"Société anonyme" (public limited company) with capital of 27,165,180 euros
Registered Office 20-22 rue de la Ville l'Evêque - 75008 Paris
572,182 269 RCS PARIS

2010 HALF-YEAR FINANCIAL REPORT

HALF-YEAR BUSINESS REPORT:

I) CONSOLIDATED FINANCIAL STATEMENTS AS AT 30/06/2010

BALANCE SHEET – ASSETS

in thousands of €	Notes	30 June 2010 Net	31 December 2009 Net
NON CURRENT ASSETS			
Tangible fixed assets	1	403	427
Investment property	2	1.009.661	1.036.567
Goodwill on acquisitions	3	-	-
Intangible fixed assets	4	1.139	1.510
Financial assets	5	2.674	5.242
Deferred tax debit	15	322	322
Total non -current assets (I)		**1.014.199**	**1.044.068**
CURRENT ASSETS			
Trade and related receivables	7	22.110	25.941
Other accounts receivable and accrual accounts	8	11.429	18.631
Cash and cash equivalents	9	9.807	20.892
Total current assets (II)		**43.346**	**65.464**
Assets for disposal (III)	6	42.681	8.098
TOTAL ASSETS (I + II + III)		**1.100.226**	**1.117.630**

BALANCE SHEET – LIABILITIES

in thousands of €	Notes	30 June 2010	31 December 2009
SHAREHOLDERS' EQUITY (group share)			
Capital	10	27.165	27.165
Premiums linked to capital	10	28.577	35.898
Legal reserve		2.717	5.551
Consolidated reserves		276.513	337.095
Period consolidated income (loss)		18.229	(60.116)
SHAREHOLDERS' EQUITY (Group share) (A)		**353.201**	**345.593**
Minority interests (B)	11	-	-
SHAREHOLDERS' EQUITY (I) = (A + B)		**353.201**	**345.593**
NON-CURRENT LIABILITIES			
Long-term borrowings	12	595.618	591.312
Other financial liabilities	12	26.820	28.331
Long-term provisions	13	138	158
Tax liabilities	14	-	-
Deferred tax credit	15	-	-
Other long-term liabilities	16	300	300
Total non-current liabilities (II)		**622.876**	**620.101**
CURRENT LIABILITIES			
Borrowings and financial debt (less than one year)	12	71.729	87.332
Other financial liabilities	12	4.379	2.408
Trade payable and other debts	13	-	-
Tax and social liabilities	14	14.505	12.337
Trade accounts payable and other debts	16	33.536	49.859
Total current liabilities (III)		**124.149**	**151.936**
TOTAL LIABILITIES (I + II + III)		**1.100.226**	**1.117.630**

STATEMENT OF COMPREHENSIVE INCOME

in thousands of €	Notes	30 June 2010	30 June 2009
Turnover	17	44.095	47.283
Consumed purchases	18	(19)	(28)
Staff expenses	19	(1.988)	(1.875)
External expenses	19	(7.485)	(10.561)
Property taxes	19	(4.020)	(4.413)
Net allowances for depreciation	20	(415)	(431)
Net allowances for provisions	20	-	(222)
Net value adjustment balance	21	556	(65.902)
Other operating revenues and expenses	22	325	(969)
Operating income on ordinary activities		**31.049**	**(37.118)**
Income from cash and cash equivalents		23	246
Gross cost of financial debt		(12.547)	(14.401)
Net cost of financial debt	23	**(12.524)**	**(14.155)**
Other financial income and charges	24	(426)	(7.080)
Corporate income tax	25	130	(68)
NET PROFIT (LOSS)		**18.229**	**(58.421)**
Minority interests		-	(516)
NET PROFIT (LOSS) (GROUP SHARE)		**18.229**	**(57.905)**
Profit per share	26	3.41	(11.32)
Diluted profit per share	26	3.41	(11.30)

Net profit		**18.229**	**(58.421)**
Gains and losses recorded directly in shareholder's equity		-	-
Comprehensive income		**18.229**	**(58.421)**
Including: - group share		18.229	(57.905)
- minority interest share		-	(516)

CASH FLOW STATEMENT

Euros, in thousands	30 June 2010	31 June 2009
CASH FLOW FROM OPERATIONS		
Consolidated net profit	**18,229**	**58,421**
Restatement:		
Net financial allowances for depreciation and provisions	126	431
Net balance from value adjustments of investment properties	(556)	65,902
Profits / losses on value adjustments on the other assets and liabilities	709	7,387
Capital gains & losses from disposals	(320)	565
= Cash flow from operations after net cost of financial indebtedness and income tax	**18,188**	**15,864**
Income tax expense	(130)	68
Net cost of financial debt	12,524	14,155
= Cash flow from operations before net cost of financial indebtedness and income tax	**30,582**	**30,087**
Taxes paid	88	(662)
Change in working capital requirement linked to operations	5,303	10,073
= Net cash flow from (for) operations	**35,973**	**39,498**
CASH FLOW LINKED TO INVESTMENT TRANSACTIONS		
Acquisition of capital assets		
Intangible and tangible	*(25,471)*	*(19,821)*
Financial	-	-
Disposal of fixed assets	10,100	34,421
Change in loans and financial receivables agreed	3,078	661
Impact of changes in the consolidation scope	-	-
Net cash flow linked to investment transactions	**(12,293)**	**15,261**
CASH FLOW LINKED TO FINANCING TRANSACTIONS		
Dividends paid to parent company shareholders	(10,674)	(7,643)
Dividends paid to minority interests	-	-
Capital increase	-	-
Increase in shareholders' equity	-	5,122
Security shares capital increase	(22)	(159)
Borrowings issued	68,384	15,810
Repayment of borrowings	(80,431)	(25,022)
Net financial interest paid	-	-
Change in other financial debt	-	-
= Net cash flow from financing activities	**(34,760)**	**(27,136)**
CASH FLOW VARIATION	**(11,080)**	**27,62**
Cash flow at opening	20,858	28,197
Cash flow at closing	9,778	55,820
Cash flow variation	(11,080)	27,623

II - GROUP BUSINESS AND HIGHLIGHTS DURING THE FIRST HALF OF 2010

After two years of credit, financial and economic crisis, as the domestic economy entered a period of stabilisation, macro-economic issues dominated the first half of 2010. Until late April, the financial and real estate markets were constantly improving along with the economy. However, since May, doubt has once again set in with the euro crisis and sovereign debt concerns relating to certain countries. In this climate, the office leasing market is no longer deteriorating. Nevertheless, any improvement is likely to be at a very slow pace, linked to weak growth and sluggish job creation in the service industry. The office investment market is recovering, mainly due to "core" buildings.

1) Group real estate highlights

Business was sustained for Société de la Tour Eiffel in the first half of 2010 with regard to the marketing of existing assets and the delivery of new buildings, thus confirming the legitimacy of its investment strategy. Business benefitted from a portfolio adapted to rental demand, encompassing modern assets; moderate rents; high occupancy rates; solid cash flow and liquid properties with a limited lot size.

a. Investment policy

Given the impact of the current economic climate on the real estate market, during the first half of 2010 Société de la Tour Eiffel focused its investments on the refurbishment and turn key solutions for its existing tenants. It also continued with developments started in previous years.

Of developments in hand, the following deliveries were made during the first half of 2010: La Poste in Caen Mondeville, Le Topaz in Vélizy, and Chartres-Business Park.

b. Valuation of the group's land reserves

Redevelopment of the Massy Ampère site continued with the sale on 9 July 2010 of a 4,700 sq. m plot of land to a developer for a social housing scheme. Parallel to this sale, another 3,700 sq. m plot should be sold to the semi-public company S.E.M. Massy by the end of July 2010 for the construction of public facilities and road infrastructure. This is in accordance with the Land Transfer Requirements contract signed in October 2007, as part of the redevelopment scheme of the Ampère integrated development zone initiated by Massy town hall.

Prospecting and studies were still being carried out during the first half of 2010 concerning the redevelopment of available land reserves.

c. Business parks

The Group continued to renovate its business parks and studied the construction of new buildings tailored to specific user requirements.

The following developements were delivered during the first half of 2010:

- In Chartres - Business Park, Jardin d'Entreprises integrated development zone: two 5,700 sq. m. office/light industrial buildings and warehouses were delivered on 20 May 2010, located in the heart of Cosmetic Valley adjacent to the A11 motorway.

- In Strasbourg – Parc Eiffel des Tanneries, an office building of 1,600 sq. m, was delivered in March 2010.

d. Non-business park development

The La Poste site in Vitrolles site was extended on request from the tenant; a contract for property development was signed on 28 January 2010 for the completion of an extension with a rental area of approximately 2,500 sq. m. The transaction included a new 9-year fixed-term lease for the entire site.

The 15,000 sq. m, HQE-certified "Topaz" building in Vélizy was delivered on 3 May 2010.

Extensions that were started during year 2009 were also delivered during the first half of 2010:

- the extension of the La Poste site in Caen Mondeville (an additional 4,780 sq. m of sorting office buildings) was delivered on 30 April 2010;

- the extension (1,800 sq. m) of the nursing home located in Bourg en Bresse, subject to a new 12-year fixed-term lease, is scheduled for delivery at the end of July 2010.

59% of the Group's property assets, valued at €1,052 million in the consolidated accounts dated 30 June 2010 compared with €1,045 million at year-end 2009, **are either new or less than 10 years old, and 17% of them are HQE-certified.**

This net rise in value is the combined result of:
- the increase due to the investments made on buildings delivered in the first half of 2010 or under construction at 30 June 2010 (€15.9 million), as well as value adjustments on a like-for-like basis applied to assets (€0.5 million);
- the decrease due to disposals in the first half of 2010 (€8.8 million).

e. Business activity

The company maintained a sustained level of activity throughout the first half of 2010 in terms of both new rentals and lease renewals on its existing portfolio, representing €2.4 million in annual rent for a total floor space of nearly 27,000 sq. m.

As a result of this consolidation of the rental portfolio, the overall tenancy situation at 30 June 2010 has improved once again. Some two thirds of our total rental income are secured with fifteen major tenants, whose average lease term extends to the first quarter of 2016. The remaining rental income stems from multi-let properties (400 leases), with the benefit of a wide geographical distribution and competitive, moderate rents.
At 30 June 2010, the physical occupancy rate of properties in service stood at 86% (compared with 89.5% at 31 December 2009). The financial occupancy rate stood at 85.7% at 30 June 2010, (compared with 91.1% in late 2009). Excluding buildings delivered during the first half of 2010 (currently being marketed), the financial and physical occupancy rates stood at 90.1% and 89.5%, respectively.

f. Disposal policy

In 2010, as in previous years, the Company continued to pursue a policy of selective disposals.

Several sales were completed during the first half of 2010:

- an 11,000 sq. m building at the Parc Eiffel des Tanneries in Strasbourg (30 March 2010);
- the Lyon Comap building (2 April 2010).

The overall sale price of these assets amounts to €9.1 million, slightly above the appraisal value prior to these disposals.

The €42.7 million in buildings designated for sale, appearing in the consolidated accounts dated 30 June 2010, comprise a building on Rue de Charonne, Paris; the Champs sur Marne building; plots of land in the Parc des Tanneries in Strasbourg, and a lot in the Massy Ampère development complex.

Moreover, other assets may be sold by the end of the year. This would bring the total for disposals for €65 million (compared to the €50 million goal set at the beginning of the year).

Following these events, the value of the portfolio of commitments at 30 June 2010 stood at €1,055 million, comprising investment property recorded in the group accounts at 30 June 2010 (€1,009.7 million, including buildings under construction at their fair value upon completion), the additional fair value of buildings to be committed until completion (€2.6 million), and assets earmarked for disposal (€42.7 million).

2) 1.2 – Highlights relating to the financing of the Company and Group

During the first half of 2010, the Group continued the debt restructuring which it initiated in 2008 with the refinancing of a €100 million credit line and access to a "new money" line of credit in January 2010.

<u>Refinancing of a €100m line of credit</u>

The company paid off in full its Corporate line of credit, which had been taken out with a bank pool and expired 31 March 2010.

The line of credit, drawn down in the amount of €76.5 m, was refinanced through:
- available equity capital and cash flow, mainly from 2009 disposals;
- €30m mortgage refinancing approved by one of the Group's main banks for advances on the construction of the Topaz building in Vélizy, which was delivered in May 2010;
- a new €35m line of credit (12 months and extendible for 6 months) with an internationally-renowned French bank.

