



SOCIÉTÉ DE LA  
**TOUR EIFFEL**

**2009**

**CONSOLIDATED FINANCIAL  
STATEMENTS**

Société anonyme au capital de 27.165.180 euros  
Siège social : 20-22 rue de la Ville l'Evêque - 75008 PARIS  
572 182 269 RCS PARIS

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## BALANCE SHEET – ASSETS

<i>Euros, in thousands</i>	Notes	31 December 2009 Net	31 December 2008 Net
<b>NON CURRENT ASSETS</b>			
Tangible fixed assets	1	427	8,771
Investment property	2	1,036,567	1,077,158
Goodwill on acquisitions	3	-	-
	4	1,510	2,286
Intangible fixed assets	5	5,242	2,311
Financial assets			
Deferred tax debit	15	322	-
<b>Total non -current assets (I)</b>		<b>1,044,068</b>	<b>1,090,526</b>
<b>CURRENT ASSETS</b>			
Assets for disposal	6	8,098	18,300
Trade and related receivables	7	25,941	22,062
Other receivables and accrual accounts	8	18,631	30,325
Cash and cash equivalents	9	20,892	28,335
<b>Total current assets (II)</b>		<b>73,562</b>	<b>99,022</b>
<b>TOTAL ASSETS (I + II)</b>		<b>1,117,630</b>	<b>1,189,548</b>

## BALANCE SHEET – LIABILITIES

<i>Euros, in thousands</i>	Notes	31 December 2009	31 December 2008
<b>SHAREHOLDERS' EQUITY (group share)</b>			
Share capital	10	27,165	249,264
Premiums linked to capital	10	35,898	42,653
Legal reserve		5,551	4,142
Consolidated reserves		337,095	139,002
Consolidated income for the financial year		(60,116)	(16,748)
<b>Shareholders' equity (Group share) (A)</b>		<b>345,593</b>	<b>418,313</b>
<b>Minority interests (B)</b>	11	-	362
<b>SHAREHOLDERS' EQUITY (I) = (A + B)</b>		<b>345,593</b>	<b>418,675</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	12	591,312	678,056
Other financial liabilities	12	28,331	25,992
Long-term provisions	13	158	621
Tax liabilities	14	-	1,386
Deferred tax credit	15	-	-
Other long-term liabilities	16	300	299
<b>Total non-current liabilities (II)</b>		<b>620,101</b>	<b>706,354</b>
<b>CURRENT LIABILITIES</b>			
Borrowings and financial debt (less than one year)	12	87,332	11,914
	12	2,408	317
Other financial liabilities	13	-	-
Trade payable and other debts	14	12,337	16,128
Tax and social security liabilities	16	49,859	36,160
Trade accounts payable and other debts			
<b>Total current liabilities (III)</b>		<b>151,936</b>	<b>64,519</b>
<b>TOTAL LIABILITIES (I + II + III)</b>		<b>1,117,630</b>	<b>1,189,548</b>

## STATEMENT OF COMPREHENSIVE INCOME

<i>Euros, in thousands</i>	Notes	31 December 2009	31 December 2008
Turnover	17	95,466	84,569
Consumed purchases	18	(55)	(59)
Staff expense	19	(4,365)	(4,664)
External expenses	19	(22,469)	(20,464)
Property taxes	19	(9,299)	(8,689)
Allowances for depreciation	20	(860)	(850)
Net allowances for provisions	20	2,776	(53)
Net value adjustment balance	21	(88,059)	(13,073)
Other operating income and expense	22	(1,491)	(485)
<b>Operating income on ordinary activities</b>		<b>(28,356)</b>	<b>36,232</b>
Income from cash and cash equivalents		1,100	1,453
Gross cost of financial indebtedness		(26,464)	(35,269)
<b>Net cost of financial debt</b>	23	<b>(25,364)</b>	<b>(33,816)</b>
Other financial income and expense	24	(6,586)	(18,383)
Corporate income tax	25	(338)	(702)
<b>NET PROFIT (LOSS)</b>		<b>(60,644)</b>	<b>(16,669)</b>
Minority interests		(528)	79
<b>NET PROFIT (LOSS) (GROUP SHARE)</b>		<b>(60,116)</b>	<b>(16,748)</b>
Profit per share	26	(11,51)	(3,23)
Diluted profit per share	26	(11,49)	(3,27)
<b>Net profit</b>		<b>(60,644)</b>	<b>(16,669)</b>
Gains and losses recorded directly in shareholder's equity		-	-
<b>Comprehensive income</b>		<b>(60,644)</b>	<b>(16,669)</b>
Of which: - group share		(60,116)	(16,748)
- minority interest share		(528)	79

