to authorise a pledge on the securities of the borrowing subsidiaries to guarantee the sums due for the corporate loan referred to above.

The amount not drawn on the credit line (€100m) taken out by Société de la Tour Eiffel for the loan corporate of 15 June 2006, stands at €58m on 31 December 2007.

In addition, the Group has continues its debt hedging policy undertaken in the first half of 2007, in order to protect itself against the effects of higher interest rates.

Locafimo: Additional loans to the contract dated 1 June 2001

1) On March 30 2007, Locafimo signed a consolidated and modified version of the loan contract dated 1 June 2001, under the terms of which four additional loans were granted to Locafimo:
   a) an additional "Parcoval" loan, for €108m divided into three tranches:
   - a "Parcoval acquisition" section of €37.5m to finance the acquisition of all the shares in the authorised capital of SAS Parcoval,
   - a "Parcoval financing" tranche of €67.7m to settle the payables to banks of SAS Parcoval and to construct a communal restaurant (RIE) in Montpellier,
   - a "Parcoval VAT relay" tranche of €3.1m to ensure a relay of financing of VAT relating to construction projects,
   b) an additional loan of €0.9m to finance the acquisition of the property located in Herblay;
   c) an additional loan of €1.4m to finance the acquisition of the plot of land located in Le Bourget;
   d) an additional "New Capex tranche" loan of €15m, to finance capital expenditure on the buildings owned by Locafimo;
2) On 20 April 2007, Locafimo signed a first amendment, for €8.7m, to the contract referred to above, in order to finance the real-estate development project agreement of the building to be constructed on the plot of land in Le Bourget.

The amount not drawn on the credit line (€370.4m) taken out by Locafimo for the loan contract dated 1 June 2001, stands at €51.2m at 31 December 2007.

In addition, as part of the sale of four buildings which took place on 13 December 2007, Locafimo allocated on 19 December 2007 the sum of €9.4m to a reserve cash deposit as security against authorized bank loans.

2.2.2 – DEBT STRUCTURE AT 31 DECEMBER 2007

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

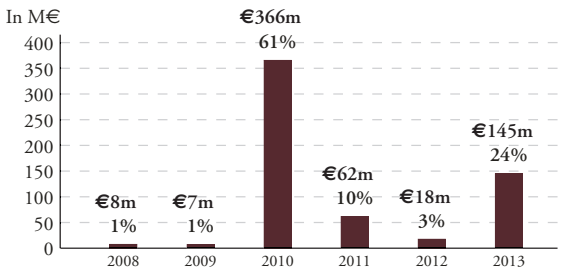
Global gross debt at 31 December 2007 stood at €628.2m, versus €481.7m at 31 December 2006. Net debt recorded on the balance sheet, obtained by deducting financial investments in the form of cash securities held by the bank financing property assets currently under construction, liquid asset investments, and available assets of the Group's subsidiaries from overall debt, amounted to €589.7m at year-end 2007 versus €450.8m at year-end of 2006.

In M€	31/12/2006	31/12/2007
Global debt	481.7	628.2
Invested cash reserves	(8.8)	(19.3)
Liquidity	(14.2)	(7.7)
Financial investments (cash guarantee)	(7.9)	(11.5)
■ NET DEBT ON BALANCE SHEET	**450.8**	**589.7**

Thus, with the financial resources set up this year mainly in the form of mortgages, the LTV ratio at 31 December 2007 represents 54% of property assets, valued at €1,083m.

Debt by maturity date

The debt maturity profile of Société de la Tour Eiffel at 31/12/07 is as follows: :



The average maturity of the Company's debt is 4 years at 31 December 2007.

Average cost of debt:

The average cost for Group refinancing was 5.0% in 2007 (4% in 2006). This change in the average cost of the debt is explained by the significant rise in interest rates between 1 January and 31 December 2007 of almost 100 BP, applied to the bank financings recently contracted.

2.2.3 – MANAGEMENT OF MARKET RISKS

Société de la Tour Eiffel is only concerned by the market risk resulting from the change in interest rates; it relates to loans collected to finance the investment policy and maintain the requisite financial liquidity.

The aim of the interest rate risk policy of Société de la Tour Eiffel is to limit the impact of a variation in interest rates on income, 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 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, according to the recommendations of the banking houses with which it works regularly. When new financing or refinancing lines are set up, they are systematically backed with a suitable rate hedging instrument, chosen as a result of consultation with several competing banks in terms of maturity and cost according to market conditions and the underlying subject finance.

Setting up derivative products to limit the risk of rate exposes the Company to the possible failure of a counterparty. To limit the counterparty risk, Société de la Tour Eiffel carries out hedging operations only with banks of international reputation.

Evaluation of interest rate risk:

At 31/12/2007, gross bank financial debt amounted to €606.1m, of which €521.8m is issued at variable rates and €84.4m at fixed rate. After taking into account the fixed rate swap instruments, the total debt at fixed rate stands at €318.8m, i.e. 51% of the total debt. In addition, the debt at variable rate was hedged for a total of €280.7m by CAP instruments.
In this way, at 31/12/07 the debt was hedged overall to a total ratio of 99%.

On the basis of the situation in interest rates at 31 December 2007 and the hedgings in place, an average rise in the interest rates of 100 base points in 2008, over and above the 4.68 % of the Euribor 3-month rate at 31 December 2007, would generate €0.8m of additional financial expenses and would have a negative impact on the recurring net income of the same amount.

2.2.4 – FINANCIAL STRUCTURE RATIOS

Indebtedness ratios	2005	2006	2007
Consolidated equity (€m)	305	410.8	471.6
Net financial debt (€m)	284.9	450.8	589.7
Net financial debt/Consolidated equity	93%	110%	125%
Net debt/Total property assets (Loan To Value)	43.6%	52%	54%
Financing ratios	**2005**	**2006**	**2007**
Average cost of debt	3.67%	4%	5%
Fixed rate or capped debt	83%	82%	99%
Maturity of debt	4.5 years	4.8 years	4 years
Hedging of financial costs by gross operating profit	3	2.7	1.9

These financial structure ratios reflect those of a company which has heavily invested each year since its redeployment in 2004, and consequently required significant financial resources, either in the form of capital or of bank financing (hedged by suitable derivative products). In particular, new issues of capital carried out in 2003, 2004 and 2005 significantly affected debt ratios which in 2006 and 2007 represent optimal use of gearing, associated with the high yield profile of the property assets financed.

2.3 – Appraisal of assets and NAV

2.3.1 – PROPERTY ASSETS OF THE GROUP

All the property assets of the Société de la Tour Eiffel Group were valued at 31 December 2007 by one or the other of the following independent valuers: Atisreal Expertise, Savills Expertises, CB Richard Ellis, Drivers Jonas and Cushman and Wakefield.

The property assets of the group stand at €1,082.8m, excluding transfer charges and expenses, of which €1,007.9m represent investment properties and €74.9m represent plant, property, and equipment including buildings under construction, valued at cost price depending on their state of progress at 31 December 2007.

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. net of expenses and taxes.

Methodology retained by the valuers

The general principle of valuation retained by the valuers is based on the application of two methods: the capitalisation method, cross-checked with the comparison method. The value is estimated by the valuers on the basis of the values resulting from two methodologies.

The results obtained are also cross-checked with the initial yield and the market capital values per m².

The capitalisation method consists in capitalizing the current net income or a market rent after making suitable allowances for disparities above or below this level in the prevailing income.

This method is based on the rental value (market rent) of the assets, compared with the perceived net income. When the net rent is close to the rental value, the rent is capitalized on the basis of a market rate of return, reflecting in particular the quality of the building and the tenant, the location of the property, and the fixed term remaining. The adopted rate of return is compared in relation to the rates of return arising from the transactions occurring on the market. If the net rent is appreciably higher or lower than the rental value, the difference in rent until the next triennial due date is added or discounted from the rental value capitalized at the adopted rate of return.

For vacant space at the time of the valuation, the rental value is capitalized at a market rate of return plus an allowance for risk, and then the rental shortfall for the estimated leasing up period deducted.

2.3.2 – NET ASSET VALUE

Net asset value including taxes

To calculate net asset value including taxes, properties are first assessed for their tax-inclusive value according to appraisals made by independent specialists. For buildings under construction, although they represent potential capital gains, they appear, in accordance with IFRS standards, in the consolidated financial statements, at cost. To calculate the net asset value, were added, for the first time in 2007, the potential capital gains on buildings under construction, based on their appraisal value excluding taxes (on delivery) determined by independent valuers, less the cost of works remaining to be carried out.

The net asset value correspond to the consolidated stockholders' equity at 31 December 2007, plus the unrealised gains after tax on plant, property, and equipment (value at 31 December 2006 of Awon Asset Management as estimated by Deloitte and reemployed at 31 December 2007 without allowance for depreciation) and the potential capital gains on buildings under construction.

Net asset value excluding taxes

A second calculation provides net asset value 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.

NAV before tax amounted to €101.9/share at 31 December 2007 versus €83.5/share at 31 December 2006, i.e. an overall increase of almost 22%. On a like for like basis, the increase would have been 17%.

2.4 – Corporate financial statements of Société de la Tour Eiffel

The total balance sheet of Société de la Tour Eiffel at 31 December 2007 amounted to €380.3m versus €365.1m at 31 December 2006.

Assets:

Plant, property and equipment includes, on the one hand, the Vélizy building acquired at year-end 2006 (net book value at 31 December of €8.46m) and, on the other hand, equity interests in subsidiaries and related receivables. The decrease in equity interests (from €267.3m to €260.5m) is primarily due to the reduction of €6.5m in the capital of the SCI Malakoff Valette on February 14, 2007 and to that of the shares of SCI SODEPROM further to an adjustment of the acquisition expenses.

Conversely, the receivables related to equity interests, representing stable financing from the parent company to the subsidiaries, increased in 2007 from €11.4m, to €80.8m.

The increase in current assets between 2006 and 2007 (from €19.9m to€28.9m) is above all due to the increase in operating receivables of €2m and marketable securities representing own shares held as part of the share buyback plan and the liquidity contract set up on 28 June 2007 (€8m net at 31/12/07).

Liabilities:

Equity rose from €310.5m at 31 December 2006 to €313.8m at year-end 2007, under the combined effect, on the one hand of a rise, through the appropriation of 2006 earnings to legal reserves and carryforward (€4.5m) and, on the other hand of the decrease in net company earnings of the interim dividend distributed during the year (-€1.3m).

The increase in overall debt, from €54.7m at 31 December 2006 to €66.5m at year-end 2007, reflects the rise in financial debt (including +€2.81m of intra-group debts and €9.4 m in further use in 2007 of the corporate line of credit), as well as the reduction in operating debt of €0.4m.

Income statement:

Operating income (€6.0m in 2007 versus €5.6m in 2006) is mainly derived in 2007 from Société de la Tour Eiffel having re-invoiced its subsidiaries for administration and asset management expenses and investments charges. Running costs 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 -€3.0m for 2007 versus -€2.0m in 2006.

The financial profit, which amounts to €34.9m in 2007 versus €38.7m in 2006, mainly comprises equity interest income and related receivables, net cash reserve income and financial charges on intra-group debt and corporate bank financing, as well as provision for depreciation of own shares held.

These aforementioned elements together with a small insignificant non-recurring profit and corporate tax of €0.3m, resulted in a net profit of €31.64m in 2007 as opposed to €36.4m in 2006.

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.

2.5 – Activities of the main subsidiaries

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

A table presenting our subsidiaries and holdings, presented as an appendix to the balance sheet, shows the key indicators for sales turnover and earnings in 2007.

Also shown above are acquisitions of shareholdings made in 2007.

At 31 December 2007, the consolidation of the Société de la Tour Eiffel group encompassed 30 companies: 28 are wholly-owned companies as per the list appended to the consolidated accounts, 90% of the share capital is owned in one company. Among the 29 subsidiaries, 28 are companies that own buildings, and one is a company providing consultancy services (asset management)

These subsidiaries do not hold any shares in Société de la Tour Eiffel.

3 – CORPORATE GOVERNANCE

3.1 – Composition of the board of directors and senior management

Mark Inch, Chairman and Chief Executive Officer
Business address: Société de la Tour Eiffel

Robert Waterland, Deputy Managing Director and board member
Business address: Société de la Tour Eiffel

Jérôme Descamps, Deputy Managing Director and board member
Business address: Société de la Tour Eiffel

Michel Gauthier, board member
Home address: 31, rue Boissière - 75116 Paris

Claude Marin, board member
Home address: 1, rue du Louvre - 75001 Paris

One third of the board comprises independent board members, in accordance with the recommendation of the Bouton report on corporate governance (2002). This report defines an independent board member in the following way: *"board members are independent when they do not entertain any relation of any kind with the company, its group, or its management that might compromise their independent judgment".*

3.2 – Role and operation of the board of directors

The members of the administrative and management bodies are not related to Société de la Tour Eiffel by a contract of employment, except for Mr Robert Waterland.

Mr Robert Waterland has a contract of employment with the Company in his capacity as Director of Property, under the terms of remuneration indicated in paragraph 3.3 below.

Mr Jérôme Descamps has a contract of employment with the Awon Asset Management Company, a subsidiary of Société de la Tour Eiffel.

There is a service contract between the Company and the Bluebird Investissements Company, of which Mr Mark Inch is the manager. The services provided by Bluebird Investments, consisting in assistance for the development of the asset management business, mandate research and negotiation, are subject to an assistance contract which gives rise to an annual contractual fee of €670,000. The Company shares the cost between itself and its subsidiaries.

The board of directors comprises two independent board members out of a total of five members. The independent board members do not have any link of dependence with the Company, from which they do not receive any direct or indirect remuneration apart from the attendance fees mentioned in paragraph 3.3 below.

Given the size of the firm and the fact that its business is concentrated in a single sector, all the strategic issues and decisions are dealt with by the board of directors.

3.3 – Mandates held by the management in 2007

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, renewed 29 March 2007
Appointed as Chairman of the Board of Directors: 22 July 2003, renewed on 29 March 2007
Appointed as Chief Executive Officer: 10 July 2003, renewed on 29 March 2007
Expiry of term of office: 2010

Other offices and mandates held outside Société de la Tour Eiffel at 31 December 2007:
Board member of Fondation de la Société de la Tour Eiffel

Other offices and mandates held outside the Company at 31 December 2007:
Chairman of the Board of Osiris Gestion de Entidades S.L.U.
Manager, Bluebird Holding
Manager, Bluebird Investissements SARL
Manager, SNC Albion
Board member, Fédération des Sociétés Immobilières et Foncières
Director, Eiffel Holding Limited

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
Director, Douglasshire International Holding BV (Netherlands)

Robert 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, renewed on 29 March 2007
Appointed as Deputy Managing Director: 14 March 2005, renewed on 29 March 2007
Expiry of term of office: 2010

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2007:
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'Études and Promotion Sodeprom

Other offices and mandates held outside the Company at 31 December 2007:
Board Member, Osiris Gestion de Entidades S.L.
Board Member, ORIE
Manager, SNC Awon Participations – SNTP
Manager, SNC Foncière Eiffel Développement
Manager, SNC Albion
Manager, SC Layla

Other effective mandates and functions having expired during the past five years:
President, ORIE
Manager, SNC Awon Asset Management
Manager, SNC Cergy La Bastide
Manager, SNC Manufacture Colbert
Board Member, SA Les Platières
Board Member, CER
Board Member, Financière CER
Managing Director, Awon Conseil
President, Awon Investissements
Manager, Awon Group
Manager, SCI 29, rue de Monceau
Manager, SCI Boulevard de Sébastopol
Manager, Promart SARL
Manager, Awon Gestion
Director, Douglasshire International Holding BV (Netherlands)

Michel Gauthier,
Born 26 December 1935 in Rabat (Morocco)
Address: 31, rue Boissière, 75016 Paris

Main function held in the Company:
Board Member

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

Other offices and mandates held outside the Company at 31 December 2007:
Receiver, 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
Chairman and Managing Director, The Salamander Investments France

Claude Marin,
Born 11 September 1925 in Paris
Address: 1, rue du Louvre, 75001 Paris

Main function held in the Company:
Board Member

Date of appointment: 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 2007:
Administrator of Fondation de la Société de la Tour Eiffel

Other offices and mandates held outside the Company at 31 December 2007:
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

Jérôme Descamps,
Born 11 June 1967 in Saint-Amand-les-Eaux (France)
Address: 15, rue de Dantzig - 75015 Paris

Main function held in the Company:
Deputy Managing Director

Date of appointment:
Appointed as Board member: 14 November 2003, renewed on 29 March 2007
Appointed as Deputy Managing Director: 30 September 2003, renewed on 29 March 2007
Expiry of term of office: 2010

Other offices and mandates held outside the Company at 31 December 2007:
Chief Financial Officer, SNC Awon Asset Management

Other effective mandates and functions having expired during the past five years:
Manager, SNC Albion

3.4 – Special committees

The board has not considered it appropriate to set up any special committees so far, given the size of the company and number of directors within it.

3.5 – Remuneration, allowances and benefits

Mr Mark Inch:

Remuneration, allowances and benefits due or liable to be due, paid in respect of 2007:
- Remuneration of the Chairman and Chief Executive Officer €120,000
- Directors' fees €20,000

Options to subscribe or purchase shares:

The Board of directors allocated to Mr Mark Inch:
- On 29 March 2007, 6,540 options to subscribe shares,
- On 16 October 2007, 6,488 options to buy 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, i.e. respectively before 29 March 2012 and 16 October 2012.
At 31 December 2007, these options had not been exercised. As a manager, Mr Mark Inch is required to keep one third of the shares acquired from the exercise of these options until he is no longer employed by the Company.

Bonus shares:

The Board of directors allocated to Mr Mark Inch:
- On 12 February 2007, 500 bonus shares,
- On 16 October 2007, 3,000 bonus shares, subject to an increase of 20% in the 2007 dividend per share compared with the dividend for the 2006 financial period.

As a manager, Mr Mark Inch is required to keep one third of the bonus shares referred to above until he is no longer employed by the Company.

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 regulated agreements that continued during the financial period, submitted to the General Meeting for approval.

Mr Robert Waterland:

Remuneration, allowances and benefits due or liable to be due, paid in respect of 2007:
- Remuneration as Deputy Managing Director €100,000
- Remuneration under the contract of employment as Director of Property €500,000
- Directors' fees €20,000
- Remuneration liable to be due in the event of departure: one year's salary, including any bonus
- Two years notice in the event of dismissal
- Fringe benefits €16,592

At its meeting on 12 February 2008, the Board of directors made the attribution of the notice and dismissal allowance exceeding that laid down in the collective agreement subject to the following performance conditions:

- an average annual growth of at least 5% in consolidated sales turnover (other than reductions in rentals due to arbitrage), from 1 January 2007,
- and an average annual increase in the dividend of at least 5%, since the 2007 financial period.

Options to subscribe or purchase shares:

The Board of directors allocated to Mr Robert Waterland:

- On 29 March 2007, 6.540 options to subscribe shares,
- 16 October 2007, 6.488 options to buy actions.

Mr Robert Waterland may exercise the options any time within in a period of five years commencing the date on which they are allocated, i.e. respectively before 29 March 2012 and 16 October 2012. At 31 December 2007, these options had not been exercised. As a manager, Mr Robert Waterland is required to keep one third of the shares acquired from the exercise of these options until he is no longer employed by the Company.

Bonus shares:

The Board of directors allocated to Mr Robert Waterland:

- On 12 February 2007, 500 bonus shares,
- On 16 October 2007, 3,000 bonus shares, subject to an increase of 20% in the 2007 dividend per share compared with the dividend for the 2006 financial period.

As a manager, Mr Robert Waterland is required to keep one third of the bonus shares referred to above until he is no longer employed by the Company.

Mr Michel Gauthier:

Remuneration, allowances and benefits due or liable to be due, paid in respect of 2007:

- Directors' fees €20,000

Mr Claude Marin:

Remuneration, allowances and benefits due or liable to be due, paid in respect of 2007:

- Directors' fees €20,000

Mr Jérôme Descamps:

Remuneration, allowances and benefits due or liable to be due, paid in respect of 2007:

- Directors' fees €20,000
- Remuneration paid by Awon Asset Management, controlled company, €205,000 as Financial Director (including €150,000 fixed and €55,000 variable)

Options to subscribe or purchase shares

The Board of directors allocated to Mr Jérôme Descamps:

- On 29 March 2007, 4,360 options to subscribe shares, which Mr Jérôme Descamps may exercise by a maximum of 25% per annum as from the first anniversary of their attribution and within five years, i.e. before 29 March 2012,
- On 16 October 2007, 6.488 options to buy shares, which Mr Jérôme Descamps may exercise as from their attribution and within five years, i.e. respectively before 16 October 2012.

At 31 December 2007, these options had not been exercised. As a manager, Mr Jérôme Descamps is required to keep one third of the shares acquired from the exercise of these options until he is no longer employed by the Company.

Bonus shares:

The Board of directors allocated to Mr Jérôme Descamps:

- On 12 February 2007, 100 bonus shares,
- On 16 October 2007, 800 bonus shares, subject to an increase of 20% in the 2007 dividend per share compared with the dividend for the 2006 financial period.

As a manager, Mr Jérôme Descamps is required to keep one third of the bonus shares referred to above until he is no longer employed by the Company.

4 – FUTURE PROSPECTS AND RISK MANAGEMENT

4.1 – Events since closing of year-end accounts

Since 1 January 2008, Société de la Tour Eiffel has purchased two properties:

- On 14 January, a warehouses and office sale and lease-back transaction in Amiens (Somme) located in a commercial area with an interesting retail development potential,
- On 16 January 2008, an office and media studio building in Saint-Cloud (Hauts-de-Seine), with future redevelopment potential;

These two transactions were financed by a new bank, respectively 75% for the building in Amiens and 80% for that in Saint-Cloud.

A forward acquisition agreement (VEFA) was signed on 15 January 2008 for the construction of two buildings in Chartres in a business park with a good location.

Lastly, the company is on the point of acquiring, by means of a transfer of shares which should be signed early in 2008, a plot of land located in the Parc de la Duranne in Aix-en-Provence, for the construction of a pre-rented office building of 2,750 m².

In addition, to the best of the Company's knowledge, there has been no significant change in the financial or commercial standing of the company since the end of the 2007 financial period.

4.2 – Future prospects

The identified and secured rental income of Société de la Tour Eiffel, for the property assets held at 31 December 2007, will be at least €75m in 2008, 83m in 2009, €90m in 2010 and €93m in 2011 (before potential disposals).

In 2008, Société de la Tour Eiffel will pursue its prudent strategy of selective investment in new buildings, according to the market conditions in real estate and financing. On-going rental demand continues to focus on modern, flexible, state-of-the-art buildings.

With regard to its existing property assets, Société de la Tour Eiffel will also continue to add value to its assets in 2008; for Locafimo in particular, the Company considers it can further optimise the occupancy levels of its business parks, materialising synergies between the parks acquired in 2007 through Parcoval and the parks already owned by Locafimo.

While consolidating its position on the business park market, the Company will be able to create synergies between its various parks, which should result in a reduction in operating costs, the optimisation of rental resources, and consolidation of all the business parks under the "Parc Eiffel" brand.

The valuation studies of property reserves carried out into 2007 will be developed in 2008, and even finalised for certain sites; the first redevelopment phase of the Massy Ampère site should be launched in March 2008 with the construction of a building of 18,000 m², which should be pre-rented by Alstom with a firm 9-year lease agreement. Similarly, for the business parks, this property dynamic will be continued with the potential development of property reserves according to demand. This type of development ensures significant organic growth, property reserves producing their own buildings with rates of return expected to range between 8 and 10%.

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.

The company intends in 2008 to carry out new targeted disposals of certain property assets, according to market conditions.

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 parks in Ile de France and the regions, an emphasis on the sustainable development of new properties).

The Company stands by its 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.

4.3 – Risk factors and insurance

RISK FACTORS

These are risks whose occurrence is liable to have a significant adverse effect on the Group, its activity, its financial standing, its earnings, or the price of Company shares and which are important for making investment decisions. The company has proceeded to review its risks and considers that there are no significant risks, apart from those presented below and in the appendix to the consolidated financial statements, which it considers to be relevant. Attention is drawn to the fact that the list of risks presented below is not exhaustive and that other risks, either unknown or whose occurrence is not considered likely to have an adverse effect on the Group, its activity, its financial standing, its earnings, or the price of Company shares, may exist.

The description of the financial risks (rates, counterparty, currency exposure and liquidity) is developed in paragraph 4 of the appendix to the consolidated financial statements 2007.

Risks related to the change in the economic environment

Since the property assets of the Group mainly consist of office property and industrial premises located in France, changes in the principal French macro-economic indicators are liable to affect the level of activity of the Group, its rental income, the value of its property portfolio, as well as its policy for investment and the development of new assets, and thus its prospects for growth. The activity of the Group can be influenced in particular by the level of economic growth, that of interest rates, and that of the national index of the cost of construction ("ICC").

The general economic situation is liable to encourage or on the contrary to slow down demand in the branch of business in which the Group operates and, consequently, the need to develop its base of office property and industrial premises. It can also affect the occupancy rate of its property assets and the capacity of tenants to pay their rents.

The capacity of the companies in the Group to maintain or increase rental income when lease agreements are renewed also depends at the same time on trends in supply and demand and the market, which are influenced by the general economic situation.

The value of the property portfolio of the Group also depends on a number of factors, including the level of supply and demand on the market, factors which also change according to the general economic environment.

The level of rental income of the Group and its earnings, the value of its property assets and its financial standing as well as its prospects for development may therefore be subject to the influence of these factors and be affected in the event of downward trends.

Risks related to the competitive environment

In carrying out its business, the Group is confronted with a number of players and must face strong competition within the framework of its investment business and in that of its property rental activities.

The Group is in competition with many players, some of which have a larger financial scope and greater assets, and their own capacity for real-estate development. In certain cases, these agents, as well as independent operators, can also have the benefit of deeper regional or local roots than the Group. This financial capacity and this aptitude to undertake large-scale real-estate development projects on their own allow the largest market operators to reply to invitations to tender concerning of development operations or acquisitions of assets with a high potential rate of return at prices conditions which do not necessarily correspond to the investment criteria and acquisition objectives the Group has set itself.

More specifically, and in particular due to greater competitive pressure, the increase in the prices of acquisitions of property assets liable to interest the Group within the framework of its development could lead the Group to give up acquiring these assets insofar as their rental profitability would not meet its expectations and objectives, which could have an adverse effect on its growth, and on its future business and earnings.