<u>Recourse to a €50m "new money" credit line starting January 2010</u>

A credit line of €50 million in "new money" was made available to the Group as from January 2010. It will basically be used to develop the Parcs Eiffel chain.

It was already used for the "Vélizy Topaz" development (25 March 2010) and for the 1,800 sq. m extension carried out to the nursing home in Bourg-en-Bresse at the request of the tenant (concluded on 21 June 2010).

<u>Rate hedging arrangements:</u>

New rate hedging agreements were signed with Natixis for refinancing starting 31 March 2010 (2% cap on €35 m).

Additionally, all rate hedging instruments expiring until the end of 2010 have been extended to end-June 2013 by signing €92m cap contracts (capped at 2 and 2.5%) and €80m in swaps (at a fixed rate of 1.6% and 1.65%).

3) Other highlights

a. Stock options

The meeting of the Board of Directors of 20 May 2010 noted that 220,669 stock subscription or stock purchase options granted by the Board of Directors had expired following the bearers' choice not to exercise the option. Outstanding stock options now represent 3.2% of equity (compared to 7% before expiry).

b. Distribution

The General Meeting of 20 May 2010 moved to distribute a dividend of 2 euros per share deducted from "other reserves", "legal reserves" and "share premium". The distribution was made on 28 May 2010.

c. Share buyback programme - liquidity contract

The General Meeting of 20 May 2010 authorised a new share buyback programme of a maximum 18-month duration from the date of the General Meeting with a view to:

- cancelling the shares bought back, wholly or in part, in accordance with the conditions laid out in Article L. 225-209 of the Commercial Code, and subject to approval of the share capital reduction authorised by the General Shareholders' Meeting;

- disposing of shares which it may issue to its corporate officers and employees as well as to companies with ties to Société Tour Eiffel, under the terms and conditions allowed for by law, especially as regards stock option plans, the free attribution of existing shares, and corporate or inter-company savings plans (plan d'épargne d'entreprise/interentreprises);

- disposing of shares for exchange if securities holders redeem or trade their securities or exercise the rights attached to convertibles, warrants, or any other security;

- having shares on hand which may be held and later traded or otherwise used to fund external growth operations (such as obtaining or increasing an equity stake in another company without exceeding the limits stipulated under Article L. 225-209 of the Commercial Code, as part of a merger, spin-off or equity participation);

- stimulating the market or share liquidity through a liquidity agreement with an investment services firm;

- implementing any new trading practices approved by the Autorité des Marchés Financiers (French markets regulator), and more generally, to perform any transaction that complies with the current regulations.

The maximum purchase price is set at €90 per share. The maximum number of shares for which buyback is authorised is equivalent to 10% of the capital of Société de la Tour Eiffel.

At 30 June 2010, Société de la Tour Eiffel held 92,594 treasury shares acquired through the share buyback programme and 2,532 treasury shares acquired through the liquidity contract.

The implementation of the liquidity contract, entered into with Natixis Securities and linked to the share buyback programme, continued during the first half of 2010.

d. Internal reorganisation

SCI Duranne Sud, which no longer held any assets, was dissolved without liquidation during the first half of 2010.

III - ECONOMIC AND FINANCIAL RESULTS

1) 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 and applicable on 30 June 2010.

The accounting methods and rules applied are the same as those implemented to produce the annual financial statements closed on 31 December 2010.

At 30 June 2010, the scope of consolidation included 25 companies, consolidated using the method of global consolidation, against 26 as at 31 December 2009, further to the Transfer of Assets of SCI Duranne Sud on 28 June 2010.

2) Consolidated Balance Sheet and Income Statement

a. Consolidated income statement

Consolidated turnover (comprising rental and service charge income from investment properties) dropped 6.7% between H1 2009 and H1 2010, from €47.3m to €44.1m, of which rents alone accounted for €37.1m and €37.4m respectively.

The 0.8% net growth in rental income (+ €0.3m) is essentially due to deliveries of new prerented buildings (+ €1.2m), and renewals and re-lettings (+ €0.4m), net of indexation of existing rental income (- €0.4m) and rental income from properties disposed of in 2009, and to a lesser extent, in the first half of 2010 (- €0.9m).
On a like-for-like basis (excluding the impact of disposals), the increase in half-year rents amounts to 3.1%.

The significant change in other rental income (€3.4 m) is mainly due to the 2009 adjustment relative to building expenses reinvoiced to tenants for the years 2007 and 2008.

Operating expenses, which amounted to €13.5m at end June 2010 against €16.9m at end June 2009, significantly dropped during the period (-20.1%). They mainly consist of the following:

- net rental charges (€4.6m against €6.7m at end June 2009), a decrease which parallels that in rental income (included in turnover);
- property taxes (€4m against €4.4m at end June 2009);
- staff expenses (€2m against €1.9m at end June 2009);
- overheads and operating costs of the Société de la Tour Eiffel Group

The net value adjustment balance (€0.6m) corresponds to the slight increase in property valuations between 31 December 2009 and 30 June 2010, minus the disposals and deliveries made since 1 January 2010.

After inclusion of a net capital gain of €0.3m on the sale of assets, operating income on recurring activities stood at €31m at 30 June 2010 compared with -37.1m at 30 June 2009.

As a reminder, the variation of fair value of the investment properties totalled - €65.9m at end-June 2009, having a major impact on operating income on recurring activities at 30 June 2009.

The marked change in the financial result for the period (from - €21.2m to -€12.9m) is directly associated with the fall in interest rates and outstanding bank debt. The 12.9% reduction in the gross cost of borrowing (from €14.4m to €12.5m) can be almost exclusively attributed to the reduction in interest rates between H1 2009 and 2010.

The other financial income and charges (- €0.4m at end June 2010 compared with - €7.1m at year end 2009) mainly result from the reduction in value of hedging instruments in a context of slightly falling interest rates.

Given these factors, the Group's consolidated net profit (group share) came to €18.2m at 30 June 2010 as against - €57.9m on 30 June 2009.

After adjusting the valuation of assets and liabilities as well as the divestment of assets, the operating results from recurring activity stand at €30.7m in June 2010 and net profit at €18.2m, compared with €30.5m and €16.4m respectively in June 2009.

Current cash flow after income tax and the net debt service stood at €18.7m at end June 2010 (against €15.9m at 30 June 2009), up 17.6% thanks to the combined effect of improved net rents and reduced financing costs.

b. Consolidated Balance Sheet

The total balance sheet of Société de la Tour Eiffel at 30 June 2010 amounted to €1,100.2m versus €1,117.6m at 31 December 2009.

The main changes are summarised below:

- **<u>Assets:</u>**
  - The €7.6m net increase of investment properties (from €1,044.7m to 1,052.3m) is mainly due to 1) the €15.9m increase in investments made in the buildings under construction (i.e. Vélizy, the extension to the Arbelles clinic in Bourg en Bresse and extensions in the La Poste portfolio in Caen and Vitrolles); 2) €0.5m positive variation in fair value of investment properties; and 3) €8.8m in property disposals;
  - the €13.9m reduction in available cash (including cash pledges totalling €1.2m at 30 June 2010).
- **<u>Liabilities:</u>**
  - The €7.6m increase in shareholders' equity linked to the considerable improvement of consolidated result (from - €60.1m to €18.2m), compensated by the decrease in reserves, as well as the balance of the 2009 distribution totalling €10.7m;
  - reduction in net bank borrowing (€11.8m);
  - the decrease of €13.2m in other operating liabilities primarily consisting of tax and social liabilities (€14.5m) and costs remaining to be committed on buildings under construction (€8.8m).

c. Cash flow statement

In the Group cash flow statement, a distinction must be made between the three categories of flows involved:

- Cash flow from operations: the overall decrease from €39.5m to €36m at end June 2010 is mainly due to the downward change of the WCR (€-4.7m) offset by the improved operating income on recurring activities;

- Cash flow linked to investment transactions: the change between June 2009 and June 2010 (- €27.6m) from €15.3m to -€12.3m is mainly due to increased investment (+ €5.7m) and fewer building disposals (-€24.3m);

- Cash flow linked to financing transactions: this cash flow stood at - €34.8m at 30 June 2010 against - €27.1m as at 30 June 2009, mainly due to the decline in disbursements (dividends + €3.1m, linked to the distribution of the remainder of the 2008 dividend in the form of shares during the first half of 2009), debt drawdowns (+ €56.2), in excess of loan reimbursements (+ €55.4m).

The Group's net cash position thus decreased from €20.9m at 1 January 2010 to €9.8m at 30 June, a decrease of €11.1m over the first half of the 2010 financial year.

3) Events occurring after 30 June 2010

The following events happened after 30 June 2010:

On 1 July 2010, the leases of the La Poste portfolio were renegotiated, thus extending their average lease term to March 2015.

The sale of the Champs sur Marne building (La Poste portfolio) was finalised on 2 July 2010.

The K2 lot in Massy, for which a commitment to sell was signed in 2008, was sold on 9 July 2010 to a developer for the construction of social housing. Parallel to the disposal of this land, in accordance with the Land Transfer Requirements contract signed with the semi-public company S.E.M. Massy in October 2007, Société de la Tour Eiffel should sell some plots of land to the S.E.M. Massy by the end of July 2010 as part of the redevelopment scheme of the Ampère integrated development zone initiated by Massy authorities:

The extension (1,800 sq. m) of the nursing home located in Bourg en Bresse, including a new 12-year fixed-term lease, is scheduled for delivery at the end of July 2010.

Additionally, a commitment to sell an approximately 20,000 sq. m site in the Parc des Tanneries (Strasbourg) was signed on 22 July 2010.

As regards marketing, negotiations are currently underway for the recently delivered buildings of Topaz in Vélizy and the business park in Chartres.

4) Outlook

The identified and secured rental income of Société de la Tour Eiffel, for the property assets held at 30 June 2010, will be at least €73 million in 2010.

The Group will seek to ensure that its existing rental income is secure and durable, optimising revenue by marketing recently delivered buildings.

The development of the land reserves of the Massy Ampère site (65,000 sq. m.) will only move forward in the event of pre-leasing.

In the second half the Group will work to finalise sales initiated in the first half of the year.

Société de la Tour Eiffel stands by its long-term objective of providing shareholders with recurring revenue that remains in line with the current cash flow per share.

As regards financing, the Group will continue negotiations to prolong the 2013 maturity date of current financing with the Group's main banks.

5) Main risks and uncertainties

The main risks and uncertainties as assessed by the company are described in section 4.3 of the management report included in part 2 of the 2009 registration document submitted to the Autorité des Marchés Financiers (AMF) on 28 April 2010 under the reference D 10-0338.

The company does not anticipate any significant changes in these risk levels in the next six months of the year.

6) Transactions between related parties

This information is given in Note 28 of the appendix to the half-yearly consolidated financial statements.

IV - VALUATION OF PROPERTY ASSETS AND NET ASSET VALUE

1) Group property assets

All the property assets of the Société de la Tour Eiffel Group were appraised at 30 June 2010 by one of the following independent valuers: BNP Paribas Real Estate Valuation, Savills , Cushman & Wakefield Expertise, and Ad Valorem Expertises.

During the first half, the Group rotated two valuers for one portion of its property assets. Attributions between firms are determined by the geographical location and nature of the properties appraised.

The Group's property assets stand at €1,052.3m, excluding transfer duties and expenses, of which €1,009.6m represent investment properties and €42.7m represent assets intended for sale

In compliance with the recommendations of the Autorité des Marchés Financiers (France's Financial Markets Regulator), these appraisals are undertaken annually on a uniform manner based on net selling prices, i.e. excluding transfer costs.

Evolution of property assets at 30 June 2010

	30/06/2010		31/12/2009		Change	
	In €m	In %	In €m	In %	In €m	In %
Offices	552.9	52.5 %	545.8	52.2 %	7.1	1.3 %
Parcs Eiffel	303.7	28.9 %	309.2	29.6 %	- 5.5	- 1.8 %
Warehouses	94.9	9.0 %	92.1	8.8 %	2.8	3.0 %
Light industrial space	59.0	5.6 %	60.1	5.8 %	- 1.1	- 1.9 %
Nursing homes	41.8	4.0 %	37.5	3.6 %	4.4	11.7 %
Total	**1,052.3**	**100.0 %**	**1,044.7**	**100.0 %**	**7.7**	**0.7 %**

Methodology retained by the experts

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

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

The capitalisation method consists in capitalising a net passing income or a market rent at a suitable rate of return taking into account discounted adjustments for future rental increments or shortfalls.

This method is based on the rental value (market rent) of the assets, compared with the passing rent. When the net rent is close to the rental value, the rent is capitalised on the basis of a market rate of return, reflecting in particular the quality of the building, its location, the tenant and the remaining fixed lease term.

