



SOCIÉTÉ DE LA
TOUR EIFFEL

“*Société anonyme*” (public limited company) with capital of €249,264,144
Registered Office at: 20-22 rue de la Ville l’Evêque - 75008 PARIS
Registration number : 572 182 269 RCS Paris

2008 HALF-YEAR FINANCIAL REPORT

HALF-YEAR BUSINESS REPORT:

I	Balance sheet and profit and loss statement as at 30 June 2008 Cash Flow Statement as at 30 June 2008	page 2
II	The group’s business during the first half of 2008	page 6
III	Comments on the half-year results Events occurring after 30 June 2008 Outlook	page 10
IV	Net Asset Value	page 12
V	Financial resources	page 13
VI	Distribution of an interim dividend	page 13

CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS	page 14
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REPORT BY THE AUDITORS	page 61
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CERTIFICATE BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT	page 63
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(I) CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2008

BALANCE SHEET – ASSETS

<i>In thousands of euros</i>	Notes	30 June 2008	31 December 2007
		Net	Net
NON CURRENT ASSETS			
Property, plant & equipment	1	93,366	74,938
Investment properties	2	974,433	1,007,908
Goodwill on acquisitions	3	-	-
Intangible fixed assets	4	2,658	3,043
Long-term investments	5	17,979	19,691
Deferred tax assets		-	-
Total Non current Assets (I)		1,088,436	1,105,580
CURRENT ASSETS			
Assets for disposal		-	-
Trade receivables	6	13,025	8,685
Other accounts receivable and adjustment accounts	7	37,964	29,241
Cash and cash equivalents	8	76,603	27,026
Total current assets (II)		127,592	64,952
TOTAL ASSETS (I + II)		1,216,028	1,170,532

BALANCE SHEET – LIABILITIES

<i>In thousands of euros</i>	Notes	30 June 2008	31 December 2007
SHAREHOLDERS' EQUITY (group share)			
Capital	9	249,264	249,264
Share premiums	9	42,653	42,653
Legally required reserve		4,142	2,563
Consolidated reserves		156,862	85,424
Current-year consolidated income		21,244	91,595
SHAREHOLDERS' EQUITY (group share) (A)		474,165	471,499
Minority interests (B)		57	69
SHAREHOLDERS' EQUITY (I) = (A + B)		474,222	471,568
NONCURRENT LIABILITIES			
Long-term borrowings	10	626,905	597,976
Other financial liabilities	10	12,008	15,022
Long-term provisions	11	677	619
Tax liabilities	12	8,130	8,219
Deferred taxation liabilities	13	-	-
Other long-term liabilities	14	298	
Total non-current liabilities (II)		648,018	621,836
CURRENT LIABILITIES			
Borrowings and financial debt (less than 1 year)	10	11,392	14,905
Other financial liabilities	10	316	327
Provisions (less than one year)	11	-	-
Tax and social liabilities	12	19,234	12,843
Trade payables and other debts	14	62,846	49,053
Total current liabilities (III)		93,788	77,128
TOTAL LIABILITIES (I + II + III)		1,216,028	1,170,532

CONSOLIDATED INCOME STATEMENT

<i>In thousands of euros</i>	Notes	30 June 2008	30 June 2007
Turnover	15	42,734	38,858
Purchases consumed	16	(33)	(46)
Staff expenses	17	(2,564)	(3,173)
External expenses	17	(9,016)	(6,769)
Property taxes	17	(4,075)	(3,058)
Net depreciation allowances	18	(421)	(412)
Net allowances for provisions	18	(436)	192
Net value adjustment balance	19	3,848	82,903
Other operating revenues and expenses	20	(326)	650
Operating income on ordinary activities		29,711	109,145
Other operating income and expenses		-	-
Operating profit		29,711	109,145
Revenues from cash and cash equivalents		695	488
Gross cost of financial debt		(18,105)	(11,556)
Net cost of financial debt	21	(17,410)	(11,068)
Other financial income and charges	22	9,460	6,237
Corporate income tax	23	(529)	(6,387)
NET PROFIT		21,232	97,927
Minority interests		(12)	38
NET PROFIT, GROUP SHARE		21,244	97,889
Profit per share	24	4,09	18,86
Diluted profit per share	24	4,14	18,72

CASH FLOW STATEMENT

<i>In thousands of euros</i>	30 June 2008	30 June 2007
CASH FLOW FROM OPERATIONS		
Consolidated net profit	21,232	97,927
<i>Restatement:</i>		
Net financial allowances to depreciation and provisions	478	412
Net balance from value adjustments of investment properties	(3,848)	(82,903)
Profits / losses on value adjustments on the other assets and liabilities	(7,633)	(4,359)
Calculated charges and income from payments in shares	-	-
Changes in deferred taxes and Exit Tax debts	-	-
Capital gains & losses from disposals	352	1
= Cash flow from operations after net cost of financial debt and income tax	10,581	11,078
Income Tax expense	529	6,387
Net cost of financial debt	17,410	11,068
= Cash flow from operations before net cost of financial debt and income tax	28,520	28,533
Taxes paid	(103)	(879)
Change in working capital requirement linked to operations	8,969	13,063
= Net cash flow from operations	37,386	40,717
CASH FLOWS LINKED TO INVESTMENT TRANSACTIONS		
Acquisition of fixed assets		
<i>Intangible and tangible</i>	(66,749)	(26,460)
<i>Financial</i>	-	-
Disposal of fixed assets	83,888	-
Change in loans and financial receivables agreed	9,495	113
Impact of changes in the consolidation scope	(724)	(35,175)
= Net cash flows from investment activities	25,910	(61,522)
CASH FLOWS LINKED TO FINANCING OPERATIONS		
Dividends paid to shareholders of the parent company	(15,251)	(12,976)
Dividends paid to minority interests	-	-
Increase in capital	-	214
Increase in own shares	(3,984)	-
Borrowings issues	100,352	132,894
Borrowings repaid	(78,695)	(79,853)
Net financial interest paid	(16,112)	(10,221)
Changes in other financial debts	-	346
= Cash flows linked to financing operations	(13,690)	30,404
CASH FLOW VARIATION	49,606	9,599
Cash position at opening	26,957	22,105
Cash position at closing	76,563	31,704
Cash variation	49,606	9,599

II - GROUP ACTIVITY DURING THE FIRST HALF OF 2008

The company maintained a sustained level of activity throughout the first half of the year in terms of leasing of its existing portfolio and the development of new properties, respecting its investment strategy based on affordable rents and high returns especially pertinent in the current “economic environment”; performance in regional markets was particularly encouraging.

(a) Investment policy

(a-1) New operations

During the first half of 2008, Société de la Tour Eiffel continued its expansion via the acquisition of four properties representing a total value of €36 million in commitments, with a potential annual rental income of €3 million:

- In Amiens, purchase of a recent warehouse and office building, of 18,000 sq.m. on a site of 33,500 sq.m.; the vendor remains as tenant on a nine-year fixed lease. In addition to an initial yield of 8.5%, the site presents attractive long-term prospects for revaluation, since it is located in the Saint Lodre ZAC, an established retail location, anchored by a Carrefour hypermarket. The cost of the investment is €5.5 m.

- In Chartres, the ZAC du Jardin d’Entreprises, acquisition of the first phase of a mixed-use, office and light industrial development. Two buildings of 5,700 sq.m. will be delivered in the heart of Cosmetic Valley alongside the A11 motorway. This represents an investment of €13 million with an expected yield of 7.5%. Eventually, this project will cover a grand total of 22,800 sq.m. The Company has an option on the later phases.

- In Saint-Cloud, at 48 quai Carnot, the company acquired a recent building of 4,000 sq.m. comprising studios and offices, subject to a 9-year lease. This investment of approximately €12 million, offers an initial yield of this 8%. The property benefits from significant redevelopment reserves.

- The latest purchase was made on 4 March 2008 via the acquisition of the shares of the company SCI Duranne Sud. On 8 January 2008, this company purchased a building plot in the Parc de la Duranne ZAC, in Aix Les Mille, and entered into a property development agreement on 4 March 2008 concerning the construction of a pre-leased office building (2,747 sq.m.) with parking spaces, due to be delivered by late 2008.

These purchases occurred in the context of the company’s investment strategy founded on the acquisition of new or recent buildings that offer both high, secure long-term yields and possibilities for redevelopment.

The value of the portfolio including commitments as at 30 June 2008 amounted to €1,143m. The total portfolio comprises investment properties registered in the accounts at 30 June 2008 (€974.4m), buildings under construction based on their projected value on completion (€155.3m) and the completion value of properties the group has committed to develop (€13.3m). The commitments overall represent an annual rent potential of €83m.

(a-2) Transactions in progress

Nearly 24,000 sq.m. of new buildings, the construction of which was commenced in 2007, were delivered in the first half of 2008:

- at Le Bourget, the L'Espace business park (9,641 sq.m.) currently being marketed;
- in Nantes (la Chapelle sur Erdre), Parc du Connemara (3,000 sq.m.) two-thirds preleased;
- in Saint-Gibrien, an extension of the Sorting Centre (leased to La Poste);
- in Aix en Provence, in the Parc du Golf (preleased in its entirety);
- in Bordeaux/Mérignac, two buildings located in the Cadéra business park (marketing in progress).

The office developments "Domino" (Paris-Porte des Lilas – 11,600 sq.m.) and Citizen (Rueil Malmaison – already preleased to Solétanche Bachy) are near completion and due to be delivered in late July 2008.

As for the Vélizy site, the Energy II building (6,000 sq.m.) has undergone significant renovation due to be completed in August 2008. The Topaz development (15,000 sq.m.), has commenced and is due to be delivered in mid 2010.

(b) Policy for developing the group's property reserves and business parks

b-1) The group's property reserves

The redevelopment of the Massy Ampère site was initiated with the signature of a firm nine-year lease with Alstom on 23 February 2008; this concerns an initial 18,000 sq.m. of offices with canteen and basement parking on which construction began in March 2008. This building – designed by renowned architect Jean-Michel Wilmotte – will meet France's requirements for green buildings (i.e. certified "HQE") and be delivered late in 2009.

The company made certain commitments regarding this site to the Massy SEM (local authority) in accordance with a master plan signed in October 2007. Along with the construction of this building, the company is scheduled to complete the following operations in this context:

- to sell Block 5F (9,714 sq.m.) to a developer for a residential programme;
- to sell another block to the SEM Massy for the provision of public facilities and new roadways.

These sales will generate revenues of around €14 million, whilst establishing the office construction potential at 65,000 sq.m. that the company intends developing according to rental demand. Meanwhile, it will continue optimising the development potential through the planning process.

Similarly, in its Business Parks, the Company is continuing to seek planning consents and is commencing construction of new buildings, particularly in Nantes, Aix, Strasbourg, and Marseille.

b-2) Business parks

Société de la Tour Eiffel's intends to become a leading player in the business park field in France.

With this goal in mind, the continued renovation and upgrade of the 12 business parks is a major focus of development for 2008. New construction perfectly attuned to tenant demand as well as the renovation of existing blocks will increase both the prestige and value of the parks.

Since the Company is now in many cases the majority owner and sometimes the sole owner of these business parks, the decision was made 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.

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 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.

Lastly, the planned contribution-merger of Parcoval to Locafimo will simplify the internal legal structures, since both companies have a similar business line and complementary business park portfolios; it will also generate significant economies of scale and lead to the standardisation of marketing and property management.

(c) Leasing activity

Over the first half of 2008 letting activity has been sustained for the existing portfolio with regard both to lease renewals and new tenancies, representing two million euros of annual rent for a total area of 17,000 sq.m.

As at 30 June 2008, the physical occupation rate of the portfolio was 89%; after retreatment of the developments recently delivered at Le Bourget and Bordeaux (currently being marketed), the physical occupation rate remains stable at 90% as compared with 31 December 2007; the financial occupation rate equates to 90% as at 30 June 2008.

(d) Property trading policy

As in the 2007 financial year, Société de la Tour Eiffel will continue to implement its business model in 2008 based on rationalising its portfolio including the disposal of non-core or mature assets.