Against a background marked by the maturity of the market and the scarcity of sites likely to meet its development and acquisition objectives, and faced with the multiple forms of competition, the Group may not be capable of carrying out its development strategy, which could have an adverse effect on its growth, and on its future business and earnings.

Risks related to the office property and industrial premises market

The levels of rental income and the valuation of office property and industrial premises are considerably influenced by the state of supply and demand. An unfavourable change in demand in relation to supply could affect the Group's earnings, its business, the value of its property assets and its financial standing. Furthermore, the development of the Group's business partly depends on the availability of property assets with the requisite characteristics and qualities, in particular in terms of location and rental area. The maturity of the market and the scarcity of sites likely to satisfy the development objectives of the Group, as well as the intensification of competition, can therefore have significant consequences on its future business and prospects for growth.

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.

Property acquired by the Group is systematically carried out by means of notarial acts, drafted on the basis of procedures implemented by professional agents who check the legal risks inherent to the buildings.

In carrying out its business of holding and managing property assets, in addition to the taxation rules inherent to the SIIC tax status, the Group is held to comply with a number of regulations of specific or general application governing, among other things, town planning, operating licences, the construction of buildings, public health, as well as environment and safety. Any substantial change in these regulations is liable to have an impact on the operating income or the prospects for development or growth of the Group.

In addition, the Group cannot guarantee that all its tenants strictly comply with all the regulations applicable to them, with particular regard to public health, the environment, safety and town planning. The consequences of irregularities for which these tenants may be responsible, could incur the application of sanctions to the companies of the Group, in their capacity as owner, which could affect its earnings and financial standing.

Risks due to the constraints of the SIIC tax status, to an eventual change in the methods of acquiring status or to the loss of benefit of this 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 and could be called into question in the event of a breach of that obligation.

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 terms 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 share 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, over 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 share 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

Industrial risks and those related to the environment and health

The business of the Group is subject to laws and regulations relating to the environment and public health. These laws and regulations relate in particular to the possession or use of facilities liable to be a source of pollution, the use of toxic substances or materials in constructions, their storage and handling. If these applicable laws and regulations became more stringent, the Group could be obliged to incur additional expenditure to adapt its assets to the new standards applicable.

Furthermore, the buildings held by the Group can be exposed to problems involving issues of public health or safety, in particular related to the presence of asbestos, legionella, lead and polluted soil. The liability of the companies of the Group can nevertheless be engaged, in the event of failure to fulfil its obligation to monitor and control the facilities they own. If such problems occurred, they could have a negative impact on the financial standing, earnings and reputation of the Group.

Lastly, the buildings held by the Group can be exposed to the risks of flooding, collapse, or be subject unfavourable reports by the qualified safety commissions. Such events could involve closing all or part of the office building or industrial premises concerned, and have a significant adverse effect on the image and the reputation of the Group, on the attractivity of its assets, and on its business and earnings.

In addition to insurance coverage of its assets, the Company also systematically verifies, prior to an acquisition, the conformity of technical facilities 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 inspection authorities. Observations by these inspection authorities are then taken into account by the technical managers appointed by the Company in order to reply, where required, to the observations made by inspection authorities.

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

The marketing of the property assets of the Group is supervised by Awon Asset Management. The objectives of this marketing (price, time limits, targets) are defined in conjunction with the Awon Asset Management team, which also ensures that tenants are financially solvent. Leases are drafted by jurists on the basis of standard lease agreements.

The principal tenants of the Company's properties are either front-ranking companies or state organisations, thus reducing exposure to the risk of insolvency.

On signing lease contracts, the Group requires that its tenants pay a financial guarantee in the form of a rental deposit, a bank guarantee or caution representing 3 months of rent.

Nevertheless, as part of its development, the Group has acquired companies whose rental portfolio is not based on the same selection criteria in particular with regard to the profile of the tenants or the guarantees or sureties they provide, which is the case for the rental portfolio of the Locafimo Group in particular. Such a situation could have a significant impact on the exposure of the Group concerning the insolvency of its tenants and more generally on the profitability, growth, business and future earnings of the Group.

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.

Certain operating costs of the assets held by the Group are billed to 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.

At 31 December 2007, the dependence of the Group with regard to its tenants was as follows:

N°	Tenants	Property	Total % of rental income 2007
1	La Poste	13 buildings + Millénaire Locafimo building + Cadéra Sud building + Parc des Tanneries in Strasbourg	16%
2	Areva	Massy Campus + Montpellier + Vélizy	7%
3	Alstom	Massy + Nancy + Parc du Perray + Parc des Tanneries	6%
4	C&S Communication	Le Plessis-Robinson	5%
5	Air Liquide	Champigny + Parc du Perray	4%
6	NXP	Caen	4%
7	French Ministry of the Interior	Asnières Quai Dervaux	3%
8	Medica	4 nursing homes	3%
9	Gefco	Sochaux	2%
10	Atos	Aubervilliers	2%
11	SFR	Massy Campus	2%
12	DRASS DDASS	PC Millénaire Parcoval	2%
13	Seine-Saint-Denis General Council	Bobigny	2%
14	Schneider	Grenoble Polytec + Parc du Golf (2 leases) + Viseo	1%
15	Colt	Malakoff + Aubervilliers	1%
16	Other	Other business (< 1% by tenants)	40%
■	TOTAL		100%

Risks related to the delay or absence of effective handover of future constructions as part of sales in their future State of completion ("VEFA")

As part of its commitments portfolio, the Group acquires developments by the VEFA forward acquisition agreement system. The delay or absence of effective handover of these projects, in particular due to the failure of the development companies responsible for the construction of such buildings, could slow down the development strategy of the Group and have an adverse impact on its earnings, business, financial standing, and prospects for growth.

Risks related to the dependence with respect to certain key directors

The Group depends on certain key directors whose departure could adversely affect its development objectives. The current management team has considerable experience of the market in which the Group carries out its business. The departure of one or more of these directors could have a significant adverse effect on the business, financial standing, prospects and earnings of the Group.

Insurance and risk 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 asset manager 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.

Legal procedures and arbitrage

During the last twelve months, there have been no governmental, legal or arbitrage procedures or, to the best knowledge of the Company, any threat of such procedures, which could or did recently have significant effects on the financial standing or the profitability of the Company and/or the Group.

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

5 – SOCIÉTÉ DE LA TOUR EIFFEL'S SHAREHOLDERS

5.1 – Information relating to the share capital

CHANGES IN THE SHARE CAPITAL OVER 5 YEARS

Date	Transaction	Changes in the amount of share capital		Resulting share capital	Number of shares created	Number of shares after the transaction	Nominal share value
		Nominal	Prime				
Position on 1 January 1998	-	-	-	F2,295,000	-	91,800	F25
6 March 2001	Capital translated into euros	-	-	€349,758	-	91,800	€3.81
6 March 2001	Capitalisation of reserves	€17,329.50	-	€367,200	-	91,800	€4
14 November 2003	Capital increase by capitalisation of reserves	€4,039,200.00	-	€406,400	-	91,800	€48
31 December 2003	Share issue with pre-emptive rights maintained	€11,016,000.00	-	€15,422,400	€229,500	321,300	€48
9 July 2004	Share issue with pre-emptive rights removed	€106,414,560.00	€16,627,275	€121,836,960	€2,216,970	2,538,270	€48
21 December 2005	Share issue with pre-emptive rights removed	€121,836,960.00	€35,535,780	€243,673,920	€2,538,270	5,076,540	€48
18 May 2006	Exercise of A and B warrants	€5,458,224	€963,316	€249,132,144	€113,713	5,190,253	€48
Position on 31 December 2006	-	-	-	€249,132,144	-	5,190,253	€48
Position on 31 December 2006[1]	-	-	-	€249,264,144	-	5,193,003	€48

(1) After exercising the share purchase options in 2007.

5.2 – Group ownership structure

Changes in the ownership structure over 2007

- Fortis Investment Management France declared on 5 January 2007 that it crossed the 5% threshold of capital and voting rights on the upside on 23 December 2005.
- Nomura Asset Management Co. Ltd declared on 19 March 2007 that it crossed the 5% threshold of capital and voting rights on the upside on 8 September 2005.
- After having declared that it crossed the 10% threshold of capital and voting rights on the upside on 16 May 2007, Colonial First State Investments Ltd declared that it crossed it again on the downside on 12 June 2007, and then it crossed the 5% threshold on the downside on 21 August 2007.
- DLIBJ Asset Management Co. Ltd declared on 17 July 2007 that it crossed the 5% threshold of capital and voting rights on the downside on 6 February 2006.

- Following the transfer of stock on 20 December 2007 between Osiris Gestion de Entidades and its parent company, Eiffel Holding Ltd, Osiris Gestion de Entidades declared on 26 December 2007 that it crossed the 10% and 5% thresholds of capital and voting rights, and Eiffel Holding Ltd declared on 26 December 2007 that it crossed the 10% threshold of capital and voting rights held directly and indirectly on 20 December 2007.

Ownership structure on 31 December 2007

As far as management is aware and based on the declarations of threshold crossings recorded with the AMF, the Company's equity capital could be broken down as follows on 31 December 2007:

- Persons who hold over 1/20th of the capital or voting rights either directly or indirectly: ING Clarion, Fortis Investment Management France[(1)], Nomura Asset Management Co. Ltd[(2)] , DLIBJ Asset Management Co. Ltd,
- Persons who hold over 1/10th of the capital or voting rights either directly or indirectly: Eiffel Holding Ltd.

Our Company has not been notified of any other crossing of thresholds.

There are no dual voting rights. Some shareholders had their voting rights removed on a portion of their shares following a tardy declaration that a threshold was crossed:

- Fortis Investment Management France had its voting rights removed for 78,006 of its shares for two years starting on 4 January 2007.
- Nomura Asset Management Co. Ltd had its voting rights removed for 386 of its shares for two years starting on 19 March 2007.
- DLIBJ Asset Management had its voting rights removed for 69,880 of its shares for two years starting on 21 September 2007.

Material changes in the ownership structure over the three past years

Management is aware of the following changes over the 2005, 2006 and 2007 financial years:

- The ING Clarion Global Real Estate Income Fund declared that it crossed the 5% threshold of capital and voting rights on 18 March 2005 on the upside and that it holds 6.53% of the Company's capital and voting rights.
- Asset Value Investors Ltd, acting on behalf of the funds that it manages declared that it crossed the 5% threshold of the Société de la Tour Eiffel's capital and voting rights on the downside and that it holds 4.96% of the capital and 4.82% of the Company's voting rights.
- Colonial First State Investments Limited, which is controlled by Commonwealth Bank of Australia, acting on behalf of the funds which it manages, declared that it crossed the 5% threshold of capital and voting rights on the upside on 15 September 2005 and that it holds 7.8% of the capital. After declaring that it crossed the 10% threshold of capital and voting rights on the upside on 16 May 2007, this company declared that it crossed the same threshold on the downside on 12 June 2007, and then crossed the 5% threshold on the downside on 21 August 2007.

(1) Acting on behalf of various foreign open ended unit trusts and one French investment fund which it manages: 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.
(2) Acting on behalf of the mutual funds that it manages: DIAM International REIT Open Mother Fund, DIAM Global REIT Fund, DIAM Global REIT Fund 2, DIAM Global REIT Fund 3.

- Osiris Gestion de Entidades SLU declared that it crossed the 10% threshold of capital and voting rights of Société de la Tour Eiffel on 19 September 2006 following an acquisition of shares on the market and that it holds 519,843 shares representing the same number of voting rights, i.e. 10.02% of the capital and 10.32% of the voting rights. In the same declaration, Osiris Gestion de Entidades SLU declared that it acted alone, and that it plans to continue with its purchases as it can afford to do so, but that it does not intend to request a seat on the Board or that other persons be seated on the Board. Following the transfer of shares on 20 December 2007 between Osiris Gestion de Entidades and its parent company, Eiffel Holding Ltd, Osiris Gestion de Entidades declared on 26 December 2007 that it crossed the 10% and 5% thresholds of capital and voting rights on the downside on 20 December 2007 and that it directly holds 6,000 shares, or 0.115% of the capital and voting rights and that it holds 12,003 shares in concert with Mark Inch and Robert Waterland, or 0.229% of the capital and voting rights.
- Following the transfer of shares on 20 December 2007 between Osiris Gestion de Entidades and its parent company, Eiffel Holding Ltd, Eiffel Holding Ltd declared on 26 December 2007 that it crossed the 10% threshold of capital and voting rights on 26 December 2007 on the upside and that it holds in concert with Osiris Gestion de Entidades SLU, 524,843 shares representing the same number of voting rights, or 10.10% of the capital and voting rights. In the same declaration, it declared that it acted in concert with its subsidiary, Osiris Gestion de Entidades SLU, and that it has no plans to increase its equity stake above around 10%. It also does not intend to acquire a controlling stake in Société de la Tour Eiffel, and it has no intention to ask for a seat on the Board for itself or any other person.
- Fortis Investment Management France, acting on behalf of clients under its management, declared as an adjustment, that it crossed the 5% threshold of Société de la Tour Eiffel's capital and voting rights on the upside on 23 December 2005 and that it held as on 4 January 2007 6.5% of the capital and voting rights on behalf of clients. In a letter dated 9 February 2007, Fortis Investment Management France was deprived of a portion of the voting rights that it held in the Company on 78,006 shares, or 1.5% of the capital, pursuant to Article L 233-14 of the French Commercial Code for any shareholders' meeting that will be convened until 4 January 2009.
- Nomura Asset Management Co. Ltd, acting on behalf of the funds that it manages, declared on an adjustment basis, that it crossed the 5% threshold of Société de la Tour Eiffel's capital and voting rights on the upside on 8 September 2005 and that it holds 5.02% of the Company's capital and voting rights. Nomura Asset Management Co. Ltd specified that it held 5.90% of the capital and voting rights on 16 March 2007. In a letter dated 4 April 2007, Nomura Asset Management Co. Ltd was deprived of a portion of the voting rights on 386 shares, or 0.015% of the capital, that it held in the Company for any shareholders' meeting that will be convened until 19 March 2009 pursuant to Article L 233-14 of the French Commercial Code.
- DLIBJ Asset Management Co. Ltd, acting on behalf of the funds that it manages, declared on an adjustment basis on 17 July 2007, that it crossed the 5% threshold of Société de la Tour Eiffel's capital and voting rights on the upside on 6 February 2006 and that it holds 257,450 shares, or 5.07% of the Company's capital. On 10 September 2007, it declared that it held 329,392 shares, or 6.35% of the capital and voting rights. In a letter dated 31 October 2007, DLIBJ Asset Management Co. Ltd was deprived of a portion of the voting rights on 69,880 shares, or 1.35% of the capital, that it held in the Company for any shareholders' meeting that will be convened until 21 September 2009 pursuant to Article L 233-14 of the French Commercial Code.

5.3 – Dividends paid out over the five past years

DIVIDENDS OVER 5 YEARS

Financial year	Dividend	Dividend tax credit	Number of shares	Nominal value
2001	€0.60	€0.30	91,800	€4.00
2002	Zero	Zero	91,800	€4.00
2003	Zero	Zero	321,300	€48.00
2004	€1.57	Zero	2,538,270	€48.00
2005	€2 (interim)	Zero	2,538,270	€48.00
2005	€0.85	Zero	5,076,540	€48.00
2006	€1.15 (interim)	Zero	5,190,253	€48.00
2006	€2.5 (interim)	Zero	5,190,253	€48.00
2006	€2.5	Zero	5,192,933	€48.00
2007	€3 (interim)	Zero	5,192,933	€48.00

DIVIDEND POLICY

The dividend distribution policy follows the rules under the SIIC status. In particular, 85% of the earnings from building rentals are distributed before the financial year end following the year they were recorded. 50% of the capital gains from building disposals and units in tax transparent property companies or the shares of subsidiaries subject to the company income tax which opted for SIIC status are distributed before the end of the second year following the year they were recorded. Dividends received from subsidiaries that opted for SIIC status are entirely distributed over the financial year following the one they were paid.

The SIIC option was exercised on 15 April 2004 effective from the 2004 financial year.

The dividends and interim dividends declared but not claimed revert to the government once five years have elapsed from the time they were declared under Article 2277 of the French Civil Code.

Société de la Tour Eiffel plans to continue to pay out dividends twice a year for as long as its earnings and expanding business activity allow it to do so.

5.4 – Transactions involving the Company's shares

5.4.1 – BUY-BACKS

With authorisation from the combined general shareholders' meeting on 29 March 2007 to acquire the Company's shares up to 10% of its share capital at a maximum purchase price fixed at €175 for a maximum term of 18 months from the meeting date, the Board of Directors authorized setting up a share buy-back programme on 28 June 2007 under the terms set forth by the general shareholders' meeting. It granted full powers to the Managing Director and to all of the Deputy Managing Directors to implement and disseminate this programme.

The purpose of this programme, which was implemented on 28 June 2007, is as follows:

- to provide liquidity and smooth out stock price fluctuations through an investment services firm and a liquidity agreement that conforms to the AFEI's ethics charter,

- to grant equity shares to the Company or its group's employees, officers and directors who have share purchase options pursuant to Articles L. 225-177 et seq. Of the French Commercial Code and to grant bonus shares pursuant to Articles L.225-197-1 et seq. of the Commercial Code,
- to tender shares in payment or exchange in order to make acquisitions.

The maximum number of securities whose repurchase is allowed was 519,025 on the date of the communiqué, representing 10% of Société de la Tour Eiffel's capital.

It also entered into a liquidity agreement on the same day which stipulated the provision of a maximum amount of €1.25m to foster liquidity for its stock trading and to smooth out price fluctuations. The agreement was also meant to prevent price movements which were not justified by market trends.

5.4.2 – SHARE SUBSCRIPTION OR PURCHASE OPTIONS

The combined general shareholders' meeting of 29 March 2007 empowered the Board of Directors to grant share subscription or purchase options to some or all employees or to certain categories of personnel and to the Company's officers and directors and/or those of affiliated companies by the terms of Article L 225-180 of the French Commercial Code. This delegation was granted for a 38-month period.

These options will entitle the holders to subscribe or buy stock up to the limit of 1.5% of the share capital over a three-year period in the absence of an equity issue. Should there be a capital increase, this limit will be replaced over the same three-year period by a limit of 3% of the number of new shares issued during the capital increase(s) in question.

The options granted during the 2007 financial year are indicated in paragraph 3.5 above.

TABLE OF SHARE SUBSCRIPTION OPTIONS OUTSTANDING

Information on share options

	Plan no. 1	Plan no. 2	Plan no. 3	Plan no. 4	Plan no. 5	Plan no. 7
Shareholders' meeting date	**12/05/2005**	**12/05/2005**	**12/05/2005**	**17/05/2006**	**17/05/2006**	**29/03/2007**
Board of directors meeting date	**26/12/2005**	**22/03/2006**	**17/05/2006**	**14/09/2006**	**29/03/2007**	**16/10/2007**
Total number of shares which can be subscribed by:	111,530	28,516	10,750	132,400	23,300	-
• company officers and directors	106,530	26,016	0	107,500	17,440	25,951
• Top ten employees with the most options	n.a. (1)	n.a. (1)	9,700	22,000	5,860	-
Expiration date	26.12.2010	22.03.2011	17.05.2011	14.09.2011	29.03.2012	16.10.2012
Subscription price	€68.44	€83.77	€87,78	€100.04	€124.48	€115.34
umber of shares exercised and sold in 2007	1,250	0	1,500	0	0	0
Share options cancelled during the year	0	0	0	0	0	0
Remaining share options	110,280	28,516	9,250	132,400	23,300	1% of the capital

(1) The Company only has one employee, and this person is a company officer and/or director.

5.4.3 – TRANSACTIONS CONDUCTED BY COMPANY OFFICERS AND DIRECTORS

Transactions done in 2006 and declared in 2007:

- 4 December 2006: acquisition of 818 shares at a price of €121 per share by a person linked to Mr. Mark Inch, Managing Director, and Robert Waterland, Deputy Managing Director,
- 5 December 2006: acquisition of 623 shares at a price of €120.83 per share by a person linked to Mr. Mark Inch, Managing Director, and Robert Waterland, Deputy Managing Director,
- 6 December 2006: acquisition of 700 shares at a price of €121 per share by a person linked to Mr. Mark Inch, Managing Director, and Robert Waterland, Deputy Managing Director,
- 8 December 2006: acquisition of 2144 shares at a price of €121 per share by a person linked to Mr. Mark Inch, Managing Director, and Robert Waterland, Deputy Managing Director,
- 20 December 2006: acquisition of 2144 shares at a price of €121 per share by a person linked to Mr. Mark Inch, Managing Director, and Robert Waterland, Deputy Managing Director,

Transactions done in 2007:

- 10 May 2007: acquisition of 14 shares at a price of €118.22 per share by Mr. Mark Inch, Managing Director,
- 10 May 2007: acquisition of 114 shares at a price of €118.18 per share by a person linked to Mr. Mark Inch, Managing Director,
- 11 May 2007: acquisition of 45 shares at a price of €118.47 per share by Mr. Robert Waterland, Deputy Managing Director,
- 11 May 2007: acquisition of 66 shares at a price of €118 per share by a person linked to Mr. Robert Waterland, Deputy Managing Director,
- 20 December 2007: sale of 518,843 shares at a price of €91.35 per share by a person linked to Mr. Mark Inch, Managing Director, and Robert Waterland, Deputy Managing Director,
- 20 December 2007: sale of 518,843 shares at a price of €91.35 per share by a person linked to Mr. Mark Inch, Managing Director, and Robert Waterland, Deputy Managing Director,

5.5 – Factors which could affect a take-over bid

In accordance with Article L. 225-100-3 of the French Commercial Code based on Law 2007-387 of 31 March 2007 which stipulates that companies must disclose factors which could have an effect during a take-over bid, we report the following:

- the services contract entered into with Awon Asset Management on 26 April 2004 as amended beginning on 1 January 2007 for a 5-year renewable term stipulates a recission penalty equal to two times the remuneration received over the year previous to the recission,
- the services contract entered into with Bluebird Investissements on 17 January 2004 as amended beginning on 1 January 2007 for an indefinite period stipulates a three-year advance notice in the event of recission,
- the bank borrowing agreements include cancellation clauses should there be a change in control,
- Mr. Robert Waterland's employment contract stipulates an advance notice of twenty-four months and twelve months of severance pay in the event of termination,
- The General Shareholders' Meeting held on 12 May 2007 delegated various powers to the Board of Directors enabling it to issue new shares with or without removal of the pre-emptive subscription right for a maximum amount of €150m. The same General Shareholders' Meeting also authorized the Board of Directors to carry out a share buy-back programme of up to 10% of the capital for a maximum price of €175.

6 – EMPLOYMENT AND SUSTAINABLE DEVELOPMENT INFORMATION

6.1 – Organisation

At 31 December 2007, Société de la Tour Eiffel had one employee.

The people who manage the Société de la Tour Eiffel group's real estate portfolio and manage its finances and administrative functions are employed by Awon Asset Management, its wholly owned subsidiary.

An asset management master agreement was entered into on 26 April 2004 with Awon Management. The Board of Directors authorized the agreement as a regulated convention on 2 April 2004 and the shareholders ratified it at their general meeting of 18 May 2004. Under the contract's terms, this company, which had no equity tie with Société de la Tour Eiffel before, has been invested with the following purposes: it provides advice on building acquisition, managing the buildings held by Société de la Tour Eiffel's subsidiaries to optimize the rental revenue and promote the building. It also administers Société de la Tour Eiffel.

The contract was amended by amendment no. 1 signed on 30 November 2006 with effect on 1 January 2007 to modify the term by raising it to five years starting on 1 January 2007. It can then be extended by tacit renewal. The amended contract also adds more corporate purposes and simplifies the financial terms owing to the consolidation of Awon Asset Management into the Société de la Tour Eiffel group.

Awon Asset Management now works almost entirely for Société de la Tour Eiffel.

At 31 December 2007, the group had 24 employees. It also employed 24 people at 31 December 2006 and at 31 December 2005 it had one employee. The staff consists of 15 women and 9 men. Sixteen of them are management or professional and 8 are not. In 2007, 6 people were hired and 5 left the group.
The Company spent €22,900 on professional training in 2007.

Société de la Tour Eiffel entrusts the following company to manage the group's properties: Savills Gestion, CPMS (CBRE group), UFFI and Parcomie.

6.2 – Creation of a company foundation

In late 2006, Société de la Tour Eiffel filed the articles of association and memorandum for a company foundation. The SICC's managers assumed this initiative with the support of the Board of Directors. It commits the Company to a social welfare programme in line with its business and heritage. The foundation's mission is to offer a first chance to youth by enabling them to publish a first-time professional project in the areas of city planning, architecture or regional development.

"Because it goes back to the rich heritage of one of the greatest inventors of his century, a name like Société de la Tour Eiffel creates obligations", explain Mark Inch and Robert Waterland. "We are proud to share the values of corporate innovation and performance by extending a helping hand to youth who are interested in our trade in the broad meaning of the word. We ourselves are entrepreneurs who started on a shoestring and we remember how important it is – and it's tougher these days – to find a first job. The first step is crucial; it's the one that helps you to become known and to enter the professional circuit. Thus we have chosen to make this first step easier through an annual award".

The French Law of 1 August 2003 provided for a tax incentive that favours the creation of company foundations. 60% of the donations of legal entities can be deducted from the company income tax if they are spent on an action programme spanning several years. To be sure, these provisions overlay those of the special tax treatment for SIICs. It is nevertheless true that company foundations now rate as a strategic tool enabling companies to act on their commitments and issues of concern as a good corporate citizen through clearly identified initiative.

6.3 – Environmental information

By favouring new construction, Société de la Tour Eiffel underscores its commitment to the development process that reconciles environmental protection with economic efficiency and social justice.

The Company adheres to France's high environmental quality (HQE) initiative. This programme seeks to fully engage the sustainable development issue by aiming to limit all of the environmental impacts caused by building construction and by opting for a harmonious integration in perfect suitability with the users' needs and comfort.

7 – PRESENTATION OF RESOLUTIONS

We are including in this section of the report the main characteristics of the resolutions which will be put before you.

We also want to inform you that we can provide all of the Statutory Auditors' reports covering the issues proposed for your vote.

7.1 – Resolutions of the ordinary shareholders' meeting

FIRST RESOLUTION – PRESENTATION AND APPROVAL OF THE COMPANY ACCOUNTS

The individual financial statements for the year ended 31 December 2007 which we submit for your approval were drawn up in accordance with the presentation and evaluation methods stipulated by current regulations.