The adopted rate of return reflects the rates of return arising from the transactions occurring on the market. If the net rent is appreciably higher or lower than the rental value, the difference is capitalised on a discounted basis up until the next lease break date and added or subtracted from the core result.

For vacant space at the time of the valuation, the rental value is capitalised at a market rate of return plus an allowance for risk, and then the loss of rent for the estimated marketing period deducted. Vacant premises are valued on a weighted basis by the experts using market rental values, after deducting the carrying costs related to the lead-time for marketing the premises as assessed by the valuers, and after deducting any commercial incentives that may be granted to potential tenants.

Within the framework of the appraisals at 30 June 2010, the rates of return chosen by the property experts range from 6.5% to 10.0% and are determined by the valuers according to the risk posed by a particular asset class and comprise the impact of vacant premises.

For assets with residual land value, the experts give a special value. For assets with no residual land value, the total value of the appraisals reflects the value of the property.

2) Net Asset Value

Net asset value including taxes

To calculate the net asset value including taxes (or replacement NAV), properties are first assessed for their tax-inclusive value according to the appraisals made by independent valuers.

The Net Asset Value corresponds to the consolidated shareholders' equity at 30 June 2010, plus the unrealised gains on goodwill (value of Awon Asset Management as estimated by Deloitte at 31 December 2009).

The Net Asset Value including taxes (replacement NAV) stood at €75.8 per share at 30 June 2010 compared with €74.0 per share at 31 December 2009, an increase of 2.4%.

Net Asset Value excluding taxes

A second calculation provides net asset value excluding taxes (or liquidation NAV).

Transfer charges are estimated by the Company at 5% of the new value of the company owning an asset. This same transfer tax calculation method has been used for every year since the Company began its property investment activities.

As at 30 June 2010, the transfer taxes and other disposal expenses estimated by the Company, compared with the taxes already deducted from the value of the assets, issued by independent property experts and represented in the consolidated balance sheet (pursuant to IFRS standards), result in an adjustment of €25.9m.

The Net Asset Value excluding taxes stood at €71.8 per share at 30 June 2010 compared with €70.0 per share at 31 December 2009, an increase of 2.6%.

Calculation of Net Asset Value excluding taxes from consolidated shareholders' equity

In thousands of euros	30/06/2010	31/12/2009
Consolidated shareholders' equity	**353 201**	**345 592**
Appreciation on intangible assets	4 116	3 751
Appreciation on buildings under construction	0	0
Net adjustment of the transfer taxes:	**25 876**	**24 197**
+ Taxes deducted from the value of assets on the balance sheet	47 107	45 522
- Estimated divestment taxes and fees	21 230	21 325
NAV excluding taxes	**383 193**	**373 540**
Number of shares (excluding treasury shares)	5 337 910	5 337 582
NAV excluding taxes per share in €	**71.8**	**70.0**
Change compared with 31/12/2009	2.6 %	

Change in NAV excluding taxes from 31/12/2009 to 30/06/2010

	In €m	Per share in €
NAV excluding taxes at 31/12/2009	**373.4**	**70.0**
Recurring net income	18.2	3.4
Balance from 2009 distribution	-10.7	-2.0
Capital gains on divestments	0.3	0.1
Valuation of property assets	0.6	0.1
Valuation of hedging instruments	-0.4	-0.1
Other	1.8	0.3
NAV excluding taxes at 30/06/2010	**383.2**	**71.8**

Number of shares (excluding treasury shares) at 30 June 2010:	5,337 910
Number of shares (excluding treasury shares) at 31 December 2009:	5 337 582

V – GROUP FINANCING

Although less stringent than in 2008 and 2009, the financial markets stayed particularly sensitive to macroeconomic fluctuations, both in terms of spreads and interest rate volatility.

1) Liquidity

During the first half of 2010, the Group adjusted its financing needs. Principally, debts were diminished (- €79m) by repaying the corporate credit line on 31/03/2010 (- €76.5m) and through ensuing disposals. Additionally new resources were obtained following the refinancing of this same credit line with a new €35m debt issue and by drawing down unused credit lines for the development schemes in progress.

At 30 June 2010, the Group had at its disposal €20.5m in undrawn credit lines.

2) Debt structure at 30 June 2010

Overall gross debt as at 30 June 2010 stood at €663.9m, as against €675.6m at 31 December 2009.

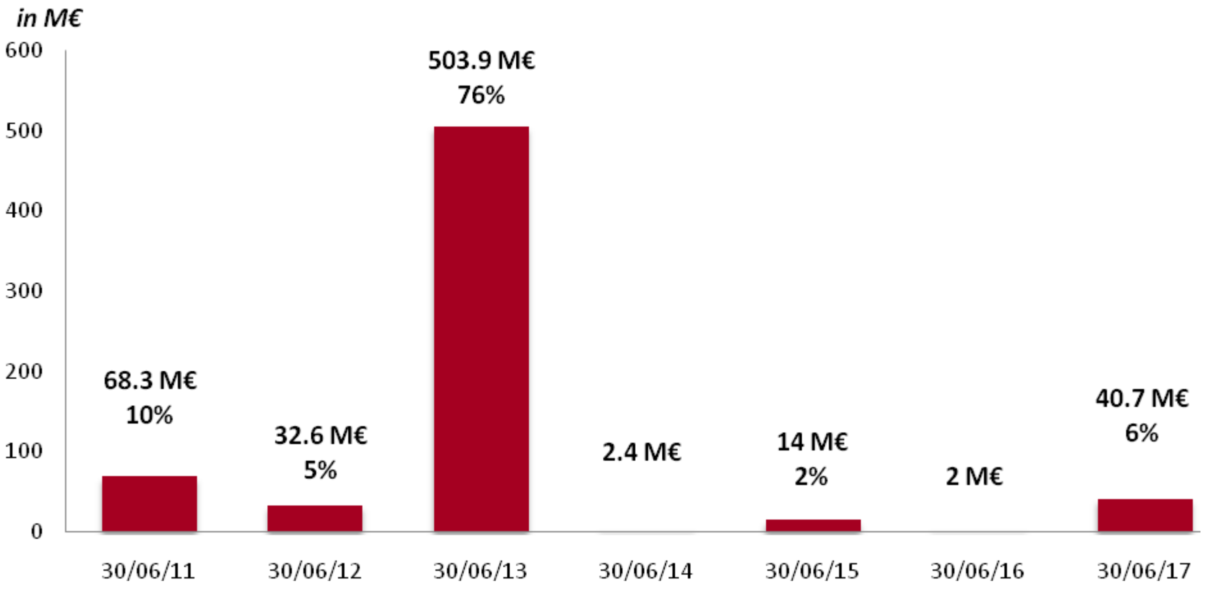
Net debt recorded on the balance sheet, obtained by deducting from the global debt all invested cash reserves, including the Group's subsidiaries, and financial investments in the form of cash pledges, amounted to €652.9m at the end of H1 2010 versus €650.8m at year-end 2009.

In €m	**30/06/2010**	**31/12/2009**
Gross financing debt	663.9	675.6
Invested cash reserves	+ 0.3	- 10.7
Cash and cash equivalents	- 10.1	- 10.1
Financial investments (pledged cash)	- 1.2	- 4.0
Net debt on balance sheet	**652.9**	**650.8**

Thus, the LTV ratio at 30 June 2010 represents 62% of property assets, valued at €1,052.3m.

3) Debt by maturity date

The bank financing drawn by Société de la Tour Eiffel at 30 June 2010 of €663.9m is shown, per maturity date, in the chart below:



The Company's average term of debt stood at 3 years at 30 June 2010 against 3.3 years at year-end 2009.

4) Average cost of debt:

The average cost for Group refinancing was 3.4% at 30 June 2010, to be compared with 3.9% at year-end 2009 and 4.2% during the first half of 2009.

5) Management of market risks

Société de la Tour Eiffel is only concerned by the market risk resulting from the change in interest rates relating to loans contracted to finance its investment strategy and maintain requisite financial liquidity.

The aim of the interest rate risk policy of Société de la Tour Eiffel is to limit the impact of changes in interest rates on results, and to keep the global cost of debt as low as possible.

To meet these objectives, the Company usually borrows at a variable rate and uses derivative products (cap s and swap s only) to hedge the rate risk. It does not carry out operations in the market with any other purpose than to hedge its rate risks and all operations performed are centralised and managed by the Company itself, according to the recommendations of the banks with which it regularly works.

When new financing or refinancing lines are set up, they are systematically backed with a suitable rate hedging instrument, chosen as a result of consultation with several competing banks in terms of maturity and cost according to market conditions and the nature of the underlying asset to be financed subject.

Taking out derivatives to limit .interest rate risks exposes the Company to the possible failure of a counterparty. To limit the counterparty risk, Société de la Tour Eiffel carries out hedging operations only with first-rate financial institutions.

To optimise management of interest rate risk and take advantage of historically low rates, the Group has signed several new hedging contracts since the beginning of 2010. Their characteristics are summarised in the following table:

Type of contract	Company	Notional (€M)	Starting date	Maturity date	Rate
CAP	Société de la Tour Eiffel	35	31/03/2010	30/09/2011	2.0%
CAP	Locafimo	32	27/10/2010	30/06/2013	2.5%
CAP	Locafimo	30	25/03/2010	28/06/2013	2.0 %
CAP	Locafimo	30	27/12/2010	30/06/2013	2.5%
SWAP	Locafimo	50	27/12/2010	30/06/2013	1.6%
SWAP	Locafimo	30	27/12/2010	28/06/2013	1.65%

Two cap agreements of an overall notional amount of €40m were transferred by the Société de la Tour Eiffel to Locafimo dated 23 June 2010, in order to atune the optimal amount of hedging granted to each company.

Thus, thanks to new hedging transactions, all 2010 maturity dates were prolonged under favourable conditions, most to June 2013.

6) Evaluation of interest rate risk:

At 30 June 2010, bank financial debt amounted to €663.9m, of which €607.1m were at variable rates and €56.8m at fixed rates. After taking into account the fixed-rate swap instruments, total fixed-rate debt stood at €338m, i.e. 51% of the hedged debt.

In addition, the debt at variable rate was hedged for a total of €325.9m by cap instruments, allowing the Group to continue profiting from the significant fall in the interest rates since the end of 2008.

Consequently, at 30 June 2010, debt was hedged to a total overall ratio of 100%.

On the basis of the outstanding debt as at 30 June 2010, a 50 base-point rise in the Euribor 3-month interest rates in 2010 would have a negative impact (on an annual basis) on recurring net income, estimated at €1.6 million. This impact is estimated at €3.2m in recurring net income for an average increase of 100 basis points during 2010.

Conversely, a 50 basis-point drop in interest rates would reduce the financing cost by an estimated €1.6m, resulting in an equivalent positive impact on the recurring net income for 2010.

7) Financial structure ratios

Indebtedness ratios	30/06/2010	2009	2008
Consolidated equity (€m)	353.2	345.6	418.7
Net financial debt (€m)	652.9	650.8	654.0
Net financial debt / Consolidated equity	185 %	188 %	156 %
Net banking debt/Total property assets (Loan to Value)	62.0 %	62.3 %	59.2 %

Financing ratios	30/06/2010	2009	2008
Average cost of debt	3.4 %	3.9 %	5.2 %
Fixed or capped rate borrowings	100 %	98 %	91 %
Maturity of debt	3.0 years	3.3 years	4.3 years
Interest charge costs on GOP*	2.4	2.4	1.5

*GOP: Gross Operating Profit = Operating income before adjustment of value and other income and operating expenses

Loan covenant ratios:

The status relative to financial ratios that the Group has committed to respect as part of its bank financings is summarised in the table below, for amounts posted at 30 June 2010 per bank.

The table compares the last ratios, LTV and ICR, communicated to the banks during the half year to the Company's contractual obligations.

Banking financing and main covenants at 30/06/2010

	30/06/2010	Bank covenants		STE ratios		
In €m	**Consolidated financial debt**	**Maximum LTV**	**Minimum ICR**	**LTV**	**ICR**	**Due date**
RBS / AXA / Calyon / Crédit Foncier	134.8	75.0%	170%	54.0%	352%	15/06/2013
Calyon	57.7	80.0%	125%	56.0%	381%	15/04/2011
Société Générale (50%) - Crédit Foncier (50%)	55.1	65%	110%	55.4%	218%	27/03/2017
Société Générale	12.5	NA	NA	NA	NA	14/01/2015
PBB (formerly HRE)	372.2	72.5%	140%	66.1%	356%	30/06/2013
Natixis	31.6	75.5%	225%	63.8%	322%	31/03/2011
Total	**663.9**					

The company has complied with all its Group loan commitments as at 30 June 2010 relative to its various financing contracts.