In the first half of 2008 the Company completed the sale of a portfolio valued at nearly €92 million to several real estate investment companies ["SCPI"] managed by UFG REM; it also sold part of the Massy Ampère site for €2.1 million.

The properties involved in the portfolio sale are:

- **Massy Campus 2:** 13,600 sq.m. of new offices, entirely leased;
- **The Tour Maine Montparnasse:** Paris – 1,750 sq.m. to be renovated, on floor 13;
- **The Tour Crédit Lyonnais:** Lyon – 10,500 sq.m. on 9 floors, leased to various tenants.

The transaction was completed in excess of the appraisal value of 31 December 2007, with a gain for the Massy property that compensates for a lower valuation on the two older towers, the prices of which we impacted by renovation work currently underway.

As a result of this transaction, Société de la Tour Eiffel was able to:

- record a distributable capital gain;
- reduce its debt ratio to 53%;
- increase its resources so as to be able to finance its own development projects, including the Alstom site at Massy;
- trade two non-strategic properties (the condominium lots in the two towers).

The reduction in rent will be offset in the portfolio by the future revenues of the new buildings currently under construction. Pending the delivery of these projects, the Company can count on the distribution of the

capital gain generated by this transaction to ensure its dividend requirements. The future cash flow offered by new developments will be of superior quality and yield.

The sale of Massy Campus, one of Société de la Tour Eiffel's high quality properties, also reduced its exposure to the Massy market, where the group is currently building state-of-the-art, green-certified offices ["HQE"] for Alstom, of 18,000 sq.m. In coming years, this site could generate a total 80,000 sq.m. of development.

(e) Bank financing

During the first half of 2008, the Group adjusted its working capital requirements as a result of acquisitions and developments in progress (in excess of €90 million) and renegotiated 60% of its total debt with one of the group's principal bankers extending the maturity as well as simplifying the loan structures and procedures.

On 14 January 2008, Société de la Tour Eiffel arranged a four million euro loan to finance the acquisition of the property in Amiens (80000), 25 rue Le Tintoret. On 16 January, it took out a €9.7 million loan to finance the property at 48 quai Carnot, Saint Cloud (92000).

SCI Arman F02 took out two loans on 28 March 2008, one for €63.5 m to cover the repayment of existing borrowings and finance the first phase redevelopment of the Massy Ampere site (€40 m) and a second of €8.8 m to cover V.A.T finance.

Lastly, SCI Duranne Sud took out a loan on 18 March 2008 for €5.5 m (of which €1.05 m was attributed to V.A.T.) with the purpose of financing the construction development contract for offices located in Aix en Provence/Les Milles (Bouches du Rhône).

All these financings and refinancings were accompanied by rate hedging instruments in the form of fixed-rate swap contracts.

Locafimo:

To simplify its obligations to the bank that has been funding Locafimo since 2001, on 30 June 2008, the subsidiary entered into a 2008 "consolidated and amended version" of the loan agreement dated 1st June 2001, under the terms of which:

- the outstanding amounts of the various tranches set up over time when Locafimo took out loans are consolidated into a single credit line;
- the principal amount of the credit is raised to maximum amount of €424 million;
- the maturity date of the senior credit is extended by three years, until 30 June 2013;
- a supplementary line of credit of €56 million is granted.

This contract took effect on 21 July 2008, the date of the merger-absorption of Parcoval and Lyon Lilas by Locafimo.

III - COMMENTS ON THE HALF-YEAR EARNINGS, EVENTS AFTER 30 JUNE 2008 AND OUTLOOK

(a) Accounting Standards – Scope of Consolidation

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union on 30 June 2008.

The accounting methods applied are strictly identical to those adopted for the production of the annual financial statements to 31 December 2007.

As at 30 June 2008, the scope of consolidation included 31 companies consolidated by the comprehensive consolidation method (100% ownership, except for one, which is 90% owned), representing one addition compared with the 31 December 2007 figure: the purchase of SCI Duranne Sud.

(b) Consolidated Balance Sheet and Income Statement

Balance Sheet: The changes in the balance sheet between 31 December 2007 and 30 June 2008 can be explained largely by:

- ➔ on the assets side:
 - the net reduction of non-current assets by more than €17 million, due to (a) the €42 million increase through investments made during the first half (including €19 million attributable to buildings under construction in Paris, Rueil Malmaison, and several business parks), the change in fair value of the investment properties in the amount of four million euros, the increased value of interest rate hedging instruments (€8 m) and, conversely, the decline of €93 m due to properties sold (current assets);
 - the increase of nearly €50 million in cash.
- ➔ on the liabilities side, the increase in shareholders' equity and current and non-current liabilities, chiefly bank loans.

Income statement : Between 2007 and 2008, the consolidated turnover for the first half recorded an increase of nearly 10%, increasing from €38.9 m to €42.7 m, due (a) for the greater part to purchases and delivery of properties (+ €1.9 million) and (b) to a lesser degree, to the indexation of rents that occurred this half-year (+ €1.4 m), minus the rents pertaining to properties sold end of 2007 and in 2008 (- €2.7 m). It includes solely the rents (€36.0 m, compared with €35.4 million) and invoiced service charges (€6.7 m compared with €3.5 m) of property subsidiaries.

Staff charges include the Awon Asset Management pay roll costs, the management of the holding company and the adjustment of the market value of the stock option plans and bonus share allocation plans.

External charges are largely made up of operating charges of the properties, property management costs, general overheads and operating costs of the Société de la Tour Eiffel group's companies. Taxes relate solely to buildings.

The net balance of the value adjustments (€3.8 m) corresponds to the limited increase in property valuations between 31 December 2007 and 30 June 2008.

We must point out that the current operating earnings as at 30 June 2008 included a negative figure of €0.3 m in other net operating charges, made up largely of losses on property disposals.

Given these factors, the operating earnings come to €29.7 million as at 30 June 2008, as against €109.1 million on 30 June 2007.

The deterioration in the financial income for the first half of 2008 (- 17.4 m) compared with that of the first half of 2007 (- 11.1 m) is directly associated with the increase in outstanding bank finance as well the rise in the interest rates.

The other financial revenues (€9.5 m to 30 June 2008) are chiefly made up of the market adjustment of the hedging instruments in a context of rising interest rates, and the discounting of the exit tax.

Given the foregoing and a tax of €0.5 million, the net consolidated result as at 30 June 2008 comes to €21.2 million, as against €97.9 million as at 2007.

(c) Parent Company Earnings

As at 30 June 2008, interim accounts were established for each of the STE subsidiaries and the earnings at 30 June 2008 of the profit-making companies consolidated 100%, with the parent company, Massy Campus 2 being exceptional at 80%.

The turnover of the parent company (Société de la Tour Eiffel) came to €3.5 million, comprising re invoicing subsidiaries various investment, financing and administrative costs, and asset management services (according to the terms of the asset management master agreement entered into with Awon Asset Management) as well as rental income from the Saint Cloud and Amiens properties purchased at the outset of 2008.

Operating revenues come to €4.4 million as at 30 June 2008. Operating charges are made up of the costs relating to the asset management master agreement entered into with Awon Asset Management, certain financing and investment charges, allocations to depreciation of buildings, and Société de la Tour Eiffel's general overheads.

The operating loss comes to €1.5 million in the first half of 2008, compared with the previous year's loss of €1.1 million.

The financial profit, which amounts to €30.5 million as at 30 June 2008, versus €17.0 million as at 30 June 2007, mainly comprises subsidiary's dividend 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 held shares.

In light of an extraordinary loss of one million euros as a result of a loss on buy-back of shares, the net earnings come to €28.1 million as at 30 June 2008, versus €15.8 million the year before.

(d) Events occurring after 30 June 2008

On 21 July 2008, Locafimo absorbed Parcoval and SCI Lyon Lilas assuming all their assets, rights and liabilities, with a view to clarifying the branding and management, achieving economies of scale, synergies and simplifying legal structures, as the companies undertake similar business and each owns a portfolio of complementary business parks.

On 29 July 2008, the Company renewed its share buyback programme for 18 months as of the General Meeting held on 27 March 2008, the purpose of which is:

- to provide liquidity and stimulate the market through an investment services firm using a liquidity agreement that conforms to the AFEI's ethics charter;

- to enable shares to be granted to Company management and staff owning stock options under the provisions of L.225-177 of the Commercial Code and to attribute bonus shares pursuant to the provisions of Articles L.225-197-1 of the Commercial Code ;
- to remit shares as payment or in exchange as part of external growth transactions.

The maximum purchase price per share is set at €150. The maximum number of securities that can be bought back is 519,300 shares, representing 10% of the capital in Société de la Tour Eiffel.

Several properties were completed and delivered over the month of July 2008, including the Connemara Park in Nantes, “Citizen” at Rueil Malmaison, and Buildings 23 and 25 in the Parc du Golf at Aix en Provence.

(e) Outlook

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 trading, while maintaining its commitment to retain a dividend at all times.

In the current economic and market climate, the Company will continue its expansion according to its objectives, particularly the enhancement of its land reserves, without taking any undue rental risk, both on its Massy site and in its business parks. It intends to strengthen its presence in the regions, where the commercial real estate market is holding up well, while continuing to develop new properties with moderate rents, driven by a rental demand that is increasingly cost conscious.

IV - NET ASSET VALUE

The entire asset base of Société de la Tour Eiffel was appraised on 30 June 2008 by the following independent valuers: Atisreal Expertise, Savills Expertises, Drivers Jonas, Cushman & Wakefield and Ad Valorem.

Pursuant to the recommendations of the AMF (French markets regulator), these appraisals were undertaken according to recognised perennial methods on the basis of the net contract price, i.e., exclusive of transfer costs.

Net asset value, inclusive of taxes

To calculate the net asset value, inclusive of duties, the properties are first taken at their all up contract price according to the appraisals issued by the independent valuers. In the consolidated financial statements, buildings under construction, as per IFRS standards, are stated at cost regardless of later capital gain upon completion. Since June 2007, for the purpose of calculating the net asset value however, buildings under construction are included, on the basis of the net appraisal value upon completion, with an allowance made for the cost of completion.

The net asset value is not affected by any restatement, since the whole IFRS balance sheet as at 30 June 2008 is registered as “market value,” with the exception of the unrealised capital gain on intangible assets (value of Awon Asset Management business) and the unrealised gains on buildings under construction.

Net asset value, excluding transfer costs

A second calculation establishes the net asset value, excluding taxes. The transfer fees are estimated at 5% of the net asset value of the company that owns an asset. This method of calculating transfer fees has been adopted since the outset of the company's real estate activity.

Net Asset Value, net of transfer costs, amounted to €101 per share at 30 June 2008 versus €101.9 per share at 31 December 2007, i.e. a minimal decline of 1%.

V - FINANCIAL RESOURCES

As described in the highlights of the half-year, the Group financed and refinanced nearly €90 million in bank debt. The gross financial debt as at 30 June 2008 comes to €650.6 million; after 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, the net financial debt comes to €571.3 m.

The average maturity of the Company's debt is 5 years as at 30 June 2008, after renegotiation of the debt as described in the highlights, compared with 4 years as at 31 December 2007.

The average cost for Group refinancing was 5.4% as at 30 June 2008 (5% on 31 December 2007).

As at 30 June 2008, the rate of hedging of the total debt (ratio of fixed-rate or variable-rate debts hedged by caps or swaps) came to 100%, of which 56 % was fixed-rate and hedged by swaps, and 44% variable-rate hedged by caps.

On the basis of the rates situation on 30 June 2008 and hedges in place, in the event of an average rise in interest rates of 100 bp, the resulting increase in finance charges would have a negative impact on 2008 earnings of €0.2 million.