These financial statements disclose a profit of €31,576,159.

SECOND RESOLUTION – APPROPRIATION OF EARNINGS

In accordance with a proposal made by the Board of Directors, the General Shareholders' Meeting resolves to allocate the financial year's earnings as follows:

Financial year profit of	€31,576,159
to which is added retained earnings	€2,702,069
from which is subtracted the accrual accounts as explained in this resolution	-€6,700
giving a total of	€34,271,528
- a legal reserve contribution of	€1,578,808
leaving distributable earnings of	€32,692,720
from which has already been paid out an interim dividend of	€15,454,962
or €3.00 per share, as voted by the Board of Directors on 26 July 2007, resulting in a distributable earnings balance of	€17,237,758
for distribution as the dividend balance or€3.00 per share	€15,579,009[1]
with the balance of being considered as retained earnings,	€1,658,749[1]

The total amount of the dividends and Retained Earnings account could be adjusted to take into account the following events:

- the new shares issued before the dividend payout date as the result of exercising share options will pay a dividend of €3.00 per share which will be withheld, when appropriate, as Retained Earnings.
- in the event that, when the dividend is paid, the Company happens to hold some of its own shares, the corresponding dividends are not paid on the aforesaid shares, being appropriated to Retained Earnings.

(1) This amount could be adjusted as explained further on in this resolution.

The General Shareholders' Meeting recognises that in respect of the issuance of 2,680 new shares following the exercise of share options between the 29 March 2007 General Shareholders' Meeting and the date the dividend is paid out of a total number of 2,750 new shares issued in 2007, the dividend paid on 5 April 2007 exceeds the dividend amount voted by the shareholders at their general meeting on 29 March 2007 in its second resolution and it ratifies the 12 February 2008 Board of Directors' decision which imputed the €6,700 surplus to Retained Earnings.

The dividend shall be payable twelve days after the General Shareholders' Meeting which approved its distribution.

For the individuals domiciled in France, all of the sums distributable and paid out in 2008 are eligible for:

- firstly, a 40% tax deduction in accordance with Article 158-3-2 of France's General Tax Code as revised,
- secondly, a fixed annual tax deduction of €1,525 for single, divorced, widowed and married taxpayers filing separate returns and €3,050 for married taxpayers filing joint returns or who are bound by a civil union agreement qualifying them for a joint filing pursuant to Article 158-3-5 of the General Tax Code.

Individuals domiciled in France may opt to have 18% withheld on the amounts distributed and paid in 2008 in lieu of the progressive income tax by the terms of Article 117 section 4 of the General Tax Code.

The General Shareholders' Meeting officially notifies the Board of Directors that in accordance with Article 243 (a) of the General Tax Code, it specified that the dividends paid over the past three financial years were as follows:

	FY 2004	FY 2005	FY 2006
Number of shares	2,538,270	5,076,540	5,190,253
Net dividend per share	€1.57 (1)	€2.85 (2)	€6.15 (3)

(1) Amount eligible for a 50% tax deduction benefiting individuals whose tax domicile is in France as stipulated by Article 158-3 of the General Tax Code.
(2) Includes €2.00 eligible for the 50% tax deduction and €0.85 eligible for a 40% tax deduction benefiting individuals whose tax domicile is in France as stipulated by Article 158-3 of the General Tax Code.
(3) Amount eligible for a 40% tax deduction benefiting individuals whose tax domicile is in France as stipulated by Article 158-3 of the General Tax Code.

THIRD RESOLUTION – CONSOLIDATED FINANCIAL STATEMENTS

We propose to approve the consolidated financial statements at 31 December 2007.

FOURTH RESOLUTION – DEFERRED REMUNERATION OF MR. ROBERT WATERLAND FOR THE TERMINATION OF HIS EMPLOYMENT CONTRACT

We submit for your approval the collective bargaining agreement whereby the deferred remuneration due to Mr. Robert Waterland for the termination of his employment contract shall be subjected to performance conditions, as authorised by the Board of Directors on 12 February 2008.

FIFTH RESOLUTION – REGULATED AGREEMENTS

We request you ratify the Statutory Auditors' special report on the agreements regulated by Article L. 225-38 and following of the Commercial Code, and approve the conclusions of the said report and the agreements mentioned therein.

The new agreements concluded during the 2007 financial period and the start of that of 2008, as presented in the Statutory Auditors' special report, cover:

- The assignment of rights and obligations relating to the trademark applications for the Fanar Investments Holding Company,
- The rider signed on 17 October 2007 to the master asset management contract dated 30 November 2006 (asset management framework contract)
- The agreement on the deferred remuneration due to Mr. Robert Waterland in respect of the termination of his employment contract,
- Rider no.1 to the implementing contract dated 7 April 2005 of the SCI at 153, avenue Jean-Jaurès, signed on 24 January 2007,
- The new implementing contract for the SCI at 153, avenue Jean-Jaurès signed on 24 January 2007,
- The implementing contract for the SCI Malakoff Valette signed on 14 February 2007.

Please note that the list and subject of the current agreements entered into under normal conditions, which due to their purpose and their financial implications are significant for the parties, have been communicated to the Directors and Statutory Auditors and have been made available to the stockholders.

SIXTH RESOLUTION – ATTENDANCE FEES

We propose to allocate attendance fees to the Board Members for the current financial year for the global sum of €140,000.

SEVENTH TO TENTH RESOLUTIONS – BOARD MEMBER MANDATES

The mandates as Board members of Mr. Michel Gauthier and Mr. Claude Marin being due to expire at the present Meeting, we propose to renew them for a period of three years namely up until the end of the General Meeting to be held in 2011 convened to approve the accounts for the financial year 2010.

We propose to appoint Mr. Marc Allez as a new Board member for a period of three years, namely up until the end of the General Meeting to be held in 2011 convened to approve the accounts for the financial year 2010.

We propose to ratify the provisional appointment made by the Board of Directors on 12 February 2008 of Mr. Philippe Prouillac as a new Board member to replace Mr. Alain Dinin, further to the latter's resignation.

ELEVENTH RESOLUTION – AUTHORITY GIVEN TO THE BOARD OF DIRECTORS TO IMPLEMENT A SHARE BUYBACK PROGRAMME

We request you authorise the Board of Directors to implement a program to buy back the company's own shares in order to cover share purchase options, the allocation of free shares and convertible bond plans, to conduct acquisition deals and, under the terms of a liquidity contract, to stimulate the market to increase the company's share price.

This authorisation would be valid for a period of eighteen months. It would be capped at 10% of the total number of shares making up the share capital adjusted to allow for any changes that come about during the authorised period. The maximum purchase price would be set at €150 exclusive of fees.

7.2 – Resolutions of the extraordinary shareholders' meeting

TWELFTH RESOLUTION – MODIFICATION OF THE ARTICLES OF ASSOCIATION AND MEMORANDUM WHICH RELATE TO THE RECENT TAX PROVISIONS

To take into account the tax provisions introduced by Article 208 IIb C of the General Tax Code, which establishes a levy of 20% of the amount of dividends paid to a shareholder other than an individual who, directly or indirectly, holds at least 10% of the rights to a dividend in an SIIC, when these dividends are not subject to corporate income tax or an equivalent tax due by the shareholder, we propose to amend:

- Article 8 of the Articles of association in order to require the shareholder concerned by the aforementioned provisions to register their shares or risk having their voting rights capped to one 10th of the number of shares they hold,

- Article 33 of the Articles of association in order to have the shareholder in the situation described above bear the costs of the levy payable by the company due to the situation of that shareholder.

THIRTEENTH RESOLUTION – HARMONISING THE ARTICLES OF ASSOCIATION AND MEMORANDUM WITH RECENT CHANGES IN THE LAWS AND REGULATIONS

In order to harmonise our articles of association and memorandum with the new provisions, in particular, of the decree dated 11 December 2006, modifying the Decree of 23 March 1967 on commercial companies (henceforth codified in the Code of Commerce), we propose to amend:

- Article 14 concerning the participation in the meetings of the Board of Directors using telecommunication tools in order to specify that these resources must at least transmit the voices of the participants in a simultaneous and continuous fashion,
- Article 23 concerning access to the meetings and the inclusion of the shares in the accounts in order to reflect the changes in the rules for registering shares on the company's books,
- Article 24 regarding the convening of shareholders to general meetings, primarily in order to reflect the new rules concerning the prior notice for convening meetings.

We are at your disposal to provide you with any additional information, and we hope that you will vote on the resolutions before you.

8 – APPENDIX TO THE MANAGEMENT REPORT

8.1 – Special report of the Board of Directors to the annual general meeting of 27 march 2008 on share subscription and purchase options (Article L. 225-184 of the French Commercial Code)

Pursuant to Article L 225-184 of the French Commercial Code, we are providing information on the share subscription and/or purchase options transactions conducted during the financial year ended 31 December 2007.

1 – CONDITIONS OF THE SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED AND THE PROCEDURES FOR THEIR EXECUTION OVER THE PAST YEAR

1.1 – On 29 March 2007, by the authority conferred by the special general shareholders' meeting of 17 May 2006 in its 17th resolution, the Board of Directors awarded the following share subscription options:

- Number: 23,300 share subscription options
- Expiration date: 29 March 2012
- Subscription price: €124.48

Over the year ended 31 December 2007, the company officers and directors did not exercise any share subscription options.

1.2 – On 16 October 2007, by the authority conferred by the special general shareholders' meeting of 29 March 2007 in its 17th resolution, the Board of Directors awarded the following share subscription options:

- Number: 25,951 share purchase options
- Expiration date: 16 October 2012
- Subscription price: €115.34

Over the year ended 31 December 2007, the company officers and directors did not exercise any share subscription options.

2 – INFORMATION ON THE OPTIONS GRANTED TO THE COMPANY'S OFFICERS AND DIRECTORS

Below is the individual and nominative information relating to the share subscription or purchase options granted to your company officers and directors:

2.1 – Options granted to the Company's officers and directors

Mr. Mark Inch, Managing Director:

29.03.07	6,540 share subscription options	Expiration date: 29/03/12	Price: €124.48
16.10.07	6,488 share purchase options	Expiration date: 16/10/12	Price: €115.34

Mr. Robert Waterland, Deputy Managing Director:

29.03.07	6,540 share subscription options	Expiration date: 29/03/12	Price: €124.48
16.10.07	6,488 share purchase options	Expiration date: 16/10/12	Price: €115.34

Mr. Jérôme Descamps, Deputy Managing Director:

29.03.07	4.360 share subscription options	Expiration date: 29/03/12	Price: €124.48
16.10.07	6,488 share purchase options	Expiration date: 16/10/12	Price: €115.34

Over the year ended 31 December 2007, the company officers and directors did not exercise any share subscription options.

2.2 – Options granted to the company officers and directors by the companies that are tied to them under the terms of Article L 225-180

NONE

2.2 – Options granted to the Company's officers and directors by the companies that are controlled in the meaning of L 233-16 of the French Commercial Code

NONE

3 - INFORMATION ON THE TEN EMPLOYEES WHO RECEIVED THE MOST OPTIONS

This provision does not apply to our Company since the sole employee is also a company officer and director, i.e. Mr. Robert Waterland, Deputy Managing Director.

8.2 – Special report of the Board of Directors to the annual general meeting of 27 march 2008 on bonus share attribution (Article L. 225-197-4 of the French Commercial Code)

Sirs,

We are honoured to provide you with the information relating to the granting of bonus shares in the financial year ended 31 December 2007 in accordance with Article L 225-197-4 section 1 of the French Commercial Code.

We should stress that pursuant to Article L 225-197-4, these free shares did not result in the top executives holding over 10% of the share capital.

1 – On 12 February 2007, by the authority conferred by the special shareholders' meeting of 17 May 2006 in its 18th resolution, the Board of Directors granted 1,200 bonus shares to the following top executives:

- 500 shares to Mr. Mark, Inch, Chairman,
- 500 shares to Mr. Robert Waterland, Deputy Managing Director,
- 100 shares to Mr. Jérôme Descamps, Deputy Managing Director,
- 100 shares to Mr. Frédéric Maman, manager of SCI Champigny Carnot, which our Company controls.

The granting of these bonus shares constitutes an exceptional supplemental remuneration as a reward for a significant increase in the Company's value and/or of the earnings achieved in 2006, which permitted a very considerable growth in the dividends paid to the shareholders in excess of 20%.

In accordance with the law and the special general shareholders' meeting's decision, these new shares will not be granted to the aforementioned persons on a final basis until the acquisition period fixed at two years expires. Once this period expires, the bonus shares must be held by their beneficiaries for a two-year period. Those beneficiaries who are top executives of the company and/or its subsidiaries are required to retain one third of the shares resulting from exercising the options recorded on the Company's books until they relinquish their duties.

2 – On 16 October 2007, by the authority conferred by the special shareholders' meeting of 29 March 2007 in its 18th resolution, the Board of Directors granted 7,600 bonus shares to the following top executives provided the 2007 dividend per share was 20% greater than the 2006 dividend:

- 3,000 shares to Mr. Mark, Inch, Deputy Managing Director,
- 3,000 shares to Mr. Robert Waterland, Deputy Managing Director,
- 800 shares to Mr. Jérôme Descamps, Deputy Managing Director,
- 800 shares to Mr. Frédéric Maman, manager of SCI Champigny Carnot, which our Company controls.

Your Board also granted 950 shares to the employees of SNC Awon Asset Management, which our Company controls, under the same condition.

The granting of the aforementioned bonus shares constitutes an incentive to build loyalty for the Group's employees and/or company officers and directors in proportion to the company's boost in performance. The number of free shares is based on a value equal to 20% of the growth in dividend per share times the number of shares. The benchmark value of the bonus shares is the average of the opening stock price for the twenty trading sessions previous to the date when the bonus shares are granted.

In accordance with the law and the special general shareholders' meeting's decision, these new shares will not be granted to the aforementioned persons on a final basis until the acquisition period fixed at two years expires. Once this period expires, the bonus shares must be held by their beneficiaries for a two-year period. Those beneficiaries who are top executives of the company and/or its subsidiaries are required to keep one third of the shares resulting from exercising the options recorded on the Company's books until they relinquish their duties.

8.3 – Special report of the Board of Directors to the annual general meeting of 27 march 2008 on share buy-back plan (Article L. 225-209 of the French Commercial Code)

Sirs,

The combined general shareholders' meeting of 29 March 2007, by the terms of the eleventh resolution, authorized the Board of Directors, pursuant to Article 225-209 of the French Commercial Code, to acquire the company's shares to cover share purchase option plans, the granting of bonus shares, or receivables convertible into stock. Shares may also be acquired to make acquisition deals and to smooth out stock price fluctuations under a liquidity agreement.

This authorisation has the following characteristics:

- maximum number of shares which can be acquired: 10% of the total number of shares making up the share capital adjusted for any modification made during the authorisation period,
- maximum purchase price: €175,
- maximum term: 18 months from the meeting date, or until September 2008.

Using this authorisation, the Board of Directors approved setting up a share buy-back programme on 28 June 2007 by the terms set forth by the combined general shareholders' meeting of 29 March 2007.

The programme's purpose is as follows:

- to provide liquidity and smooth out stock price fluctuations through an investment services firm and a liquidity agreement that conforms to the AFEI's ethics charter,
- to grant equity shares to the Company or its group's employees, officers and directors who have share purchase options pursuant to Articles L. 225-177 et seq. Of the French Commercial Code and to grant bonus shares pursuant to Articles L.225-197-1 et seq. of the Commercial Code,
- to tender shares in payment or exchange in order to make acquisitions.

The Company also entered into a liquidity agreement on the same day which stipulated providing a maximum amount of €1.25m to foster liquidity for its stock trading and to smooth out price fluctuations. The agreement was also meant to prevent price movements which were not justified by market trends.

As part of the aforesaid share buy-back programme, 62,125 shares were bought at an average price of €101.77 during 2007. The broker's commissions came to €5,806.41. The number of shares recorded on the company's books at the close of the financial year was €5,777,625, or €93 per share based on the average stock price for the month of December 2007 (nominal value of €48).

Under the liquidity agreement, 80,098 shares were bought at an average price of €111.202 and 76,479 shares were sold at an average price of €110.625 in 2007. At 31 December 2007, the Company held 3,619 shares of treasury stock amounting to €343,720. Over the month of December, these shares were worth €336,567 on average, or €93 per share.

8.4 – The company's earnings over the past five years

Indicators (in euros)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
SHARE CAPITAL AT YEAR-END					
Share capital	15,422,400	121,836,960	243,673,920	249,132,144	249,264,144
Number of shares issued	321,300	2,538,270	5,076,540	5,190,253	5,193,003
Nominal value of the shares	48	48	48	48	48
YEAR'S TRANSACTIONS AND RESULTS					
Turnover (1)	95,691.24	1,076,229	2,960,611	5,570,553	6,047,457
Earnings before taxes, amortisation and provisions	(554,688.27)	4,402,065	9,721,606	36,535,247	31,891,065
Company income tax	-	-	1,125	229,197	314,906
Employee profit sharing during the year	-	-	-	-	-
Earnings before taxes, employee profit sharing, depreciation and provisions	(418,519.62)	4,201,998	9,720,481	36,403,314	31,576,159
Dividend paid	-	3,985,083,90	9,391,599	31,920,056	30,827,217
EARNINGS PER SHARE					
Earnings after taxes and before amortisation and provisions (2)	(6.00)	3.14	3.70	7.00	6.19
Earnings after taxes, amortisation and provisions (2)	(4.53)	3.00	3.72	7.01	6.08
Dividend paid per share (net) (3)	-	1.57	2.85	6.15	6.00
PERSONNEL					
Average head count during the year	-	-	1	1	1
Payroll (4)	-	-	207,102	392,898	720,000
Amount of social security benefits paid in during the year (social security, community enterprises) (4)	-	-	66,628	115,762	392,751

(1) Financial proceeds only for FY 2003.
(2) The earnings per share is computed based on an weighted average number of shares during the year.
(3) Of which during FY 2007: €3 of interim dividends paid and €3 declared.
(4) The payroll figure includes remuneration paid to the company officers and directors.

8.5 – Authorisation to assume sureties, guarantees and other warranties

Pursuant to Article L 225-35 of the French Commercial Code and Article 89 of the 23 March 1967 decree, the Board of Directors authorised the Managing Director to give sureties, guarantees and other warranties at its meeting held on 29 March 2007 up to a total cap of €450m.

This authorisation was given for a one-year term.

8.6 – Summary table of delegations of powers in respect of capital increases

Authorisation granted	Use
I – Overall authorisation granted to the Board of Directors to increase the share capital by the issue of any marketable securities giving access, immediately or in the long term, to Company shares, or by the capitalisation of profits, premiums, reserves or others. 29 March 2007, the Special General Meeting of Shareholders granted the Board of Directors the powers necessary to increase share 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 capitalisation into the capital would be legally and statutorily possible and by allocating free shares or raising the nominal value of existing shares. Term of the delegation: twenty-six months as of the date of the aforementioned meeting. Overall cap: €150m.	This authorisation has not been used.
II – Overall authorisation granted to the Board of Directors to increase the share capital by the issue of any marketable securities giving access, immediately or in the long term, to Company shares, or by the capitalisation of profits, premiums, reserves or other, with suppression of pre-emptive subscription rights. On 29 March 2007, the Special General Meeting of Shareholders, under its 13th resolution, granted the Board of Directors the powers necessary to increase share 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 share capital for the purpose of remunerating contributions in kind made to the Company that comprise rights in share capital or marketable securities giving access to share 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. Overall cap: €150m.	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 Special 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 share capital.	**Use:** The meeting of the Board of 14 September 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. The meeting of the Board of 29 March 2007 decided to allocate the following options to subscribe shares: - to Mr. Mark Inch options granting him the right to subscribe 6,540 shares, - to Mr. Robert Waterland options granting him the right to subscribe 6,540 shares, - to Mr. Jérôme Descamps options giving him the right to subscribe 4,360 shares, - to Mr. Frédéric Maman options giving him the right to subscribe 4,360 shares, - to employees of Awon Asset Management options granting them the right to subscribe 1,500 shares.

Authorisation granted	Use
III – Authorisation granted to the Board of Directors to award options to subscribe or purchase shares. On 29 March 2007, the Special 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 share capital.	**Use:** The meeting of the Board of 16 October 2007 decided to allocate the following options to subscribe shares: - to Mr. Mark Inch options granting him the right to subscribe 6,488 shares, - to Mr. Robert Waterland options granting him the right to subscribe 6,488 shares, - to Mr. Jérôme Descamps options giving him the right to subscribe 6,488 shares, - to Mr. Frédéric Maman options giving him the right to subscribe 6,487 shares.
IV – Authorisation granted to the Board of Directors to award free shares. On 17 May 2006, the Special General Meeting of Shareholders, under its 18th resolution, delegated to the Board of Directors the powers necessary to grant certain executives and/or employees of the Company or its subsidiaries of its choice, 20,000 free shares either existing or to be issued. Term of the delegation: thirty-eight months	**Use:** The meeting of the Board of 14 June 2006 decided to allocate the following free shares: - to Mr. Mark Inch 4,000 shares, - to Mr. Robert Waterland 4,000 shares, - to Mr. Jérôme Descamps 1,400 shares, - to Mr. Frédéric Maman 1,400 shares. The meeting of the Board of 29 November 2006 decided to allocate the following free shares: - to Mr. Mark Inch 4,000 shares, - to Mr. Robert Waterland 4,000 shares. The meeting of the Board of 12 February 2007 decided to allocate the following free shares: - to Mr. Mark Inch 500 shares, - to Mr. Robert Waterland 500 shares, - to Mr. Jérôme Descamps 100 shares, - to Mr. Frédéric Maman 100 shares.
IV – Authorisation granted to the Board of Directors to award free shares. On 29 March 2007, the Special General Meeting of Shareholders, under its 18th resolution, delegated to the Board of Directors the powers necessary to grant certain executives and/or employees of the Company or its subsidiaries of its choice, 60,000 free shares, either existing or to be issued, for a period of three years. Term of the delegation: thirty-eight months.	**Use:** The meeting of the Board of 16 October 2007 decided to allocate the following free shares: - to Mr. Mark Inch 3,000 shares, - to Mr. Robert Waterland 3,000 shares, - to Mr. Jérôme Descamps 800 shares, - to Mr. Frédéric Maman 800 shares, - to employees of Awon Asset Management 950 shares. Subject to the condition that the amount of the dividend approved during the following General Meeting of Shareholders complies with forecasts.

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1 – BALANCE SHEET - ASSETS

Euros, in thousands	Notes	31 December 2007 Net	31 December 2006 Net
Non-current assets			
Plant, property and equipment	1	74,938	41,544
Investment property	2	1,007,908	825,465
Goodwill	3	-	-
Intangible fixed assets	4	3,043	3,707
Financial assets	5	19,691	14,444
Deferred tax debit		-	-
TOTAL NON-CURRENT ASSETS (I)		**1,105,580**	**885,160**
Current assets			
Assets for disposal		-	
Trade receivables and related accounts	6	8,685	7,110
Other receivables and accrual accounts	7	29,241	40,063
Cash and cash equivalents	8	27,026	22,985
TOTAL CURRENT ASSETS (II)		**64,952**	**70,158**
TOTAL ASSETS (I + II)		**1,170,532**	**955,318**

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BALANCE SHEET - LIABILITIES

Euros, in thousands	Notes	31 December 2007	31 December 2006
Shareholders' equity (Group share)			
Share capital	9	249,264	249,132
Premiums linked to capital	9	42,653	42,571
Legal reserve		2,563	743
Consolidated reserves		85,424	423
Consolidated income for the financial year		91,595	117,908
Shareholders' equity (Group share) (a)		**471,499**	**410,777**
Minority interests (B)		69	21
■ SHAREHOLDERS' EQUITY (I) = (A + B)		**471,568**	**410,798**
Non-current liabilities			
Long-term borrowings	10	597,976	458,849
Other financial liabilities	10	15,022	15,131
Long-term provisions	11	619	305
Tax liabilities	12	8,219	10,802
Deferred tax credit	13	-	-
■ TOTAL NON-CURRENT LIABILITIES (II)		**621,836**	**485,087**
Current liabilities			
Borrowings and financial debt (less than one year)	10	14,905	7,730
Provisions (less than one year)	10	327	
Trade payable and other debts	11	-	-
Tax and social debt	12	12,843	11,464
Trade accounts payable and other debts	14	49,053	40,239
■ TOTAL CURRENT LIABILITIES (III)		**77,128**	**59,433**
■ TOTAL LIABILITIES (I + II + III)		**1,170,532**	**955,318**

2 – CONSOLIDATED INCOME STATEMENT

Euros, in thousands	Notes	31 December 2007	31 December 2006
Turnover	15	83,858	60,457
Consumed purchases	16	(98)	(117)
Payroll expense	17	(7,706)	(6,341)
External expense	17	(15,447)	(11,693)
Property taxes	17	(8,250)	(5,403)
Allowances for depreciation	18	(838)	(473)
Net allowances for provisions	18	(235)	282
Net value adjustment balance	19	68,902	87,912
Other operating income and expense	20	3,553	4,851
Operating income on ordinary activities		**123,739**	**129,475**
Other income and expense on ordinary activities		-	-
Operating profit		**123,739**	**129,475**
Income from cash and cash equivalents		868	1,287
Gross cost of financial indebtedness		(28,200)	(15,064)
Net cost of financial debt	**21**	**(27,332)**	**(13,777)**
Other financial income and expense	22	1,950	3,427
Corporate income tax	23	(6,811)	(1,196)
■ NET PROFIT		**91,546**	**117,929**
Minority interests		(49)	21
■ NET PROFIT (GROUP SHARE)		**91,595**	**117,908**
Profit per share	24	17.64	22.91
Diluted profit per share	24	17.57	22.82

3 – CASH FLOW STATEMENT

Euros, in thousands	31 December 2007	31 December 2006
CASH FLOW FROM OPERATIONS		
Consolidated net profit	**91,546**	**117,929**
Restatement:		
Net depreciation expense and provisions	1,154	223
Net balance from value adjustments of investment properties	(68,902)	(87,912)
Profit (loss) on value adjustment of other assets and liabilities	2 800	(362)
Calculated charges and income from payments in shares	-	-
The gross change in deferred taxes and exit tax debt	-	(380)
Gains or losses on asset disposals	(3,147)	(4,791)
= Cash flow from operations after net cost of financial indebtedness and income tax	**23,451**	**24,707**
Income tax expense	6,811	1,196
Net cost of financial debt	27,332	13,777
= Cash flow from operations before net cost of financial indebtedness and income tax	**57,594**	**39,680**
Taxes paid	(9,377)	(30,709)
Change in working capital requirement linked to operations	27,774	(21,460)
= Net cash flow from (for) operations	**75,991**	**(12,489)**
CASH FLOW LINKED TO INVESTMENT TRANSACTIONS		
Acquisition of capital assets		
Intangible and tangible fixed assets	*(89,899)*	*(120,271)*
Financial assets	-	*(12)*
Disposal of capital assets	40,539	45,375
Change in loans and financial receivables agreed	(3,518)	(917)
Impact of changes in the consolidation scope	(35,195)	(39,145)
= Net cash flow for investment activities	**(88,073)**	**(114,970)**
CASH FLOW LINKED TO FINANCING TRANSACTIONS		
Dividends paid to parent company shareholders	(28,430)	(23 259)
Dividends paid to minority interests	-	-
Capital increase	214	6,184
Increase of own shares	(6,767)	-
Borrowings issues	188,115	174,517
Repayment of borrowings	(110,416)	(60,762)
Net financial interest paid	(25,782)	(13,204)
Change in other financial debt	-	813
= Net cash flow from financing activities	**16,934**	**84,289**
CASH FLOW VARIATION	**4,852**	**(43,170)**
Cash flow at opening	22,105	65,275
Cash flow at closing	26,957	22,105
Cash flow variation	4,852	(43,170)

4 – 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 01/01/2006	**243,674**	**41,845**	**247**	**3,768**	**15,779**	**305,313**
Appropriation of earnings	-	-	496	15,283	(15,779)	-
Dividends paid	-	-	-	(23,259)	-	(23,259)
Capital increase	5,458	963	-	-	-	6,421
Costs of capital increase	-	(237)	-	-	-	(237)
Income from previous year-ended	-	-	-	-	117,908	117,908
Share subscription warrants	-	-	-	334	-	334
Stock option plans	-	-	-	4,297	-	4,297
Change in accounting method (IAS39)	-	-	-	-	-	-
POSITION AT 31/12/2006	**249,132**	**42,571**	**743**	**423**	**117,908**	**410,777**
Appropriation of earnings	-	-	1,820	116,088	(117,908)	-
Dividends paid	-	-	-	(28,430)	-	(28,430)
Capital increase	132	85	-	-	-	217
Cost of capital increase	-	(3)	-	-	-	(3)
Income for current year	-	-	-	-	91,595	91,595
Share subscription warrants	-	-	-	-	-	-
Stock option plans	-	-	-	4,110	-	4,110
Shares buy-back	-	-	-	(6,767)	-	(6,767)
POSITION AT 31/12/2007	**249,264**	**42,653**	**2,563**	**85,424**	**91,595**	**471,499**

5 – APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 – General information

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

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 adopted by the Board of Directors on 12 February 2008. They are presented in thousands of euros unless otherwise indicated.