8) Risks on treasury shares

As part of the share buyback programme authorised by the General Shareholders' Meeting of 20 May 2010, the company is subject to a risk on the value of the shares it is liable to hold.

Based on the number of shares held at 30 June 2010, or 95,126 shares, the sensitivity of results to a decrease or increase of 10% of the Société de la Tour Eiffel share price is estimated to be €0.5m.

VI - DISTRIBUTION OF THE 2010 INTERIM DIVIDEND

Income from recurring business and the progression of the current cash flow have enabled the Group to pursue its distribution policy. Given the €19.5m net profit posted by the parent company on 30 June 2010, the Board of Directors held 28 July 2010 voted the distribution of an interim dividend of €2 per share. This will be paid out on 6 October 2010 in cash or in shares, at the shareholder's discretion, in agreement with the adoption of the third resolution at the Ordinary General Meeting of 20 May 2010.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30/06/2010

CONTENTS

BALANCE SHEET – ASSETS

in thousands of €	Notes	30 June 2010 Net	31 December 2009 Net
NON CURRENT ASSETS			
Tangible fixed assets	1	403	427
Investment property	2	1,009,661	1,036,567
Goodwill on acquisitions	3	-	-
Intangible fixed assets	4	1,139	1,510
Financial assets	5	2,674	5,242
Deferred tax debit	15	322	322
Total non -current assets (I)		**1,014,199**	**1,044,068**
CURRENT ASSETS			
Trade and related receivables	7	22,110	25,941
Other accounts receivable and accrual accounts	8	11,429	18,631
Cash and cash equivalents	9	9,807	20,892
Total current assets (II)		**43,346**	**65,464**
Assets for disposal (III)	6	42,681	8,098
TOTAL ASSETS (I + II + III)		**1,100,226**	**1,117,630**

BALANCE SHEET – LIABILITIES

in thousands of €	Notes	30 June 2010	31 December 2009
SHAREHOLDERS' EQUITY (group share)			
Capital	10	27,165	27,165
Premiums linked to capital	10	28,577	35,898
Legal reserve		2,717	5,551
Consolidated reserves		276,513	337,095
Period consolidated income (loss)		18,229	(60,116)
Shareholders' equity (Group share) (A)		**353,201**	**345,593**
Minority interests (B)	11	-	-
SHAREHOLDERS' EQUITY (I) = (A + B)		**353,201**	**345,593**
NON-CURRENT LIABILITIES			
Long-term borrowings	12	595,618	591,312
Other financial liabilities	12	26,820	28,331
Long-term provisions	13	138	158
Tax liabilities	14	-	-
Deferred tax credit	15	-	-
Other long-term liabilities	16	300	300
Total non-current liabilities (II)		**622,876**	**620,101**
CURRENT LIABILITIES			
Borrowings and financial debt (less than one year)	12	71,729	87,332
Other financial liabilities	12	4,379	2,408
Trade payable and other debts	13	-	-
Tax and social liabilities	14	14,505	12,337
Trade payables and other debts	16	33,536	49,859
Total current liabilities (III)		**124,149**	**151,936**
TOTAL LIABILITIES (I + II + III)		**1,100,226**	**1,117,630**

STATEMENT OF COMPREHENSIVE INCOME

in thousands of €	Notes	30 June 2010	30 June 2009
Turnover	17	44,095	47,283
Consumed purchases	18	(19)	(28)
staff expense	19	(1,988)	(1,875)
External expenses	19	(7,485)	(10,561)
Property taxes	19	(4,020)	(4,413)
Allowances for depreciation	20	(415)	(431)
Net allowances for provisions	20	-	(222)
Net value adjustment balance	21	556	(65,902)
Other operating revenues and expenses	22	325	(969)
Operating income on ordinary activities		**31,049**	**(37,118)**
Income from cash and cash equivalents		23	246
Gross cost of financial debt		(12,547)	(14,401)
Net cost of financial debt	23	**(12,524)**	**(14,155)**
Other financial income and charges	24	(426)	(7,080)
Corporate income tax	25	130	(68)
NET PROFIT (LOSS)		**18,229**	**(58,421)**
Minority interests		-	(516)
NET PROFIT (LOSS) (GROUP SHARE)		**18,229**	**(57,905)**
Profit per share	26	3,41	(11,32)
Diluted profit per share	26	3,41	(11,30)

Net profit		**18,229**	**(58,421)**
Gains and losses recorded directly in shareholder's equity SHAREH OLDERS' EQUITY		-	-
Comprehensive income		**18,229**	**(58,421)**
Including: - group share		18,229	(57,905)
- minority interest share		-	(516)

CASH FLOW STATEMENT

Euros, in thousands	**30 June 2010**	**31 June 2009**
CASH FLOW FROM OPERATIONS		
Consolidated net profit	**18,229**	**58,421**
Restatement:		
Net financial allowances for depreciation and provisions	126	431
Net balance from value adjustments of investment properties	(556)	65,902
Profits / losses on value adjustments on the other assets and liabilities	709	7,387
Capital gains & losses from disposals	(320)	565
= Cash flow from operations after net cost of financial indebtedness and income tax	**18,188**	**15,864**
Income tax expense	(130)	68
Net cost of financial debt	12,524	14,155
= Cash flow from operations before net cost of financial indebtedness and income tax	**30,582**	**30,087**
Taxes paid	88	(662)
Change in working capital requirement linked to operations	5,303	10,073
= Net cash flow from (for) operations	**35,973**	**39,498**
CASH FLOW LINKED TO INVESTMENT TRANSACTIONS		
Acquisition of capital assets		
Intangible and tangible	(25,471)	(19,821)
Financial	-	-
Disposal of fixed assets	10,100	34,421
Disposal of capital assets	3,078	661
Change in loans and financial receivables agreed	-	-
Impact of changes in the consolidation scope	**(12,293)**	**15,261**
CASH FLOW LINKED TO FINANCING TRANSACTIONS		
Dividends paid to parent company shareholders	(10,674)	(7,643)
Dividends paid to minority interests	-	-
Capital increase	-	-
Increase in shareholders' equity	-	5,122
Borrowings issued	(22)	(159)
Repayment of borrowings	68,384	15,810
Net financial interest paid	(80,431)	(25,022)
Change in other financial debt	-	-
= Net cash flow from financing activities	**(34,760)**	**(27,136)**
CASH FLOW	**(11,080)**	**27,62**
Cash flow at opening	20,858	28,197
Cash flow at closing	9,778	55,820
Cash flow variation	(11,080)	27,623

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in thousands of €	Capital	Premiums	Legal reserve	Consolidated reserves	Year-end net income	Total Group share	Minority interests	Total Shareholders' equity
Position as at 01.01.2008	**249,264**	**42,653**	**2,563**	**85,424**	**91,595**	**471,499**	**69**	**471,568**
Appropriation of net profit	-	-	1,579	90,016	(91,595)	-	-	-
Dividends paid	-	-	-	(33,072)	-	**(33,072)**	-	**(33,072)**
Capital increase	-	-	-	-	-	-	-	-
Reduction in capital	-	-	-	-	-	-	-	-
Income for current year	-	-	-	-	(16,748)	**(16,748)**	79	**(16,669)**
Share subscription warrants	-	-	-	-	-	-	-	-
Stock option plans	-	-	-	996	-	**996**	-	**996**
Other movements	-	-	-	-	-	-	214	**214**
Share buy-back	-	-	-	(4,362)	-	**(4,362)**	-	**(4,362)**
Position as at 31.12.2008	**249,264**	**42,653**	**4,142**	**139,002**	**(16,748)**	**418,313**	**362**	**418,675**
Appropriation of net profit	-	-	1,409	(18,157)	16,748	-	-	-
Dividends paid	-	(10,677)	-	(7,643)	-	**(18,320)**	-	**(18,320)**
Capital increase	1,200	3,922	-	-	-	**5,122**	-	**5,122**
Reduction in capital	(223,299)	-	-	223,299	-	-	-	-
Income for current year	-	-	-	-	(60,116)	**(60,116)**	(528)	**(60,644)**
Share subscription warrants	-	-	-	-	-	-	-	-
Stock option plans	-	-	-	646	-	**646**	-	**646**
Other movements	-	-	-	-	-	-	166	**166**
Share buy-back	-	-	-	(52)	-	**(52)**	-	**(52)**
Position as at 31.12.2009	**27,165**	**35,898**	**5,551**	**337,095**	**(60,116)**	**345,593**	**-**	**345,593**
Appropriation of net profit	-	-	-	(60,116)	60,116	-	-	-
Dividends paid	-	(7,321)	(2,834)	(519)	-	**(10,674)**	-	**(10,674)**
Capital increase	-	-	-	-	-	-	-	-
Reduction in capital	-	-	-	-	-	-	-	-
Income for current year	-	-	-	-	18,229	**18,229**	-	**18,229**
Share subscription warrants	-	-	-	-	-	-	-	-
Stock option plans	-	-	-	77	-	**77**	-	**77**
Other movements	-	-	-	-	-	-	-	-
Share buy-back	-	-	-	(24)	-	**(24)**	-	**(24)**
Position as at 30.06.2010	**27,165**	**28,577**	**2,717**	**276,513**	**18,229**	**353,201**	**-**	**353,201**

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 limited company registered and domiciled in France. Its registered office is at 20-22 rue de la Ville l'Evêque, Paris.

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

The consolidated financial statements as at 30 June 2010 were adopted on 28 July 2010 by the Board of Directors. They are presented in thousands of euros unless otherwise indicated.

2. Accounting methods

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

2.1 Basis for preparation of the financial statements

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

The preparation of financial statements in accordance with IFRS standards requires the application of certain pertinent estimates. Management must also exercise judgment in respect of the application of the Company's accounting methods. The areas 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 paragraph 5.

The following mandatory standards came into effect on 1 January 2010:

- Annual improvement 2009 – annual improvements to the International Financial Reporting Standards published in April 2009;
- Amendment to IFRS 2 "Group Cash-settled Shared-based Payment Transactions";
- IFRS 3 R and IAS 27R on "Business Combinations", applicable to financial years underway starting 1 July 2009 (these standards were adopted by the European Union on 3 June 2009);
- IFRIC 15, "Agreements for the Construction of Real Estate";
- IFRIC 17 "Distributions of Non-cash Assets to Owners", applicable to financial years underway starting 1 November 2009;
- IFRIC 18 "Transfers of Assets from Customers".

These new standards and interpretations have no effect on the consolidated financial statements of Société de la Tour Eiffel.

The following new standards, amendments, and interpretations were made public but were not applicable at 30 June 2010 and were not adopted in advance.

- Annual improvements 2010 – annual improvements to the International Financial Reporting Standards published in May 2010;
- IFRS 9 "Financial Instruments";
- IAS 24R "Related Parties Disclosures";
- Amendments to IAS 32 "Classification of Rights Issues";
- Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement";
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", applicable to financial years starting 1 July 2010.

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

2.2 Consolidation method

Subsidiaries

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

Subsidiaries are wholly consolidated as of the date of transfer of control to the Group. They are deconsolidated as of the date at which control ceases to be exercised.

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

2.3 Business combinations and asset acquisitions

2.3.1 Business combinations

When the company acquires an economic activity as the term is used in IFRS 3, such acquisition is treated as the formation of a business combination, also as the term is used in that standard.

In this case, deferred taxes and goodwill are likely to be recorded.

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

Goodwill accounted for separately is subject to a yearly impairment test under IAS standard 36, and is also tested before the end of the financial year during which the acquisition took place. It is recorded at cost less accumulated loss in value.

Losses in value of goodwill are not reversible. Income on the disposal of an entity takes the accounting value of the entity's goodwill into consideration.

Goodwill is posted to units generating cash flow, which we expect to benefit from the Grouping, in order to carry out impairment tests. Amortisation is recognised for the amount of the excess of the unit's book value over its recoverable value.

The recoverable value of a unit is the highest amount between its fair value less disposal costs and its economic value.

The treatment of these acquisitions as the business combinations 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).Also, acquisition costs are included in the purchase price of shares. Accounting treatment applicable to these two items has the effect of mechanically increasing goodwill.

This valuation of property assets also has a mechanical effect when performing impairment tests on cash generating units, to which goodwill is allocated, an effect leading to overall impairment of goodwill during the financial year when the acquisition took place.