Financial structure ratios

Financial Ratios	31/12/2007	30/06/2008
Loan to value (1)	54.5 %	53.5 %
Hedging of net financial fees by Gross Operating Profit	1.9	1.5

(1) Net financial debt / pre-tax value of the properties

VI - DISTRIBUTION OF AN INTERIM DIVIDEND

In light of distributable earnings at 30 June 2008 of 28.7 million, amounting to €5.5 per share, the Board of Directors at its meeting on 29 July 2008 decides to pay an interim dividend of €3.5 per share on 8 August 2008.



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CONTENTS

BALANCE SHEET – ASSETS	3
BALANCE SHEET – LIABILITIES	4
INCOME STATEMENT	5
CASH FLOW STATEMENT.....	6
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	7
APPENDIX	8

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Tax and social liabilities	12	19,234	12,843
Trade payables and other debts	14	62,846	49,053
Total current liabilities (III)		93,788	77,128
TOTAL LIABILITIES (I + II + III)		1,216,028	1,170,532

CONSOLIDATED INCOME STATEMENT

<i>In thousands of euros</i>	Notes	30 June 2008	30 June 2007
Turnover	15	42,734	38,858
Purchases consumed	16	(33)	(46)
Staff expenses	17	(2,564)	(3,173)
External expenses	17	(9,016)	(6,769)
Property taxes	17	(4,075)	(3,058)
Net depreciation allowances	18	(421)	(412)
Net allowances for provisions	18	(436)	192
Net value adjustment balance	19	3,848	82,903
Other operating revenues and expenses	20	(326)	650
Operating income on ordinary activities		29,711	109,145
Other operating income and expenses		-	-
Operating profit		29,711	109,145
Revenues from cash and cash equivalents		695	488
Gross cost of financial debt		(18,105)	(11,556)
Net cost of financial debt	21	(17,410)	(11,068)
Other financial income and expenses	22	9,460	6,237
Corporate income tax	23	(529)	(6,387)
NET PROFIT		21,232	97,927
Minority interests		(12)	38
NET PROFIT, GROUP SHARE		21,244	97,889
Profit per share	24	4,09	18,86
Diluted profit per share	24	4,14	18,72

CASH FLOW STATEMENT

<i>In thousands of euros</i>	30 June 2008	30 June 2007
CASH FLOW FROM OPERATIONS		
Consolidated net profit	21,232	97,927
<i>Restatement:</i>		
Net allowances to depreciation and provisions	478	412
Net balance from value adjustments of investment properties	(3,848)	(82,903)
Profit / loss on value adjustments on the other assets and liabilities	(7,633)	(4,359)
Calculated charges and income from payments in shares	-	-
Changes in deferred taxes and Exit Tax debts	-	-
Capital gains & losses from disposals	352	1
= Cash flow from operations after net cost of financial debt and income tax	10,581	11,078
Income tax expense	529	6,387
Net cost of financial debt	17,410	11,068
= Cash flow from operations before net cost of financial debt and income tax	28,520	28,533
Taxes paid	(103)	(879)
Change in working capital requirement linked to operations	8,969	13,063
= Net cash flow from operations	37,386	40,717
CASH FLOW LINKED TO INVESTMENT TRANSACTIONS		
Acquisition of capital assets		
<i>Intangible and tangible</i>	(66,749)	(26,460)
<i>Financial</i>	-	-
Disposal of capital assets	83,888	-
Change in loans and financial receivables agreed	9,495	113
Impact of changes in the consolidation scope	(724)	(35,175)
= Net cash flow for investment activities	25,910	(61,522)
CASH FLOWS LINKED TO FINANCING OPERATIONS		
Dividends paid to shareholders of the parent company	(15,251)	(12,976)
Dividends paid to minority interests	-	-
Increase in capital	-	214
Increase of own shares	(3,984)	-
Borrowings issues	100,352	132,894
Borrowings repaid	(78,695)	(79,853)
Net financial interest paid	(16,112)	(10,221)
Changes in other financial debts	-	346
= Net Cash flow linked to financing operations	(13,690)	30,404
CASH FLOW VARIATION	49,606	9,599
Cash position at opening	26,957	22,105
Cash position at closing	76,563	31,704
Cash variation	49,606	9,599

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>In thousands of euros</i>	Capital	Premi- ms	Legally required reserve	Consolidate d reserves	Current- year net income	Total, Group share
Position at 01.01.07	249,132	42,571	743	423	117,908	410,777
Results – Allocation	-	-	1,820	116,088	(117,908)	-
Dividends paid	-	-	-	(28,430)	-	(28,430)
Increase in capital	132	85	-	-	-	217
Costs of capital increase	-	(3)	-	-	-	(3)
Income for the period	-	-	-	-	91,595	91,595
Share subscription warrants	-	-	-	-	-	-
Stock option plans	-	-	-	4,110	-	4,110
Share buy-back	-	-	-	(6,767)	-	(6,767)
Position at 31.12.07	249,264	42,653	2,563	85,424	91,595	471,499
Results – Allocation	-	-	1,579	90,016	(91,595)	-
Dividends paid	-	-	-	(15,251)	-	(15,251)
Increase in capital	-	-	-	-	-	-
Costs of capital increase	-	-	-	-	-	-
Income for the period	-	-	-	-	21,244	21,244
Share subscription warrants	-	-	-	-	-	-
Stock option plans	-	-	-	657	-	657
Share buy-back	-	-	-	(3,984)	-	(3,984)
Position at 30.06.08	249,264	42,653	4,142	156,862	21,244	474,165

APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 “*société anonyme*” [type of public limited company] registered and domiciled in France. Its registered office is at 20-22 rue de la Ville l’Evêque, Paris.

The Company is listed on the Eurolist section (compartment B) of Euronext Paris (France).

The consolidated financial statements as at 30 June 2008 were adopted on 29 July 2008 by the Board of Directors. They are presented in thousands of euros, unless stated otherwise.

The net income reported in the consolidated financial statements as at 30 June 2008 cannot be compared directly with that of 30 June 2007 due mainly to the acquisition of Parcoval on 31 March 2007.

2. Accounting methods

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

2.1 Basis for preparation of the financial statements

The consolidated financial statements of the Société de la Tour Eiffel Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted within the European Union.

The preparation of financial statements in accordance with the IFRS requires that certain pertinent accounting estimates be applied. Management must also exercise its judgment in respect of the application of the Company’s accounting methods. The areas for which the stakes are the highest in terms of judgment or complexity or those for which the assumptions and the estimates are significant in relation to the consolidated financial statements are discussed in Note 4.

The new standards that have come into application since January 2007 are the following:

- **IFRS 7, Financial Instruments: disclosures** (applicable to financial years that begin on or after 1st January 2007), **Amendment to IAS 1, Presentation of financial statements: disclosures regarding share capital** (effective as of 1st January 2007).

The mandatory application standards as at 1st January 2009, and which have not yet been applied early are the following:

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

The closing date of year-end accounts of all the Group’s companies is 31 December.
 The consolidated financial statements are drawn up on that basis.

2.2 Method of consolidation

Subsidiaries

Subsidiaries are all entities over which the Company has the power to exert significant influence over the financial and operational policies, generally combined with a shareholding of more than half the voting rights. Potential voting rights are taken into account in assessing the control exercised by the Group over another entity where these rights derive from instruments that can be exercised or converted at the time that assessment is made. The subsidiaries are consolidated comprehensively as of the date on which the control is transferred to the Group. They cease to be consolidated as of the date on which that control ceases to be exercised.

The purchase method is used in accounting for the acquisition of subsidiaries by the Group. The cost of an acquisition is equal to the fair value of the assets transferred, the equity instruments issued and the liabilities incurred or assumed as at the date of the exchange, plus any costs directly attributable to the acquisition. In the case of a combination of companies, the identifiable assets that have been acquired, the identifiable liabilities and any liabilities assumed are initially valued at their fair value at the date of acquisition, regardless of the value of the minority interests.

The excess of the cost of acquisition over the fair value of the pro-rata share to the Group in the net identifiable assets acquired shall be recorded as goodwill. When the cost of acquisition is less than the fair value of the pro-rata share in the net assets of the subsidiary acquired, the gap is posted directly to the income statement (cf. Note 2.6).

2.3 Grouping of companies and asset acquisitions

2.3.1 Grouping of companies

When the company acquires an economic activity as the term is used in IFRS 3, such acquisition is treated as the formation of a group of companies, also as the term is used in that standard. In this circumstance, deferred tax and goodwill are likely to be recorded.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share in the identifiable assets and liabilities, and any losses, of the subsidiary as at the acquisition date. (cf. Note 2.2)

Goodwill recorded separately is subjected to an annual impairment tests as per IAS 36, and is also tested prior to the end of the financial year in which the acquisition occurred. It is recorded at its cost, minus the aggregation of the losses of value. Losses of value of goodwill may not be reversed. The income achieved upon disposal of an entity takes account of the book value of the goodwill of the entity sold.

For impairment testing, goodwill is allocated to cash generating units (CGU), which are expected to gain some benefit from the group being formed. Impairment is recorded at the rate of the excess of the cash generating unit's book value over its recoverable value. A CGU's recoverable value is the higher amount of its fair value minus sale costs or its utility value.

The treatment of these acquisitions as the formation of groups of companies has the effect of recording deferred tax liabilities on the difference between the tax value and the fair value of the property at the acquisition date, and the later adjustments to fair value, to be done when the fair value is exercised (cf. Note 2.17). Similarly, the acquisition costs are included in the acquisition cost of the securities. The accounting treatment applicable to these two factors mechanically increases goodwill.

This valuation of property assets also has a mechanical effect when the impairment tests are carried out on the cash generating units to which the goodwill is allocated, an effect that leads to full impairment of the goodwill in the year during which the acquisition took place.

The cash generating units, at the level of which the goodwill is tested, are most particularly buildings owned by the property companies. These CGUs' recoverable values, determined on the basis of the discounted future cash flows, generally correspond to the appraisal values (i.e., the new reappraised values of the property), and so they cannot justify the associated goodwill that must be impaired.

As a result, application of IAS 36 requires a comprehensive statement of the goodwill as an expense from the year of acquisition; in the present case, the impairment is recorded in the "net value adjustments balance" account.

Pursuant to IFRS 3, negative goodwill is posted to profit and loss in the "net value adjustments balance" account.

2.3.2 Asset acquisitions

When the Group acquires an entity that represents a group of assets and liabilities, but without any economic activity, as the term is defined in IFRS 3, these acquisitions are not included under formation of a group of companies as the term is defined in the same standard, and are booked as an acquisition of assets and liabilities, making no statement of goodwill.

Any difference between the cost of acquisition and the fair value of the assets and liabilities acquired is allocated on the basis of the fair values with regard to the identifiable group assets and liabilities as at the acquisition date.

Pursuant to IAS 12 (15) (b) for the acquired entities that are subject to taxation, no deferred tax is recorded upon the acquisition of assets and liabilities.

2.4 Information per sector

A sector is a group of assets and transactions undertaken in supplying products or services and that is exposed to risks and to profitability that differ from those of the other sectors of the company. A geographical sector is a group of assets and transactions undertaken in supplying products or services in a particular economic environment and that is exposed to risks and to profitability that differ from those of the other economic environments in which the group operates.

The Group has a reporting system that reports only a single sector of activity, and the entire business is located in France.

2.5 Property, plant and equipment

Property that is being constructed or developed for future use as investment property

These assets are posted to the "under construction" account and are appraised at their cost of entry.

For these development programmes, the incurred costs are capitalised as of the start of the programme when there is a reasonable assurance that the administrative permits will be obtained. They chiefly include:

- fees for research done outside or inside the group;
- financial fees depending on the option specified by IAS 23 used by the group;
- legal fees;
- notaries' fees;

- stamp duty.

The group has selected the option (as per the option offered by IAS 23) of consolidating the costs of borrowings in the cost of the asset created. These are assets that require a long construction time. The financial expenses included are the interest on short- and long-term borrowings associated solely with the construction period up to the date of final delivery of the asset. The rate corresponds to the financing procedures the Group uses.

Other fixed assets

Other tangible fixed assets include chiefly office equipment, information technology equipment and means of transportation, as well as office fitting. They are depreciated on a straight-line basis over their useful lives.