The net income reported in the consolidated financial statements at 31 December 2007 cannot be directly compared with that of 31 December 2006 owing mainly to the acquisition of Parcoval on 31 March 2007 and that of Ruby in June 2006.

5.2 – 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.

5.2.1 – 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.

The new standards that are applicable since January 2007 are the following:

- **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 share capital** (effective as of 1 January 2007).

The standards adopted but not yet applicable are the following:

- **IFRS 8, Operating segments,**
- **IFRIC 11, Group and treasury shares transactions.**

The closing date of year-end accounts for all companies in the Group is 31 December.

The consolidated accounts are established on this basis.

5.2.2 – 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 wholly 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).

5.2.3 – GROUPING OF COMPANIES AND ASSET ACQUISITIONS

5.2.3.1 – 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 book 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 fair 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 applicable to these two items has the effect of mechanically increasing goodwill.

This valuation of property assets also has a mechanical effect when performing 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 value adjustment balance".

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

5.2.3.2 – 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 acquired is allocated on the basis of the relative fair values of the individual assets and liabilities which can be identified as a grouping at the time of acquisition.

In compliance with IAS 12 §15 (b), there is no deferred tax recognised at the time the assets and liabilities are acquired for acquired entities subject to income tax.

5.2.4 – 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.

5.2.5 – PLANT, PROPERTY AND EQUIPMENT

Property assets under construction or rehabilitation for subsequent use as an investment property

These assets are carried as "under construction" and are valued at their capitalised cost.

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.

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 plant, property and equipment

Other plant, property and equipment 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.

5.2.6 – INVESTMENT PROPERTY

The IFRS standards differentiate between investment properties (subject to IAS 40) and other properties (such as all other plant, property and equipment, 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. These properties 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.

The appraisers' methodology is in accordance with standards in the profession (TEGoVA, RICS, French property appraisal charter, February 2000 COB report).

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 decreases 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.

They are valued based on an appraisal of the building after rehabilitation to the extent that the company can be reasonably assured that the project will be successfully completed owing to the lack of significant risk factors with administrative authorisations (building permits, CDEC, etc.), or of conditions precedent for technical and commercial operation.

The remaining cost of construction work is then deducted from this appraisal based on the development budget or contracts negotiated with the developers and contractors.

Those investment properties which do not meet these conditions are assigned a value according to their condition at accounting period end.

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 project is calculated in relation to the last fair value posted in the closing balance sheet for the previous financial year.

5.2.7 – 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 impairment loss.

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 on 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.

5.2.8 – FINANCIAL ASSETS

The group classifies its financial assets in the following categories: at their fair value through 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 through the income statement

This category includes financial assets shown at fair value through the income statement when they are first recorded. A financial asset falls under this category if it has been designated as such by management (assets valued at fair value through the income statement) 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.

5.2.9 – TRADE RECEIVABLES AND RELATED ACCOUNTS

Trade receivables are first accounted for at fair value, less provision for impairment. A provision for impairment of trade receivables is made when there is an objective indication that the Group is not able to recover the totality of sums owed 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.

5.2.10 – CASH AND CASH EQUIVALENTS

The item "Cash and cash equivalents" includes cash reserves, bank sight 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 with a contra account in the income statement.

5.2.11 – NON-CURRENT ASSETS AND ASSET GROUPS DESTINED FOR DISPOSAL

IFRS standard 5 stipulates that assets which the Company has made a decision to sell should be classified as "Assets for disposal".

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.

5.2.12 – SHAREHOLDERS' EQUITY

The fair value of share subscription warrants and stock options 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 contra account in shareholders' equity.

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

Purchases of treasury shares were recognised as a reduction to shareholders' equity at their acquisition price.

5.2.13 – 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 done 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 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 deposits and sureties received.

These financial liabilities are accounted for at their amortised cost.

5.2.14 – 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.

5.2.15 – SOCIAL SECURITY BENEFITS

Retirement obligations

IAS standard 19 requires that companies expense all present and future benefits and remuneration to its personnel or to a third party over the period of vesting benefits.

The Group had 25 employees at of 31 December 2007 of which 23 were with Awon Asset Management and 2 were with Tour Eiffel. Management decided to maintain the accounting treatment for actuarial gains and losses consisting of recognising them as income.

For 2007, 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 4%),
- 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 € 92,000.

Payments based on shares

The group has put in place a remuneration plan based on equity instruments, i.e. options on shares and bonus shares. The fair value of services rendered in exchange for the award of stock options is recorded as an expense as a contra 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 "share capital» (par value) and "Issue premium, net of directly attributable transaction costs" accounts.

5.2.16 – 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.

5.2.17 – 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 an exemption from the company income tax on profits from property rentals.

As a result of this decision, no company income tax is payable in respect of property rental activities through income from subsidiaries, either directly or indirectly. 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 at 1 July 2007 to shareholders (not including physical persons and SIICs) owning, directly or indirectly, at least 10% of the company's share capital and not subject income tax on the dividend payout received.

In accordance with the IFRS rule by which the tax consequences of dividends are recorded when the dividends payable are accounted for as liabilities (IAS 12, 52B), the withholding tax is recorded for the period when the distribution is decided on.

Hence, Société de la Tour Eiffel recorded a withholding of €300,000 as an interim dividend payable in August 2007.

Based on the shareholding structure at 31 December 2007, the company did not have to pay withholding taxes on its dividend distributions.

5.2.18 – 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 Group's case, 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.

5.2.19 – OTHER INCOME AND EXPENSES ON ORDINARY ACTIVITIES

"Other income and expenses 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,
- Impairment of non-current tangible or intangible assets,
- Certain restructuring charges,
- Provision relating to major legal proceedings for the Company.

5.2.20 – 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.

5.2.21 – 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.

5.3 – Consolidation scope

5.3.1 – LIST OF CONSOLIDATED COMPANIES

Companies	Siren	Consolidation method	% interest December 2007	% interest December 2006	Consolidation date
SA SOCIÉTÉ DE LA TOUR EIFFEL	572 182 269	Parent company	100%	100%	
SCI DU 153, AVENUE JEAN-JAURES	419 127 287	F.C. (2)	100%	100%	December 2003
SCI NOWA	443 080 379	F.C. (2)	100%	100%	April 2004
SCI MARCEAU BEZONS	429 665 672	F.C. (2)	100%	100%	June 2004
SCI ARMAN F02	444 978 076	F.C. (2)	100%	100%	April 2004
SCI DES BERGES DE L'OURCQ	478 726 565	F.C. (2)	100%	100%	September 2004
SCI CHAMPIGNY CARNOT	479 586 893	F.C. (2)	100%	100%	November 2004
SCI COMETE	479 576 761	F.C. (2)	100%	100%	December 2004
SCI LYON GENLIS	480 351 576	F.C. (2)	100%	100%	January 2005
SCI ETUPES DE L'ALLAN	480 601 038	F.C. (2)	100%	100%	January 2005
SCI CAEN COLOMBELLES	482 598 133	F.C. (2)	100%	100%	May 2005
SCI MALAKOFF VALETTE	552 138 448	F.C. (2)	100%	100%	May 2004
SCI MASSY CAMPUS 2	483 575 635	F.C. (2)	100%	100%	August 2005
SAS LOCAFIMO (1)	692 031 149	F.C. (2)	100%	100%	December 2005
SCI AIX GOLF (1)	403 092 471	F.C. (2)	100%	100%	December 2005
SCI LA RIVIERE GIRAUDIERE (1)	388 323 909	F.C. (2)	100%	100%	December 2005
SCI MARNE HAUTE MAISON (1)	403 105 133	F.C. (2)	100%	100%	December 2005
SCI BOTADIEREE (1)	397 968 207	F.C. (2)	100%	100%	December 2005
SCI PARIS CHARONNE (1)	403 104 458	F.C. (2)	100%	100%	December 2005
AWON ASSET MANAGEMENT	380 757 807	F.C. (2)	100%	100%	May 2006
SCI DE BROU	351 819 966	F.C. (3)	100%	100%	June 2006
SCI COGOLIN GAOU	442 525 382	F.C. (3)	100%	100%	June 2006
SCI DE LA CRAU	447 913 278	F.C. (3)	100%	100%	June 2006
SCI GRENOBLE PONT D'OXFORD	490 034 063	F.C. (2)	100%	100%	May 2006
SCI LYON LILAS	434 819 488	F.C. (3)	100%	100%	June 2006
SCI RUEIL NATIONAL	489 900 498	F.C. (2)	100%	100%	May 2006
SCI MARSEILLE SAUVAGERE	443 878 244	F.C. (3)	100%	100%	June 2006
SCI PORTE DES LILAS	490 989 803	F.C. (2)	90%	90%	July 2006
SCI SODEPROM	328 223 706	F.C. (3)	100%	100%	December 2006
PARCOVAL	441 834 645	F.C. (3)	100%	Not consolidated	March 2006

(1) Companies consolidated on acquisition of Locafimo
(2) Fully consolidated
(3) Acquisitions considered as asset acquisitions in compliance with paragraph 5.2.6

All companies in the Group are registered in France.

Shared address for all companies in the Group: 20-22, rue de la Ville l'Évêque, 75008 Paris - France.

5.3.2 – CHANGE IN THE CONSOLIDATION SCOPE

Acquisitions

Acquisition of Parcoval on 31 March 2007:

On 31 March 2007, the Group acquired a 100% stake in Parcoval.

This acquisition was considered as asset acquisitions in compliance with paragraph 5.2.6.

If the acquisition had occurred on 1 January 2007, the Parcoval company would have contributed €8,554,000 to the Group's income from ordinary activities for the 2007 financial year and a €620,000 loss after tax, which includes €1,050,000 of one-time charges that were recorded before the Group acquired Parcoval.

Assets and liabilities linked to this acquisition at 16 March 2007 are presented in the following statement:

(Euros, in thousand)	Fair value	Portfolio's book value
Cash and cash equivalents	3,634	3,625
Intangible fixed assets	-	-
Property, plant and equipment	10,115	8,355
Investment properties (Note 2)	94,450	57,301
Licenses (included in intangible fixed assets) (Note 4)	-	-
Financial assets available for disposal (Note 5)	623	-
Trade and other receivable	7,937	7,937
Trade and other payable	(11,144)	(11,144)
Borrowings (Note 11)	(61,464)	(61,464)
Other financial liabilities (Note 11)	(1,543)	(1,543)
Provisions for contingencies and charges (Note 12)	-	-
Deferred tax credit net (Note 14)	-	-
Current account	-	-
NET ASSETS	**42,608**	**3,067**
Minority interests (%)	0%	0%
NET ASSETS ACQUIRED		
Purchase price paid in cash	38,829	
Cash and cash equivalents of the acquired subsidiary	(3,634)	
Cash outflow for the acquisition	**35,195**	

5.4 – Risk Management

Management of market risks

Interest rate changes have a direct impact on the borrowings collected to fund the Group's investment programme. Rates are expected rise, and this would be likely to lead to increased costs in investment financing. Likewise, higher rates could have an effect on maintaining the financial liquidity which the Group needs.

An increase in interest rates, particularly if it proves to be significant, would also have in impact on the value assigned to the Group's assets inasmuch as the rate of return applied by the appraisers to the rents in the office and manufacturing sectors in France are partly determined as a function of interest rates. Consequently, a significant rise in interest rates could lower the appraised value of the Group's assets.

Against a global backdrop of tension in the financial markets, the Group's interest rate management policy is intended to limit the impact from changing interest rates on its income and cash flow, as well as to minimize the overall cost of its debt. To achieve these objectives, the Group's companies generally borrow at a variable rate and use derivatives (caps and swaps) to cover their risk of exposure to rate changes. The companies only conduct transactions in the market to hedge their interest rate risk and they centralise and manage all of the transactions themselves done following the recommendations of the banking institutions with which they have a business relationship. When setting up new lines of credit or refinancing lines of credit, they automatically match them with an interest rate hedging instrument by choosing the suitable tool in terms of maturity and cost according to market conditions and the underlying assets financed. This is done after soliciting quotations from several banks.

At 31/12/2007, the Group owed €606.1m to banks which consisted of €521.8m of debt issued at variable rates and 84.4 at fixed rates. Once the fixed rate swap instruments are factored in, the total fixed rate debt amounts to €318.8m, or 51% of the total debt.

Furthermore, €280.7m of the variable rate debt is hedged by interest rate caps. Thus, at 31/12/2007, 99% of the debt was either fixed or hedged.

Based on the interest rate situation at 31 December 2007 and the hedges in place, an average interest rate increase of 100 basis points in 2008 above the 4.68% 3-month Euribor rate recognized at 31 December 2007 would result in €800,000 of additional interest expense and would have a negative impact on the recurring net income for the same amount, or €0.16 per share. This compares with a €2m negative impact on cash flow and earnings, or €0.50 per share at 31 December 2006.

Counterparty risk

In order to limit counterparty risk, the Company only conducts hedging operations with internationally known banking institutions.

Currency risk

Since the Group conducts its activities only in France, it is not exposed to any currency risk.

Liquidity risk

The Company and its subsidiaries have entered into blanket agreements with internationally known banks to finance the Group's property portfolio. These contracts were modified by amendments as the Group made new acquisitions.

These bank financing agreements contain boilerplate prepayment clauses covering various cases and, in each case, under certain precisely defined conditions.

These cases are, in particular, the failure to pay an amount due, the breach of certain financial ratios, the failure to honour various commitments taken by the Company or its subsidiaries, the imprecision of various declarations and guarantees made; the occurrence of an event having a significant unfavourable effect on the Group's activity, its financial, legal or tax position, the failure to record a mortgage surety bond at the agreed-to credit grade, the realization of a security interest by the Company's creditor on assets financed by money drawn on the blanket agreement; the existence of class action suits; dissolution; a merger not authorized by the lender; the assignment of a portion of a subsidiary's securities whose real estate property was financed through a blanket agreement; the existence of proceedings to requisition / expropriate a building financed by the blanket agreement if the compensation is insufficient to pay down the financed portion, the assessment of a tax following an uncontested tax adjustment with an unfavourable effect; the loss of eligibility for the SIIC tax break which does not follow a change in the law; and the statutory auditors' opinions as soon as they have a material unfavourable effect or the total loss of a building financed through the blanket agreement.

Should any one of the above events occur, and this is not remedied by the deadlines stipulated by the blanket agreements, the lender banks may cancel their commitments in respect of extending credit, immediately demand repayment of any loans outstanding and costs relating thereto and realize all or part of the securities granted under these contracts.

5.5 – 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.

Evaluation of intangible assets

In the event an index should lose value, the contract binding Awon Asset Management and Société de la Tour Eiffel subject it to an impairment test.

Fair value of derivatives and other financial instruments

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

5.6 – Notes to the balance sheet, the income statement and the cash flow statement

NOTE 1: TANGIBLE ASSETS

VARIANCE BY TYPE

(Euros, in thousands)	Property under construction	Office and computer equipment	Total
Year-ended 31/12/06			
Net balance at opening	36,315	-	36,315
Change in consolidation scope	-	122	122
Acquisitions	24,773	35	24,808
Transfers	(2,872)	(7)	(2,879)
Reclassification[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**
Closed at 31/12/07			
Net balance at opening	41,433	111	41,544
Change in consolidation scope	10,115	-	10,115
Acquisitions	37,404	45	37,449
Transfers	-	-	-
Reclassification[2]	(14,114)	-	(14,114)
Amortisation	-	(56)	(56)
NET BALANCE AT CLOSING	**74,838**	**100**	**74,938**
At 31/12/07			
Gross	74,838	195	75,033
Total amortisation	-	(95)	(95)
NET BOOK VALUE	**74,838**	**100**	**74,938**

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

(2) The following buildings were delivered in the 2007 financial year, and were thus reclassified to the investment property category.
- Parcoval's building located at Aix les Milles,
- Parcoval's buildings A1, A2 and C1 located at Nantes,
- The Grenoble Polytech relating to the Grenoble Pont d'Oxford SCI,
- The Viseo relating to the Locafimo company.

PROPERTY ASSETS UNDER CONSTRUCTION

At 31 December 2007, the Société Tour Eiffel group possessed 12 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/year	Estimated date of completion	Current status
Porte des Lilas	13-21, avenue de la Porte des Lilas 75019 Paris	Offices	Buildings: 10,722 m² Car park: 92 places	100%	3,700,000	15/06/08	Under construction
Rueil national	133, Boulevard National 92500 Rueil-Malmaison	Offices	Buildings: 6,900m² Car park: 164 places	100%	2,417,570	2nd qtr. 2008	Under construction
Parc du Conemara	Rue de Leinster La Chapelle-sur-Erdre (44)	Offices	Buildings: 2,443m² Car park: 133 places	100%	348,258	July 2008	Under construction

PROPERTY UNDER CONSTRUCTION - APPRAISAL

	Cost at 31 December 2007		Cost until completion of works		Total cost of the project		
	Net of interest	Financial interest	Net of interest	Financial interest	Net of interest	Financial interest	Interest applied
Porte des Lilas	12,890,096	1,079,283	14,320,531	-	27,210,627	1,079,283	5.07%
Rueil national	9,781,186	431,926	9,609,037	-	19,390,223	431,926	3 mo. Euribor +1%
Parc du Conemara	2,165,673	48,432	2,687,107	48,432	4,852,780	96,864	
Total	**24,836,955**	**1,559,641**	**26,616,675**	**48,432**	**51,453,630**	**1,601,073**	
GRAND TOTAL	**26,396,596**		**26,665,107**		**53,061,703**		

NOTE 2: INVESTMENT PROPERTIES

VARIANCE BY TYPE

(Euros, in thousands)	Investment property
Close at 31/12/2006	
Net balance at opening	617,721
Acquisitions	91,504
Transfers	(40,578)
Reclassification	16,784
Changes in consolidation scope	51,123
Fair value effect (profit or loss)	88,911
■ NET BALANCE AT CLOSE	**825,465**

(Euros, in thousands)	Investment property
Close at 31/12/2006	
Net balance at opening	825,465
Acquisitions	46,628
Transfers	(37,363)
Reclassification	14,114
Net transfer to buildings destined for sale	-
Changes in consolidation scope[1]	90,512
Other movements	(350)
Fair value effect (profit or loss)	68,902
■ NET BALANCE AT CLOSE	**1,007,908**

(1) The change in consolidation scope results from the consolidation of Parcoval acquired in March 2007. Restrictions relating to the possibility of disposing of an investment property or the recovery of the proceeds from their sale. There has been no such restriction placed on any investment property.

INVESTMENT PROPERTIES – SUMMARY TABLE OF MAIN ASSETS

		Address	Main tenants	Total floor space in sq.m	Theo-retical annual rent	Occupancy rate	Net value in € At 31/12/07	Dated consoli-dated	Year built	Lease expi-ration date
Offices	Massy Campus	102, rue de Paris Massy (91)	Areva & SFR	13,585	4,187,176	100%	63,279,000	2006	2006	2015
Offices	Plessis	Le Galilée ZI du Plessis-Robinson 92350 Le Plessis-Robinson	C&S	16,597	3,942,702	100%	50,500,000	20/12/2004	from 1965 to 1968	2012
Offices	Champigny - Archon	42 bis, quai Victor Hugo 94500 Champigny-sur-Marne	Air Liquide	14,153	3,155,891	100%	38,320,000	15/12/2004	2005	end 2012
Offices	Asnières Quai Dervaux	85/93, quai Dervaux 92600 Asnières	Mini. Intérieur	10,391	2,450,000	100%	41,700,000	27/12/2005	1997	-
Offices	Caen	ZAC du Plateau Colombelles 14460 Caen	Philips	17,525	3,173,741	100%	42,080,000	2006	2006	end 2015
Business park	Parc du Moulin-à-Vent	Lyon	Multiple tenants	36,588	3,320,041	88%	39,750,000	27/12/2005	Renovated in 2005	-
Business park	Le Millénaire	Montpellier	Multiple tenants	23,597	3,314,188	88%	44,200,000	27/12/2005	N/A	-
Business park	Parc des Tanneries	Strasbourg	Multiple tenants	59,904	3,069,585	60%	43,400,000	27/12/2005	N/A	-
Business park	Parc du Golf	Aix-en-Provence	Multiple tenants	18,119	2,531,151	100%	24,028,000	30/03/2007	N/A	-
Business park	Parc des Prés	1 à 37, rue Denis Papin	Multiple tenants	24,740	2,039,616	85%	18,300,000	30/03/2007	N/A	-

NOTE 3: GOODWILL

(Euros, in thousands)	Comète	Malakoff Valette	Arman F02	Jean-Jaurès	Locafimo	Total Goodwill
Close at 31/12/06						
Net balance at opening	-	-	-	-	-	-
Acquisitions	7	-	-	-	999	1,006
Transfers	-	-	-	-	-	-
Provisions [1]	(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]	(2,350)	(1,895)	(1,873)	(262)	(26,772)	(33,152)
NET BOOK VALUE	-	-	-	-	-	-
Close at 31/12/2007						
Net balance at opening	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Provisions[2]	-	-	-	-	-	-
NET BALANCE AT CLOSE	-	-	-	-	-	-
At 31/12/2007						
Gross[3]	2,350	1,895	1,873	262	25,885	32,265
Total provisions[3]	(2,350)	(1,895)	(1,873)	(262)	(25,885)	(32,265)
NET BOOK VALUE	-	-	-	-	-	-

(1) With regard to Locafimo in 2006, this is an addition to the price of securities already owned.
(2) Goodwill and the corresponding provision concerning Locafimo were reduced following property transfers in 2006 for an amount of €3,631,000.
(3) Goodwill and the corresponding provision concerning Locafimo were reduced following property transfers in 2007 for an amount of €887,000.

NOTE 4: INTANGIBLE FIXED ASSETS

VARIANCE BY TYPE

(Euros, in thousands)	Intangible assets generated internally	Acquired intangible assets	Total intangible assets
Year ended 31/12/06			
Net balance at opening	-	1	1
Acquisitions	-	5	5
Transfers	-	-	-
Amortisation	-	(471)	(471)
Consolidation date	-	4,172	4,172
NET BALANCE AT CLOSE	**-**	**3,707**	**3,707**
At 31/12/06			
Gross	-	4,418	4,418
Total amortisation	-	(711)	(711)
NET BOOK VALUE	**-**	**3,707**	**3,707**
Year-ended 31/12/07			
Net balance at opening	-	3,707	3,707
Acquisitions	-	148	148
Transfers	-	(29)	(29)
Amortisation	-	(783)	(783)
Reclassification	-	-	-
New consolidations	-	-	-
NET BALANCE AT CLOSE	**-**	**3,043**	**3,043**
At 31/12/07			
Gross	-	4,515	4,515
Total amortisation	-	(1,472)	(1,472)
NET BOOK VALUE	**-**	**3,043**	**3,043**

All of the net assets have been acquired and have not been revalued.

€2,964,000 of the net value of the Asset Management contract recognised as an intangible asset when Awon Asset Management was consolidated in 2006.

NOTE 5: FINANCIAL ASSETS

FINANCIAL ASSETS – TYPE

(Euros, in thousands)	Fixed securities	Long-term investments	Valuation of Caps and Swaps	Deposits and sureties paid	Loans	Total financial assets
Close at 31/12/06						
Net balance at opening		-	1,533	844	7,791	10,170
Increases	-	12	1,338	73	4,467	5,571
New consolidations	-	-	-	78	-	78
Reclassification	-	-	-	-	-	-
Decreases	-	-	-	(208)	(3,406)	(3,614)
Redemptions	-	-	-	-	-	-
Fair value effect (profit and loss)	-	-	1,920	-	-	1,920
■ NET BALANCE AT CLOSE	**2**	**12**	**4,791**	**787**	**8,852**	**14,444**
Close at 31/12/07						
Net balance at opening	2	12	4,791	787	8,852	14,444
Increases	-	-	-	5,275	-	5,275
New consolidations	-	-	624	-	-	624
Reclassification	-	(12)	-	7,832	(8,229)	(409)
Decreases	-	-	-	(1,704)	(495)	(2,199)
Redemptions	-	-	-	-	-	-
Fair value effect (profit and loss)	-	-	1,956	-	-	1,956
■ NET BALANCE AT CLOSE	**2**	**-**	**7,371**	**12,190**	**128**	**19,691**

OTHER FIXED RECEIVABLES – DEPOSITS AND SURETIES:

The cash collateral initially classified as other long-term receivables were reclassified as deposits and sureties. The total cash collateral was €11,471,000 at year-end 2007 as opposed to €7,900,000 at end December 2006. 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.