In fact, the cash generating units, where goodwill is tested, correspond, in this particular case, to the buildings owned by the property companies. As the recoverable values of these units, calculated on the basis of future discounted cash flows, usually correspond to the appraisal values, (i.e. the new reappraised values of properties), they are unable to justify the corresponding goodwill impairment.

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.

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

2.3.2 Asset acquisitions

When the Group acquires an entity that represents a group of assets and liabilities without any economic activity as the term is defined in IFRS 3, these acquisitions are not business combinations 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 purchase price and the fair value of assets and liabilities acquired is allocated on the basis of the relative fair values of the individual assets and liabilities which can be identified as a grouping at the time of acquisition.

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

As part of the group's management reporting responsibilities, properties are monitored individually and none represent over 10% of the aggregates provided for in the IFRS 8 standard.

2.5 Tangible fixed assets

These assets include chiefly office equipment, information technology equipment and vehicles, as well as office fitting. These are amortised on a straight line basis over their useful life.

Amortisation is calculated on the following basis:

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

2.6 Investment property

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.

Pursuant to the revised IAS 40, assets under construction or improvements are recorded as "Investment property" and are valued at fair value (the method selected by the Group).

Pursuant to the IAS 23 standard, the Group incorporates borrowing costs into the cost of the corresponding created assets, essentially assets requiring a long construction period. The included financial costs are solely those related to interest accrued on short-term and long-term borrowings during the construction period until the definitive delivery date of the asset. The interest rate is that defined in the terms of the financing granted to the Group.

The group has entrusted the appraisal of its assets to various independent specialists:

BNP Paribas Real Estate Valuation
Savills
Cushman & Wakefield
Ad Valorem Expertises

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

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.).

This rental income accounts for a vacancy rate as well as any decreases or increases in rents that are to be effective at the time of renewal based on market rental values and the probability of leases being renewed.
The return rates automatically derived from these appraisals are compared against market rates and the values adjusted accordingly.

The investment properties subject to restructuring 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, taking account of the lack of significant threats when it comes to administrating authorisations (e.g., planning permit, “CDEC” [local commercial infrastructure board permit], conditions precedent of technical and commercial implementation).

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

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

The income statement records the variations in value over the year for each building calculated as follows:

Market value N - (market value N-1 + amount of capitalisable works and expenses during the financial year).
Income from the disposal of an investment project is calculated in relation to the last fair value posted in the closing balance sheet for the previous financial year.

2.7 Intangible fixed assets

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

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 16 May 2006.
This agreement is amortised over its fixed term, thus until 31 December 2011.
An impairment test will be made if any loss in value is suspected.

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

2.8 Financial assets

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

Financial assets at fair market value through the income statement

This category includes financial assets shown at fair value through the income statement when they are first recorded. Financial assets are classified in this category when they are designated as such by the management (assets evaluated at fair value by earnings), in compliance with IAS 39.Assets under this category are recognised as current assets when they are held for future transactions or if they are expected to reach maturity within twelve months of closing. They are then revalued at their fair value at each closing.

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

Loans, 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 in current assets, except for those reaching maturity more than twelve months after closing. The latter are categorized under non-current assets.

These assets are accounted for at cost.

2.9 Trade receivables and related accounts

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

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

2.10 Cash and cash equivalents

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

Marketable securities are classified as cash equivalent, they meet the criteria of maturity, liquidity and the absence of volatility.

They are valued at fair value with a contra account in the income statement.

2.11 Non -current assets and asset groups destined for disposal

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

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

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

The Company expects the sale to take place within a limit of twelve months.
Investment properties included in this category continue to be valued according to a principle of fair value.

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 recognised on the income statement as rights are acquired with a contra account in shareholders' equity.

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

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

2.13 Borrowings and other financial liabilities

Borrowings

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

Borrowings are classified as current liabilities, 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 hedge accounting as the term is meant under IFRS.

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

Other financial liabilities

The other financial liabilities include chiefly the outstanding premiums on the caps and swaps and the bonds and sureties received.

These financial liabilities are accounted for at their amortised cost.

2.14 Provisions

Provisions are made if it is likely that a significant outflow of resources will be required to discharge a current obligation (legal or implied) arising from a past occurrence and where a fairly accurate estimate of the obligation's value is possible.

2.15 Staff benefits

Retirement obligations

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

As at 30 June 2010 the Group had a total staff of 24, 23 of whom were in Awon Asset Management and one of whom was in Société de la Tour Eiffel.

Management decided to maintain the accounting treatment for actuarial gains and losses consisting of recognising them as income.

At 30 June 2010, the Group had made an estimation of its retirement obligations in the form of guaranteed benefits.

This estimation was based on:

- actuarial valuations (discount rate and net annual valuation of the fund at a rate of 4.6%),
- death rate assumptions (source INSEE),
- employee turnover,
- 3.9% salary increase,
- retirement at age 65.

This provision for pension compensation was recorded at the value of €138,000.

Payments based on shares

The group has put in place a remuneration plan based on equity instruments, i.e. options on shares and free shares. The fair value of services rendered in exchange for the award of stock options is recorded as an expense as a contra to reserves on the basis of the value of the options at the time they are granted.
The company does not recognise any commitment when the awarding of these instruments is subject, on the awarding date, to any condition other than a market condition that will not be fulfilled.
At each closing date, the entity re-examines the number of options that are likely to become exercisable.

Sums received on the exercise of options are credited to the “share capital» (par value) and “Issue premium, net of directly attributable transaction costs” accounts.

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

2.17 Current and deferred taxes

The Group’s tax regime

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 taxes

Deferred taxes recorded for the activities and companies subject to corporate income tax are calculated according to the liability method for all temporal differences between the tax value of assets and liabilities and their book value in the consolidated financial statements. The deferred taxes are determined using the tax rates (and 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.

Deferred tax debit is recognised only where a future taxable profit is likely, enabling the temporal differences to be written off.

Deferred taxes are accounted for according to the temporal differences linked to holdings in subsidiaries and associated companies, except where a schedule changing these differences is controlled by the Group and where it is probable that this payment will not take place in the near future.

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

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

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

Parcoval, a company which entered the perimeter on 31st March 2007, has opted for the SIIC regime with effect as at 1st April 2007.

The Company considers that the new value-added business tax contribution (CVAE) applies to operating activities. As such, the operating expense contribution does not fall within the scope of application of IAS standard 12.

Changes to the SIIC tax regime

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.

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

On the basis of the shareholding base as at 30 June 2010, the company should not be forced to pay any levy on its distributions.

2.18 Recognition of income

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

Income from ordinary activities mainly corresponds, in the Group's case, to earnings from rental of investment properties.

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

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

2.19 Other income and expenses on ordinary activities

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

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

2.20 Lease-financing agreements

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

The lessor enters the account receivable for an amount equal to the sum of the minimum payments of the direct financing lease.
The payments are broken down between repayment of the receivable and the financial revenue.

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

2.21 Distribution of dividends

Distribution of dividends to the Company's shareholders is 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.

3. Scope of consolidation

3.1 List of the consolidated companies

Companies	SIREN ID	Consolidation method	% of equity stake June 2010	% of equity stake December 2009	Date company joined Group's scope
SOCIÉTÉ DE LA TOUR EIFFEL	572 182 269	Parent company	100%	100%	
SCI DU 153 AVENUE JEAN JAURÈS	419 127 287	F.C.**	100%	100%	December 2003
SCI NOWA	443 080 379	F.C.**	100%	100%	April 2004
SCI MARCEAU BEZONS	429 665 672	F.C.**	100%	100%	June 2004
SCI ARMAN F02	444 978 076	F.C.**	100%	100%	April 2004
SCI DES BERGES DE L'OURCQ	478 726 565	F.C.**	100%	100%	September 2004
SCI CHAMPIGNY CARNOT	479 586 893	F.C.**	100%	100%	November 2004
SCI COMETE	479 576 761	F.C.**	100%	100%	December 2004
SCI LYON GENLIS	480 351 576	F.C.**	100%	100%	January 2005
SCI ETUPES DE L'ALLAN	480 601 038	F.C.**	100%	100%	January 2005
SCI CAEN COLOMBELLES	482 598 133	F.C.**	100%	100%	May 2005
SCI MALAKOFF VALETTE	552 138 448	F.C.**	100%	100%	May 2004
SAS LOCAFIMO *	692 031 149	F.C.**	100%	100%	December 2005
SCI LA RIVIERE GIRAUDIERE*	388 323 909	F.C.**	100%	100%	December 2005
SCI BOTARDIERE *	397 968 207	F.C.**	100%	100%	December 2005
SCI PARIS CHARONNE *	403 104 458	F.C.**	100%	100%	December 2005
Awon Asset Management	380 757 807	F.C.**	100%	100%	May 2006
SCI DE BROU	351 819 966	F.C.***	100%	100%	June 2006
SCI COGOLIN GAOU	442 525 382	F.C.***	100%	100%	June 2006
SCI DE LA CRAU	447 913 278	F.C.***	100%	100%	June 2006

Companies	SIREN ID	Consolidation method	% of equity stake June 2010	% of equity stake December 2009	Date company joined Group's scope
SCI GRENOBLE PONT D'OXFORD	490 034 063	F.C.**	100%	100%	May 2006
SCI RUEIL NATIONAL	489 900 498	F.C.**	100%	100%	May 2006
SCI PORTE DES LILAS	490 989 803	F.C.**	100%	100%	July 2006
SCI VELIZY TOPAZ	328 223 706	F.C.***	100%	100%	December 2006
SCI DURANNE SUD	498 033 869	Full Asset Transfer at 28/06/2010	-	100%	March 2008
SCI ARMAN AMPERE	509 498 523	F.C.**	100%	100%	December 2008

* : companies incorporated upon the acquisition of Locafimo
** : Fully consolidated
*** : acquisitions considered to be acquisitions of assets pursuant to paragraph 2.6.2.

All companies in the Group are registered in France.

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

3.2 Change in the consolidation scope

Deconsolidations

Full Transfer of assets and liabilities:

Société de la Tour Eiffel effected a transfer of assets and liabilities concerning SCI DURANNE SUD on 28 June 2010.

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 achieve these objectives, the Group's companies generally borrow at a variable rate and use derivatives (cap s and swaps) to cover their risk of exposure to rate changes. They do not perform market transactions for any other purpose than to hedge their interest rate risk, and they personally centralise and manage all transactions performed.

Société de la Tour Eiffel did not record any losses on its open-end fund investments, including after the sub-prime crisis. Indeed, the investment vehicles are liquid, secure and hardly volatile. This enables them to be classified as Cash and cash equivalents.

As at 30 June 2010, the Group's consolidated gross financing debt came to €663.9 million, made up of €338 million at fixed rate (of which €281.2 million hedged by swaps), and €325.9 million at variable rate, this latter portion being wholly hedged by cap contracts. Thus at 30 June 2010, debt was hedged overall to a total ratio of 100%.

On the basis of the outstanding debt as at 30 June 2010, a 50 basis-point rise in the 3-month Euribor interest rates would have a negative impact (on an annual basis) on recurring net income, estimated at €1.6 million. This impact is estimated at €3.2 million on the recurrent net profit for an average increase of 100 basis points.

Conversely, a 50 basis-point drop in interest rates would reduce the financing cost by an estimated €1.6m, resulting in an equivalent positive impact on the recurring net income.

Risks on treasury shares

As part of the share buyback programme authorised by the General Shareholders' Meeting of 20 May 2010, the company is subject to a risk on the value of the shares it is liable to hold.
Based on the number of shares held at 30 June 2010, or 95,126 shares, the sensitivity of results to a 10% decrease or increase in the Société de la Tour Eiffel share price is estimated to be €0.5m.

Counterparty risk

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

Currency risk

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

Liquidity risk

The Company and its subsidiaries have entered into master agreements with banks of international repute, the purpose of which is to finance and refinance 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 agreements contain boilerplate prepayment clauses covering various cases and, in each case, under certain precisely defined conditions.
Among others, these cases 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 by the deadlines 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.

The two main financial ratios which the group is committed to maintain under its bank financing agreements are:

- LTV ratio: amount of committed financings over that of the fixed assets financed;
- ICR ratio: interest coverage for the 2nd quarter of 2010 and projections of interest expense over the following 3 quarters over net rentals for the 2nd quarter of 2010 and those projected over the next 3 quarters.