Depreciation is calculated as per the following schedules:

- vehicles: 3 years
- office equipment & information technology equipment: 3 years
- Facilities, fixtures, fittings: 10 years

2.6 Investment properties

The IFRS establish a differentiation between investment properties (governed by IAS 40) and other properties (governed, just like other property, plant and equipment, by IAS 16).

An investment property is a property asset (land or a building - or part of a building - or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

Pursuant to the method put forth by IAS 40 and in accordance with the recommendations of EPRA, the group has opted for the fair value method as the permanent method and appraises the investment properties at their fair value. These properties are not amortised.

The market value used for all the group's investment properties is the value, excluding transfer costs, determined by independent experts who appraise the group's assets on 30 June and 31 December each year.

The group has appointed a variety of independent experts, as shown below, to appraise its assets:

Atisreal Expertise
 CB Richard Ellis
 Drivers Jonas
 Savills
 Cushman & Wakefield

The experts' practice is in line with their professional benchmarks (TEGOVA and RICS standards, charter of real estate appraisal, COB report dated February 2000).

In their valuation, the experts used the net income capitalisation method, involving the capitalisation of the properties' net rents using the rental statements supplied by the group and taking into account the non-recoverable charges (management fees, fixed or capped charges, stewardship fees, current remodelling expenses, etc.).

These rental revenues take into account a vacancy rate, and reductions or increases in rents that must be applied when renewals occur according to the market rental values and the likelihoods that leases will be

renewed.

The instantaneous rates of return calculated arising out of these appraisals have been reconciled with the comparable values of the market to adjust the values as a result.

The investment properties subject to restructuring remain subject to the rules of classification and measurement (by fair value) specified in IAS 40.

They are appraised on the basis of an evaluation of the building after restructuring, to the extent that the company has reasonable assurance that the plan will be carried through, take account of the lack of significant threats when it comes to administrative authorisations (e.g., planning permit, "CDEC" [local commercial infrastructure board permit], conditions precedent of technical and commercial implementation.

Work remaining to be done is then deducted from that appraisal on the basis of the promotion budget or the contracts entered into with builders and service providers.

Investment properties that do not fulfil these conditions are appraised at their status at the close.

The income statement records the change in value of each building over the year, in the following way:
 Market value N - (market value N-1 + value of work and capitalisable expenditure of year N).

The net capital gain from sale of an investment property is calculated with reference to the last fair value recorded on the previous end-of-year balance sheet.

2.7 Intangible fixed assets

Pursuant to IAS 38, intangible fixed assets are appraised at the historic cost less the cumulative total of amortisation and possible impairment loss.

The major component of the intangible fixed assets is the contract between Awon Asset Management and Société Tour Eiffel valued in connection with the acquisition of Awon Asset Management on 6 May 2006. This contract is amortised over its fixed term, i.e., until 31 December 2011. An impairment test will be made if any loss in value is suspected.

The other intangible fixed assets consist of software. The software packages are valued at cost and depreciated on a straight-line basis over their useful lifetimes, usually between 1 and 3 years, inclusive.

2.8 Financial assets

The Group classifies its financial assets according to the following categories: at their fair value with the corresponding entry taken to the income statement, loans and accounts receivable. The classification depends on the reasons behind the acquisition of the financial assets in question. The management determines the classification of its financial assets on their initial recognition in the accounts and subsequently reconsiders it at each annual or interim closing date, in keeping with the conditions set forth by IAS 39.

Financial assets at fair value through the income statement

This category contains financial assets shown at their fair value with the corresponding entry taken to the

income statement when they are first recorded. A financial assets is classified in this category if it has been designated as such by the management (assets appraised at fair value through the income statement), pursuant to IAS 39. The assets in this category are classified into current assets when they are held for trading purposes or if they are expected to be sold or reach maturity in the twelve months after the accounting close. They are then subsequently remeasured at their fair value at each closing.

For the Group this involves the valuation of caps and swaps.

Loans, non-consolidated equity stakes, deposits, guarantees and other long-term receivables

These are non-derivative financial assets with payments that are determined or determinable, that are not listed on an active market. They are included among the current assets, apart from those reaching maturity more than twelve months after closing. Those longer-dated maturities are classified as non-current assets.

These assets are accounted for at cost.

2.9 Trade receivables and relate accounts

Trade receivables are initially accounted for at their fair value, less provision for impairment.

Impairment is booked for trade receivables when there is an objective indicator that the Group is unable to recover all the amounts due under the conditions initially stated at the time of the transaction. Major financial difficulties encountered by the debtor, the likelihood of a bankruptcy or financial restructuring of the debtor or a failure to pay or payment default are indicators of impairment of a receivable.

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

2.10 Cash and cash equivalents

The “cash and cash equivalents” item includes cash at hand, sight deposits in banks, other highly liquid short-term investments with initial maturities of less than or equal to three months, and bank overdrafts. Bank overdrafts are stated among the current liabilities of the balance sheet, under “borrowings.”

Investment securities are classified into cash equivalent when they fulfil the conditions of maturity, liquidity and absence of volatility.

They are measured at fair value with the corresponding entry taken to profit or loss.

2.11 Non-current assets and asset groups destined for disposal

IFRS 5 proposes classifying among “assets for disposal” the assets which the company has decided to sell.

A non-current asset is classified as “asset for disposal” if the management with authority to approve the sale decided upon this classification.

For the sale to be highly likely, a plan to sell the asset must have been commenced, and an active programme to find a purchases must have been launched.

The Company expects that the sale will occur within twelve (12) months.

The investment property listed in this category continues to be measured according to the fair value principle.

2.12 Shareholders' equity

The fair value of the subscription forms for shares and stock options is appraised according to the mathematical models at the allocation date. This fair value is stated in profit or loss during the acquisition of the rights with the corresponding entry taken to equity.

The additional costs directly attributable to the issuance of new shares or options are booked under equity after deduction of the revenues from issuance, and net of taxes.

Acquisitions of the company's own shares to regulate its market price cause the shareholders' equity to be reduced by their purchase price.

2.13 Borrowings and other financial liabilities

Borrowings

Borrowings are initially recorded at their fair value, net of any transaction costs incurred, and then at their amortised cost.

The amortisation of the costs of issuance over the lifetime of the existing borrowings is done by the straight-line method, since the variance compared with an actuarial method is of little significance.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to postpone settlement of the debt at least twelve months after the closing date, in which case such borrowings are classified as non-current liabilities.

Hedging instruments

Société Tour Eiffel uses financial instruments (swaps and caps) to hedge itself against the risk of increasing interest rates on its debt and did not opt for hedging accounting as the term is meant under IFRS.

The financial assets are appraised at their fair values and the changes in fair value from one period to the next are posted to profit or loss.

Other financial liabilities

The other financial liabilities include chiefly the discounted premiums remaining to be paid on the caps and swaps and the bonds and suretyships received.

These financial liabilities are recorded at their amortised cost.

2.14 Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to

settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2.15 Staff benefits

Retirement obligations

IAS 19 requires that the company – over the period of vesting of commitments – incur all of the benefits or payments, present or future, granted by the company to its staff or to a third party.

As at 30 June 2008 the Group had a total staff of 24, 22 of whom were in Awon Asset Management and two of whom were in Société de la Tour Eiffel.

The Group decided to keep in force the treatment of the actuarial gains and losses involving recording them in profit or loss.

As at 30 June 2008, the Group performed the appraisal of the value of the pension commitments representing defined benefits.

This appraisal was done on the basis of:

- actuarial appraisals (discount rate and net annual remeasurement of the fund of 4.51%);
- mortality assumptions (source: INSEE);
- staff turnover;
- 4% salary increase;
- retirement at age 65.

This provision for pension compensation was recorded at the value of €150,000.

Payments based on shares

The Group has introduced a compensation plan that is settled in equity instruments (share options and free shares). The fair value of the services rendered in exchange for the grant of options is booked as charges and taken to the reserves on the basis of the value of the options at the time they were allocated.

At each closing date, the entity re-examines the number of options that are likely to become exercisable.

The amounts received when the options are exercised are credited to the “shareholders’ equity” (nominal value) and “issue premium, net of directly attributable transaction costs” accounts.

2.16 Deferred payment debts

The values of these debts are discounted and a financial charge or revenue is recorded in the income statement for the deferred payment period.

The only payment deferrals recorded relate to: the exit tax with respect to entry into the “SIIC” system and the guarantee deposits of tenants. The major restatement performed relates to the discounting of the exit tax.

2.17 Current and deferred taxes

The group's tax regime

The choice to opt for the status of "Société d'Investissements Immobiliers Cotée" ("SIIC") by Société de la Tour Eiffel was filed during the first quarter of 2004.

Deferred taxation

The deferred taxes are recorded for businesses and companies subject to corporate income tax ("IS") according to the method of variable postponement up to the amount of the temporary differences between the tax basis of the assets and liabilities and the book value in the consolidated financial statements. The deferred taxes are determined using the tax rates (and the rates of the taxation regulations) that were adopted or semi-adopted as at the closing date and which it is planned will apply when the deferred tax asset in question will be realised or the deferred tax liability will be paid.

The deferred tax assets are recognised only if the realisation of a future taxable profit, which will make it possible to impute temporary differences, is likely.

Deferred taxes are recorded in respect of temporary differences connected with equity stakes in subsidiaries and affiliates, except when the timetable for reversing these temporary differences is controlled by the Group and when it is likely that such reversal will not occur in the near future.

Société de la Tour Eiffel opted for the status of a "*Société d'Investissements Immobiliers Cotée*" ("SIIC"). A major feature of this system is an exemption from corporate income tax arising out of property rentals.

As a result of this choice, no corporate income tax is payable in respect of the real property rental business, directly or indirectly via the revenues received from subsidiaries. Similarly, capital gains from the sale of property or of subsidiaries' securities subject to the same system are exempted. The Group is still liable for corporate income tax for performance of transactions that are not covered by the SIIC system.

After Locafimo's option in 2006 to become a SIIC, the scope of application is proving extremely reduced.

Parcoval, which entered to scope on 31 March 2007, opted for the SIIC system effective as of 1st April 2007.

Changes to the SIIC tax system

2006 amendments to France's Loi de Finances, promulgated on 30 December 2006, specifies that SIICs pay a levy of 20% on the dividends paid as of 1st July 2007 to shareholders (apart from individuals and SIICs) that own at least ten per cent (10%), directly or indirectly of the capital of company and that are not taxed as dividends received.

Pursuant to the IFRS rule stating that the tax consequences of dividends are accounted for when the dividends payable are recorded in the liabilities (IAS 12.52B), the levy is recorded for the period in which the distribution is decided.

On the basis of the shareholding base as at 30 June 2008, the company should not be forced to pay any levy on its distributions.

2.18 Recognition of income

Pursuant to IAS 18 “Revenue,” the revenue from ordinary business activities are gross inputs of economic benefits from which the company benefits during the financial year and which lead to increases in shareholders’ equity other than those arising out of the contributions made by the partners and shareholders.

The revenue from ordinary activities for the Group chiefly constitutes revenue from the rental of investment properties.

The leases currently signed by the Group, including construction leases, comply with the definition of operating lease, as defined by IAS 17.

Application of IAS 17 has the effect of spreading out over the firm term of the lease the financial consequences of all the clauses specified in the lease agreement. The same applies to exemptions, stages and entry fees.

Revenues from ordinary operations are measured at the fair value of the proceeds received.

Revenues from the rents for investment properties are booked as they are received.

2.19 Other operating income and expenses

“Other operating income and expenses” arise out of the kind of atypical, abnormal and rare events specified in para. 28 of the “IASB Framework,” such as, for example:

- A capital gain or loss on disposal of tangible or intangible non-current assets;
- Depreciation of tangible or intangible non-current assets;
- Certain restructuring charges;
- A provision for a major litigation for the company.

2.20 Lease-Financing agreements

In these finance leases, the Group (lessor) transferred to the lessee the risks and advantages associated with the asset; the lessor retains the right of receivable given to it by the financing granted to the lessee.