The fair values are provided by the issuing financial institutions.

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 31 December 2007 has a positive financial impact of €1,956,000.

THE MAIN CHARACTERISTICS OF FINANCIAL INSTRUMENTS HELD AT 31 DECEMBER 2007

Type of contract	Subscription date	Effective date	Maturity date	Notional amount in thousands of euros	Reference index rate	Guaran-teed rate	Fair value in thousands of euros
CAP	28/11/2002	02/09/2003	02/12/2012	87,700	3-month Euribor	5.00%	913
CAP	06/06/2006	06/06/2006	27/12/2010	33,500	3-month Euribor	4.50%	249
CAP	09/05/2006	02/06/2006	27/12/2010	2,753	3-month Euribor	5.00%	6
CAP	03/04/2006	20/04/2006	27/12/2010	54,213	3-month Euribor	5.00%	170
CAP	06/05/2004	30/07/2008	30/12/2011	2,710	3-month Euribor	8.00%	0
CAP	08/04/2004	30/04/2009	30/04/2012	19,050	3-month Euribor	6.50%	15
CAP	30/06/2006	01/08/2006	07/06/2013	19,933	3-month Euribor	4.50%	307
CAP	30/06/2006	01/08/2006	07/06/2009	17,000	3-month Euribor	4.50%	39
CAP	30/06/2006	01/05/2007	07/06/2013	16,910	3-month Euribor	4.50%	337
SWAP/CAP	28/02/2006	28/02/2008	15/04/2011				1,928
SWAP alternatif				62,400	3-month Euribor	3.45%	
CAP				15,600	3-month Euribor	7.00%	
SWAP	29/06/2006	01/08/2006	07/06/2013	59,798	3-month Euribor	4.10%	884
SWAP	29/06/2006	02/05/2007	07/06/2013	50,731	3-month Euribor	4.19%	654
SWAP	02/12/2006	02/12/2006	27/12/2010	2,474	3-month Euribor	3.77%	693
CAP	07/07/2006	11/07/2007	27/12/2010	658	3-month Euribor	5%	2
CAP	30/03/2007		27/12/2010	37,513	3-month Euribor	5%	89
SWAP	13/07/2006		03/06/2011	8,652	3-month Euribor	3.965%	116
SWAP	02/12/2005	29/06/2007	30/03/2011	12,634	3-month Euribor	3.22%	454
SWAP	21/06/2004		30/06/2011	48,507	3-month Euribor	4.035%	515
■ TOTAL							7,371

NOTE 6: TRADE RECEIVABLES AND RELATED ACCOUNTS

(Euros, in thousands)	31 December 2007	31 December 2006
Gross	12,831	11,283
Provisions	(4,146)	(4,173)
■ TOTAL NET TRADE RECEIVABLES AND RELATED ACCOUNTS	8,685	7,110

NOTE 7: OTHER RECEIVABLES AND ACCRUAL ACCOUNTS

(Euros, in thousands)	31 December 2007 Net	31 December 2007 Net
Advances and deposits paid	1,049	3,479
Payroll expense and related accounts	18	36
State receivables (1)	20,189	32,396
Current accounts - assets	87	2,815
Trade payables	80	405
Prepaid expenses	781	786
Other receivables (2)	7,037	146
Total gross value	**29,241**	**40,063**
Provisions on other receivables	-	-
TOTAL	**29,241**	**40,063**

(1) This amount mainly concerns:
- a non-recurring and recoverable government deduction of 2005's distributions in the amount of €5,431,000 recorded by the Locafimo Group,
- a VAT on real estate that will be refunded in 2008.
(2) This amount is composed mainly of:
- €2,000,000 of receivables on the sale of the Marseille Sauvagère building,
- €1,263,000 of calls on charges at Parcoval.

NOTE 8: CASH AND CASH EQUIVALENTS

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

(Euros, in thousands)	31 December 2007	31 December 2006
Marketable securities	19,302	11,843
Cash and cash equivalents	10,779	14,197
Total gross value	**30,081**	**26,040**
Provision on current accounts (1)	(3,055)	(3,055)
TOTAL	**27,026**	**22,985**

(1) Provision on marketable securities with the Pallas Stern bank in the name of Locafimo in 2006.

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

(Euros, in thousands)	31 December 2007	31 December 2006
Cash and cash equivalents	27,026	22,985
Credit bank balance (Note 11)	(69)	(880)
TOTAL NET CASH	**26,957**	**22,105**

NOTE 9: CAPITAL AND PREMIUMS LINKED TO CAPITAL

1) COMPOSITION OF SHARE CAPITAL

	Number of ordinary shares	Nominal value per share (in €)	Total capital (Euros, in thousands)	Premium value (Euros, in thousand)	Total (Euros, in thousand)
AT 31 DECEMBER 2005	**5,076,540**		**243,674**	**41,845**	**285,519**
Capital increase 18 May 2006			5,458	963	6 421
Issue costs	-	-	-	(237)	(237)
Appropriation to 2005 retained earnings	-	-	-	-	-
AT 31 DECEMBER 2006	**5,190,253**	**48**	**249,132**	**42,571**	**291,703**
Capital increase	2,750	48	132	85	217
Issue costs	-	-	-	(3)	(3)
Appropriation to 2006 retained earnings	-	-	-	-	-
AT 31 DECEMBER 2007	**5,193,003**	**48**	**249,264**	**42,653**	**291,917**

All the issued shares have been fully paid up.

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

2) ISSUE OF SHARE PURCHASE OPTIONS

The conditions

Allocated in 2005

Share purchase options were allocated to top executives 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 allocation 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 term 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 executives 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 for a total of 10,750 shares; the exercise price for the remaining 28,516 shares is €83.77. 34,266 options may be exercised immediately after having been awarded and 5,000 may be exercised within the limit of 25% per year as of the first anniversary of their allocation, thus as at 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. 103,900 options may be exercised immediately after having been allocated and 28,500 may be exercised within the limit of 25% per year as of the first anniversary of their allocation, thus as at 14 September 2007. The options have a contractual term of five years.

Allocated in 2007

During the first half of the year, 23,000 share purchase options were allocated to employees. The exercise price of the options is €124.48 for a total of 14,580 shares and 8,720 may be exercised within the limit of 25% per year as of the first anniversary of their allocation, thus as at 29 March 2008. The options have a contractual term of five years.

During the second half of the year, 25,951 share purchase options were allocated to the managers and corporate officers. The exercise price is €115.34. All of the options may be exercised from the time of their award, thus as at 16 October 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:

(Euros, in thousands)	31 December 2007		31 December 2006	
	Exercise price (in euros per share)	Options (in units)	Exercise price (in euros per share)	Options (in units)
At 1 January	68.44	111,530	68.44	111,530
	83.77	28,516	83.77	28,516
	87.78	10,750	87.78	10,750
	100.04	132,400	100.04	132,400
Granted	124.48	23,300	-	-
Granted	115.34	25,951	-	-
Lapsed	-	-	-	-
Exercised	-		-	-
	68.44	1,250	-	-
	87.78	1,500	-	-
Due	-	-		
AT 31 DECEMBER	**90.65**	**329,697**	**85.74**	**283,196**

Of the 329,697 options in circulation at 31 December 2007, 290,852 may be exercised. During the 2007 financial year, 2,750 options were exercised.

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 €100.04.
- by 29 March 2012 for options granted on 29 March 2007. The exercise price of these options is €124.48.
- by 16 October 2012 for options granted on 16 October 2007. The exercise price of these options is €115.34.

The fair value of the options granted during 2007, as determined on the basis of the binomial evaluation model, is (2006: €4,754,000 2005: €1,995,000).

The main assumptions of the model are as follows: share price €91/€91.50/€104.10/€136.50/€124.48/€115.35 depending on the dates of allocation as mentioned above, standard deviation on the shares' anticipated returns 36%/35%/38%/43%/47%/51% depending on the dates granted, term of the option as indicated above, annual interest rate without risk of 3.5%/3.7%/3.6%/3.9%/4.2% depending on the dates granted and a dividend payout rate of 4.22%.

At 31 December 2007 the rights acquired according to exercisable options were recorded in income statement (payroll expense) as a contra account to the shareholders' equity for a total amount of €2,331,000.

4) ALLOCATION OF FREE SHARES

The conditions

Free shares have been allocated to the top executives (18,800 shares in 2006 and 9,750 in 2007). The allocation of shares will become definitive after a period of 2 years, namely from 14 June 2008 for 10,800 shares, from 29 November 2008 for 8,000 shares, from 12 February for 1,200 shares and from 16 October for 8,550 shares.

Beneficiaries must retain their shares for a minimum period of two years from their firm allocation, namely until 14 June 2010 for 10,800 shares, until 29 November 2010 for 8,000 shares, until 12 February 2011 for 1,200 shares and until 16 October 2011 for 8,550 shares.

The fair value of the free shares allocated during the 2007 financial period amounts to €1,031,000. The main hypotheses underpinning the model are as follows: Share prices of €136/€117 according to the dates they were granted, exercise price as indicated above. On 31 December 2007, rights acquired were recorded on the profit and loss account as personnel charges as a contra account to the shareholders' equity for a total amount of €1,779,000.

The 10% social security withholding tax was recorded at €176,000.

(Euros)	31 December 2007		31 December 2006	
	Exercise price (Euros per share)	Free Shares (in units)	Exercise price (Euros per share)	Free Shares (in units)
At 1 January	-	18,800	-	-
Granted	-	9,750	-	18,800
Allocated	-	-	-	-
AT 31 DECEMBER	**-**	**28,550**	**-**	**18,800**

NOTE 10: BORROWINGS AND FINANCIAL DEBTS

BORROWINGS AND FINANCIAL DEBTS – VARIANCE BY TYPE

(Euros, in thousands)	Borrowings from credit institutions	Other borrowings and related debt	Current bank support	CAP premiums owed	Deposits and sureties received	Total
POSITION AT 31/12/05	**345,524**	**1,704**	**1,630**	**1,953**	**6,981**	**357,792**
Increases	174,517	10,849	-	24	186	185,576
Decreases	(60,762)	(1,546)	-	-	(314)	(62,622)
New consolidations	1,093	-	403	-	621	2,117
Other	-	-	(1,153)	-	-	(1,153)
Reclassification	(95)	95	-	-	-	-
POSITION AT 01/01/07	**460,277**	**11,102**	**880**	**1,977**	**7,474**	**481,710**
Increases	186,963	5,443	-	404	1,024	193,834
Decreases	(102,584)	(6,159)	-	(402)	(281)	(109,426)
New consolidations	61,456	-	-	-	1,543	62,999
Other	-	-	(811)	-	-	(811)
Reclassification	-	-	-	-	(76)	(76)
BALANCE AT 31/12/2007	**606,112**	**10,386**	**69**	**1,979**	**9,684**	**628,230**

BORROWINGS FROM CREDIT INSTITUTIONS – FIXED AND VARIABLE RATE

(Euros, in thousands)	Fixed rate	Variable rate	Total
Borrowings from lending institutions	84,382	521,730	**606,112**

The Group's average interest rate for financing was 5% in 2007.

After taking account of fixed rate Swap instruments, the total fixed rate debt comes out at €318,819,000.

Furthermore, the variable rate debt is covered up to €280,751,000 by Cap instruments.

BORROWINGS AND FINANCIAL DEBTS

(Euros, in thousands)	31 December 2007	31 December 2006
Non-current		
Bank loans	597,976	458,849
Other financial liabilities	15,022	15,131
TOTAL	**612,998**	**473,980**
Current		
Bank loans	8,136	1,428
Accrued interest	3,921	2,371
Bank overdrafts	69	880
Other financial debts	2,779	3,051
Other financial liabilities	327	-
TOTAL	**15,232**	**7,730**
TOTAL BORROWINGS AND FINANCIAL DEBTS	**628,230**	**481,710**

THE BORROWING MATURITIES FOR NON-CURRENT BANK LOANS ARE SHOWN BELOW:

(Euros, in thousands)	31 December 2007	31 December 2006
From 1 to 5 years	453,191	283,633
Over 5 yearss	144,785	175,216
TOTAL	**597,976**	**458,849**

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

Extinguishment schedule for overall bank indebtedness:

2008:	€8,136,000
2009:	€7,433,000
2010:	€365,802,000
2011:	€61,871,000
2012:	€18,085,000
2013:	€144,785,000
	€606,112,000

NOTE 11: LONG-TERM AND CURRENT PROVISIONS (LESS THAN ONE YEAR)

(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	Total
POSITION AT 31/12/2006	-	240	65	-	305
Allocations	-	287	27	-	314
Reversals not used	-	-	-	-	-
Reversals used	-	-	-	-	-
Changes in consolidation scope	-	-	-	-	-
BALANCE AT CLOSE 31/12/2007	-	527	92	-	619

(Euros, in thousands)	31 December 2007		31 December 2006	
	Long term	Less than one year	Long term	Less than one year
Provision for employee disputes	-	-	-	-
Provision for Locafimo tenant risks	527	-	240	-
Provisions for retirement benefits	92	-	65	-
Other provisions for expenses	-	-	-	-
NET BALANCE AT CLOSE	619	-	305	-
TOTAL PER PERIOD	619		305	

NOTE 12: TAX AND SOCIAL SECURITY OWED (CURRENT AND NON-CURRENT)

(Euros, in thousands) Type	31 December 2007	31 December 2006
Taxes owed (exit tax)	8,219	10,802
TOTAL NON-CURRENT TAXES OWED	**8,219**	**10,802**
Social security owed	1,144	780
Taxes owed (exit tax – current portion owed)	7,213	6,901
Other tax indebtedness	4,486	3,783
TOTAL CURRENT TAXES AND SOCIAL SECURITY OWED	**12,843**	**11,464**
TOTAL	**21,062**	**22,266**

NOTE 13: DEFERRED TAXES

There is no reason to recognize deferred taxes since the great majority of the group's sales are subject to the SIIC tax treatment. The taxable activity do not result in deferred taxes

NOTE 14: OPERATING DEBT AND OTHER DEBT

(Euros, in thousands) Type	31 December 2007	31 December 2006
Trade accounts payable	23,397	15,577
Debts associated with acquisitions of tangible assets	13,338 (2)	15,813 (1)
Current account liabilities	337	861
Advances and deposits received	1,146	879
Due to clients	3,965	2,357
Other operating debts (3)	6,778	418
Other non-operating debts	-	49
Deferred income (4)	92	4,285
TOTAL	**49,053**	**40,239**

(1) Corresponds to outstanding payments on property located in Porte des Lilas and Massy.
(2) Corresponds to outstanding payments on properties at: - Porte des Lilas: €11,834,000,
- Parcoval: €3,473,000,
- Locafimo: €1,560,000.
(3) Among other things, this item is composed of €2,561,000 of provisions for expenses at Parcoval and €2,467 of provisions at Locafimo in 2007.
(4) At 31 December 2006, this item was composed of deferred rental income for the first quarter of 2007.
At 31 December 2007, there was no deferred rental income.

NOTE 15: TURNOVER

TURNOVER – COMPARATIVE ANALYSIS BY TYPE

(Euros, in thousands)	31 December 2007	31 December 2006
Rental income	72,447	54,939
Other rental income (1)	11,411	5,518
TOTAL TURNOVER	**83,858**	**60,457**

(1) Consists mainly of levies for property taxes and office taxes passed through to tenants.

Sector-based analysis: (with reference to paragraph 5.2.4)

The Tour Eiffel Group's business is concentrated in a single sector - office property, industrial and commercial premises in France.

ACCRUED RENT FOR FARMING LEASES HELD IN PORTFOLIO

(Euros, in thousands)	31 December 2007
Total minimum future payments	
Less than one year	69,191
More than one year and less than five years	207,256
More than five years	95,290
TOTAL FUTURE PAYMENTS	**371,737**
Amount of rental income recorded in the 2007 earnings	72,447

NOTE 16: PURCHASES CONSUMED

(Euros, in thousands)	31 December 2007	31 December 2006
Non-stocked purchases of material and supplies	98	117
TOTAL PURCHASES CONSUMED	**98**	**117**

NOTE 17: STAFF EXPENSES, EXTERNAL CHARGES, DUTIES AND TAXES

STAFF EXPENSES

(Euros, in thousands)	31 December 2007	31 December 2006
Staff remuneration	2,325	1,489
Social security and other benefits	1,271	555
Charges on payments in shares	4,110	4,297
TOTAL STAFF EXPENSE	**7,706**	**6,341**

EXTERNAL EXPENSES

(Euros, in thousands)	31 December 2007	31 December 2006
General subcontracting	-	-
Rentals and rental expenses	7,397	4,608
Maintenance and repairs	627	288
Insurance premiums	597	498
Miscellaneous documentation, seminars	123	30
Staff from outside of the company	56	41
Remuneration of intermediaries and fees(1)	4,782	4,267
Advertising, publishing and public relations	623	227
Goods transport, collective staff transport	15	7
Travel, assignments and receptions	273	146
Postal and telecommunications costs	76	56
Banking and related services	802	1,110
Other external services	76	415
TOTAL EXTERNAL EXPENSES	**15,447**	**11,693**

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

TAXES AND DUTIES

(Euros, in thousands)	31 December 2007	31 December 2006
Property taxes	6,611	3,703
Other duties and taxes	1,639	1,700
TOTAL DUTIES AND TAXES	**8,250**	**5,403**

NOTE 18: NET AMORTISATION AND PROVISIONS

(Euros, in thousands)	31 December 2007	31 December 2006
Carry forward/depreciation of intangible assets	(783)	(471)
Carry forward/depreciation of tangible assets	(55)	(2)
TOTAL CARRY FORWARD/DEPRECIATION	**(838)**	**(473)**
Carry forward/Provisions for current assets	79	24
Carry forward/Provisions for operating liabilities and expenses	(314)	258
Carry forward/Provisions for trade receivables	-	-
TOTAL CARRY FORWARD/PROVISION	**(235)**	**282**

NOTE 19: NET BALANCE OF VALUE ADJUSTMENTS

(Euros, in thousands)	31 December 2007	31 December 2006
Investment property	68,902	88,911
Goodwill	-	(999)
TOTAL	**68,902**	**87,912**

NOTE 20: OTHER OPERATING INCOME AND EXPENSES

(Euros, in thousands)	31 December 2007	31 December 2006
Miscellaneous current management income	798	375
Other reversals on amortisation and provisions	-	4
Irrecoverable receivables losses	-	-
Miscellaneous current management expenses	(392)	(282)
Other allocations to amortisation and provisions	-	(37)
Proceeds from disposals of investment property[1]	40,510	45,376
Net book value of the property disposed of[2]	(37,363)	(40,585)
TOTAL	**3,553**	**4,851**

(1) En SAS Locafino disposed of 9 non-strategic assets; similarly SCI Nowa disposed of one asset.
(2)The group disposed of 8 non-strategic assets in 2007.

RENTAL INCOME AND DIRECT OPERATING EXPENSES LINKED TO INVESTMENT PROPERTY

(Euros, in thousands) 2007	Investment properties producing rental income	Investment properties not producing rental income
Rental income	72,447	-
Direct operating expenses [1]	12,071	4,519

(1) Mainly property administration costs and property tax.

NOTE 21: NET FINANCIAL DEBT COSTS

(Euros, in thousands)	31 December 2007	31 December 2006
Net income from marketable security transfers	-	577
Net expenses from marketable security transfers	-	(13)
Marketable securities income	867	723
Loan income	1	-
Total income from cash and near cash	**868**	**1,287**
Interest on financing deals	(28,200)	(15,064)
Total gross financial debt costs	**(28,200)**	**(15,064)**
■ TOTAL NET FINANCIAL DEBT COST	**(27,332)**	**(13,777)**

NOTE 22: OTHER FINANCIAL INCOME AND EXPENSES

(Euros, in thousands)	31 December 2007	31 December 2006
Other financial income	3,517	6,370
Income from security transfers	-	-
Total other financial income	**3,517**	**6,370**
Forgiveness of debt granted	-	-
Other financial expenses	(1,567)	(2,943)
Net book value of transferred securities		-
Total other financial expenses	**(1,567)**	**(2,943)**
■ TOTAL	**1,950**	**3,427**

NOTE 23: COMPANY INCOME TAX

(Euros, in thousands)	31 December 2007	31 December 2006
Current tax [1]	(6,811)	(1,576)
Deferred tax	-	380
■ TOTAL	**(6,811)**	**(1,196)**

(1) Includes €6,159,000 of exit tax for Parcoval.

NOTE 24: 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 outstanding during the financial year.

(Euros, in thousands)	31 December 2007	31 December 2006
Profit paid to company shareholders	91,595	117,908
Average weighted shares outstanding	5,192,330	5,147,572
Basic earnings per share (euros per share)	**17.64**	**22.91**

DILUTED EARNINGS

The diluted earnings per share is calculated by increasing the average weighted number of shares outstanding 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 share 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)	31 December 2007	31 December 2006
Profit paid to Company shareholders	91,595	117,908
Average weighted number of ordinary shares used to calculate the diluted earnings per share	5,212,784	5,166,177
Diluted earnings per share (euros per share)	17.57	22.82

NOTE 25: DIVIDENDS

The remainder of the 2006 dividend, representing €2.50 per share was paid out on 5 April 2007 for a total of €12,975,633.

The Board of Directors meeting of 26 July 2007 approved the distribution of an interim dividend for 2007 of €3.00 per share or a total interim dividend of €15,454,985 to be paid out on 7 August 2007.

NOTE 26: TRANSACTIONS WITH RELATED 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)	31 December 2007	31 December 2006
Salaries and other short-term benefits	720	393
Directors' fees	100	45
Payments based on shares (share options)	4,110	4,297
TOTAL	**4,930**	**4,735**

The redundancy payment for a deputy general manager may be no less than €250,000.

TRANSACTIONS WITH ASSOCIATED FIRMS

These firms jointly manage the Tour Eiffel Company:

Awon Asset Management

(Euros, in thousands)	31 December 2007	31 December 2006
On the income statement		
Purchases of asset and administrative management services	2,800	734 (1)
Balance Sheet on 31 December		
Indebtedness to associated party	2	-

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

NOTE 27: OFF BALANCE SHEET COMMITMENTS

COMMITMENTS GIVEN:

(Euros, in thousands)	31 December 2007	31 December 2006
Mortgages [1]	120,944	118,300
Security pledges [2]	398,559	288,831
Money lender's lien	46,468	40,323
Surety	48,541	41,496
Other commitments	203,649	-
TOTAL	**818,161**	**488,950**

(1) Net book value
(2) Acquisition price of the securities pledged

COMMITMENTS RECEIVED

(Euros, in thousands)	31 December 2007	31 December 2006
Tenant's security deposit	1,673	1,001
Joint surety pledge	83,549	81,908
Security interest	200	200
Liability guaranty	33,832	33,632
Rent guarantee	3,869	2,718
Performance bond	49,474	-
TOTAL	**172,597**	**119,459**

6 – STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of:

SOCIÉTÉ DE LA TOUR EIFFEL
A French joint stock company (société anonyme)
with capital of 249,264,144 Euros

20-22, rue de la Ville l'Évêque
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 2007, 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.

6.1 – 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 diligence 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 position and overall result constituted by the persons and entities included in the consolidation.

6.2 – Basis of our appraisals

In application of Article L. 823-9, 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 2.6 in the appendices, all investment properties making up the company's assets have been the subject of appraisals as at 31 December 2007 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.