Banking financing and main covenants at 30/06/2010

	30/06/2010	**Main banking covenants**		**Last published ratios**		
In €m	**Consolidated financial debt**	**Maximum LTV**	**Minimum ICR**	**LTV**	**ICR**	**Due date**
RBS / AXA / Calyon / Crédit Foncier	134.8	75.0%	170%	54.0%	352%	15/06/2013
Calyon	57.7	80.0%	125%	56.0%	381%	15/04/2011
Société Générale (50%) Crédit Foncier (50%)	55.1	65%	110%	55.4	218%	27/03/2017
Société Générale	12.5	NA	NA	NA	NA	14/01/2015
PBB (formerly HRE)	372.2	72.5%	140%	66.1%	356%	30/06/2013
Natixis	31.6	75.5%	225%	63.8%	322%	31/03/2011
Total	**663.9**					

The level of the loan covenants at 30 June 2010 complies with all the commitments of the Group contained in each financing contract.

5. Key accounting estimates and judgements

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

Accounting estimates and assumptions

The accounting estimates that stem from them are, by definition, rarely equivalent to the actual results that subsequently occur. Any estimates and assumptions that could result in a significant adjustment in the book value of assets and liabilities during the following period are analysed below.

Appraisal of the properties

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

Since these valuations are necessarily estimations, it is possible that in the event of a future transfer, the sales price will differ from the aforesaid valuations. Moreover, due to a market backdrop characterised by a noticeable decline in real estate transactions and a certain difficulty in assessing the economic and financial prospects, independent appraisers recorded a decrease in rental market values and an increase in capitalisation.

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

Evaluation of intangible assets

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

Fair value of derivatives and other financial instruments

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

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

NOTE 1: Tangible assets

Variance by type

(in thousands of euros)	Property under construction	Office and Computer equipment	Total
Financial year ending 31.12.09			
Net opening balance	8,261	510	8,771
Changes in consolidation scope	-	-	-
Acquisitions	-	10	10
Disposals	-	-	-
Reclassification (1)	(8,261)	(13)	(8,274)
Other movements	-	-	-
Amortisation	-	(80)	(80)
Net balance at year end	**-**	**427**	**427**
As at 31.12.09			
Gross	-	865	865
Total amortisation	-	(438)	(438)
Net book value	**-**	**427**	**427**
Financial year ending 30.06.10			
Net opening balance	-	427	427
Changes in consolidation scope	-	-	-
Acquisitions	-	11	11
Disposals	-	-	-
Reclassification	-	-	-
Other movements	-	-	-
Amortisation	-	(36)	(36)
Net balance at close		**403**	**403**
As at 30.06.10			
Gross	-	874	874
Total amortisation	-	(471)	(471)
Net book value	**-**	**403**	**403**

NOTE 2: Investment properties

Variance by type

(in thousands of euros)	Investment property
Close at 31.12.2009	
Net opening balance	1,077,158
Acquisitions and constructions	66,743
Expenditures from completed buildings	7,773
Disposals	(30,714)
Reclassification	8,261
Net transfer to buildings destined for sale	(4,498)
Changes in consolidation scope	
Other movements	(97)
Fair value effect (profit and loss)	(88,059)
Net balance at year end	**1,036,567**
Close at 30.06.10	
Net opening balance	1,036,567
Acquisitions and constructions	13,642
Expenditures from completed buildings	2,258
Divestments [(1)]	(5,300)
Reclassification	-
Net transfer to buildings destined for sale	(38,062)
Changes in consolidation scope	-
Other movements	-
Fair value effect (profit and loss)	556
Net balance at year end	**1,009,661**

[(1)] The SCI Lyon Genlis building was sold on 2 April 2010.

Restrictions relating to the possibility of disposing of an investment property or the recovery of the proceeds from their sale.

There has been no such restriction placed on any investment property.

NOTE 3: Goodwill on acquisitions

(in thousands of euros)	Comète	Malakoff Valette	Arman F02	Jean Jaurès	Locafimo	Total goodwill
Close at 31.12.2009						
Net opening balance	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Net balance at year end	-	-	-	-	-	-
As at 31.12.2009						
Gross	2,350	1,895	1,873	262	21,264	**27,644**
Total provisions	(2,350)	(1,895)	(1,873)	(262)	(21,264)	**(27,644)**
Net book value	-	-	-	-	-	-
Close at 30.06.10						
Net opening balance	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Net balance at year end	-	-	-	-	-	-
As at 30.06.10						
Gross	2,350	1,895	1,873	262	21,264	**27,644**
Total provisions	(2,350)	(1,895)	(1,873)	(262)	(21,264)	**(27,644)**
Net book value	-	-	-	-	-	-

NOTE 4: Intangible fixed assets

Variance by type

(in thousands of euros)	Intangible assets internally generated	Acquired intangible assets	Total intangible assets
Close at 31.12.2009			
Net opening balance	-	2,286	2,286
Acquisitions	-	4	4
Disposals	-	-	-
Amortisation	-	(780)	(780)
Reclassification	-	-	-
New consolidations	-	-	-
Net balance at year end	**-**	**1,510**	**1,510**
As at 31.12.2009			
Gross	-	4,371	4,371
Total amortisation	-	(2,861)	(2,861)
Net book value	**-**	**1,510**	**1,510**
Close at 30.06.2010			
Net opening balance	-	1,510	1,510
Acquisitions	-	8	8
Disposals	-	-	-
Amortisation	-	(379)	(379)
Reclassification	-	-	-
New consolidations	-	-	-
Net balance at close	**-**	**1,139**	**1,139**
As at 30.06.2010			
Gross	-	4,378	4,378
Total amortisation	-	(3,239)	(3,239)
Net book value	**-**	**1,139**	**1,139**

The intangible assets have been acquired and have not been revalued.

€1,112,000 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

(in thousands of euros)	Fixed securities	Long-term investments	Valuation of caps and swaps	Deposits and sureties paid	Loans	Total Financial assets
Close at 31.12.2009						
Net opening balance	2	-	1,196	703	410	**2,311**
Increases	-	-	-	13,028	-	**13,028**
New consolidations	-	-	-	-	-	**-**
Reclassification	-	-	-	(9,321)	(410)	**(9,731)**
Decreases	-	-	-	-	-	**-**
Redemptions	-	-	(366)	-	-	**(366)**
Fair value effect (profit	-	-	-	-	-	**-**
and loss)	-	-	-	-	-	**-**
Provisions						
Net balance at year end	**2**	**-**	**830**	**4,410**	**-**	**5,242**
Close at 30.06.2010						
Net opening balance	2	-	830	4,410	-	**5,242**
Increases	-	-	-	4,443	-	**4,443**
New consolidations	-	-	-	-	-	**-**
Reclassification	-	-	-	-	-	**-**
Decreases	-	-	-	(7,249)	-	**(7,249)**
Redemptions	-	-	-	-	-	**-**
Fair value effect (profit	-	-	238	-	-	**238**
and loss)	-	-	-	-	-	**-**
Provisions						
Net balance at close	**2**	**-**	**1,068**	**1,604**	**-**	**2,674**

Deposits and sureties paid:
The variations observed over the period mainly concern the cash pledges allocated to SAS Locafimo as part of the Group's financing operations.
At 30 June, cash pledges stood at €1,177,000, as against €3,996,000 at 31/12/09.

Derivative instruments:
The Tour Eiffel group has contracted financial instruments (CAPs and SWAPs) which have not been considered as hedge instruments in accounting terms.
These financial instruments were originally entered on the assets side at their exact value as a counterpart to a financial debt corresponding to the outstanding updated premiums over the duration of the financial instruments.
The fair values are provided by the issuing financial institutions.
Any changes in the value of financial instruments from one year-end to another were recorded under financial result.
The adjustment in fair value as at 30 June 2001 is reflected by an overall negative financial impact of €623,000:

- positive financial impact of €238,000 in financial assets
- negative financial impact of €861,000 in financial debts (cf Note 12).

The main characteristics of the financial instruments held as at 30 June 2010

Type of contract	Subscription date	Effective date	Maturity date	Notional amount in thousands of €	Reference rate	Guaranteed rate	Fair value in thousands of €
CAP	28-11-2002	02-09-2003	03-12-2012	87,700	3-month Euribor	5.00 %	610
CAP	06-06-2006	02-06-2006	27-12-2010	32,160	3-month Euribor	4.50 %	1
CAP	09-05-2006	02-06-2006	27-12-2010	2,753	3-month Euribor	5.00 %	0
CAP	03-04-2006	20-04-2006	27-12-2010	54,213	3-month Euribor	5.00 %	0
CAP	07-07-2006	04-06-2007	27-12-2010	658	3-month Euribor	5.00%	0
CAP	30-03-2007	30-03-2007	27-12-2010	37,513	3-month Euribor	5.00%	0
CAP	25-03-2010	25-03-2010	28-06-2013	30,000	3-month Euribor	2.00%	202
CAP	18-05-2010	27-10-2010	30-06-2013	32,000	3-month Euribor	2.50%	179
CAP	30-06-2006	01-08-2006	07-06-2013	18,725	3-month Euribor	4.50%	28
CAP	30-06-2006	02-05-2007	07-06-2013	21,159	3-month Euribor	4.50 %	32
CAP	31-03-2010	31-03-2010	30-09-2011	33,250	3-month Euribor	2.00%	18
TOTAL							**1.068**

NOTE 6: Assets selected for disposal

(in thousands of euros)	Properties selected for disposal
Close at 31.12.09	
Net opening balance	18,300
Net transfer from investment properties	4,498
Acquisitions	
Disposals	(14,700)
Net balance at year end	**8,098**
Close at 30.06.10	
Net opening balance	8,098
Net transfer from investment properties	38,062
Acquisitions	-
Disposals	(3,479)
Net balance at close	**42,681**

Building A at Locafimo's business park in Strasbourg was sold during the first half of 2010.

The balance corresponds to:

- plot K2 at the Massy building belonging to Arman F2 and its adjacent plot belonging to Arman Ampere;
- buildings 15/22/23/24 at Locafimo's Tanneries business park in Strasbourg;
- the Champs sur Marne East Side building in Nowa (sold in July 2010);
- the SCI Charonne building (commitment to sell signed in May 2010).

NOTE 7: Trade receivables and related accounts

(in thousands of euros)	30 June 2010	31 December 2009
Gross	23,520	27,363
Provisions	(1,410)	(1,422)
Total net trade receivables and related accounts	**22,110**	**25,941**

NOTE 8: Other receivables and accrual accounts

(in thousands of euros)	30 June 2010 Net	31 December 2009 Net
- Advances and deposits paid	389	759
- Personnel and related accounts	26	14
- State receivables (1)	7,233	11,481
- Current accounts (assets)	-	-
- Trade payables	261	51
- Prepaid expenses	1,369	1,130
- Other receivables (2)	2,151	5,196
Total gross value	**11,429**	**18,631**
- Provisions on other receivables	-	-
TOTAL	**11,429**	**18,631**

(1) This amount mainly concerns:
- forthcoming VAT refunds and credits.

(2) This amount is mainly composed of:
- in 2009: €1,000,000 accounts receivable from divested assets, €2,705,000 in calls for funds at Locafimo,
- in 2010: €1,226,000 in calls for funds at Locafimo.

NOTE 9: Cash and cash equivalents

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

(in thousands of euros)	**30 June 2010**	**31 December 2009**
Marketable securities	1,765	13,197
Cash in hand and at bank	10,058	10,142
Total gross value	**11,823**	**23,339**
Provision for bank claims (1)	(2,016)	(2,447)
Total	**9,807**	**20,892**

(1) Provision on marketable securities with the Pallas Stern bank in hte name of Locafimo in 2006. During the first half of 2010, Locafimo received €431,000 in reimbursed claims.

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

(in thousands of euros)	**30 June 2010**	**31 December 2009**
Cash and cash equivalents	**9,807**	**20,892**
Bank credit balance (Note 12)	(29)	(34)
Total net cash	**9,778**	**20,858**

NOTE 10: Capital and premiums linked to capital

1) Composition of share capital

	Number of ordinary shares	Nominal value of the share (in euros)	Total capital (in thousands of euros)	Issue premium (in thousands of euros)	TOTAL (in thousands of euros)
As at 31 December 2008	**5,193,003**	**48**	**249,264**	**42,653**	**291,917**
Capital increase	240,033	5	1,200	3,922	5,122
Reduction in capital	-	-	(223,299)	-	(223,299)
Issue costs	-	-	-	-	-
Dividends paid	-	-	-	(10,677)	(10,677)
Appropriation to retained earnings	-	-	-	-	-
As at 31 December 2009	**5,433,036**	**5**	**27,165**	**35,898**	**63,063**
Capital increase	-	-	-	-	-
Reduction in capital	-	-	-	-	-
Issue costs	-	-	-	-	-
Dividends paid (1)	-	-	-	(7,321)	(7,321)
Appropriation to retained earnings	-	-	-	-	-
As at 30 June 2010	**5,433,036**	**5**	**27,165**	**28,577**	**55,742**

All the issued shares have been fully paid up.