The lessor accounts for its receivable by an amount equal to the sum of the minimum payments for the finance lease.

The payments are broken down between repayment of the receivable and the financial revenue.

The information concerning future payments is not provided due to their intangible nature.

2.21 Distribution of dividends

Distribution of dividends to the Company’s shareholders are accounted for as a debt in the Group’s financial statements during the period in which the dividends are approved by the Company’s shareholders.

SOCIETE DE LA TOUR EIFFEL
Comptes consolidés au 30 juin 2008
Page 18/47

3 - Scope of consolidation

3.1 List of the consolidated companies

Companies	SIREN ID	Method of consolidation	% of interest June 2008	% of interest Dec. 2007	Date company joined Group's scope
SA SOCIETE DE LA TOUR EIFFEL	572 182 269	Société Mère	100%	100%	
SCI DU 153 AVENUE JEAN JAURES	419 127 287	I.G.**	100%	100%	December 2003
SCI NOWA	443 080 379	I.G.**	100%	100%	April 2004
SCI MARCEAU BEZONS	429 665 672	I.G.**	100%	100%	June 2004
SCI ARMAN F02	444 978 076	I.G.**	100%	100%	April 2004
SCI DES BERGES DE L'OURCQ	478 726 565	I.G.**	100%	100%	September 2004
SCI CHAMPIGNY CARNOT	479 586 893	I.G.**	100%	100%	November 2004
SCI COMETE	479 576 761	I.G.**	100%	100%	December 2004
SCI LYON GENLIS	480 351 576	I.G.**	100%	100%	January 2005
SCI ETUPES DE L'ALLAN	480 601 038	I.G.**	100%	100%	January 2005
SCI CAEN COLOMBELLES	482 598 133	I.G.**	100%	100%	May 2005
SCI MALAKOFF VALETTE	552 138 448	I.G.**	100%	100%	May 2004
SCI MASSY CAMPUS 2	483 575 635	I.G.**	100%	100%	August 2005
SAS LOCAFIMO *	692 031 149	I.G.**	100%	100%	December 2005
SCI AIX GOLF *	403 092 471	I.G.**	100%	100%	December 2005
SCI LA RIVIERE GIRAUDIERE*	388 323 909	I.G.**	100%	100%	December 2005
SCI MARNE HAUTE MAISON*	403 105 133	I.G.**	100%	100%	December 2005
SCI BOTADIEREE *	397 968 207	I.G.**	100%	100%	December 2005
SCI PARIS CHARONNE *	403 104 458	I.G.**	100%	100%	December 2005
AWON ASSET MANAGEMENT	380 757 807	IG**	100%	100%	May 2006
SCI DE BROU	351 819 966	IG***	100%	100%	June 2006
SCI COGOLIN GAOU	442 525 382	IG***	100%	100%	June 2006
SCI DE LA CRAU	447 913 278	IG***	100%	100%	June 2006

SOCIETE DE LA TOUR EIFFEL
Comptes consolidés au 30 juin 2008
Page 19/47

Companies	SIREN ID #	Method of consolidation	% of equity stake June 2008	% of equity stake Dec. 2007	Date company joined Group's scope
SCI GRENOBLE PONT D'OXFORD	490 034 063	IG**	100%	100%	May 2006
SCI LYON LILAS	434 819 488	IG***	100%	100%	June 2006
SCI RUEIL NATIONAL	489 900 498	IG**	100%	100%	May 2006
SCI MARSEILLE SAUVAGERE	443 878 244	IG***	100%	100%	June 2006
SCI PORTE DES LILAS	490 989 803	IG**	90%	90%	July 2006
SCI SODEPROM	328 223 706	IG***	100%	100%	December 2006
PARCOVAL	441 834 645	IG***	100%	100%	March 2007
DURANNE SUD	498 033 869	IG***	100%	-	March 2008

* : companies incorporated upon the acquisition of Locafimo

** : Fully consolidated

*** : acquisitions considered to be acquisitions of assets pursuant to para. 2.6.2.

All the companies of the Group are registered in France.

Address common to all of the group companies:
20-22 rue de la Ville l'Evêque, 75008 PARIS

3.2 Changes in the consolidation scope

Acquisitions

• Acquisition of DURANNE SUD on 4 March 2008:

On 4 March 2008, the Group acquired 100% of the company Duranne Sud.

This acquisition, in accordance with section 2.6.2, was considered to be an acquisition of assets.

Duranne Sud does not make a contribution to the group's consolidated income. Its assets are entirely made up of assets under construction.

The assets and liabilities associated with this acquisition are as follows, as at 4 March 2008:

<i>(in thousands of euros)</i>	Fair Value	Book value of the portfolio
- Cash and cash equivalents	1	1
- Intangible fixed assets	-	-
- Property, plant & equipment	606	606
- Investment Properties (Note 2)	-	-
- Licences (included in the intangible fixed assets) (Note 4)	-	-
- Available-for-sale financial assets (Note 5)	5	5
- Trade receivables	120	120
- Suppliers and other trade creditors	-	-
- Borrowings (Note 11)	-	-
- Other financial liabilities (Note 11)	(732)	(732)
- Provisions for contingencies and charges (Note 12)	-	-
- Deferred tax liabilities – net (Note 14)	-	-
- Current account	-	-
NET ASSETS	-	-
- Minority interests (%)	0%	0%
NET ASSETS ACQUIRED		
- Purchase price paid in cash	725	
- Cash and cash equivalents of the acquired subsidiary	(1)	
- Cash disbursed for the acquisition	724	

4. Management of financial risks

Management of market risks

The changes in interest rates have a direct impact on the borrowing collected to finance the Group's investment policy and when the rates go up, they are likely to lead to a rise in the cost of financing the investments. Similarly, a rise in the interest rates is likely to have an effect on the Group's ability to maintain its necessary financial liquidity.

In a global context of stress on the financial markets (due to the subprime crisis), the Group's policy for managing interest rate risk aims to restrict the impact of a change in interest rates on its income and cash flow, and to keep the total costs of its debt as low as possible. To attain these goals, the Group's companies generally borrow at a variable rate and use derivatives (a cap and swaps) to hedge its risk of exposure to the changes in rates. They do not perform market transactions for any other purpose than to hedge their rates risk, and they personally centralise and manage all transactions performed.

For investments made by Société de la Tour Eiffel, the company has not recorded any loss on its investments in SICAVs, particularly as a result of the subprime crisis. This is due to the fact that the investment vehicles used are liquid, secure and lacking in volatility. This enables them to be classified as Cash and cash equivalents.

As at 30 June 2008, the Group's consolidated gross financing debt came to €630.336 thousands, made up of €350.048 thousands at fixed rate (of which €289.832 thousands hedged by swaps), and €280.288 thousands at variable rate, this latter portion being hedged 100% by cap contracts.

On the basis of the situation as at 30 June 2008, in the event of an average rise in interest rates of one per cent (1%, or one hundred basis points), the rise in financial costs resulting from that would have a negative impact on cash flow and the income of €245,000 (compared with a negative impact on cash flow and the income of €2.4 million as at 30 June 2007).

Counterparty risk

To limit the counterparty risk, the Company performs hedging operations only with banks with international reputations.

Currency risk

Since the Group's activities are performed only in France, the Group considers that it is not exposed to any currency risk.

Liquidity risk

The Company and its subsidiaries have entered into master agreements with banks of international repute, the purpose of which is to finance the group's real estate portfolio; these agreements have been amended by riders to keep pace with the expansion of its asset base by external growth.

These bank financing contracts contain typical early repayment clauses for various circumstances and, each time, under certain specifically defined conditions.

Among others, these case include default in payment of an amount payable, non-compliance with certain financial ratios, breach of the various commitments taken by the Company or its subsidiaries, inaccuracy of various statements and guarantees taken out;
the occurrence of an event that has a material adverse effect on the Group's business, or its financial, legal or tax situation, or on the property owned by the Group;
the lack of validity and of enforceable nature of the commitments, the lack of registration of a mortgage lien at the agreed rank, the realisation of guarantees by a creditor of the Company over assets financed by amounts drawn on the framework agreement;
the existence of class action suits ;
dissolution of the Company;
merger not authorised by the lender;
the sale of a portion of the securities of a subsidiary whose real estate asset had been financed via the master agreement;
the existence of a requisition / expropriation proceeding over a property financed by the master agreement once the compensation is inadequate to make it possible to repay the financed share, the recovery of a tax following a non-disputed tax revision that has a material adverse effect;
loss of eligibility for the tax status as a SIIC not as a result of a change to legislation;
reservations of the auditors when they have a material adverse effect or the entire loss of a property financed using the master agreement.

As a result of the occurrence of one of the events listed above, and if it is not cured within the time frames specified by the framework agreements, the lender banks may cancel their commitments in respect of credit openings, declare the credit outstanding and their related costs to be immediately payable, and realise all or part of the guarantees granted in the context of these contracts.

5. Decisive accounting estimates and judgments

The estimates and judgments that are continually updated are based on historical information and on other factors, including in particular anticipations of future events deemed to be reasonable in light of the circumstances.

Accounting estimations and assumptions

The accounting estimates that stem from them are, by definition, rarely equivalent to the actual results that show up later. The estimates and assumptions that risk seriously leading to a material adjustment of the book value of the assets and liabilities during the following period are analysed below.

Appraisal of the properties

The Group its asset base appraised by independent experts, who use assumptions as to future flows and rates that have a direct impact on the values.

A decline in the expert values would result in a lowering of the income.

Evaluation of intangible assets

The contract between Awon Asset Management Société Tour Eiffel is subject to an annual impairment test.

SOCIETE DE LA TOUR EIFFEL
Comptes consolidés au 30 juin 2008
Page 23/47

Fair value of derivatives and of other financial instruments

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

6. Notes on the balance sheet, the income statement, and the cash flow statement

NOTE 1: Property, plant & equipment

Variance by type

<i>(in thousands of euros)</i>	Property under construction	Office and computer Equipment	Total
Financial year ended 31.12.07			
Net balance at opening	41,433	111	41,544
Variation in consolidation scope	10,115	-	10,115
Acquisitions	37,404	45	37,449
Disposals	-	-	-
Reclassification	(14,114)	-	(14,114)
Depreciation	-	(56)	(56)
Net balance at year end	74,838	100	74,938
As at 31.12.07			
Gross	74,838	195	75,033
Aggregated depreciation	-	(95)	(95)
Net book value	74,838	100	74,938
Closing on 30.06.08			
Net balance at opening	74,838	100	74,938
Variation in consolidation scope	606	-	606
Acquisitions	37,159	22	37,181
Disposals	-	-	-
Reclassification (1)	(19,255)	-	(19,255)
Other transfers	(80)	3	(77)
Depreciation	-	(27)	(27)
Net balance at year end	93,268	98	93,366
As at 30.06.08			
Gross	93,268	220	93,488
Aggregated depreciation	-	(122)	(122)
Net book value	93,268	98	93,366

(1) The following buildings were delivered during the first half of 2008 and therefore were reclassified into the category of investment properties:

- the STE buildings in Amiens and St Cloud;
- Parcoval Building 31 in Aix en Provence,
- Parcoval Buildings 1 and 2 in Aix in Mérignac;
- the extension of the Nowa building located in Chalons en Champagne;
- the building at Le Bourget concerning Locafimo.

SOCIETE DE LA TOUR EIFFEL
Comptes consolidés au 30 juin 2008
Page 25/47

Property assets under construction

As at 30 June 2008, the Société Tour Eiffel group owned eleven properties recorded “buildings under construction,” about which the major information is shown in the table below:

Summary description of the major properties under construction.