6.3 – 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, 21 February 2008

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

Corporate financial statements

As 31 December 2007

Contents

1 – BALANCE SHEET - ASSETS

(in euros)	31/12/2007			31/12/2006
	Gross	Amort. Prov.	Net	Net
PROPERTY, PLANT AND EQUIPMENT				
Intangible fixed assets				
Concessions, patents, licences, software	3,373		3,373	
Tangible fixed assets				
Land	3,019,345		3,019,345	2,963,407
Buildings	5,607,355	169,670	5,437,685	5,495,468
Other tangible fixed assets	10,243	2,334	7,909	
Construction work in progress			1,185,696	
Long-term investments[1]				
Equity interests	260,641,435		260,641,435	267,311,312
Income owed on equity interests	78,914,326		78,914,326	65,942,122
Other long-term investments	1,861,691		1,861,691	3,442,074
	351,243,465	**172,004**	**351,071,461**	**345,154,383**
CIRCULATING ASSETS				
Advances and down payments on orders	31,591		31,591	536,536
Receivables[2]				
Trade and related receivables	2,980,918		2,980,918	1,626,578
Other receivables	16,552,596		16,552,596	15,449,858
Marketable securities				
Treasury shares	6,666,281	552,089	6,114,192	
Other securities	1,893,404		1,893,404	
Cash and near cash	637,455		637,455	1,379,409
Prepaid expenses[2]	729,249		729,249	852,304
	29,491,494	**552,089**	**28,939,405**	**19,844,685**
Deferred expenses	288,877		288,877	147,042
GRAND TOTAL	**381,023,835**	**724,093**	**380,299,743**	**365,146,110**

(1) Including those at more than one year (gross)
(2) Including those at less than one year (gross)

Corporate financial statements

2 – BALANCE SHEET - LIABILITIES

(in euros)	31/12/2007	31/12/2006
	Net	Net
SHAREHOLDERS' EQUITY		
Share capital (of which paid in: 249,264,144)	249,264,144	249,132,144
Issue, merger and acquisition premiums	42,652,927	42,570,647
Reserves:		
Legal reserve	*2,562,973*	*742,807*
Regulated reserves		
Other reserves	*518,802*	*518,802*
Retained earnings	2,702,069	38,977
Net profit for the year (profit or loss)	31,576,159	36,403,314
Interim dividends	(15,454,962)	(18,944,424)
	313,822,113	**310,462,268**
DEBTS[1]		
Borrowings and debt owed to credit institutions[2]	42,384,617	32,994,315
Borrowings and financial debts[3]	21,028,546	18,229,321
Trade accounts payable	1,966,217	2,825,897
Taxes and social security withholdings owed	752,186	634,175
Other debts	346,063	133
	66,477,630	**54,683,841**
GRAND TOTAL	**380,299,743**	**365,146,110**
(1) Including those at more than one year (a)	*42,000,000*	*32,858,019*
(1) Including those at less than one year (a)	*24,477,287*	*21,825,822*
(2) Including current bank loans and bank credit balances	*343*	
(3) Including guaranteed loans		
(a) With the exception of down payments and advances on purchase orders		

3 – INCOME STATEMENT

(in euros)	31/12/2007			31/12/2006
	France	Exportation	Total	Total
Operating income[1]				
Production sold (services)	6,047,457		6,047,457	5,570,553
Net turnover	**6,047,457**		**6,047,457**	**5,570,553**
Reversal of provisions and expense reclassifications			306,811	180,000
Other income			24	24
			6,354,292	**5,750,577**
Operating expenses[2]				
Other purchases and external expenses(a)			7,710,297	7,113,962
Taxes, duties and similar payments			102,327	41,310
Wages and salaries			720,000	392,898
Social security withholding payments			392,751	115,762
Allocations to amortisation and provisions:				
- Amortisation of fixed assets			328,064	87,236
Other charges			98,883	46,125
			9,352,322	**7,797,293**
■ OPERATING PROFIT			**(2,998,030)**	**(2,046,717)**
Financial income				
From equity interests[3]			39,229,757	40,112,905
From other marketable securities and fixed asset receivables[3]			156,619	263,919
Other interest and related income			12,640	
Realised gains on foreign exchange			115	
Net proceeds from the sale of marketable securities			156,813	282,665
			39,555,943	**40,659,489**
Financial expenses				
Allocations to amortisation, impairment and provisions			552,089	
Interest and similar charges[4]			3,960,825	1,984,726
Realised losses on foreign exchange				11
Net losses on the sale of marketable securities			153,904	
			4,666,817	**1,984,737**
■ NET FINANCIAL INCOME			**34,889,126**	**38,674,752**
■ CURRENT PRE-TAX EARNINGS			**31,891,096**	**36,628,035**
Extraordinary income				
From capital transactions			28,488	387
Reversal of provisions and expense reclassifications				4,500
			28,488	**4,887**
Extraordinary expenses				
On capital transactions			28,518	411
Allocations to amortisation and provisions				
			28,518	**411**
■ NET EXTRAORDINARY EARNINGS			**(31)**	**4,476**
Company income tax			**314,906**	**229,197**
Total income			**45,938,723**	**46,414,953**
Total expenses			**14,362,564**	**10,011,638**
■ NET PROFIT			**31,576,159**	**36,403,314**

(a) Including:
- Equipment leasing instalments — *39,229,757* — *40,112,905*
- Property leasing instalments — *1,905,506* — *999,973*

(1) Including income relating to previous financial years
(2) Including expenses relating to previous financial years
(3) Including income relating to affiliated entities
(4) Including interest relating to affiliated entities

4 – APPENDIX

Below are the notes to the balance sheet before appropriating the earnings for the financial year ending 31 December 2007 whose total is €380,299,743 and to the income statement for the year presented in list form and reporting a net profit of €31,576,159.

4.1 – General information

Société de la Tour Eiffel was formed in 1889 by Gustave Eiffel, who designed the tower that bears his name. The company held the Eiffel Tower's concession until 31 December 1979.

Starting in 1980, the Company changed its core activity to finance, consisting of acquiring equity stakes, then cash management following the disposal of these equity stakes.

Since 2003, the Company's core business has been the acquisition or construction of buildings for rental purposes or the holding of direct or indirect equity interests in companies with the same purpose.

OPTION FOR STATUS AS A SOCIÉTÉ D'INVESTISSEMENTS IMMOBILIERS COTÉE (SIIC)

On 15 April 2004, the company opted for the status of Société d'Investissements Immobiliers Cotée (SIIC) effective on 1 January 2004.

The SICC tax treatment was instituted by Article 11 of France's 2003 Finance Act and covers publicly traded companies with over €15m of share capital whose sole corporate purpose is as a property company. This provides an exemption from the company income tax for companies which opt for SICC status irrevocably. The exemption applies to the fraction of their net profit derived from real estate activities under the following distribution conditions:

- 85 % of the earnings derived from property rentals,
- 50 % of the capital gains on the sale of buildings,
- 100 % of the dividends received from subsidiaries which have opted for SIIC status.

The switch over to SIIC tax treatment results in the immediate taxation of unrealised capital gains on the properties themselves, and shares held in property companies, at the reduced rate of 16.5%, i.e. the "exit tax" on their market value, payable over 4 years.

4.2 – Important facts

4.2.1 – FIXED ASSETS

4.2.1.1 – CONSTRUCTION WORK IN PROGRESS

Acquisitions underway

Société de la Tour Eiffel signed a sale agreement on 6 December 2007 whose purpose was the acquisition a commercial property at St Cloud for a principal amount of €12m. The Company paid an initial instalment of €605,000 as a security deposit and penalty clause guaranty.

Société de la Tour Eiffel signed a unilateral undertaking to sell on 6 November 2007 to acquire a housing complex at Amiens for €5,651,000. The Company paid a €266,000 earnest pledge on 31 December 2007.

The €172,114 in acquisition expenses were incorporated into the acquisition cost in accordance with accounting rules governing assets.

Renovations in progress

A renovation project was undertaken at an estimated cost of €3,384,472 to revamp the "Energy II" housing complex situated at Vélizy that was acquired on 20 December 2006. At 31 December 2007, €142,582 had been recorded as "Construction work in progress".

4.2.1.2 – CHANGE IN EQUITY INTERESTS

The market value of SCI Malakoff Valette shares fell by €6,499,587 following a €6,500,000 equity distribution on 14 February 2007 and due to the acquisition of a corporate right in SCI Jean Jaures for €413.

The market value of SCI Sodeprom shares fell by €158,790 following a final adjustment of the acquisition costs.

4.2.2 – OWN SHARES

Pursuant to the eleventh resolution of the Combined General Shareholders' Meeting of 29 March 2007, a liquidity agreement and services agreement was signed as described below:

4.2.2.1 – LIQUIDITY AGREEMENT

Société de la Tour Eiffel signed a liquidity agreement on 28 June 2007 to provide liquidity for securities trading and to smooth out price fluctuations in its stock to avoid misalignments that are not justified by market trend. The contract stipulates that a maximum amount of €1,250,000 be made available for this purpose. €1,000,000 was entrusted to this financial institution starting at 29 June 2007.
As at 31 December 2007, Société de la Tour Eiffel held 3,619 of its own shares valued at €343,720 under the liquidity agreement.

A €7,153 provision for impairment losses was set aside on the basis of the average stock price for the month of December 2007, or €93.

4.2.2.2 – FINANCIAL SERVICES AND INSTRUMENTS ACCOUNTS AGREEMENT – SHARE BUY-BACK

On 28 June 2007, Société de la Tour Eiffel entered into a financial services and instruments accounts agreement which enables it to buy back its own shares.

As at 31 December 2007, Société de la Tour Eiffel held 62,125 of its own shares worth €6,322,561 under its share repurchase scheme for an average cost of €101.77 per share.

4.2.3 – ALLOCATION OF 2006 EARNINGS

The Ordinary Combined Shareholders' Meeting held on 29 March 2007 voted to appropriate the net profit for financial year 2006 of €36,403,314 plus the €38,977 of retained earnings as follows: €1,820,166 to the legal reserve, €31,920,056 as dividends and €2,702,069 to retained earnings. The balance of the 2006 declared dividend, representing €2.5 out of a total of €6.15 per share was paid out on 5 April 2007.

4.2.4 – 2007 INTERIM DIVIDENDS

On 26 July 2007, the Board of Directors voted to distribute €15,454,962 as an interim dividend representing €3 per share to be paid out starting on 7 August 2007 on the 5,151,654 eligible shares. The decision was made in the light of the 30 June 2007 interim balance sheet which disclosed a distributable profit of €15,783,410 and of the Statutory Auditors' report drawn up for this purpose.

4.2.5 – ALLOCATION OF THE 2005 AFFILIATES' EARNINGS

4.2.5.1 – NET FINANCIAL PROFIT – INCREASED BY 2007 RESULTS

The articles of association and memoranda of the subsidiaries which are property companies (SCIs) and general partnerships contain a clause stating that the net profit must be appropriated as soon as the accounts are closed for the year unless the partners/shareholders decide otherwise. The subsidiaries all have closing dates of 31 December. The various General Shareholders' Meetings' decisions to appropriate the earnings for the 2007 financial year were taken prior to that of the Société de la Tour Eiffel's Board of Directors.

As a consequence, at 31 December 2007, the Société de la Tour Eiffel's net financial profit includes the shares in the 2007 results of the subsidiaries which are property companies and general partnerships.

4.2.5.2 – NET FINANCIAL PROFIT/LOSS – OTHER DISTRIBUTIONS

On 28 June, 30 June and 31 December 2007, SAS Locafimo voted to distribute a total dividend of €22,251,191 to its sole partner, the Société de la Tour Eiffel. These distributions were withheld:

- on the distributable fraction of the revaluation reserve for €20,561,342 which reflects either the additional amortization or properties disposed of.
- on the 2006 earnings for €1,689,849 reflecting the remainder of the 2006 dividend to be paid.

Over the 2007 financial year, Société de la Tour Eiffel, in its capacity as Managing Partner, voted to transfer the extraordinary distribution of the €165,978 fraction of the revaluation reserve to distributable reserves corresponding to the additional amortization of its subsidiary, SCI Arman F02.

4.2.6 – TAXABLE INCOME – TRACKING TAX OBLIGATIONS UNDER THE SIIC TAX TREATMENT

Société de la Tour Eiffel's reported income totalled €31,576,000 for a taxable income of €11,568,000.

4.2.6.1 – TAX EXEMPT INCOME AND TRACKING DISTRIBUTION OBLIGATIONS

Tax exempt income totalled €12,752,000 and is broken down as follows:

- €5,767,000 derived from property rentals and subject to an 85% distribution obligation
- €2,477,000 derived from capital gains on the sale of properties and subject to a 50% distribution obligation,
- €4,508,000 derived from the dividends received from subsidiaries which opted for and are subject to a 100% distribution obligation.

Thus there is an obligation to distribute €10,648,000 in 2008 and €1,238,000 between 2008 and 2009 in respect of capital gains on disposals.

The 2008 distribution obligation will thus be complied with through the estimated distribution of €30,827,000 based on the number of shares eligible on 31 December 2007. This amounts to €6 dividend per share as proposed for a vote by the General Shareholders' Meeting.

4.2.6.2 – TAXABLE INCOME

The taxable income for 2007 totalled €1,184,000 which reflects the taxable income up streamed to the parent company from non-SIIC SNC Awon Asset Management plus the reconsolidation of the share of expenses and charges relating to the dividends collected derived from the distribution of the revaluation adjustment by the SAS Locafimo and SCI Arman F02 subsidiaries on which the expenses are imputed which cannot be allocated to the tax exempt activity.

4.2.6.3 – 20% WITH HOLDING TAX

The 2006 French Amended Finance Act established a 20% withholding tax on 1 July 2007 on the distributions made on an SIIC's tax-exempt earnings to a shareholder with at least 10% of the dividend rights in the event that these dividends are not taxed or taxed very little. For this reason, a €314,906 company income tax expense was recorded.

4.2.7 – CAPITAL INCREASE

In accordance with Article 225-178 of the French Commercial Code, the Company recognised successive capital increases of €132,000 and an increase in the issuance premium of €85,220 resulting from the Group employees' exercise of 2,750 share options over the first quarter of 2007.

4.3 – Accounting policies

The Annual Accounts are established in accordance with the rules laid out by the general accounting system of 1999 and fundamental accounting principles (conservatism, consistent methods, independence of financial years, going concern). In particular, the Company has followed the recommendations stipulated in the Professional Guide for companies in the industry.

The financial year spans a 12-month period running from 1 January to 31 December 2007.

Recognised items are valued according to the historic costs method.

The notes and tables herein form an integral part of the Annual Financial Statements.

The main accounting methods used are as follows:

4.3.1 – TANGIBLE FIXED ASSETS

4.3.1.1 – LAND AND BUILDINGS

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 structural framing).

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

• Structural framing	• 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

Valuation of Assets

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

4.3.1.2 – OTHER TANGIBLE FIXED ASSETS

Depreciation is 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).

4.3.2 – MARKETABLE 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 an impairment loss provision. The inventory value of the treasury shares consists of the average market price during the last month before accounts closing.

4.3.3 – TREATMENT OF UNDERLYING AND EXTRAORDINARY EARNINGS

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

4.3.4 – EQUITY INTERESTS AND OTHER LONG-TERM INVESTMENTS

Equity 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.

Equity interests include shares in property companies (SCI), general partnerships (SNC) and all shares held in a French simplified public limited liability company (SAS). See further details in the table of subsidiaries and equity interests at the end of the appendix.

If the inventory value of these shares proved to be lower than their purchase cost, an impairment provision would be made. The inventory value is determined based on the equity interest's value in use and takes into account the market value of the owned company's assets, which are audited every half year.

4.3.5 – RECEIVABLES

Receivables are booked at their nominal value. An impairment provision is entered when the inventory value is lower than the book value.

4.4 – Additional information

4.4.1 – STAFF

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

4.4.2 – REMUNERATION OF MEMBERS OF MANAGEMENT AND GOVERNING BODIES

Board Members' attendance fees paid in 2007 totalled €100,000. Gross remuneration paid to members of governing bodies for their director mandates totalled €150,000.

4.4.3 – PROVISIONS ENTERED ON THE BALANCE SHEET

There was no provision made for liabilities and expenses during 2007.

4.4.4 – 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 €306,811. These expenses were reclassified as deferred charges and amortised over the term of the borrowings in question.

4.4.5 – 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.

An amendment to the initial 26 April 2004 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 1 January 2007.

An amendment no. 1 to the standardised contract form for the subsidiaries of Société de la Tour Eiffel was signed on 17 October 2007. The contract fixes the amount of administrative fees that may be borne by the aforesaid company for the 2007 financial year at €140,000.

4.4.6 – MANAGEMENT MASTER AGREEMENT

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. The aim of this master agreement is to award the responsibility for lease management, technical management and assistance in the accounting management of buildings, as well as third-party representation on behalf of Société de la Tour Eiffel and its subsidiaries.

4.4.7 – SERVICE CONTRACT

Société de la Tour Eiffel signed a service contract to assist the senior executives and corporate officers in managing the existing property portfolio and to acquire new properties. The contract provides for an annual remuneration of €670,000 and takes effect on 1 January 2007. It has an indefinite term with a 3-year advance notice period for recission with notification.

4.4.8 – LINE OF CREDIT MASTER AGREEMENT

4.4.8.1 – 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 term to 15 June 2013.

On 7 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 24 January 2007, a fourth amendment to the master agreement raised the line of credit to €216,551,824 (comprising a principal amount of €194,051,824 and a VAT tranche of 22,500,000).

4.4.8.2 – INTEREST RATE HEDGING INSTRUMENTS

On 28 June 2006, Société de la Tour Eiffel subscribed to agreements 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 term 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 term 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.

4.4.9 – REVOLVING LINE OF CREDIT AGREEMENT

4.4.9.1 – CHARACTERISTICS

On 15 June 2006 Société de la Tour Eiffel a revolving line of credit expiring on 15 May 2009 for a maximum amount of €40,000,000 for the purpose of financing the general needs of the company, payment of exit tax, construction work and investment needs. The rate of interest applied is Euribor plus 100 basis points.

On 25 July 2007, a first amendment to this revolving line of credit agreement raised the maximum authorised limit of the line of credit to €100,000,000 and extended the final expiration date to 31 March 2010.

4.4.9.2 – INTEREST RATE HEDGING INSTRUMENT

Société de la Tour Eiffel entered into hedging contracts to cover interest rate risk in the form of:

- a "cap" contract signed on 28 June 2006 at a rate of 4.5% for the period 1 August 2006 to 7 June 2009 and for a notional amount of €17,000,000. The cap premium paid is to be spread over the term of the contract.
- a "swap" contract signed on 25 July 2007 at a variable 3-month Euribor rate in exchange for a fixed rate of 4.78% for the period from 1 November 2007 to 1 May 2010 and for a maximum notional amount of €48,800,000.

4.4.10 – CASH AGREEMENT

The subsidiaries of Société de la Tour Eiffel have adhered to the cash agreement signed on 2 April 2004 and to its amendment of 24 June 2004.

The group interest rate is the 3-month Euribor plus 25 basis points.

4.4.11 – 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, 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 the bank.

4.4.12 – TURNOVER

Société de la Tour Eiffel's turnover mainly comprises reinvoicing Group subsidiaries for services rendered in property, administration, asset management, financing and consultancy and alternatively, for the rents and utilities charges reinvoiced to the tenant of the "Energy II" building.

4.4.13 – REINVOICING AGREEMENT

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

4.4.14 – MASTER AGREEMENT FOR THE ASSIGNMENT OF PROFESSIONAL TAX CREDITS AS SURETY

On 19 December 2005, Société de la Tour Eiffel assigned a government tax credit worth €2,197,384 linked to the payment of extraordinary tax of 25% on dividends paid in 2005 as surety on a 3-year loan. On 15 June 2007, Société de la Tour Eiffel repaid an amount totalling €1,464,922 to the bank in respect of the first two repayment instalments on the principal amount, following repayment by the government of two thirds of the 25% one-time withholding tax.

4.4.15 – SHARE OPTION PLANS

4.4.15.1 – SUMMARY TABLE OF THE SHARE OPTION PLANS ISSUED AND GRANTED

Shareholders' meeting date	Date awarded by the Board	Exercise period	Subscription Price	Nb of possible options exercised from the time granted	Nb of possible options exercised from the 1st anniversary	Nb of options exercised	Nb of options remaining	Potential number of shares
AGM of 12 May 2005								
Share subscription options	26/12/2005	fr. 26/12/2005 to 26/12/2010	68.44	101,530	10,000	1,250	110,280	111,530
Share subscription options	22/03/2006	fr. 22/03/2006 to 22/03/2011	83.77	23,516	5,000		28,516	27,266
Share subscription options	17/05/2006	fr. 17/05/2006 to 17/05/2011	87.78	10,750	-	1,500	9,250	9,250
AGM of 17 May 2006								
Share subscription options	14/09/2006	fr. 14/09/2006 to 14/09/2011	100.04	103,900	28,500	-	132,400	132,400
Share subscription options	29/03/2007	fr. 29/03/2007 to 29/03/2012	124.48	23,300	-	-	23,300	23,300
AGM of 29 March 2007								
Share subscription options	16/10/2007	fr. 16/10/2007 to 16/10/2012	115.34	25,951	-	-	25,951	25,951
TOTAL				**288,947**	**43,500**	**2,750**	**329,697**	**329,697**

4.4.15.2 – EMPLOYER'S CONTRIBUTION OF 10%

An additional social security charge of €25,951 was recorded in respect of the modification of the social security tax treatment of the share subscription options and the establishment of a 10% employer's contribution starting on 16 October 2007 on the options granted. The company elected to base this contribution on a basis of 25% of the shares' value on the date it was decided to award them, or a price of €116.98).

4.4.15.3 – ASSIGNING A VALUE TO THE SOCIAL SECURITY CONTRIBUTIONS LIABILITY

A value of €1.4m can be assigned to the maximum social security contributions liability derived from the capital gain on acquisition should all of the beneficiaries of the share option plans sell all of the shares of stock granted to them within the 4-year period provided that the shares are sold at a price below the theoretical price of €93, which is the average price during December 2007. The €1.4m figure is based on this theoretical price and an estimated rate of social security contributions of 44%.

4.4.16 – GRANTING BONUS SHARES

4.4.16.1 – SUMMARY TABLE OF BONUS SHARES ISSUED AND GRANTED

General Shareholders' Meeting date	Date allocation by the Board of Directors	Final allocation date	Minimum holding period	Nb of bonus shares allocated
AGM of 17 May 2006[(a)]				
Attribution of bonus shares	14/06/2006	14/06/2008	2 years	10,800
Attribution of bonus shares	29/11/2006	29/11/2008	2 years	8,000
Attribution of bonus shares	12/02/2007	12/02/2009	2 years	1,200
AGM of 29 March 2007[(b)]				
Attribution of bonus shares	16/10/2007	16/10/2009	2 years	8,550
TOTAL				**28,550**

(a) Attribution of 20,000 existing or unissued shares
(b) Attribution of 60,000 existing or unissued shares

The Company will award the bonus shares to the beneficiaries either as part of a share repurchase program or by conducting an equity issue paid in by a withdrawal from a reserve account.

4.4.16.2 – EMPLOYER'S CONTRIBUTION OF 10%

The Company recorded an additional social security charge of €100,018 towards modifying the social security tax treatment of the bonus shares and the inauguration of a 10% employer's contribution on the shares granted starting on 16 October 2007. The Company elected to base this contribution on the value of the shares on the date the decision was taken to award them, i.e. at a price of €116.98.

4.4.16.3 – THEORETICAL DILUTIVE EFFECT ON EARNINGS PER SHARE

Assuming that the shares are issued through a new equity issue, the theoretical dilutive effect on 2007 earnings per share would be:

- 2007 net earnings per share: €6.08
- Theoretical 2007 net earnings per share after granting of bonus shares: €6.05

4.4.17 – FINANCIAL COMMITMENTS

4.4.17.1 – GIVEN COMMITMENTS

Commitments made are as follows:

- A guarantee, in respect of subsidiaries, of all sums due under the line of credit master agreement of €194,051,824.
- Authorisation for a personal and joint and several guarantee in favour of borrowing subsidiaries as part of the group's master agreement.
- Surety issued in favour of the bank in respect of an interest rate hedging agreement concluded on 28 November 2002 with SCI Nowa and transferred to Locafimo on 24 March 2006.
- The pledging of shares in SCI Nowa to the bank.
- The pledging of shares in SCI Arman F02 to the bank.
- The pledging of shares in SCI Comète to the bank.
- The pledging of shares in SCI Berges de l'Ourcq to the bank.
- The pledging of shares in SCI Champigny Carnot to the bank.
- The pledging of shares in SCI Marceau Bezons to the bank.
- The pledging of shares in SCI Grenoble Pont d'Oxford to the bank.
- The pledging of shares in SCI Rueil Malmaison to the bank.
- The pledging of shares in SCI Lyon Genlis to the bank.
- The pledging of shares in SCI Jean Jaurès to the bank.
- The pledging of shares in SCI Caen Colombelles to the bank.
- The pledging of shares in SCI Etupes de l'Allan to the bank.
- The pledging of shares in SCI Massy Campus 2 to the bank.
- The pledging of shares in SCI Marceau Bezons to the bank.
- To keep the "Energy II" building acquired on 20 December 2006, for a 5-year term in accordance with the requirements of Article 210 E of the General Tax Code, the "SIIC 3" tax scheme.
- Within the scope of founding the Société de la Tour Eiffel Foundation, the Société de la Tour Eiffel as founder committed itself to pay €210,000. The amount of this commitment is reduced each year by €30,000 under an instalment scheme spanning several years.