(1) the dividends paid out totalling €10,674,000 were deducted from:

- from the share premium (€7,321,000),
- from the distributable portion of the statutory reserves (€2,834,000),
- other reserves (€519,000).

2) Issue of stock options

The Conditions

Allocated in 2005

Share purchase options were allocated to top executives during 2005. 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 others 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 options have a contractual term of 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 of the year, 39,266 share purchase options were allocated to employees.
The strike price is €87.78 for a total of 10,750 shares; the strike price for the remaining 28,516 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 options have a contractual term of five years.
During the second half of the year, 132,400 share purchase options were allocated to employees.
The exercise price is €100.04.
103,900 options may be exercised 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 options have a contractual term of five years.

Allocated in 2007

During the first half of the year, 23,300 share purchase options were allocated to employees.
The exercise price of the options is €124.48,
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 March 2008. The options have a contractual term of five years.

During the second half of the year, 25,951 share purchase options were allocated to the managers and corporate officers.
The exercise price is €115.34.
All of the options may be exercised from the time of their award, thus as at 16 October 2007. The options have a contractual term of five years.

Allocated in 2008

25,965 share subscription options were granted to the company's officers and top executives.
The exercise price is €33.25.
All of the options may be exercised from the time of their award, thus as at 11 December 2008. The options have a contractual term of five years.

Allocated in 2009

27,165 share subscription options were granted to the company's officers and top executives.
The exercise price is €48.08.
All of the options may be exercised from the time of their award, thus as at 15 October 2009. The options have a contractual term of five years.

On 15 October 2009, the Board of Directors voted to adjust the number of stock subscription or purchase options previously granted to the company officers and employees to factor in the distribution of a portion of the issue premium voted by the Ordinary General Meeting of 15 October 2009.

On 10 March 2010; holders of stock subscription or purchase options allocated in 2006 and 2007 agreed to forego the following plans:

- plan 2: 29,594 options granted on 22 March 2006
- plan 3: 9,603 options granted on 15 May 2006
- plan 4: 135,064 options granted on 14 September 2006
- plan 5: 24,182 options granted on 29 March 2007
- plan 6: 26,931 options granted on 16 October 2007

On 20 May 2010, the Board of Directors voted to adjust the number of stock subscription or purchase options previously granted to the company officers and employees to factor in the distribution of a portion of the issue premium voted by the Ordinary General Meeting of 20 May 2010.

Estimation of option value:

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

(in thousands of euros)	30 June 2010		31 December 2009	
	Average strike price (in € per share)	Options (in units)	Average strike price (in € per share)	Options (in units)
At 1 January	83.74	393,924	86.46	355,662
Granted	-	-	48.08	27,165
invalidated	-	225,374	-	-
Exercised	-	-	-	-
Adjustment after distribution	-	7,826	-	11,097
Due	-	-	-	-
At close	**55.46**	**176,376**	**83.74**	**393,924**

Out of the 176,376 options in circulation on 30 June 2010, 176,376 options could be exercised.

The principal assumptions of the model are as follows:

Date granted	Status	Date exercised	Adjusted option strike price	Underlying price	Standard deviation of the anticipated yield	Annual risk-free interest rate
26/12/2005	Valid	26/12/2010	63.03€	74.00€	14%	3.0%
22/03/2006	Expired	22/03/2011	80.73€	73.64€	36%	3.5%
17/05/2006	Expired	17/05/2011	84.59€	74.16€	35%	3.7%
14/09/2006	Expired	14/09/2011	96.41€	84.35€	38%	3.6%
29/03/2007	Expired	29/03/2012	119.96€	108.91€	47%	3.9%
16/10/2007	Expired	16/10/2012	111.15€	95.13€	51%	4.2%
11/12/2008	Valid	11/12/2013	32.87€	14.90€	69%	3%
15/10/2009	Valid	15/10/2014	45.95€	36.44€	60%	2.6%

At 30 June 2010, the cancellation of plans 2 to 6 during their acquisition periods was booked under staff expenses as an acceleration of rights acquired for an amount of €77,000.

4) Allocation of Bonus Shares

The Conditions

Bonus shares have been allocated to the top executives: 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.

During 2008, 18,800 free shares were awarded definitively to the beneficiaries of the 2006 plans.

During 2009, 9,750 bonus shares were awarded definitively to the beneficiaries of the 2007 plans.

The number of outstanding free shares is detailed below:

(in euros)	30 June 2010		31 December 2009	
	Strike price (in € per share)	Bonus shares (in units)	Strike price (in € per share)	Bonus shares (in units)
At 1 January	-	-	-	9.750
Granted	-	-	-	-
Allocated	-	-	-	9.750
At the year end	**-**	**-**	**-**	**-**

NOTE 11: Minority interests

(in thousands of euros)	Minority interests
As at 31 December 2008	**362**
Profit/loss for current year	(528)
Other movements	166
As at 31 December 2009	**-**
Income for current year	-
Other movements	-
As at 30 June 2010	**-**

The minority shareholder of Société Porte des Lilas (Nexibel Investissement) handed over its shares to Locafimo in 2009.

NOTE 12: Borrowings and financial debts

Borrowings and financial debts – Variance by type

(in thousands of euros)	Borrowings from credit institutions	Other borrowings and related debt	Currently bank support	Cap and Swap liabilities	Deposits and sureties received Total	Total
Balance at 01.01.2009	**682,477**	**8,492**	**138**	**14,858**	**10,314**	**716,279**
Increases	35,268	2,796	-	-	3,165	**41,229**
Decreases	(42,107)	(4,422)	-	(316)	(2,741)	**(49,586)**
Fair value	-	-	-	5,652	-	**5,652**
Discounting/accretion	-	57	-	98	-	**155**
New consolidations	-	-	-	-	-	**-**
Other	-	-	(105)	(290)	-	**(395)**
Reclassification	-	(3,951)	-	-	-	**(3,951)**
Balance at 31.12.2009	**675,638**	**2,971**	**34**	**20,002**	**10,738**	**709,383**
Increases	67,254	2,422	-	-	1,131	**70,807**
Decreases	(79,019)	(1,948)	-	(149)	(1,390)	**(82,506)**
Fair value	-	-	-	861	-	**861**
Discounting/accretion	-	-	-	6	-	**6**
New consolidations	-	-	-	-	-	**-**
Other	-	-	(5)	-	-	**(5)**
Reclassification	-	-	-	-	-	**-**
Balance at 30.06.2010	**663,873**	**3,445**	**29**	**20,720**	**10,479**	**698,546**

Borrowing from credit institutions - Fixed rate / Variable rate

(in thousands of euros)	Fixed rate	Variable rate	TOTAL
Borrowings from lending institutions	338	325.9	**663.9**

The Group's average financing interest rate is 3.4% as at 30 June 2010.
After consideration of the fixed-rate swap instruments, the total fixed-rate debt comes to €338 million.
Furthermore, variable-rate debt, totalling €325.9 million is wholly hedged by cap instruments.

Borrowings and financial debts

(in thousands of euros)	30 June 2010	31 December 2009
Non-current		
Bank loans	595,618	591,312
Other financial liabilities	26,820	28,331
Total	**622,438**	**619,643**
Current		
Bank loans	68,255	84,327
Accrued interest	3,445	2,971
Bank overdrafts	29	34
Other financial debts	-	-
Other financial liabilities	4,379	2,408
Total	**76,108**	**89,740**
Total borrowings and financial debts	**698,546**	**709,383**

At 30 June 2010, the Group had €20.5 million worth of undrawn credit lines.

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

(in thousands of euros)	30 June 2010	31 December 2009
From 1 to 5 years	552,895	536,631
Over 5 years	42,723	54,681
Total	**595,618**	**591,312**

Comment: “Current” borrowings refer to debts with maturities of under one year.

Schedule of the extinction of total bank debt and of interest owing (in thousands of euros):

(in thousands of euros)	Nominal value	Interest	Total
30 June 2011	68,255	20,800	**89,055**
30 June 2012	32,622	18,350	**50,972**
30 June 2013	503,868	18,024	**521,892**
30 June 2014	2,426	3,128	**5,554**
30 June 2015	13,980	1,517	**15,497**
30 June 2016	2,058	780	**2,838**
30 June 2017	40,664	738	**41,402**
Total	**663,873**	**63,337**	**727,210**

Cap and Swap liabilities

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

The main characteristics of liability-side financial instruments as at 30 June 2010

Type of contract	Subscription date	Effective date	Maturity date	Notional amount in thousands of €	Reference rate	Guaranteed rate	Fair value in thousands of €
SWAP / CAP	28-02-2006	28-02-2008	15-04-2011				(1.459)
- Alternative SWAP				62,400	3-month Euribor	3.45 %	
- CAP				15,600	3-month Euribor	7.00 %	
SWAP	05-09-2006	02-12-2006	27-12-2010	2,474	3-month Euribor	3.77%	(658)
SWAP	28-03-2008	28-03-2008	28-03-2013	2,890	3-month Euribor	4.53%	(123)
SWAP	28-03-2008	31-03-2008	28-03-2013	9,855	3-month Euribor	4.57%	(373)
SWAP	28-03-2008	01-04-2008	02-05-2014	40,000	3-month Euribor	4.34%	(3.934)
SWAP	29-06-2006	01-08-2006	07-06-2013	56,174	3-month Euribor	4.10 %	(4.686)
SWAP	29-06-2006	01-05-2007	07-06-2013	63,477	3-month Euribor	4.19 %	(5.463)
SWAP	16-01-2008	01-02-2008	16-01-2015	9,242	3-month Euribor	4.36%	(773)
SWAP	14-01-2008	14-01-2008	14-01-2015	4,000	3-month Euribor	4.20%	(415)
SWAP	07-06-2010	27-12-2010	30-06-2013	50,000	3-month Euribor	1.60%	(217)
SWAP	02-12-2005	29-06-2007	30-03-2011	12,634	3-month Euribor	3.215%	(266)
SWAP	13-07-2006	13-07-2006	03-06-2011	8,267	3-month Euribor	3.965%	(240)
SWAP	21-06-2004	21-06-2004	30-06-2011	45,401	3-month Euribor	4.035 %	(1.477)
TOTAL							**(20.084)**

NOTE 13: Long-term and current (less than one year) provisions

(in thousands of euros)	Provision for employee disputes	Provision for the risk of insurance policies failing to pay out	Provisions for retirement benefits	Other provision s for expenses	Total
Position as at 31.12.2009	**-**	**-**	**158**	**-**	**158**
Allocations	-	-	9	-	**9**
Reversals not used	-	-	(29)	-	**(29)**
Reversals used	-	-	-	-	**-**
Changes in consolidation scope	-	-	-	-	
Balance at close 30.06.2010	**-**	**-**	**138**	**-**	**138**

(in thousands of euros)	30 June 2010		31 December 2009	
	Long term	**Less than one year**	**Long term**	**Less than one year**
Provision for employee disputes	-	-	-	-
Provision for Locafimo tenant risks	-	-	-	-
Provisions for retirement benefits	138	-	158	-
Other provisions for expenses	-	-	-	-
Net balance at year end	138	-	158	-
Total per period	**138**		**158**	

NOTE 14: Tax and social security owed (current and non -current)

Type (in thousands of euros)	30 June 2010	31 December 2009
Tax debts (Exit Tax)	-	-
Other tax indebtedness	-	-
	-	-
TOTAL non-current tax debts	**-**	**-**
Social security owed	1,172	1,095
Taxes owed (exit tax - current portion owed)	1,528	1,348
Other tax indebtedness	11,805	9,894
TOTAL current tax and social security related debts	**14,505**	**12,337**
TOTAL	**14,505**	**12,337**

NOTE 15: Deferred taxes

There is no reason to recognise deferred taxes since the great majority of the group's sales are subject to the SIIC tax treatment.

During the 2009 financial year, Arman F02 incurred a €300,000 tax expense related to the capital gains made from the disposal of the Massy land reserves to SCI Arman Ampère. The cancellation of these capital gains generated a differed tax asset of €300,000.