<i>Building</i>	<i>Address</i>	<i>Type of asset</i>	<i>Total rental area</i>	<i>% of surface rented long-term</i>	<i>Estimate rents (before tax) per year</i>	<i>Estimated date of completion</i>	<i>Current status</i>
Porte des Lilas	13/21 Avenue de la Porte des Lilas 75019 Paris	Offices	Buildings : 10.722 m ² Parking : 92 places	100 %	3,700,000	15/06/08	Under construction
Rueil national	133 Bd National 92500 Rueil Malmaison	Offices	Buildings : 6.900m ² Parking : 164 places	100 %	2,417,570	Q2 2008	Under construction
Parc du Conemara	Rue de Leinster / La Chapelle sur Erdre (44)	Offices	Buildings : 2.443m ² Parking : 133 places	100%	348,258	July 2008	Under construction

Property under construction - Appraisal

	<i>Cost as at 31 Dec, 2007</i>		<i>Costs undertaken in H1 2008</i>		<i>Cost until completion of work</i>		<i>Total cost of the project</i>		<i>interest applied</i>
	<i>Net of interest</i>	<i>Financial interest</i>	<i>Net of interest</i>	<i>Financial interest</i>	<i>Net of interest</i>	<i>Financial interest</i>	<i>Net of interest</i>	<i>Financial interest</i>	
Porte des Lilas	35,697,288	1,079,283	11,329,230	511,283	3.024.722	-	50.051.240	1.590.566	5.07%
Rueil national	22,708,001	431,926	8,854,324	193,359	754.713	-	32.317.038	625.285	3-month Euribor + 1%
Parc du Conemara	2,165,673	48,432	2,721,064	-	2.750	48.432	4.889.487	96.864	
Total	60,570,962	1,559,641	22,904,618	704,642	3.782.185	48.432	87.257.765	2.312.715	
Grand total	62,130,603		23,609,260		3,830,617		89,570,480		

NOTE 2: Investment properties

Variance by type

<i>(in thousands of euros)</i>	Investment properties
Close as at 31.12.2007	
Net balance at opening	825,465
Acquisitions	46,628
Disposals	(37,363)
Reclassification	14,114
Net transfer in favour of properties held-for-sale	-
Variation in consolidation scope (1)	90,512
Other transfers	(350)
Fair value effect (profit or loss)	68,902
Net balance at year end	1,007,908
Close as at 30.06.2008	
Net balance at opening	1,007,908
Acquisitions	35,773
Disposals	(93,075)
Reclassification	19,255
Net transfer in favour of properties held-for-sale	-
Variation in consolidation scope (1)	724
Other transfers	-
Fair value effect (profit or loss)	3,848
Net balance at year end	974,433

(1) The change in scope of consolidation results from the inclusion of Duranne Sud, purchased in March 2008.

Restrictions relating to the possibility of disposal of an investment property or of recovery of the proceeds upon their sale.

No investment property is subject to such a restriction.

Investment Properties – Summary description of the major assets

		Address	Main tenants	Total surface area (sq.m.)	Theoretical annual rent	Occupation rate %	Net value (excluding transfer costs) in € As at 30/06/08	Entry into consolidation scope	Year built	Lease expiration date
OFFICES	Massy	9, rue Ampère Massy (91)	Alstom	45,678	4,637,139	100%	69,300,000	2004	N/C	2012
OFFICES	Plessis	Le Galilée ZI du Plessis Robinson Le Plessis Robinson (92)	C&S	16,597	3,942,702	100%	54,800,000	20/12/2004	Renovation 2004	Late 2013
BUSINESS PARK	Le Millénaire	Montpellier	Multiple tenant	23,597	3,545,332	95%	44,550,000	27/12/2005	N/C	-
OFFICES	Asnières Quai Dervaux	85/93 quai Dervaux 92600 Asnières	Interior Mini.	10,391	2,766,316	100%	43,500,000	27/12/2005	1997	-
BUSINESS PARK	PC des Tanneries	Strasbourg	Multiple tenant	59,785	2,692,488	53%	43,400,000	27/12/2005	N/C	-
OFFICES	Caen	ZAC du Plateau Colombelles (14460) Caen	NXP	17,525	3,173,741	100%	42,010,000	2006	2006	Late 2015
BUSINESS PARK	Parc du Moulin à Vent	Lyon	Multiple tenant	36,589	3,338,606	80%	39,770,000	27/12/2005	Renovation 2005	-
BUSINESS PARK	Parc du Golf	Aix en Provence	Multiple tenant	21,106	2,673,927	90%	36,440,000	30/03/07	N/C	-
BUSINESS PARK	Parc des Prés	1 à 37, rue Denis Papin	Multiple tenant	24,740	2,092,320	85%	30,800,000	30/03/07	N/C	-
BUSINESS PARK	Parc Orsay Université	Rue d'Arsonval Massy (91)	Multiple tenant	17,211	1,739,973	80%	29,400,000	30/03/07	N/C	-

NOTE 3: Goodwill on acquisitions

<i>(in thousands of euros)</i>	Comète	Malakoff Valette	Arman F02	Jean Jaurès	Locafimo	Total consolidated goodwill
Close as at 31.12.2007						
Net balance at opening	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Net balance at year end	-	-	-	-	-	-
As at 31.12.07						
Gross	2,350	1,895	1,873	262	25,885	32,265
Aggregated provisions	(2,350)	(1,895)	(1,873)	(262)	(25,885)	(32,265)
Net book value	-	-	-	-	-	-
Close as at 30.06.08						
Net balance at opening	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Net balance at year end	-	-	-	-	-	-
As at 30.06.08						
Gross (1)	2,350	1,895	1,873	262	23,524	29,904
Aggregated provisions (1)	(2,350)	(1,895)	(1,873)	(262)	(23,524)	(29,904)
Net book value	-	-	-	-	-	-

(1) The goodwill and the corresponding provision of Locafimo declined in 2008 due to the property disposals done in 2008, and valued at €2.361 million.

NOTE 4: Intangible fixed assets

Variance by type

<i>(in thousands of euros)</i>	Internally generated intangible assets	Acquired intangible assets	Total intangible assets
Close as at 31.12.2007			
Net balance at opening	-	3,707	3,707
Acquisitions	-	148	148
Disposals	-	(29)	(29)
Depreciation	-	(783)	(783)
Reclassification	-	-	-
Entry into the scope	-	-	-
Net balance at year end	-	3,043	3,043
As at 31.12.07			
Gross	-	4,515	4,515
Aggregated depreciation	-	(1,472)	(1,472)
Net book value	-	3,043	3,043
Close as at 30.06.08			
Net balance at opening	-	3,043	3,043
Acquisitions	-	9	9
Disposals	-	-	-
Depreciation	-	(394)	(394)
Reclassification	-	-	-
Entry into the scope	-	-	-
Net balance at year end	-	2,658	2,658
As at 30.06.08			
Gross	-	4,524	4,524
Aggregated depreciation	-	(1,866)	(1,866)
Net book value	-	2,658	2,658

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

€2.594 M of the value of the intangible assets derives from the net value of the Asset Management contract recorded when Awon Asset Management entered the scope of consolidation (in 2006).

NOTE 5: Financial assets

Financial assets – Type

<i>(in thousands of euros)</i>	Fixed securities	Equity interests	Valuation of Caps and Swaps	Deposits and sureties paid	Loans and other capitalised receivables	Total financial assets
Close as at 31.12.2007						
Net balance at opening	2	12	4,791	787	8,852	14,444
Increases	-	-	-	5,275	-	5,275
Entry into the scope (1)	-	-	624	-	-	624
Reclassification	-	(12)	-	7,832	(8,229)	(409)
Reductions	-	-	-	(1,704)	(495)	(2,199)
Repayment	-	-	-	-	-	-
Fair value effect (profit or loss)	-	-	1,956	-	-	1,956
Net balance at year end	2	-	7,371	12,190	128	19,691
Close as at 30.06.08						
Net balance at opening	2	-	7,371	12,190	128	19,691
Increases	-	-	-	68	-	68
Entry into the scope (1)	-	-	-	5	-	5
Reclassification	-	-	-	-	-	-
Reductions	-	-	-	(9,563)	(53)	(9,616)
Repayment	-	-	-	-	-	-
Fair value effect (profit or loss)	-	-	7,831	-	-	7,831
Net balance at year end	2	-	15,202	2,700	75	17,979

Other fixed receivables – Deposits and sureties :

The cash pledges repaid over the period relate to Locafimo (€5.681 million) and Marne Haute Maison (€3.882 million).

The cash pledges are paid interest and will be repaid according to the conditions set forth in the master agreement set up at the end of 2004 and its addendum dated June 2006.

Derivative instruments :

The Tour Eiffel group contracted financial instruments (caps and swaps) that were not considered in accounting terms as hedging instruments.

These instruments were originally posted to the assets at their fair value, with a contra account of a financial debt corresponding to the premiums to be paid discounted over the term of the instruments.

The fair values are supplied by the issuing institutions.

The differences in value of the financial differences between each closing of accounts are posted to the financial income.

The adjustment in fair value as at 30 June 2008 is reflected by a positive financial impact of €7.831 million.

The main characteristics of the financial instruments held as of 30 June 2008

Contract type	Subscription date	Effective Date	Maturity date	Notional amount, in € ,000	Reference index rate	Guranteed rate	Fair value in € ,000
Cap	28-11-2002	02-09-2003	03-12-2012	87,700	3-month Euribor	5.00 %	47
Cap	02-06-2006	02-06-2006	27-12-2010	32,830	3-month Euribor	4.50 %	599
Cap	09-05-2006	02-06-2006	27-12-2010	2,753	3-month Euribor	5.00 %	29
Cap	03-04-2006	20-04-2006	27-12-2010	54,213	3-month Euribor	5.00 %	761
Cap	07-07-2006	04-06-2007	27-12-2010	658	3-month Euribor	5.00%	7
Cap	30-03-2007	30-03-2007	27-12-2010	37,513	3-month Euribor	5.00%	405
Swap / Cap - Alternative Swap - Cap	21-02-2006	28-02-2008	15-04-2011	62,400	3-month Euribor	3.45 %	2,721
				15,600	3-month Euribor	7.00 %	
Swaps	05-09-2006	02-12-2006	27-12-2010	2,474	3-month Euribor	3.77%	1,241
Cap	08-04-2004	30-04-2009	30-04-2012	19,050	3-month Euribor	6.50 %	0
Cap	06-05-2004	30-07-2008	30-12-2011	2,710	3-month Euribor	8.00 %	0
Swaps	28-03-2008	28-03-2008	28-03-2013	2,890	3-month Euribor	4.53%	71
Swaps	28-03-2008	31-03-2008	28-03-2013	9,855	3-month Euribor	4.57%	313
Swaps	28-03-2008	01-04-2008	02-05-2014	40,000	3-month Euribor	4.34%	1,029
Swaps	28-06-2006	01-08-2006	07-06-2013	59,194	3-month Euribor	4.10 %	2,138
Swaps	29-06-2006	01-05-2007	07-06-2013	50,221	3-month Euribor	4.19 %	2,061
Swaps	16-01-2008	01-02-2008	16-01-2015	9,654	3-month Euribor	4.36%	282
Swaps	25-07-2007	01-11-2007	01-05-2010	31,800	3-month Euribor	4.78%	277
Cap	28-06-2006	01-08-2006	07-06-2013	19,731	3-month Euribor	4.50%	651
Cap	28-06-2006	01-08-2006	07-06-2009	17,000	3-month Euribor	4.50 %	113
Cap	28-06-2006	02-05-2007	07-06-2013	16,740	3-month Euribor	4.50 %	715
Swaps	14-01-2008	14-01-2008	14-01-2015	4,000	3-month Euribor	4.20%	142
Swaps	13-07-2006	13-07-2006	03-06-2011	8,652	3-month Euribor	3.965%	253
Swaps	05-12-2005	29-06-2007	30-06-2011	12,634	3-month Euribor	3.215%	627
Swaps	21-06-2004		30-06-2011	40,489	3-month Euribor	4.035 %	720
TOTAL							15,202

NOTE 6: Trade receivables and related accounts

<i>(in thousands of euros)</i>	30.06.08	31.12.07
Gross	17,550	12,831
Provisions	(4,525)	(4,146)
Net total trade receivables	13,025	8,685

NOTE 7: Other receivables and accrual accounts

<i>(in thousands of euros)</i>	30.06.08	31.12.07
	Net	Net
- Advances and deposits paid	692	1,049
- Staff-related items	44	18
- State receivables (1)	17,614	20,189
- Current accounts (assets)	-	87
- Accounts receivable	78	80
- Prepaid expenses	1,289	781
- Other receivables (2)	18,247	7,037
Total gross value	37,964	29,241
- Provisions for other claims.	-	-
TOTAL	37,964	29,241

(1) The major factors represented by this amount are:

- the balance of an extraordinary levy, recoverable from the State, on the 2005 dividend payments in the amount of €2.715 million found in the Locafimo Group; this amount has been discounted;
- the VAT on fixed assets that will be reimbursed during the second half of 2008.