4.4.17.2 – RECEIVED COMMITMENTS

The following commitments were received:

Assignor's indemnity against any increase in liabilities or decrease in assets for the following companies:	
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	1,869,231
SAS Locafimo	5,000,000
SNC Awon Asset Management	400,000
Surety received from the bank for the Société de la Tour Eiffel Foundation	210,000
SCI Sodeprom	1,200,000
TOTAL	**35,566,619**

4.4.17.3 – RECIPROCAL COMMITMENTS

Reciprocal commitments are as follows:

Loans extended to subsidiaries not yet repaid under the credit master agreement	24,175,700
Available amount under the revolving credit master agreement	57,615,383
TOTAL	**81,791,083**

4.5 – Fixed assets

Framework A (in euros)	Gross value Beginning of year	Increases	
		Revaluations	Acquisitions
Intangible fixed assets			
Other intangible fixed assets			31,891
Total I			**31,891**
Tangible fixed assets			
Land	2,963,407		55,938
Buildings on own land	5,503,470		103,886
Office equipment and furnishings	915		9,328
Construction work in progress			1,185,696
Total II	**8,467,791**		**1,354 848**
Long-term investments			
Equity interests	267,311,312		
Receivables on equity interests	65,942,122		16,795,308
Other long-term investments	3,442,074		123,721
Total III	**336,695,508**		**16,919,029**
■ **GRAND TOTAL (I + II + III)**	**345,163,299**		**18,305,768**

Framework B (in euros)	Decreases		Gross value year	Revaluations Historical value
	By money wire	By assignment		
Intangible fixed assets				
Other intangible fixed assets		28,518	3,373	3,373
Total I			**3,373**	**3,373**
Tangible fixed assets				
Land			3,019,345	3,019,345
Buildings on own land			5,607,356	5,607,356
Office equipment and furnishings			10,243	10,243
Construction work in progress			1,185,696	1,185,696
Total II			**9,822,640**	**9,822,640**
Long-term investments				
Equity interests		6,669,877	260,641,435	260,641,435
Receivables on equity interests		3,823,103	78,914,326	78,914,326
Other long-term investments		1,704,104	1,861,691	1,861,691
Total III		**12,197,084**	**341,417,452**	**341,417,452**
■ **GRAND TOTAL (I + II + III)**		**12,225,602**	**351,243,465**	**351,243,465**

4.6 – Amortisations

Framework A (in euros)	Position and movements during the year			
Amortisable fixed assets	Value at beginning of year	Increase allocations	Decrease removals/ reversals	Value at year end
Tangible fixed assets				
Buildings on own land	8,002	161,668		169,670
Office equipment and furnishings	915	1,419		2,334
Total	**8,917**	**163,088**		**172,004**
■ **GRAND TOTAL**	**8,917**	**163,088**		**172,004**

Framework B (in euros)				
Changes in charges deferred over several financial years	Net value at beginning of year	Increase	Amortisation expense	Net value at year end
Charges deferred over several years	147,042	306,811	164,976	288,877

4.7 – Receivables and debt statements

Framework A (in euros)

Receivables statement	Gross amount	Under 1 year	Over 1 year
Fixed assets			
Receivables on equity investments	78,914,326	18,698,020	60,216,306
Other long-term investments	1,861,691	1,861,691	
Circulating assets			
Other trade receivables	2,980,918	2,980,918	
Due from employees and related accounts	8,817	8,817	
Company income tax refund owed	229,197	229,197	
Value added tax refund owed	416,837	416,837	
Due from group and partners	15,884,658	15,884,658	
Non-trade receivables	13,087	13,087	
Prepaid expenses	729,249	729,249	
■ **TOTAL**	**101,038,781**	**40,822,474**	**60,216,306**

Framework B (in euros)

Debt schedule	Gross amount	Under one year	1 to 5 years	Over 5 years
Due to lending institutions:				
- Short-term debt	*2,892*	*2,892*		
- Medium and long-term debt	*42,381,725*	*381,725*	*42,000,000*	
Accounts payable and related accounts	1,966,217	1,966,217		
Due to employees and related accounts	8,817	8,817		
Due to social security and other social agencies	267,818	267,818		
Company income tax owed				
Value added tax owed	467,101	467,101		
Other taxes, duties and related payments	8,450	8,450		
Due to group and partners	21,028,546	21,028,546		
Other debts	346,063	346,063		
■ **TOTAL**	**66,477,630**	**24,477,630**	**42,000,000**	

4.8 – Accrued income

(in euros)	31/12/2007	31/12/2006
Investment-related receivables	1,111,065	676,804
A Accounts receivable and associated items	2,749,952	53,954
Other receivables	706,250	677,856
Cash and near cash	80,181	
■ GRAND TOTAL	4,647,449	1,408,614

4.9 – Accrued expenses

(in euros)	31/12/2007	31/12/2006
Borrowings and debts owed to lending institutions	2,550	2,572
Miscellaneous borrowings and financial debts	975,617	1,002,627
Trade accounts payable	1,884,515	2,306,978
Taxes and social security payroll taxes	201,755	13,653
Other debts	101,005	
■ GRAND TOTAL	3,165,441	3,325,830

4.10 – Prepaid expenses

(in euros)	31/12/2007	31/12/2006
Various prepaid expenses	19,628	27,523
Public relations prepaid expenses	25,309	26,649
Cap premiums prepaid expenses	684,311	798,132
■ GRAND TOTAL	729,249	852,304

4.11 – Deferred expenses

(in euros)	31/12/2007	31/12/2006
Debt issuance costs	288,877	147,042
■ GRAND TOTAL	288,877	147,042

4.12 – Breakdown of share capital

(Decree 83-1020 of 29-11-1983 – Article 24-12)

Different categories of shares	Nominal value (in euros)	Number of shares			
		At the financial year start	Created during the financial year	Repaid during the financial year	At the financial year end
Ordinary shares	48	5,190,253	2,750		5,193,003

4.13 – Items relating to several balance sheet entries

(Decree 83-1020 of 29-11-1983 – Articles 10 and 24-15)

Items relating to several balance sheet entries	Amount concerning companies		Total debts or receivables represented by bills of exchange
	that are affiliates	with which the company has an equity holding	
Financial fixed assets			
Equity interests	260,641,435		
Dividends owed on equity interests	78,914,326		
TOTAL FIXED ASSETS	**339,555,761**		
Receivables			
Trade and related receivables	2,980,918		
Other receivables	15,878,091		
TOTAL RECEIVABLES	**18,859,010**		
Debts			
Miscellaneous borrowings and financial debts	20,928,546		
Other debts	37,432		
TOTAL DEBTS	**20,965,978**		

4.14 – Table of subsidiaries and equity interests at 31 December 2007

Financial information Subsidiaries and equity interests	Share capital	Reserves and retained earnings before appropriation of net profit	Equity interest held as a %	Book value of the securities held Gross	Net	Loans and advances extended by the company
■ DETAILED INFORMATION ON EACH SECURITY WHOSE GROSS VALUE EXCEEDS 1% OF THE AFFILIATED COMPANY'S SHARE CAPITAL AT THE TIME OF PUBLICATION:						
1 – Subsidiaries (over a 50% equity interest)						
SCI JEAN JAURES	152	(819,550)	99.00	5,106,124	5,106,124	474,429
SCI NOWA	5,293,090	(1,267,161)	99.99	14,526,401	14,526,401	9,564,263
SCI BERGES DE L'OURCQ	1,000	(52,933)	99.00	990	990	5,151,962
SCI COMETE	1,000	(801,069)	99.00	16,375,070	16,375,070	750,421
SCI CHAMPIGNY CARNOT	1,000	(444,091)	99.00	990	990	11,689,257
SCI ETUPES DE L'ALLAN	1,000	(51,457)	99.00	990	990	6,142,132
SCI LYON GENLIS	1,000	(493,271)	99.00	990	990	3,576,312
SCI CAEN COLOMBELLES	1,000	(370,121)	99.00	990	990	10,090,270
SCI MASSY CAMPUS 2	1,000	315,087	99.00	990	990	14,041,369
SCI ARMAN F02	11,192,100	4,733,084	99.99	20,254,699	20,254,699	6,067,804
SCI MALAKOFF VALETTE	1,000	704,429	100.00	4,863,978	4,863,978	262,686
SCI MARCEAU BEZONS	10,000	(179,178)	99.90	1,003,944	1,003,944	689,702
SAS LOCAFIMO	3,780,150	21,552	100.00	180,983,743	180,983,743	10,881,431
SCI GRENOBLE PONT D'OXFORD	1,000	213,218	99.00	990	990	3,897,264
SCI RUEIL NATIONAL	1,000	410,977	99.00	990	990	8,634,965
SNC AWON ASSET MANAGMENT	150,000	(1,048,322)	99.99	4,112,548	4,112,548	656,877
SCI SODEPROM	15,000	(367,951)	100.00	13,407,008	13,407,008	3,130,276
2 – Equity interests (from 10 to 50% of the capital held)						
■ 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 – Equity interests:						
a) French (all)						
b) Foreign (all)						

Financial information Subsidiaries Equity interests	Sureties and guarantees given by the Company	Turnover excluding tax from the previous year	Net profit or loss from the previous financial year	Dividends received by the Company during the financial year	Comments
■ 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	14,134,872	1,739,379	819,691	759,856,	
SCI NOWA	62,860,240	11,783,732	4,398,817	1,267,158	
SCI BERGES DE L'OURCQ	8,740,505	1,348,396	52,933	69,228	
SCI COMETE	26,917,418	4,365,042	1,559,071	1,578,299	
SCI CHAMPIGNY CARNOT	19,614,724	3,301,848	444,091	405,264	
SCI ETUPES DE L'ALLAN	10,300,056	1,789,426	51,457	34,807	
SCI LYON GENLIS	3,695,509	1,035,713	493,271	107,076	
SCI CAEN COLOMBELLES	24,401,564	3,093,490	370,121	181,260	
SCI MASSY CAMPUS 2	37,791,918	4,486,426	(315,087)	584,871	
SCI ARMAN F02		6,217,989	2,320,936	1,251,714	
SCI MALAKOFF VALETTE	5,634,413	1,211,831	497,680	335,109	
SCI MARCEAU BEZONS	4,857,187	960,280	179,178	310,220	
SAS LOCAFIMO	4,900,000	25,204,780	12,180,547	11,369,760	
SCI GRENOBLE PONT D'OXFORD	9,425,395	440,949	(213,218)		
SCI RUEIL NATIONAL			(410,977)		
SNC AWON ASSET MANAGEMENT		4,841,098	1,048,322	393,461	
SCI SODEPROM		1,265,602	368,196	207,653	
2 – Equity interests (from 10 to 50% of the capital held)					
■ 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)					

4.15 – Change in equity capital (in euros)

	Share capital	Premiums	Legal reserve	Reserves	Retained earnings	Net profit	Dividends	Total
AT 31/12/2005	**243,673,920**	**41,626,257**	**246,820**	**518,802**	**206,082**	**9,720,481**	**(5,076,540)**	**290,915,822**
Turnover at 22/03/06								
2006 interim dividend							(5,838,021)	(5,838,021)
AGM of 17/05/2006								
Appropriation of earnings			495,987		(167,105)	(9,720,481)	9,391,599	
Balance of 2005 dividends paid							(4,315,059)	(4,315,059)
Imputation of share issuance costs – AGM of 12/05/05)		(18,926)						(18,926)
CEO's decision of 24/05/06 to exercise 113,713 warrants								
New equity issue	5,458,224							5,458,224
Issuance premium		963,316						963,316
Turnover at 14/06/06								
2006 interim dividend							(130,770)	(130,770)
Turnover at 14/09/06								
2006 interim dividend							(12,975,633)	(12,975,633)
2006 net profit						36,403,314		36,403,314
AT 31/12/2006	**249,132,144**	**42,570,647**	**742,807**	**518,802**	**38,977**	**36,403,314**	**(18,944,424)**	**310,462,268**
AGM of 29/03/07								
Appropriation of net profit			1,820,166		(38,977)	(36,403,314)	34,622,125	
Remainder of 2006 dividend paid							(12,975,632)	(12,975,632)
Remaining distributable profit					2,702,069		(2,702,069)	
Turnover of 26/07/07								
2007 interim dividend							(15,454,962)	(15,454,962)
Share options exercised in 2007								
New equity issue	132,000							132,000
Issuance premium		85,220						85,220
Adjustment of equity issue costs incurred in 2006		(2,940)						(2,940)
2007 net profit						31,576,159		31,576,159
AT 31/12/2007	**249,264,144**	**42,652,927**	**2,562,973**	**518,802**	**2,702,069**	**31,576,159**	**(15,454,962)**	**313,822,113**

4.16 – Statement of cash flows (in euros)

	2007	2006
Net profit	31,576,159	36,403,314
Elimination of income and expenses not affecting cash:		
+ Amortisation and provisions	880,152	87,236
- Reversals of amortisation and provisions		(4,500)
+ Net book value of assets disposed of	28,518	411
- Proceeds from asset disposals	(28,488)	(387)
Change in WCR	(2,802,073)	4,065,747
Cash flow from operating activities	**29,654,269**	**40,551,822**
- Acquisition of fixed assets	(1,354,848)	(8,458,875)
- Acquisition of long-term investments	(16,919,029)	(37,498,735)
- Deferred expenses	(306,811)	(180,000)
+ Decrease in long-term investments	12,197,084	
+ Proceeds from asset disposals	28,488	387
Cash flow linked to investment transactions	**(6,355,116)**	**(46,137,233)**
- Distribution of dividends	(28,437,317)	(23,259,483)
+ Capital increase	214,280	6,402,614
+ Increase in financial debts	12,189,527	11,037,890
Cash flow linked to financing transactions	**(16,033,510)**	**(5,818,979)**
- Cash at period beginning		12,783,789
+ Cash at period end		1,379,409
VARIATION IN CASH FLOW	**7,265,642**	**(11,404,380)**

4.17 – Inventory of marketable securities portfolio

(Article L 232-7 and L 232-8 of the French Commercial Code)

4.17.1 – EQUITY INTERESTS

None.

The equity interests consist only of shares in SCIs, SNCs and simplified private limited liability companies.

4.17.2 – MARKETABLE SECURITIES

Treasury stock

At 31 December 2007, Société de la Tour Eiffel held 3,619 shares of treasury stock totalling €343,720 under the terms of a liquidity agreement.

At 31 December 2007, Société de la Tour Eiffel held 62,125 shares of treasury stock totalling €6,322,561 under the terms of a share buy-back program.

Other securities

The marketable securities at 31 December 2007 consisted of a total of 86 shares in Sogemoneplus valued at €1,893,404.

4.18 – Company earnings over the past five years

Indicators	FY 2003	FY2004	FY 2005	FY 2006	FY 2007
Share capital at year-end					
Share capital	15,422,400	121,836,960	243,673,920	249,132,144	249,264,144
Number of shares issued	321,300	2,538,270	5,076,540	5,190,253	5,193,003
Nominal value of the shares	48	48	48	48	48
Year's transactions and results					
Turnover (1)	95,691,24	1,076,229	2,960,611	5,570,553	6,047,457
Earnings before taxes, amortisation and provisions	(554,688,27)	4,402,065	9,721,606	36,535,247	31,891,065
Company income tax	-	-	1,125	229,197	314,906
Employee profit sharing during the year		-	-	-	-
Earnings before taxes, employee profit sharing, depreciation and provisions	(418,519,62)	4,201,998	9,720,481	36,403,314	31,576,159
Dividend paid	-	3,985,083,90	9,391,599	31,920,056	30,827,217
Earnings per share					
Earnings after taxes and before amortisation and provisions (2)	(6.00)	3.14	3.70	7.00	6.19
Earnings after taxes, amortisation and provisions (2)	(4.53)	3.00	3.72	7.01	6.08
Dividend paid per share (net) (3)	-	1.57	2.85	6.15	6.00
Personnel					
Average head count during the year	-	-	1	1	1
Payrol (4)	-	-	207,102	392,898	720,000
Amount of social security benefits paid in during the year (social security, community enterprises)(4)	-	-	66,628	115,762	392,751

(1) Financial proceeds for FY 2003 only
2) The earnings per share is computed based on an weighted average number of shares during the year
3) Of which during FY 2007: €3 of interim dividends paid and €3 declared
4) The payroll figure includes remuneration paid to the company officers and directors

5 – STATUTORY AUDITORS' REPORT

To the shareholders of:

SOCIÉTÉ DE LA TOUR EIFFEL A French joint stock company with capital of €249,264,144	20-22, rue de la Ville l'Évêque 75008 Paris

In carrying out the mission entrusted to us by your General Shareholders' Meeting, we present our report for the year ended 31 December 2007 on:

- The audit of Société de la Tour Eiffel's financial statements as they are appended to this report,
- The justification for our assessments,
- The specific verifications and reports stipulated by 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.

5.1 – Opinion on the annual financial statements

We conducted our audit in accordance with the auditing standards applicable in France; these standards require performing the due diligence enabling us to confirm, with reasonable assurance, that the annual 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 evaluating 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 French accounting principles and standards, the consolidated financial statements are a true and fair representation of the results of the past year's operations and of the company's financial position and assets and liabilities at the financial year end.

5.2 – Basis of our appraisals

In application of Article L. 823-9, section 1, of the French Commercial Code concerning the basis of appraisals, we would like to draw your attention to the following items:

Accounting estimates

Note 4 of the appended accounting rules and methods sets forth the principles for assigning a value to equity interests and other long-term securities at period end. Our work consisted of verifying the suitable nature of these principles and their correct application. We also checked that they were not being used to recognise a possible impairment to the historical value of the equity interests.

Assessments made in this manner fall within the scope of our procedure for auditing the annual financial statements as a whole and have therefore contributed to our opinion provided in the first part of this report.

5.3 – Specific verifications and information

We have also performed the specific audits required by law in compliance with the professional standards applicable in France.

We have no opinion in respect of:

- The fairness and consistency with the annual financial statements, the information provided in the Board of Directors' management report and in the documents sent to the shareholders on the financial position and the annual financial statements.
- The fairness of the information given in the management report on the remuneration and benefits paid to the company officers and directors and on the commitments made in their favour when they took on, relinquished or changed their duties or subsequently to these.

Pursuant to the law, we made sure that the various pieces of information relating to the acquisition of equity interests and controlling stakes and to the identity of the equity holders were reported to you in the management report.

Paris and Neuilly-sur-Seine, 21 February 2008

The Statutory Auditors

Expertise & Audit SA 3, rue Scheffer 75016 Paris	PricewaterhouseCoopers Audit 63, rue de Villiers 92200 Neuilly-sur-Seine
Pascal Fleury	Catherine Thuret

6 – STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

To the shareholders of:

SOCIÉTÉ DE LA TOUR EIFFEL French joint stock company with €249,264,144 of capital	20-22, rue de la Ville l'Évêque 75008 Paris

In our capacity as your company's statutory auditors, we present our report on the regulated agreements and commitments.

6.1 – Agreements and commitments authorised in 2007

Pursuant to Article L.225-40 of the French Commercial Code, we are presenting you with our report on the regulated agreements and commitments.

We are not responsible for enquiring into the possible existence of other agreements and commitments, but rather to report on the essential characteristics and terms and conditions of those disclosed to us based on the information which was provided to us and without having to render an opinion as to their utility and merit. It is your responsibility under the terms of Article R.225-31 of the French Commercial Code to assess the value gained from entering into these agreements and commitments so as to decide whether or not to approve them.

6.1.1 – BOARD MEETING HELD ON 16 OCTOBER 2007

6.1.1.1 – CONTRACT COVERING THE TRANSFER OF THE "TOUR EIFFEL" AND "BURJ EIFFEL" BRANDS TO FANAR INVESTMENT HOLDING LIMITED

Your company entered into a contract by which it transferred the rights and obligations resulting from the filing of the "Tour Eiffel" and "Burj Eiffel" trademarks to the Fanar Investment Holding Limited company, a company formed under Dubai law, in classes 36, 37, 41 and 43 by Société de la Tour Eiffel at the United Arab Emirates on 6 May and 5 June 2007.

Directors involved: Mr. Mark Inch and Mr. Robert Waterland

6.1.1.2 – AMENDMENT TO THE CONTRACT COMMITTING THE SUBSIDIARIES TO THE ASSET MANAGEMENT MASTER AGREEMENT ENTERED INTO WITH AWON ASSET MANAGEMENT

On 17 October 2007, your company entered into an amendment to the master agreement of 30 November 2006 whose purpose was to determine the amount of fees covered by Article 8.3 of the aforesaid master agreement, an amount to paid by Société de la Tour Eiffel.

Directors involved: Mr. Mark Inch, Mr. Robert Waterland and Mr. Jérôme Descamps

6.1.2 – CONCLUSION OF STANDARDISED CONTRACT FORM UNDER THE LINE OF CREDIT MASTER AGREEMENT WITH THE ROYAL BANK OF SCOTLAND (RBS)

The following new transactions were conducted as part of the general authorisation issued by the Board of Directors on 10 December 2004 under whose terms authorisation was granted to enter into any standardised contract form between the subsidiaries and RBS, provided that the shareholders so approve beforehand:

Subsidiary	Date	Amount
SCI 153, avenue Jean-Jaurès	Amendment of 24 January 2007 to the standardised contract form of 7 April 2005	€1,225,000
SCI 153, avenue Jean-Jaurès	24 January 2007	€2,003,300
SCI Malakoff Valette	14 February 2007	€6,500,000

Each standardised contract form is accompanied by collateral consisting of shares in the SCI.

Directors involved: Mr. Mark Inch, Mr. Robert Waterland and Mr. Jérôme Descamps

6.1.3 – ACQUISITION OF SAS PARCOVAL

In its meeting held on 12 February 2007, your Board of Directors authorised the acquisition of SAS Parcoval's stock. This acquisition was finally made by Locafimo, a subsidiary of your Company.

Director in question: Mr. Alain Dinin

6.2 – Agreements and commitments authorized in 2008 for which special approval is required during this shareholders' meeting

6.2.1 – BOARD MEETING HELD ON 12 FEBRUARY 2008

Amendment to Mr. Robert Waterland's employment contract

This amendment sets forth the conditions for performance required if Mr. Robert Waterland is to receive compensation in lieu of notice and severance pay in accordance with Article L.225-42-1 section 2 of the French Commercial Code for the portion exceeding the advance notice period and compensation stipulated under the collective bargaining agreement.

These conditions are:

- An average annual increase of at least 5% in consolidated turnover, excluding reduced rents resulting from asset disposals, beginning 1 January 2007,
- An average annual increase in the dividend of at least 5% since the year 2007.

This amendment specifies that Mr. Robert Waterland retains all of the benefits based on his seniority going back to 1 September 1995, the date of its commitment by the Awon Asset Management company, formerly Franconor SA.

Director involved: Mr. Robert Waterland

6.3 – Agreements and commitments approved in previous years whose performance continues during the financial year

Furthermore, in accordance with the French Commercial Code, we were informed that the following agreements and commitments continued into the last financial year were approved during prior financial years:

6.3.1 – WITH AWON ASSET MANAGEMENT

The asset management master agreement entered into on 24 April 2004 as modified by an amendment dated 30 November 2006 continued into the financial year.

The remuneration paid by Société de la Tour Eiffel to Awon Asset Management during the 2007 financial year came to €4,432,059.

6.3.2 – WITH THE SUBSIDIARIES

The subsidiaries' standardised contract form to the asset management master agreement dated 30 November 2006 resulted in a rebilling to the subsidiaries of €3,888,108.

The contract for rebilling the expenses borne by Société de la Tour Eiffel to the subsidiaries dated 30 November 2006 resulted in a rebilling of €1,313,017 of management costs and €108,510 of refinancing fees.

The standardised contract forms entered into with RBS cover the following subsidiaries and continued into the year:

	Amounts used as at 31/12/2007
SCI DES BERGES DE L'OURCQ	€8,662,154
SCI COMETE	€26,679,175
SCI CHAMPIGNY CARNOT	€19,444,879
SCI LYON GENLIS	€3,675,635
SCI DU 153 AVENUE JEAN JAURES	€14,008,500
SCI CAEN COLOMBELLES	€24,189,031
SCI ÉTAPES DE L'ALLAN	€10,207,888
SCI MASSY CAMPUS 2	€37,457,595
SCI MARCEAU BEZONS	€4,814,169
SCI GRENOBLE PONT D'OXFORD	€9,344,807
SCI RUEIL NATIONAL	€0

6.3.3 – WITH BLUEBIRD INVESTISSEMENT

This contract which gives Bluebird Investissement the task of helping the top executives to manage the existing property portfolio, and when new buildings were acquired, resulted in the payment of €670,000 for the 2007 financial year.

6.3.4 – MR. ROBERT WATERLAND'S EMPLOYMENT CONTRACT

Mr. Robert Waterland received a gross remuneration of €500,000 for the 2007 financial year as Property Director responsible for managing the growth of your company's property portfolio and those of its subsidiaries.

Paris and Neuilly-sur-Seine, 21 February 2008

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

Report of the Chairman of the Board of directors

Ladies and Gentlemen,

In accordance with Article L. 225-37 section 6 of the Commercial Code as modified by Law 2005-842 of 26 July 2005, this report contains the following information:

- the terms and conditions for preparing and organising the work to be done by your Board of Directors;
- your Company's internal audit procedures;
- possible limitations made by the Board of Directors to the Managing Director's powers

1 – TERMS AND CONDITIONS FOR PREPARING AND ORGANISING THE WORK TO BE DONE BY YOUR BOARD OF DIRECTORS

Composition of the Board

Société de la Tour Eiffel's Board of Directors is composed of five members. Three directors, Mr. Mark Inch, Mr. Jérôme Descamps and Mr. Robert Waterland are also top executives of the Company.

The two remaining directors, Mr. Michel Gauthier and Mr. Claude Marin have no tie with the Company, although they have been directors for over twelve years. They do not receive any remuneration other than the attendance fees.

Since the Board of Directors only has five members, it was not deemed to be useful to form committees of Board members. The Board reaches all of its decisions on a collegial basis.

Board meetings

Article 14 of the articles of association and memorandum stipulates that the Board shall meet as often as the Company's interest requires. Thus, over the past financial year, your Board of Directors met five times:

- 12 February 2007:
  - Closed the individual and consolidated financial statements at 31 December 2006, appropriation of earnings, preparation and calling of the annual general shareholders' meeting.
  - Authorised an agreement as stipulated in Articles L. 225-38 et seq. of the French Commercial Code; acquired the Parcoval company.
  - Granted bonus shares.
- 29 March 2007:
  - Attributed share subscription options.
  - Authorised sureties, guarantees and warranties.
  - Renewed the Chairman of the Board's mandate; chose the operating procedures for the top executives.
  - Renewed the Managing Director's mandate and those of the Deputy Managing Directors.
- 28 June 2007:
  - Liquidity agreement.
  - Share buy-back programme.
- 26 July 2007:
  - Closed the consolidated and individual financial statements at 30 June 2007, activity report.
  - Distributed an interim dividend.
- 16 October 2007:
  - Alain Dinin's resignation.
  - Granted bonus shares.
  - Granted share purchase options.
  - Modified the rule of procedure.
  - Allocated attendance fees.
  - Authorised the agreements stipulated by Articles L. 225-38 et seq. of the French Commercial Code:
    > contract to transfer the rights relating to filing the Company's trademarks in the United Arab Emirates to the Fanar company,
    > amendment to the subsidiaries standardised contract form.

Directors' convocation

The directors were called to meet several days in advance by a simple letter and/or electronic message.

In accordance with Article L. 225-238 of the Commercial Code, the Statutory Auditors were called to Board meetings, where they reviewed and closed the first-half interim financial statements as well as the annual accounts. They also were invited to attend each Board meeting.

Providing reports to the directors

Before attending each Board meeting, each director is sent any necessary documents and information, notably the detailed meeting agenda, the minutes of the previous meeting for approval, a file containing the points which require a special report (particularly on property investment transactions) and a table showing the progress of the property transactions under way.

Holding meetings

The Board meetings are held at the head office. In general, the year-end Board of Directors meeting sets a schedule for the following year. Each Board meeting date is confirmed at the close of the previous meeting.

Board of Directors' mission

According to the articles of association and memorandum, the Board of Directors sets the course for the Company's business and monitors its execution. It deliberates on any issue affecting the Company's progress and governs its affaires through its deliberations.

It also reviews and decides the strategy for property investments and financing, the financial statements, budgetary procedures and organizational orientations as well as audit and internal control.

Rules of procedure

On 16 October 2007, the Board of Directors added to the rules of procedure which were followed since 6 July 2006.

Principles and rules drawn up by the Board of Directors to determine the range of remuneration and benefits granted to the company officers and directors

The remuneration paid to the top executives, Mr. Mark Inch, Chairman and Managing Director and Mr. Robert Waterland, Deputy Managing Director, are fixed and they were reassessed on 1 January 2007.

It was noted that Mr. Robert Waterland collects remuneration under his employment contract as property manager. As Deputy Managing Director, Mr. Jérôme Descamps is remunerated exclusively under his employment contract with Awon Asset Management.

On 16 October 2007, the Board of Directors allocated the attendance fees equally among the directors.

Under the terms of the seventeenth resolution of the special shareholders' meeting of 29 March 2007, the top executives, along with Awon Asset Management employees, may be granted share subscription or purchase options as an incentive by providing an additional remuneration tool which factors in the Company's expansion.

In another attempt to foster company loyalty, the top executives and Awon Asset Management employees may receive bonus shares equal to 20% of the increase in the dividend per share times the number of shares with the benchmark for the bonus shares corresponding to the average of the opening stock prices over the twenty trading sessions previous to the day when the bonus shares were granted. This allotment is governed by the eighteenth resolution of the special general shareholders' meeting of 29 March 2007.