NOTE 16: Trade payables and other debts

Type (in thousands of euros)	**30 June 2010**	**31 December 2009**
Trade accounts payable	3,858	4,672
Debts associated with acquisitions of tangible assets (1)	8,808	17,342
Current account liabilities	-	-
Advances and deposits received	331	418
Due to clients	3,700	4,416
Other operating debts (2)	1,812	4,646
Prepaid income (3)	15,027	18,365
TOTAL	**33,536**	**49,859**
Other long-term liabilities		
Prepaid income (4)	300	300
TOTAL	**300**	**300**

(1) Corresponds to outstanding payments on properties located in:
- Arman F02 (€1.5 m)
- Brou (€4.4m)
- Locafimo (€0.9 m)
- Vélizy Topaz (€2.0m)

(2) This account is mainly made up of provisions for charges at Locafimo:
- €2,798,000 in 2009
- €639,000 in 2010

(3) At 30 June 2010, this account was made up mainly of prepaid rental income for Q3 2010.

(4) This account reflects the reclassification of the net subsidy received by:
- Jaurès €39,000
- Rueil €261,000

NOTE 17: Turnover

Turnover – Comparative analysis by type

(in thousands of euros)	30 June 2010	30 June 2009
Rental income	37,440	37,149
Other rental income (1)	6,655	10,134
Total turnover	**44,095**	**47,283**

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

Sector-based analysis: (in reference to note 2.4)
The Tour Eiffel Group's business is concentrated in a single sector: office property and industrial and commercial premises in France.

Accrued rent for fixed term leases held in portfolio

(in thousands of euros)	30 June 2010	30 June 2009
Total of minimum future payments		
Less than one year	69,750	57,823
Between 1 and 5 years	233,311	240,268
More than 5 years	134,423	57,321
Total future payments	**437,484**	**355,412**
Rental income reported as year-end income	**37,440**	**37,149**

NOTE 18: Consumed purchases

(in thousands of euros)	30 June 2010	30 June 2009
Non-stocked purchases of material and supplies	(19)	(28)
Total purchases consumed	**(19)**	**(28)**

NOTE 19: Personnel expenses, external charges, duties and taxes

staff expense

(in thousands of euros)	30 June 2010	30 June 2009
Staff remuneration	(1,301)	(1,260)
Social security withholding payments	(610)	(521)
Charges on payments in shares	(77)	(94)
Total Staff Expenses	**(1,988)**	**(1,875)**

External expenses

(in thousands of euros)	30 June 2010	30 June 2009
- General subcontracting	(150)	(49)
- Rentals and rental expenses	(3,335)	(5,591)
- Maintenance and repairs	(577)	(433)
- Insurance premiums	(537)	(648)
- Miscellaneous documentation, seminars	(14)	(30)
- Staff from outside of the company	(4)	(6)
- Remuneration of intermediaries and fees (1)	(2,393)	(3,333)
- Advertising, publishing and public relations	(161)	(115)
- Goods transport, collective staff transport	(6)	(4)
- Travel, assignments and receptions	(95)	(106)
- Postal and telecommunications costs	(37)	(38)
- Banking and related services	(105)	(154)
- Other external services	(71)	(54)
Total external expenses	**(7,485)**	**(10,561)**

(1) These amounts correspond mainly to costs incurred seeking and managing assets and properties.

Property taxes and duties

(in thousands of euros)	30 June 2010	30 June 2009
Property taxes	(2,930)	(3,038)
Other duties and taxes	(1,090)	(1,375)
Total duties and taxes	**(4,020)**	**(4,413)**

NOTE 20: Net amortisation and provisions

(in thousands of euros)	30 June 2010	30 June 2009
- Allocations / Reversals of intangible assets	(379)	(391)
- Allocations / Reversals of tangible assets	(36)	(40)
TOTAL amortisation allowances/reversals	**(415)**	**(431)**
- Allocations / Reversals for current assets	-	(222)
- Allocations / Reversals for operating liabilities & expenses	-	-
- Allocations / Reversals for operating receivables	-	-
TOTAL Allowances/Reversals	**-**	**(222)**

NOTE 21: Net balance e of value adjustments

(in thousands of euros)	30 June 2010	30 June 2009
- Investment property	556	(65,902)
- Goodwill on acquisitions.	-	-
TOTAL	**556**	**(65,902)**

Net balance from value adjustments of investment properties

(in thousands of euros)	30 June 2010	30 June 2009
- Investment property	556 (1)	(65.902)
TOTAL	**556**	**(65.902)**

(1) Includes value adjustments on a like-for-like basis applied to assets: €623,000

NOTE 22: Other operating income and expenses

(in thousands of euros)	**30 June 2010**	**30 June 2009**
- Miscellaneous current management income	96	141
- Irrecoverable receivables losses	-	-
- Miscellaneous current management expenses	(91)	(545)
-Other net allowances for provisions	-	-
- Proceeds from disposals of investment property *	9,100	25,525
- Net book value of the property disposed of *	(8,780)	(26,090)
TOTAL	**325**	**(969)**

* During the first half of 2010, the Group sold two non-strategic assets,

Rental income and direct operating expenses linked to investment properties:

(in thousands of euros)	**Investment properties producing rental income**	**Investment properties not producing rental income**
Rental income	37,440	-
Direct operating expenses (1)	5,885	2,408

(1) Chiefly property administration costs and property tax.

NOTE 23: Net financial debt costs

(in thousands of euros)	**30 June 2010**	**30 June 2009**
- Marketable securities income	23	246
- Loan income	-	-
Total income from cash and near cash	**23**	**246**
- Interest on financing deals	(12,547)	(14,401)
Total gross financial debt costs	**(12,547)**	**(14,401)**
TOTAL NET FINANCIAL DEBT COST	**(12,524)**	**(14,155)**

NOTE 24: Other fin uncial income and expenses

(in thousands of euros)	30 June 2010	30 June 2009
- Other financial revenues	2,093	606
- Revenues from sales of securities	-	-
Total other financial revenues	**2,093**	**606**
- Write-offs of accounts receivables	-	-
- Other financial expenses	(2,519)	(7,686)
- Net book value of transferred securities		
Total of other financial expenses	**(2,519)**	**(7,686)**
TOTAL	**(426)**	**(7,080)**

*Of which €(623,000) adjustment in the value of financial instruments at 30/06/10 against € (7,292,000) at 30/06/09.

NOTE 25: Company income tax

(in thousands of euros)	30 June 2010	30 June 2009
Current tax	130	(390)
Deferred tax (1)	-	322
Total	**130**	**(68)**

(1) See note 15.

NOTE 26: Basic earnings per share

Basic earnings

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

(in thousands of euros)	30 June 2010	30 June 2009
Year-end net profit (loss)	18,229	(57,905)
Average weighted outstanding shares	5,338,377	5,115,691
Basic earnings per share (€ per share)	3.41	(11.32)

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 share options, a calculation is made in order to determine the number of shares which could have been acquired at their fair value (namely, the average annual market price of the company's shares) on the basis of the monetary value of the share options in circulation. The number of shares calculated in this way is compared with the number of shares which could have been issued if the options had been exercised.

(in thousands of euros)	30 June 2010	30 June 2009
Year-end net profit (loss)	18,229	(57,905)
Average weighted number of ordinary shares used to calculate the diluted earnings per share	5,348,105	5,125,441
Diluted earnings per share (€ per share)	3.41	(11.30)

Earnings-dilutive financial instruments

The average weighted number of shares in circulation as at 30 June 2010 capable of providing entitlement to capital:

	Number of securities	Giving right to number of securities
Shares	5,433,036	5,433,036
Share options	54,111	12,225
Treasury shares	(95,126)	(95,126)

TOTAL	**5,392,021**	**5,350,135**

NOTE 27: Distribution

The shareholders decided to distribute a dividend of €2 per share deducted from the reserves.
This distribution totalling €10,674,184 was paid out on 29 May 2010.

NOTE 28: Related parties

- **Remuneration of senior management**

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.:

(in thousands of euros)	**30 June 2010**	**30 June 2009**
Salaries and other short-term benefits	360	360
Directors' fees	60	50
Payments based on shares (stock options)	77	94
TOTAL	**497**	**504**

The redundancy payment for a deputy general manager may be no less than €250,000.
Detailed information on the remuneration packages of senior management may be found in paragraph 3.5 of the management report.

- **Related parties**

€335,000 in fees were paid to Bluebird, a related party, during the first half of 2010. The amount of the fees was identical to that of H1 2009.

NOTE 29: Off-balance-sheet commitments

Commitments given:

(in thousands of euros)	**30 June 2010**	**31 December 2009**
Mortgages [(1)]	536,672	500,363
Securities pledges [(2)]	209,168	309,169
Money lender's lien	80,226	112,052
Surety	10,716	10,593
Master agreement	182,260	194,052
Commitment made to a builder	5,499	9,375

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

Commitments received:

(in thousands of euros)	**30 June 2010**	**31 December 2009**
Tenant’s security deposit	1,949	1,949
Joint guarantee	81,908	85,339
Pledge	200	200
Liability guarantee	30,187	30,187
Rent guarantee	4,709	4,709
Performance bond	58,934	96,040

Off balance sheet commitments encumbering the group's assets at 30 June 2010:

	Starting date	Maturity date	Amount of assets encumbered	Total balance	%
Mortgage on the Arman F2 building	28/03/08	28/03/17	50,312	79,702	63%
Mortgage on the 13 Nowa buildings	28/02/06	15/04/11	78,000	105,552	74%
Mortgage on the Caen building	21/06/05	15/06/13	3,519	38,110	9%
Mortgage on the principal building of the Champigny property	14/12/04	15/06/13	581	24,500	2%
Mortgage on buildings A and B of the Champigny property	12/01/05	15/06/13	570	11,780	3%
Mortgage on the Etupes building	12/07/05	15/06/13	10,750	17,223	62%
Mortgage on the Jaurès building	07/04/05	15/06/13	11,250	23,100	49%
Mortgages on the buildings of Locafimo and its subsidiaries	17/02/09	30/06/14	381,690	563,614	68%
Sub-total Mortgages			**536,672**		
Collateralised Nowa shares	28/02/06	15/04/11	14,528	-	-
Collateralised Champigny Carnot shares	12/01/05	15/06/13	1	-	-
Collateralised Jaurès shares	07/04/05	15/06/13	5,146	-	-
Collateralised Caen shares	21/06/05	15/06/13	1	-	-
Collateralised Etupes shares	12/07/05	15/06/13	1	-	-
Collateralised Locafimo shares	27/12/05	15/04/11	180,984	-	
Collateralised Bezons, Grenoble and Rueil shares	15/06/06	15/06/13	3	-	-
Collateralised Malakoff shares	14/02/07	15/06/13	6,500	-	-
Collateralised Berges de l'Ourcq shares	14/12/04	15/06/13	1	-	-
Collateralised shares held by Jaurès	24/01/07	15/06/13	2,003	-	-
Sub-total Collateralisations			**209,168**	**-**	**-**

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63, rue de Villiers
92200 Neuilly-sur-Seine

REPORT BY THE AUDITORS
on the 2010 half-yearly financial reports

To the shareholders of:

SOCIETE DE LA TOUR EIFFEL
A French joint stock company with capital of €27,165,180

20-22 rue de la Ville l'Evêque
75008 Paris

In carrying out the mission entrusted to us by your General Shareholders' Meeting, under article L 451-1-2 III of the French Monetary and Financial Code we have:

- performed a limited examination of **SOCIÉTÉ DE LA TOUR EIFFEL**'s consolidated half-yearly financial statements for the period of 1 January to 30 June 2010, as they are appended to this report;
- verified the information presented in this half-year business report.

These consolidated half-year financial statements have been drawn up under the responsibility of the Board of Directors, in the market context described in Note 5 of the Appendix, characterised by a low volume of real estate transactions. It is our responsibility, based on our limited examination, to provide our conclusion on these financial statements.

1. Conclusion on the financial statements

We performed our limited examination in accordance with the code of professional conduct applicable in France. A limited examination essentially consists of interviewing the directors in charge of accounting and financial matters and then performing analyses. A limited examination is less exhaustive than an audit performed in accordance with the code of professional conduct applicable in France and consequently offers only moderate assurance (less than an audit) that the financial statements contain no significant misstatements.

Based on our limited examination, we have found no significant misstatements that would call into question the compliance of the half-yearly accounts with the International Financial Reporting Standards as adopted by the European Union.

2. Specific verifications

We have also verified the information presented in this half-year business report commenting on the consolidated half-year financial statements covered by our limited examination.

We have no comments regarding their fairness and consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, 29 July 2010

The Statutory Auditors

Expertise & Audit SA

PricewaterhouseCoopers Audit

Hélène Kermorgant

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 2010 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 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 29 July 2010