(2) The major factors represented by this amount are:

- €8.836 million in claims on the disposals done by Locafimo,
- €1.345 million in calls for charges at Parcoval,
- €2.974 million in calls for funds at Locafimo.

NOTE 8: Cash and cash equivalents

The investment securities are composed chiefly of money-market UCITs evaluated at their closing price.

<i>(in thousands of euros)</i>	30 June 2008	31 Dec. 2007
Investment securities	54,412	19,302
Cash in hand and at bank	25,246	10,779
Total gross value	79,658	30,081
Provision on current accounts (1)	(3,055)	(3,055)
Total	76,603	27,026

(1) : Provision of the investment securities with the bank Pallas Stern at Locafimo in 2006.

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

<i>(in thousands of euros)</i>	30 June 2008	31 Dec. 2007
Cash and cash equivalents	76,603	27,026
Bank creditors balance (Note 11)	(40)	(69)
Net total cash	76,563	26,957

NOTE 9: Capital and premiums linked to capital

(1) Composition of share capital

	Number of ordinary shares	Nominal value per share (in €)	Total capital (in thousands of euros)	Value of the share issue premium (in thousands of euros)	TOTAL (in thousands of euros)
As at 31 December 2006	5,190,253	48	249,132	42,571	291,703
Increase in capital	2,750	48	132	85	217
Issue costs	-	-	-	(3)	(3)
Allocation to Retained Earnings 2006	-	-	-	-	-
As at 31 December 2007	5,193,003	48	249,264	42,653	291,917
Increase in capital	-	-	-	-	-
Issue costs	-	-	-	-	-
Allocation to Retained Earnings 2007	-	-	-	-	-
As at 30 June 2008	5,193,003	48	249,264	42,653	291,917

All the shares are fully paid in.

(2) Issue of share purchase options

The conditions

Allocated in 2005

Stock options were allocated during FY 2005 to the managers. The strike price of the options granted is equal to the average of the initial prices quoted between 28 November and 23 December 2005, inclusive, minus 5%, coming to €68.44 per share. Some options may be exercised as of their grant date and other options may be exercised by 25% tranche per year as of the first anniversary of the grant date, i.e., as of 26 December 2006. The contractual term of the options is five years.

One of the major reasons behind the granting of options is to make the company's managers loyal and to grant them supplementary compensation linked to the company's performance; some managers will lose their grant right if they are no longer officers or employees of the company or of one of the company's subsidiaries.

Allocated in 2006

During the first half, 39,266 stock options were allocated to staff members.

The exercise price is set at €87.78 for 10,750 shares; the exercise price of the 28,516 other shares is €83.77.

34,266 options may be exercised as of their grant date and 5,000 options may be exercised by 25% tranche per year as of the first anniversary of the grant date, i.e., as of 22 March 2007. The contractual term of the options is five years.

During the second half, 132,400 stock options were granted to staff members.

The strike price is set at €100.04.

103,900 options may be exercised as of their grant date and 28,500 options may be exercised by 25% tranche per year as of the first anniversary of the grant date, i.e., as of 14 September 2007. The contractual term of the options is five years.

Allocated in 2007

During the first half, 23,300 stock options were allocated to staff members.

The strike price is set at €124.48 per share.

14,580 options may be exercised as of their grant date and 8,720 options may be exercised by 25% tranche per year as of the first anniversary of the grant date, i.e., as of 29.03.08. The contractual term of the options is five years.

During the second half, 25,951 stock options were allocated to officers of the company.

The strike price is set at €115.34.

All the options may be exercised as of their grant date, i.e., as of 16 October 2007. The contractual term of the options is five years.

Estimation of option value :

The number of options in circulation and their exercise prices are detailed below:

<i>(in thousands of euros)</i>	30 June 2008		31 December 2007	
	Exercise price (in euros per share)	Options (in units)	Exercise price (in euros per share)	Options (in units)
As at 1st January	68.44	110,280	68.44	111,530
	83.77	28,516	83.77	28,516
	87.78	9,250	87.78	10,750
	100.04	132,400	100.04	132,400
	124.48	23,300		
	115.34	25,951		
Allocated			124.48	23,300
Allocated	-	-	115.34	25,951
Expired	-	-	-	-
Exercised	-	-	68.44	1,250
Exercised			87.78	1,500
			-	-
Due				
At the year end	90.65	329,697	90.65	329,697

Out of the 329,697 options in circulation on 30 June 2008, 294,282 options could be exercised.

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

- until 26 December 2010 for the options allocated in 2005. The exercise price of these options on shares is €68.44.
- until 22 March 2011 for the options allocated on 22 March 2006. The exercise price of these options on shares is €83.77.
- until 17 May 2011 for the options allocated on 17 May 2006. The exercise price of these options on shares is €87.78.
- until 14 September 2011 for the options allocated on 14 September 2006. The exercise price of these options on shares is €100.04.
- until 29 March 2012 for the options allocated on 29 March 2007. The exercise price of these options on shares is €124.48.
- until 16 October 2012 for the options allocated on 16 October 2007. The exercise price of these options on shares is €115.34.

No allocation of options was made during the first half of 2008.

The main assumptions of the model are: share price of €91 / €91.50 / €104.10 / €136.50 / €124.48 / €115.35 following the grant dates, exercise price as indicated above, standard variation of expected yield of the share of 36% / 35% / 38% / 43% / 47% / 51% depending on the grant date, term of the option as indicated above, annual risk-free interest rate of 3.5% / 3.7% / 3.6% / 3.9% / 4.2% depending on the grant date, and a rate of dividend payout of 4.22%.

As at 30 June 2008, the rights acquired according to the exercisable options are recorded on the income statement (staff charges) and the contra item posted to shareholders' equity in the amount of €183,000.

(4) Allocation of free shares

The conditions

Managers were allocated free shares: 18,800 shares in 2006 and 9,750 shares in 2007. The allocation of the shares will be definitive at the expiration of two years, i.e., as of 14 June 2008 for 10,800 shares, as of 29 November 2008 for 8,000 shares, as of 12 February 2009 for 1,200 shares and as of 16 October 2009 for 8,550 shares.

The beneficiaries are required to keep the shares for a minimum period of two years as of the final allocation, i.e., 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.

On 14 June 2008, 10,800 free shares were finally allocated to the beneficiaries of the year 2006 plan.

As at 30 June 2008, the rights acquired are recorded on the income statement (staff charges) and the contra item posted to equity in the amount of €474,000.

SOCIETE DE LA TOUR EIFFEL
Comptes consolidés au 30 juin 2008
Page 37/47

The number of free shares in circulation is detailed below:

<i>(in €)</i>	30 June 2008		31 December 2007	
	Exercise price (in euros per share)	Free shares (in units)	Exercise price (in euros per share)	Shares appropriated at no cost (in units)
As at 1st January	-	28,550	-	18,800
Granted	-		-	9,750
Allocated	-	10,800	-	-
At the year end	-	17,750	-	28,550

NOTE 10: Borrowings and financial debts

Borrowings and financial debts – Variance by type

<i>(in thousands of euros)</i>	Borrowing from credit institutions	Other borrowings and related debts	Current bank support	CAP premiums owed	Deposits and sureties received	Total
Situation as 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
Reductions	(102,584)	(6,159)	-	(402)	(281)	(109,426)
Entry into the scope	61,456	-	-	-	1,543	62,999
Other	-	-	(811)	-	-	(811)
Reclassification	-	-	-	-	(76)	(76)
Balance at 31.12.07	606,112	10,386	69	1,979	9,684	628,230
Increases	99,377	4,754	-	-	975	105,106
Reductions	(75,153)	(6,157)	-	(541)	(841)	(82,692)
Entry into the scope	-	-	-	-	-	-
Other	-	-	(29)	-	-	(29)
Reclassification	-	6	-	-	-	6
Balance at 30.06.08	630,336	8,989	40	1,438	9,818	650,621

Borrowing from credit institutions – Fixed rate / Variable rate

<i>(in thousands of euros)</i>	Fixed rate	Variable rate	TOTAL
Borrowings from credit institutions	350,048	280,288	630,336

The Group's average financing interest rate is 5.40% as at 30 June 2008.

After consideration of the fixed-rate swap instruments, the total fixed-rate debt comes to €350.048 million. Furthermore, the variable-rate debt, totalling €280.288 million, is fully hedged by Cap instruments.

Borrowings and financial debts

<i>(in thousands of euros)</i>	30 June 2008	31 December 2007
<i>Non-current</i>		
Bank loans	626,905	597,976
Other financial liabilities	12,008	15,022
Total	638,913	612,998
<i>Current</i>		
Bank loans	3,431	8,136
Accrued interest	5,221	3,921
Bank overdrafts	40	69
Other financial debts	2,700	2,779
Other financial liabilities	316	327
Total	11,708	15,232
Total borrowings and financial debts	650,621	628,230

The maturities of non-current bank debts are shown below:

<i>(in thousands of euros)</i>	30 June 2008	31 December 2007
Rom 1 to 5 years	584,511	453,191
Over 5 years	42,394	144,785
Total	626,905	597,976

Comment: "Current" borrowings refer to debts maturing in less than one year.

Schedule of the extinction of total bank debt:

- 30 June 2009:	€3.431 million
- 30 June 2010:	€76.619 million
- 30 June 2011:	€402.765 million
- 30 June 2012:	€3.319 million
- 30 June 2013:	€101.807 million
- 30 June 2014:	€10.849 million
- 30 June 2015:	€11.809 million
- 30 June 2015:	€647,000.
- 30 June 2015:	<u>€19.090 million</u>
	€630.336 million

NOTE 11: Long-term and current provisions (less than one year)

<i>(in thousands of euros)</i>	Provision for employee litigation	Provision for risk of non-repayment of insurance	Provisions for retirement benefits	Other provisions for expenses	Other provisions for expenses	Total
Situation as at 31.12.07	-	527	92	-	-	619
Allocations	-	-	58	-	-	58
Unused write-backs	-	-	-	-	-	-
Used write-backs	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-	-
Balance at close 30/06/2008	-	527	150	-	-	677

<i>(in thousands of euros)</i>	30 June 2008		31 December 2007	
	Long term	Less than one year	Long term	Less than one year
Provision for employee litigation	-	-	-	-
Provision for risk on Locafimo tenants	527	-	527	-
Provisions for retirement entitlements	150	-	92	-
Other provisions for expenses	-	-	-	-
Net balance at close	677	-	619	-
Total per period	677		619	

NOTE 12: Tax and social security liabilities (current and non-current)

Kind <i>(in thousands of euros)</i>	30 June 2008	31 December 2007
Tax debts (Exit Tax)	8,130	8,219
TOTAL non-current tax debts	8,130	8,219
Social security related liabilities	1,330	1,144
Tax debts (Exit Tax - the portion at less than one year)	7,174	7,213
Other tax debts	10,730	4,486
TOTAL current tax and social security related debts	19,234	12,843
TOTAL	27,364	21,062

NOTE 13: Deferred taxes

Since the majority of the group's business comes under the SIIC treatment, there is no need to state deferred tax.

Taxable business does not produce reporting of deferred tax.