2 – INTERNAL CONTROL PROCEDURES

The internal control procedures cover the Company and all of its subsidiaries which are included in the consolidation scope.

2.1 – Internal control objectives

The Company and its subsidiaries are now managed from within; the control procedures set up for the group are meant to:

- make sure that the managerial actions fall within the scope of the Company's corporate purpose, the strategic orientations as defined by the Board of Directors based on proposals of the top management, in accordance with current laws and regulations, the company's corporate interest and that of each of its subsidiaries,
- improve the efficiency of the Company's operations and its use of resources,
- coordinate the proper dissemination of accounting, financial and management reports among outside parties and the group's top executives, verify that these reports are regularly sent to the Company's corporate bodies and those of its subsidiaries, and that they fairly reflect the group's financial position.
- and lastly, foresee and control the risks relating to the group's activity and the risks of errors and fraud, particularly in the accounting and financial areas.

The internal control cannot ensure that the Company will achieve its objectives.

2.2 – Drawing up and auditing accounting and financial reports

2.2.1 – ROLES OF THE VARIOUS PLAYERS

General Secretariat

Awon Asset Management carries out the duties of the General Secretariat as well as a mission which is jointly defined as asset management (as an Asset Manager).

The General Secretariat disseminates and coordinates financial reporting among the various service providers and other parties while taking into account strategic imperatives as defined by the Owner.

Owing to the General Secretariat's role as a go-between among the Owner, the Asset Manager and the Building Managers, the General Secretariat has an overall view of the Owner and of the Companies. It makes sure that legal and contractual commitments are honoured, and that financial, tax and administrative obligations are met so the Owner and the Companies can provide efficient and optimal management.

To carry out its mission, the General Secretariat makes sure that it is kept informed of anything involving the Owner and the Companies. It makes sure that it takes the measures necessary to gather whatever information it needs, to validate the decisions taken and to alert the competent bodies and the Owner of any unfavourable consequences of pending decisions.

To provide administrative follow-up of the Companies, the General Secretariat supervises the Companies' accounting which is sub-contracted out to accounting firms, their cash management tasks and tax returns.

In its supervisory role, the General Secretariat keeps the Owner and the Asset Manager informed, forewarned and alerted of any and all legislative and case law developments which have consequences on the administration and management of the Owner or the Companies. It makes recommendations to them on their strategy and follow-up which could affect the buildings touched by these developments.

Lastly, the General Secretariat keeps the Owner aware, counselled, and informed of any major event concerning its strategy. It coordinates with the Asset Manager the preparation and presentation of the overall budget and the medium-term business plan. The General Secretariat presents the Owner's short and medium-term objectives and strategy to the Asset Manager.

The Building Managers

The Building Managers do the bookkeeping for income and expenses relating to the buildings in accordance with current French accounting regulations.

They monitor and input into the computer all settlements, follow-up actions, arrangements or legal disputes and their earnings so that the Owner can have clear and updated information.

At any time and whenever necessary, the Building Managers provide the Owner, the Asset Manager, or any other person designated by the General Secretariat, with the data needed to fill out the tax returns.

Once a month, and within 10 days at the most after each month end, the Building Managers sent in the data needed to draw up the Owner's accounts to the General Secretariat or to any persons it designates.

Every year within 20 days after the period end, the Building Managers send in the annual accounting to the General Secretariat, which is responsible for keeping the books.

The Asset Manager and the Building Managers meet once a quarter to report on the past and future management of the buildings. At this time, the Building Managers submit a report to the Asset Manager who reports on the activity, the important events that occurred over the past quarter and the proposed responses for the following month.

The Asset Manager

The Owner, the Building Managers and the Asset Manager (the "Asset Manager's" job being performed by the same company which runs the General Secretariat) and/or their respective representatives meet at least once a year and more often if need be in order to:

- report on the current state and forecasted trend of the markets where the buildings are located,
- update the management objectives and commercial strategy and approve the multi-annual construction plan and to update it for the coming year,
- review the IT system, its performances, developments and interconnections,
- review the compatibility and management analyses,

The Asset Manager will promptly notify the Owner of any event or circumstance that has a negative or positive effect on the buildings' value.

2.2.2 – DRAWING UP AND CONTROLLING THE ACCOUNTING AND FINANCIAL INFORMATION PROVIDED TO THE SHAREHOLDERS

The individual and consolidated financial statements are drawn up by certified accountants working closely with the General Secretariat. The certified accountants, statutory auditors and top executives, and, where applicable, the Board of Directors discuss the main options as to the choice of accounting methods beforehand.

The top executives, General Secretariat, and outside parties (certified accountants and statutory auditors), and where applicable, the Board of Directors, draw up the accounting and financial reports to be circulated to the shareholders.

The Chairman and Managing Director and the Deputy Managing Directors are responsible for drawing up and controlling the accounting and financial information submitted to the shareholders working closely with the certified accountants and under the supervision of the statutory auditors.

2.3 – Ways to improve control

The year 2008 will provide an opportunity to better control the risks as they are identified in the group's management report.

Furthermore, the IT system will be improved by installing an integrated asset management tool that will serve as a shared database for the asset management and property management staffs working together with the top executives and Société de la Tour Eiffel.

3 – MANAGING DIRECTOR'S POWERS

Société de la Tour Eiffel top management post can be assumed either by the Board of Directors Chairman or by another individual appointed by the Board and bearing the Managing Director's title.

The Board of Directors voted on 10 July 2003 to appoint Mr. Mark Inch as Managing Director and appointed him as Chairman of the Board on 22 July 2003. At its meeting of 29 March 2007, the Board decided to have the Chairman of the Board continue to serve as Managing Director according to the procedures then in place. It renewed the Chairman's term for a three-year period.

It should be noted that the Board placed no limit on Mr. Mark Inch's powers as Managing Director, whose term was renewed on 29 March 2007 for a three-year term.

Moreover, we inform you that the Board of Directors appointed two Deputy Managing Directors on 30 September 2003 and 14 March 2005 respectively, conferring on them the same powers as the Managing Director. Their terms were renewed on 29 March 2007 for a three-year term.

The Chairman of the Board of Directors

4 – STATUTORY AUDITOR'S REPORT

Drawn up pursuant to Article L. 225-235 of the French Commercial Code Based on the report submitted by the Chairman of the Board of Directors of Société de la Tour Eiffel concerning internal audit procedures for the preparation and processing of accounting and financial information

To the shareholders of:

SOCIÉTÉ DE LA TOUR EIFFEL A French joint stock company (société anonyme) with capital of €249,264,144	20-22, rue de la Ville l'Évêque 75008 Paris

In our capacity of Statutory Auditors to Société de la Tour Eiffel and pursuant to Articles L. 225-235 of the French Commercial Code, following is 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 2007.

It is the Chairman's duty to report on how the Board of Directors prepares and organises its work and the internal monitoring procedures in place within the company. It is our duty to render any opinions we may have regarding the information provide in the Chairman's report concerning internal auditing 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 performing due diligence so as to assess the fairness of the information provided in the Chairman's report concerning internal audit procedures for the preparation and the processing of accounting and financial information.

This due diligence entailed the following in particular:

- familiarising ourselves with the objectives and general organisation of the internal audit procedures preparation and processing of the accounting and financial information underlying the information presented in the Chairman's report plus any existing documentation;
- familiarising ourselves with the work performed to compile this information and existing documentation;
- determining whether any material deficiencies in the internal audit relating to the preparation and processing of the accounting and financial information we may uncover while performing our audit are properly disclosed in the Chairman's report.

On the basis of our work, we have no opinion regarding the information provided on the company's internal audit 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 final section of Article L. 225-37 of the French Commercial Code.

Paris and Neuilly-sur-Seine, 21 February 2008

The Statutory Auditors

Expertise & Audit SA 3, rue Scheffer 75016 Paris	PricewaterhouseCoopers Audit 63, rue de Villiers 92200 Neuilly-sur-Seine
Pascal Fleury	Catherine Thuret

Resolutions submitted to the combined general shareholders' meeting held on 27 March 2008

1 – BY DECISION OF THE ORDINARY SHAREHOLDERS' 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 French Commercial Code) and the Statutory Auditors' report, the shareholders vote to adopt the annual financial statements for the financial year ended 31 December 2007, which show earnings of €31,576,159.

The General Meeting of Shareholders also approves transactions reported in these statements or summed up in these reports.

As a result, the Directors are fully and unreservedly discharged of their duties for said financial year.

SECOND RESOLUTION
(Appropriation of earnings – distribution)

In accordance with a proposal made by the Board of Directors, the General Shareholders' Meeting resolves to allocate the financial year's earnings as follows:

Financial year earnings of	€31,576,159
to which is added retained earnings	€2,702,069
from which is subtracted the accrual accounts as explained in this resolution	€6,700
giving a total of	€34,271,528
- a legal reserve contribution of	€1,578,808
leaving distributable earnings of	€32,692,720
from which has already been paid out an interim dividend of	€15,454,962
or €3.00 per share, as voted by the Board of Directors on 26 July 2007, resulting in a distributable earnings balance of	€17,237,758
- for distribution as the dividend balance or €3.00 per share	€15,579,009[1]
- with the balance of being considered as retained earnings.	€1,658,749[1]

(1) This amount could be adjusted as explained further on in this resolution.

The total amount of the dividends and Retained Earnings account could be adjusted to take into account the following events:

- the new shares issued before the dividend payout date as the result of exercising share options will pay a dividend of €3.00 per share which will be withheld, when appropriate, as Retained Earnings.
- in the event that, when the dividend is paid, the Company happens to hold some of its own shares, the earnings corresponding to the dividends not paid on the aforesaid shares would be appropriated to Retained Earnings.

The dividend shall be payable twelve days after the General Shareholders' Meeting which approved its distribution.

The General Shareholders' Meeting recognises that in respect of the issuance of 2,680 new shares following the exercise of share options between the 29 March 2007 General Shareholders' Meeting and the date the dividend is paid out of a total number of 2,750 new shares issued in 2007, the dividend paid on 5 April 2007 exceeds the dividend amount voted by the shareholders at their general meeting on 29 March 2007 in its second resolution and it ratifies the 12 February 2008 Board of Directors' decision which imputed the €6,700 surplus to Retained Earnings.

For the physical persons domiciled in France, all of the sums distributable and paid out in 2008 are eligible for:

- firstly, a 40% tax deduction in accordance with Article 158-3-2 of France's General Tax Code as revised,
- secondly, a fixed annual tax deduction of €1,525 for single, divorced, widowed and married taxpayers filing separate returns and €3,050 for married taxpayers filing joint returns or who are bound by a civil union agreement qualifying them for a joint filing pursuant to Article 158-3-5 of the General Tax Code.

Physical persons domiciled in France may opt to have 18% withheld on the amounts distributed and paid in 2008 in lieu of the progressive income tax by the terms of Article 117 section 4 of the General Tax Code.

The General Shareholders' Meeting officially notifies the Board of Directors that in accordance with Article 243(a) of the General Tax Code, it specified that the dividends paid over the past three financial years were as follows:

	FY 2004	FY 2005	FY 2006
Number of shares	2 538 270	5 076 540	5 190 253
Net dividend per share	€1.57 (1)	€2.85 (2)	€6.15 (3)

(1) Amount eligible for a 50% tax deduction benefiting physical persons whose tax domicile is in France as stipulated by Article 158-3 of the General Tax Code.
(2) Includes €2.00 eligible for the 50% tax deduction and €0.85 eligible for a 40% tax deduction benefiting physical persons whose tax domicile is in France as stipulated by Article 158-3 of the General Tax Code.
(3) Amount eligible for a 40% tax deduction benefiting physical persons whose tax domicile is in France as stipulated by Article 158-3 of the General Tax Code.

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 2007 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 Mr. Robert Waterland's deferred remuneration contract)

The General Shareholders' Meeting, after having heard and considered the Board of Directors' report and the statutory auditors' special report, resolves to approve amendment 1 to Mr. Robert Waterland's employment contract as authorised by the Board of Directors on 12 February 2008, which stipulates in particular that the deferred remuneration owed to Mr. Robert Waterland for the termination of his employment contract shall be subjected, for the compensation exceeding that stipulated by the collective bargaining agreement, to the following performance conditions:

- average annual increases of at least 5% of consolidated turnover (excluding the decrease in rental payments resulting from arbitrage) since 1 January 2007,
- and the average annual increase in the dividend of at least 5%, since 2007.

FIFTH 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 resolve to approve the conclusions of the said report and the agreements mentioned therein.

SIXTH RESOLUTION
(Attendance fees)

The General Meeting sets the sum of attendance fees to be split among the Board Members for the current financial year at €140,000.

SEVENTH RESOLUTION
(Renewal of Mr. Michel Gauthier's mandate as a Board member)

The General Meeting, upon noting that Mr. Michel Gauthier's mandate as a Board member was due to expire following the present Meeting, votes to renew it for a period of three years namely up until the end of the General Meeting to be held in 2011 convened to approve the accounts for the financial year 2010.

EIGHTH RESOLUTION
(Renewal of Mr. Claude Marin's mandate as a Board member)

The General Meeting, upon noting that Mr. Michel Gauthier's mandate as a Board member was due to expire following the present Meeting, votes to renew it for a period of three years namely up until the end of the General Meeting to be held in 2011 convened to approve the accounts for the financial year 2010.

NINTH RESOLUTION
(Appointment of Mr. Marc Allez as a Board member)

The General Meeting, on a proposal from the Board of Directors, appoints Mr. Marc Allez as a new Board member for a period of three years, namely up until the end of the General Meeting to be held in 2011 convened to approve the accounts for the financial year 2010.

TENTH RESOLUTION
(Ratification of the appointment of Mr. Philippe Prouillac as a Board member)

The General Meeting ratifies the appointment made on a temporary basis by the Board of Directors on 12 February 2008 of Mr. Philippe Prouillac as a new Board member to replace Mr. Alain Dinin for the remainder of his predecessor's term, 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 authorise, in keeping with Article 225-209 of the Commercial Code, the Board of Directors to acquire shares in the company in order to hedge share purchase options, the allocation of bonus shares and convertible bond plans, to conduct acquisition deals and, under the terms of a liquidity agreement, to stimulate the market to increase the company's share price.

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 share capital adjusted to allow for any changes that come about during the authorised period.

The maximum purchase price is set at €150 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 bonus shares, in the event of a stock split or a reverse stock split, 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 multiplier 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.

2 – BY DECISION OF THE SPECIAL SHAREHOLDER MEETING

TWELFTH RESOLUTION
(Modification of the articles of association and memorandum which relate to the recent tax provisions)

Recognising the conditions of quorum and majority required for special shareholder meetings and acknowledging the Board of Directors' report, and in order to take into account new tax provisions that apply to distributions by Listed Property Investment Companies (SIIC), the General Shareholders' Meeting votes to modify Articles 8 and 33 of the articles of association and memorandum, which will read as follows:

Article 8

"*The fully paid-up shares are recorded on the company's books or as bearer shares at the shareholder's choice.*

*However, any shareholder other than a physical person who happens to hold a percentage of the Company's dividend rights, either directly or through entities which he controls in the meaning of Article L. 233-3 of the French Commercial Code ("**Control**"), at least equal to that stipulated in Article 208 C II section 3 of the General Tax Code (a "**Relevant Shareholder**") must record all of the shares of which he is the registered owner on the company's books and ensure that the entities which he Controls record all of the shares of which they are the registered owners on the company's books. Any Relevant Shareholder who may not comply with this obligation will have the voting rights which he holds capped either directly or through the entities which he Controls on the third business day previous to the date of any of the Company's general shareholders' meetings at the latest to one-tenth of the number of shares which they respectively hold. The aforementioned Relevant Shareholder will recoup all of the voting rights attached to the shares which he holds, either directly or through entities which he Controls, during the general shareholders' meeting once he has formalized his situation by registering all of the shares which he holds, either directly or through entities which he Controls as the registered owner on the company's books on the third business day previous to the date of this general shareholders' meeting at the latest.*

The shares of which he is the registered owner on the company's books and the bearer shares are recorded under the terms and conditions stipulated by current laws and regulations.

The company may ask the body responsible for securities clearing to provide at any time, in exchange for a remuneration, the address and nationalities of the holders of shares conferring immediate or eventual voting rights in its own shareholders' meetings, as well as the amount of securities held by each of them, and, where applicable, the restrictions which could be placed on the securities."

Article 33

"*The Company's annual proceeds are recognized as profit, after having deducted all of the administrative expenses and withholding taxes, amortisation and allocations to provisions.*

A 5% withholding is set aside initially to build up a legal reserve fund out of the annual profits minus any previous year's losses if applicable. This withholding is no longer required once this reserve fund reaches a sum equal to one-tenth of the share capital.

The balance, plus any possible retained earnings constitute the distributable earnings.

The General Shareholders' Meeting votes either to distribute it or to appropriate it to retained earnings, or to transfer it to one or more reserve accounts.

*Any Relevant Shareholder (as defined in Article 8 of the articles of association and memorandum) whose own situation or that of its partners renders the Company liable for the withholding tax (the **"Withholding Tax"**) as stipulated in Article 208 C II section 3 of the General Tax Code (a "**Withholding Tax Shareholder**") shall be indebted to the Company at the time any distribution of dividends, reserves, premiums or "proceeds deemed to be distributed" in the meaning of the General Tax Code is paid out in the same amount as the Withholding Tax owed by the Company based on the same distribution.*

Any Relevant Shareholder is presumed to be a Withholding Tax Shareholder. If he declares that he is not a Withholding Tax Shareholder, he must offer the Company proof thereof by providing a satisfactory legal notice without reservations from an internationally reputed tax firm five (5) business days at the latest before the dividends are paid out. The legal notice must certify that he is not a Withholding Tax Shareholder and that any distributions paid out to him will not make the Company subject to the Withholding Tax.

*Assuming that the Company holds, either directly or indirectly, a percentage of the dividend rights greater or equal to that stipulated in Article 208 C II section 3 of the General Tax Code or several listed property investment companies stipulated in Article 208 C of the General Tax Code (a **"Daughter SIIC"**) and, the Daughter SIIC, owing to the Withholding Tax Shareholder's situation, would have paid the Withholding Tax, the Withholding Tax Shareholder must, where applicable, compensate the Company either for the amount paid as compensation by the Company to the Daughter SIIC times the percentage of the Company's dividend rights in the Daughter Company such that the Company's other shareholders do not have to bear in economic terms any portion whatsoever of the Withholding Tax paid by any one of the SIICs whatsoever in the chain of equity holdings owing to the Withholding Tax Shareholder (the **"Additional Compensation"**). The amount of Additional Compensation shall be borne by each of the Withholding Tax Shareholders in proportion to their respective dividend rights divided by the total dividend rights of the Withholding Tax Shareholders.*

The Company shall be entitled to do an off-set against any Withholding Tax Shareholder's offset receivable and the amounts which the Company owes to it. Thus, the company income tax-exempt sums withheld on the Company's earnings pursuant to Article 208 C II of the General Tax Code which should, in respect of each share held by the aforesaid Withholding Tax Shareholder, be paid to it pursuant to the aforementioned distribution decision or a share repurchase, shall be reduced in keeping with the amount of Withholding Tax owed by the Company as part of the distribution of these sums and/or of the Additional Compensation.

In the case of a distribution paid in shares, each Withholding Tax Shareholder shall receive a portion of the sums paid to it in the form of shares, with the understanding that there will be no assorted lots created, with the remainder being paid in cash, by a posting to the individual current account so that the offset mechanism described above can be applied to the fraction of the distribution paid out by recording in the individual current account.

The amount of any compensation owed by a Withholding Tax Shareholder shall be computed such that the Company is placed in the same situation as if the Withholding Tax had not been able to be levied once it has been paid and owing to the tax which could possibly be levied on it.

*Assuming that 1) following a distribution of dividends, reserves or premiums, or "proceeds deemed to be distributed" in the meaning of the General Tax Code withheld from the earnings of the Company or of a Daughter SIIC exempted from the company income tax pursuant to Article 208 C II of the General Tax Code, it turns out that a shareholder was a Withholding Tax Shareholder on the date the aforesaid sums were paid out and/or 2) the Company or the Daughter SIIC had to pay Withholding Tax on the sums paid out, without the aforesaid sums having been decreased as described above, this Withholding Tax Shareholder shall be required to pay to the Company, as compensation for the harm it has suffered, a sum equal firstly to the Withholding Tax which the Company would have paid for each share which the Company held on the date of the dividends, reserves or premiums in question were paid out and secondly, where applicable, the amount of the Additional Compensation (the **"Compensation"**).*

Where applicable, the Company shall be entitled to make an offset, within limits, between its receivable on the Compensation and any sums that may be subsequently paid out to this Withholding Tax Shareholder, without prejudice to, where applicable, the previous application of the aforesaid decrease on the aforesaid sums. Assuming that once it has made such an offset, the Company will be entitled to make another offset, within limits, with all of the sums that could be paid out subsequently to this Withholding Tax Shareholder until the aforesaid receivable was extinguished definitively."

THIRTEENTH RESOLUTION
(Harmonising the articles of association and memorandum with recent changes in the laws and regulations)

Having heard and considered the Board of Directors' report, the General Shareholders' Meeting votes to harmonise the Company's articles of association and memorandum with the provisions of the 11 December 2006 decree modifying the 23 March 1967 decree on commercial companies and consequently votes to modify Articles 14, 23, 24 and 29 of the articles of association and memorandum:

- Participation at Board of Directors' meetings using telecommunications tools.

Article 14

The following sentence is added to clause six:

"These tools must at least transmit the participants' voices in a simultaneous and continuous fashion".

- Access to general shareholders' meetings and registering shares on the company's books.

Article 23

The text of Article 23 is replaced by the following text:

"In order to be entitled to attend or to be represented at a General Shareholders' Meeting, the owners of shares must show proof that their securities are registered in their name, or in that of the financial intermediary registered on their behalf if the shareholders reside abroad by the third business day previous to the General Shareholders' Meeting date at zero hours, Paris time, either in the securities registry kept on the Company's books, or in the bearer securities registries kept by the certified financial intermediary. In the case of bearer shares, the certified financial intermediary shall issue a participation certificate which recognizes that the securities are recorded or registered in its own securities registry, and this certificate shall be appended to the absentee or proxy voting form or the admission card application form issued in the shareholder's name or on his behalf if he is a non-resident. A participation certificate is also issued to a shareholder who wishes to physically take part in the Shareholders' Meeting but who has not received his admission card by the third business day previous to the General Shareholders' Meeting at zero hours Paris time. The certificate may then be sent to the Company by electronic means if the shareholders can vote at the Shareholders' Meetings using electronic telecommunications tools provided that the Company had arranged for a website exclusively devoted for this

purpose. Where the shareholder has already cast his vote by absentee ballot, sent in a proxy vote or asked for his admission card or a participation certificate under the aforementioned terms and conditions, he may no longer choose another method to participate in the Shareholders' Meeting. It is nevertheless understood that any shareholder may nonetheless assign all or part of his shares during the minimal period cited above. If a shareholder who has already cast his absentee ballot, sent in a proxy vote or asked for his admission card or a participation certificate according to the terms and conditions cited above has assigned all or part of his shares before the 3rd business day previous to the Shareholders' Meeting at zero hours Paris time, the Company shall invalidate or modify as a consequence as the case may be, the vote cast by absentee ballot, proxy, the admission card or the participation certificate. In respect whereof, the certified custodial financial intermediary shall notify the Company or its agent and shall send it the necessary information.

Conversely, neither any assignment nor any other transaction conducted after the 3rd business day previous to the Shareholders' Meeting at zero hours Paris time, regardless of the communications tools used, shall be notified by the certified financial intermediary or taken into account by the Company, notwithstanding any agreement to the contrary.

Any shareholder who is entitled to attend the General Shareholders' Meetings may be represented by another shareholder or his spouse. This restriction does not apply to the legally appointed directors and corporate officers.

Any shareholder may cast an absentee ballot in accordance with the law.

The Board of Directors may decide that the shareholders may participate and vote at the shareholders' meeting by any telecommunications tools that allow for their identification under conditions set by law and regulations.

Any shareholders who participate in the General Shareholders' Meeting using videoconferencing or other telecommunications tools which can identify remote participants at the Shareholders' Meeting are deemed to be present for computing the quorum and majority."

- Calling of a general meeting of shareholders.

Article 24

The text of Article 24 is replaced by the following text:

"A notice of meeting must be published by law before the shareholders can hold a meeting.

The notice of meeting must be published at least 35 days before the date of the General Shareholders' Meeting unless the Shareholders' Meeting is called pursuant to Article 233-32 of the French Commercial Code where the notice of meeting is sent out within a reduced period at least fifteen days before the General Shareholders' Meeting.

This notice must contain the following items:

1°) the company's official name followed by its acronym where applicable,

2°) the company's legal form,

3°) the amount of share capital,

4°) the address of the company's registered office,

5°) the shareholders' meeting agenda,

6°) the text of proposed resolutions that will be put before the shareholders' meeting by the Board of Directors,

7°) the place and the conditions in which these forms can be obtained, except for the case where the company sends an absentee ballot form to all of its shareholders,

8°) where applicable, the existence and the address of the site mentioned in Article R. 225-61, plus the e-mail address where the questions may be submitted in writing.

The notice must also notify those shareholders who hold the minimum equity stake required and who can prove it with a certificate of share registry, that they may request that proposed resolutions be put on the meeting agenda, which is published in the notice of meeting up to 25 days before the General Shareholders' Meeting. However, these requests must be sent at least 20 days from the time the notice of meeting is published when this is published over 45 days before the General Shareholders' Meeting. The deadline is 5 days from the time the notice of meeting is published when the General Shareholders' Meeting is convened pursuant to Article 233-32 of the Commercial Code. The notice mentions the time allowed for submitting the requests.

The shareholders' meetings are convened by a notice published in one of the legal gazettes of the registered office and in the Bulletin des Annonces Légales Obligatoires at lease fifteen days before the meeting. When the General Shareholders' Meeting is convened pursuant to Article L. 233-32 of the Commercial Code, the calling of meeting period may be reduced to 6 days on the first calling of meeting and 4 days on the second calling of meeting.

The Board of Directors must draw up the meeting agenda if it calls the meeting or authors the calling to meeting. One or more shareholders who represent a percentage of the share capital fixed by law are empowered to require that a proposed resolution be recorded on the meeting agenda under current laws.

Beginning on the date the Shareholders' Meeting is convened, any shareholder is entitled, under the terms stipulated by laws and regulations, to submit questions in writing to which the Board of Directors shall respond during the Shareholders' Meeting."

FOURTEENTH 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.