NOTE 14: Trade payables and other debts

Kind (in thousands of euros)	30 June 2008	31 December 2007
Trade accounts payable	7,600	23,397
Liabilities upon acquisition of tangible fixed assets (1)	37,718	(2) 13,338
Liabilities current account	225	337
Advance and deposits received	696	1,146
Credits from clients	4,152	3,965
Other operating debts (3)	11,439	6,778
Other non-operating debts	-	-
Deferred income (4)	1,016	92
TOTAL	62,846	49,053
Other long-term liabilities		
Deferred income (5)	298	-
TOTAL	298	-

(1) : Settlement to be made on the Rueil, Locafimo and Parcoval properties.

(2) : Settlement to be made on the properties:

- Porte des Lilas: €7.544 million
- Parcoval: €3.473 million
- Locafimo: €1.56 million

(3) : This item is made up chiefly of provisions for expenses:

	2008	2007
- Parcoval	€2.802 million	€2.561 million
- Locafimo	€4.090 million	€2.467 million

(4) : This item is made up chiefly on 30 June 2008 of deferred income on the rents of the third quarter of 2008.

(5) : This item relates to the reclassification of the net subsidy received by:

- Jaurès €39,000
- Rueil €259,000

NOTE 15: Turnover

Turnover – Comparative analysis by type

(in thousands of euros)	30 June 2008	30.06.07
Rental income	36,002	35,354
Other rental income (1)	6,732	3,504
Total turnover	42,734	38,858

(1): chiefly from levies of real estate taxes and office taxes.

Sector-based analysis: (with reference to Note 3.12)

The Tour Eiffel group operates in a single industry sector: office property, industrial and commercial premises in France.

Rents to be received in respect of firm leases in the portfolio

(in thousands of euros)	30 June 2008	30 June 2007
Total of minimum future payments		
Less than one year	66,650	38,492
Between 1 and 5 years	226,895	148,231
More than 5 years	92,073	67,989
Total future payments	385,618	254,712
Amount of rental income recorded at close	36,002	35,354

NOTE 16: Purchases consumed

(in thousands of euros)	30 June 2008	30 June 2007
Non-stocked purchases of equipment & supplies	33	46
Total consumed purchases	33	46

SOCIETE DE LA TOUR EIFFEL
Comptes consolidés au 30 juin 2008
Page 42/47

NOTE 17: Staff expenses, external charges, duties and taxes

Personnel expenses

(in thousands of euros)	30 June 2008	30 June 2007
Staff compensation	1,256	1,173
Social security and other benefits	651	616
Charges on payments in shares	657	1,384
Total Staff Expenses	2,564	3,173

External expenses

(in thousands of euros)	30 June 2008	30 June 2007
- General outsourcing	-	-
- Rentals and rentals expenses	4,095	3,011
- Maintenance and repairs	462	240
- Insurance premiums	693	251
- Misc. documentation, seminars	147	15
- Non-company staff	67	43
- Payments to intermediaries and fees for service ⁽¹⁾	2,857	2,560
- Advertising, publicity, public relations	213	137
- Goods transport, collective staff transport	10	6
- Travel, assignments and receptions	162	158
- Postal and telecommunications costs	33	35
- Banking services	233	263
- Other external services	44	50
Total External Expenses	9,016	6,769

⁽¹⁾ These amounts correspond chiefly to costs involved in finding assets, asset management and property management.

Taxes and duties

(in thousands of euros)	30 June 2008	30 June 2007
Property taxes	3,000	2,141
Other taxes	1,075	917
Total Taxes and duties	4,075	3,058

SOCIETE DE LA TOUR EIFFEL
Comptes consolidés au 30 juin 2008
Page 43/47

NOTE 18: Net amortisation and provisions

<i>(in thousands of euros)</i>	30 June 2008	30 June 2007
- Carry forward / Depreciation of intangible assets	(394)	(385)
- Carry forward / Depreciation of tangible assets	(27)	(27)
TOTAL Carry forward / Depreciation	(421)	(412)
- Carry forward / Prov. for current assets	(379)	192
- Carry forward / Prov. for operating liabilities & expenses	(57)	-
- Carry forward / Prov. for operating receivables		-
TOTAL Carry forward / Provisions	(436)	192

NOTE 19: Net balance of value adjustments

<i>(in thousands of euros)</i>	30 June 2008	30 June 2007
- Investment properties	3.848	82.903
- Goodwill on acquisitions	-	-
TOTAL	3.848	82.903

NOTE 20: Other operating income and expenses

<i>(in thousands of euros)</i>	30 June 2008	30 June 2007
- Misc. revenues from ongoing business management	195	741
- Other reversals on depreciations and provisions	-	-
- Losses on provisioned bad debts	-	-
- Misc. charges from ongoing business management	(169)	(90)
- Other allocations on depreciations and provisions	-	-
- Revenues from disposal of investment properties*	92,723	-
- Net book value of properties disposed *	(93,075)	(1)
TOTAL	(326)	650

* In 2008, SAS Locafimo disposed of two non-strategic assets. The properties of the companies Massy Campus and Aix Golf were also sold.

SOCIETE DE LA TOUR EIFFEL
Comptes consolidés au 30 juin 2008
Page 44/47

Rental income and direct operating expenses linked to investment properties:

<i>(in thousands of euros)</i>	Investment properties producing rental revenues	Investment properties not producing rental revenues
Rental revenues	36,002	-
Direct operating expenses (1)	5,429	3,030

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

NOTE 21: Net financial debt costs

<i>(in thousands of euros)</i>	30 June 2008	30 June 2007
- Net income on sale of investment securities	695	310
- Net expenses on sales of investment securities	-	-
- Revenues from investment securities	-	178
- Revenues from loans	-	-
Total revenues from cash and equivalents	695	488
- Interest on financing deals	(18,105)	(11,556)
Total gross financial debt costs	(18,105)	(11,556)
TOTAL NET FINANCIAL DEBT COST	(17,410)	(11,068)

NOTE 22: Other financial income and expenses

<i>(in thousands of euros)</i>	30 June 2008	30 June 2007
- Other financial revenues	9,891	6,619
- Revenues from sales of securities	-	-
Total other financial revenues	9,891	6,619
- Forgiveness of debts granted	-	-
- Other financial expenses	(431)	(382)
- Net book value of securities sold	-	-
Total of other financial expenses	(431)	(382)
TOTAL	9,460	6,237

NOTE 23: Company income tax :

<i>(in thousands of euros)</i>	30 June 2008	30 June 2007
Current tax	(529)	(6,387) ⁽¹⁾
Deferred taxes		-
Total	(529)	(6,387)

⁽¹⁾ Includes €6.159 million in Parcoval's Exit Tax.

NOTE 24: Basic earnings per share

Basic earnings

The basic earnings per share figure is obtained by dividing the net profit paid to the Company's shareholders by the average weighted number of shares in circulation during the financial year.

<i>(in thousands of euros)</i>	30 June 2008	30 June 2007
Profit paid to the Company's shareholders	21,244	97,889
Weighted average number of shares in circulation	5,193,003	5,191,654
Basic earnings per share (€per share)	4,09	18,86

Diluted earnings

The diluted earnings per share is calculated by increasing the weighted average number of shares in circulation by the number of shares that would result if all the share warrants and stock options that potentially have a dilutive effect were converted. For stock options, a calculation is made to determine the number of shares that would have been able to be acquired at their fair value (i.e., the average annual stock market price of the Company's share) on the basis of the monetary value of the subscription rights associated with the outstanding stock options. The number of shares deriving from this calculation is compared with the number of shares that would have been issued if the options had been exercised.

<i>(in thousands of euros)</i>	30 June 2008	30 June 2007
Profit paid to the Company's shareholders	21,244	97,889
Weighted average number of ordinary shares used for calculating the diluted earnings per share	5,130,034	5,228,174
Diluted earnings per share (€per share)	4.14	18.72

NOTE 25: Dividends

The balance of the 2007 dividend, representing three euros (€3) per share, was paid on 8 April 2008 in the amount of €15,244,479, to which must be added the correction of the payment of the dividends in respect of FY 2007, amounting to €6,700, making a total paid in 2008 of €15,251,179.

NOTE 26: Compensation of the key management personnel

The following information with respect to the annual amount of gross compensation granted is provided as an overall figure for the members of the Board of Directors and the management team of the company that consolidates Tour Eiffel, i.e.:

<i>(in thousands of euros)</i>	30 June 2008	30 June 2007
Salaries and other short-term benefits	360	360
Attendance fees	70	50
Payments based on shares (stock options)	657	1,384
TOTAL	1,087	1,794

The compensation for dismissal of one of the deputy general managers shall not be less than €250,000.

NOTE 27: Off-balance-sheet commitments

Commitments given:

<i>(in thousands of euros)</i>	30 June 2008	31 December 2007
Mortgages: (1)	176,811	120,944
Pledges of securities: (2)	378,304	398,559
Money lender's lien	73,370	46,468
Surety	14,045	48,541
Other commitments	281,628	203,649
TOTAL	924,158	818,161

(1) : Net book value

(2) : Acquisition price of securities pledged

Commitments received:

<i>(in thousands of euros)</i>	30 June 2008	31 December 2007
Tenant's security deposit	1,673	1,673
Joint surety pledge	83,549	83,549
Pledge	200	200
Guarantee of Liabilities	33,832	33,832
Rent guarantee	3,869	3,869
Financial guarantee of completion	49,474	49,474
Other commitments	47,212	-
TOTAL	219,809	172,597

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75016 Paris

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AUDITORS' REPORT ON THE 2008 HALF-YEAR FINANCIAL INFORMATION

To the Shareholders of:

Société de la Tour Eiffel

Société anonyme (public limited company) with capital of € 249,264,144
20-22 rue de la Ville l'Evêque - 75008 PARIS

In accordance with the assignment given us by your General Shareholders' Meeting and pursuant to Article L.232-7 of the Commercial Code and L.451-1-2(III) of the Monetary and Finance Code, we performed:

- a limited examination of the consolidated half-year accounts of Société de la Tour Eiffel, in respect of the period from 1 January 2008 to 30 June 2008, as attached hereto;
- the check of the information provided in the half-year business report.

These consolidated half-year accounts have been approved by the Board of Directors. Our role, on the basis of our limited examination, is to express our opinion on these financial statements.

1 - Opinion on the financial statements

We conducted our limited examination in accordance with professional standards applicable in France. A limited examination involves talking with the members of the management responsible for the accounting and financial aspects and to carry out analytical procedures. This work is less extensive than that required for an audit performed in accordance with generally accepted accounting practices in France. Consequently, the assurance we provide that the accounts, taken in their entirety, do not contain any great anomalies, which is made in the scope of a limited examination is a moderated assurance, of a lower level than that obtained in the scope of an audit.

SOCIÉTÉ DE LA TOUR EIFFEL:

Auditors' report on the accounts on the 2008 half-year information

2

On the basis of our limited examination, we did not find any significant anomalies that might jeopardise the lawfulness and truthfulness of the consolidated half-year accounts with respect to the IFRS benchmark as adopted in the European Union, and the fair picture they provide of the asset base and financial situation at the end of the half-year, as well as the income for the half-year just past of the unit made up by the entities included in the scope of consolidation.

2. Specific verification

We also made a check of the information provided in the half-year business report providing comment on the consolidated half-year account on which our limited examination bore. We have no observations to make as to their fairness and consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, 30 July, 2008

The Statutory Auditors

Expertise & Audit SA

/s/

Pascal Fleury

PricewaterhouseCoopers Audit

/s/

Catherine Thuret



SOCIÉTÉ DE LA
TOUR EIFFEL

I, the undersigned, Mark Inch, Chairman and Managing Director,

Certify, to the best of my knowledge, that the consolidated financial statements as at 30 June 2008 have been drawn up in accordance with the applicable financial standards and provide a fair representation of the asset portfolio, the financial situation and the net income of the Société de la Tour Eiffel and of all the companies included in its scope of consolidation, and that the half-year report presents a true chart of the major events that have occurred over the six months of the financial year, their effects on the financial statements, the major transactions between related parties and a description of the major risks and prominent uncertainties envisaged in the six remaining months of the financial year.

Executed in Paris,

On 30 July 2008