## CASH FLOW STATEMENT

*Euros, in thousands*

31 December 2009    31 December 2008

<b>CASH FLOW FROM OPERATIONS</b>		
<b>Consolidated net profit</b>	<b>(60,644)</b>	<b>(16,669)</b>
<i>Restatement:</i>		
Net financial allowances for depreciation and provisions	397	467
Net balance from value adjustments of investment properties	88,059	13,073
Profits / losses on value adjustments on the other assets and liabilities	6,938	21,159
Calculated charges and income from payments in shares	-	-
Capital gains & losses from disposals	-	-
	429	390
<b>= Cash flow from operations after net cost of financial indebtedness and income tax</b>	<b>35,179</b>	<b>18,420</b>
Income tax expense	338	702
Net cost of financial debt	25,364	33,816
<b>= Cash flow from operations before net cost of financial indebtedness and income tax</b>	<b>60,881</b>	<b>52,938</b>
Taxes paid	(8,536)	(7,939)
	1,329	1,873
Change in working capital requirement linked to operations		
	<b>53,674</b>	<b>46,872</b>
<b>= Net cash flow from (for) operations</b>	<b>53,674</b>	<b>46,872</b>
<b>CASH FLOW LINKED TO INVESTMENT TRANSACTIONS</b>		
Acquisition of capital assets		
<i>Intangible and tangible</i>	(64,090)	(143,949)
<i>Financial</i>	-	-
Disposal of fixed assets	52,953	83,755
Disposal of capital assets	(3,323)	11,492
Change in loans and financial receivables agreed	(1)	(724)
<b>Impact of changes in the consolidation scope</b>	<b>(14,461)</b>	<b>(49,426)</b>
<b>CASH FLOW LINKED TO FINANCING TRANSACTIONS</b>		
<b>CASH FLOW LINKED TO FINANCING TRANSACTIONS</b>	<b>(18,321)</b>	<b>(33,072)</b>
Dividends paid to parent company shareholders	-	-
Capital increase	5,122	-
Capital increase	(53)	(4,362)
Borrowings issued	38,434	158,654
Repayment of borrowings	(44,848)	(84,287)
Net financial interest paid	(26,886)	(33,139)
Change in other financial debt	-	-
<b>= Net cash flow from financing activities</b>	<b>(46,552)</b>	<b>3,794</b>
<b>CASH FLOW</b>	<b>(7,339)</b>	<b>1,240</b>
Cash flow at opening	28,197	26,957
Cash flow at closing	20,858	28,197
Cash flow variation	(7,339)	1,240

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>Euros, in thousands</i>	Share capital	Premiums	Legal reserve	Consolidated reserves	Year-end net income	Total Group share	Minority interests	Total Shareholders' equity
<b>Situation as at 01.01.2008</b>	<b>249,264</b>	<b>42,653</b>	<b>2563</b>	<b>85,424</b>	<b>91,595</b>	<b>471,499</b>	<b>69</b>	<b>471,568</b>
Appropriation of net profit	-	-	1,579	90,016	(91,595)	-	-	-
Dividends paid	-	-	-	(33,072)	-	(33,072)	-	(33,072)
Capital increase	-	-	-	-	-	-	-	-
Cost of capital increase	-	-	-	-	-	-	-	-
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)
<b>Position as at 31.12.2008</b>	<b>249,264</b>	<b>42,653</b>	<b>4,142</b>	<b>139,002</b>	<b>(16,748)</b>	<b>418,313</b>	<b>362</b>	<b>418,675</b>
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)
<b>Position as at 31.12.2009</b>	<b>27,165</b>	<b>35,898</b>	<b>5,551</b>	<b>337,095</b>	<b>(60,116)</b>	<b>345,593</b>	<b>-</b>	<b>345,593</b>

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

The consolidated financial statements for the year ended 31 December 2009 were adopted by the Board of Directors on 10th March 2009. 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 the Société de la Tour Eiffel Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted within the European Union.

The preparation of financial statements in accordance with 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 2009:

- IAS 1 R, Presentation of financial statements: new presentation of the income statement comprising a comprehensive income statement with the variations in items related to shareholders' equity (see 2.6),
- IFRS 8, Operating segments are now defined in management reporting (see 2.4),
- Amendment to IFRS 2 – Vesting conditions and cancellations,

- Amendments to IAS 32 – Puttable financial instruments and obligations arising on liquidation,

- IAS 23 R, Borrowing costs (See 2.6),

- IFRIC 11, Group and treasury share transactions

- Revision of IAS 40: recognition of construction work in progress at fair value

- IFRIC 15, Agreements for the construction of real estate,

- IFRIC 16, Hedges of a net investment in a foreign operation.

The following new standards, amendments, and interpretations were made public but were not applicable as of 31 December 2009 and were not adopted in advance.

- 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.

- IFRS 9, "Financial Instruments (Phase 1)", applicable to financial years underway starting 1 January 2013 with no possibility of advance application for the 2009 fiscal year.

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 business combination, 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 group 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 depreciated on a straight line basis over their useful life.

Depreciation 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 depreciated.

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, these holdings 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:

Atisreal Expertise

Savills

Cushman & Wakefield

Ad Valorem

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 administering 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 depreciation 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 depreciated 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. A financial asset falls under this category if it has been designated as such by management (assets valued at fair value through the income statement) in accordance with the IAS standard 39. Assets under this category are recognised as current assets when they are held for future transactions or if they are expected to reach maturity within twelve months of closing. They are then 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.

The Group had 24 employees at of 31 December 2009 of which 23 were with Awon Asset Management and 1 was with Société de la Tour Eiffel.

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

For 2008, the Group has made an estimation of its retirement obligations in the form of guaranteed benefits.

This estimation was based on:

- actuarial appraisals (discount rate and net annual re-measurement of the fund of 3.6%);
- mortality assumptions (source: INSEE);
- staff turnover;
- 3,9% salary increase;
- retirement at age 65.

This provision for pension compensation was recorded at the value of € 158,000.

### ***Payments based on shares***

The group has put in place a remuneration plan based on equity instruments, i.e. options on shares and bonus shares. The fair value of services rendered in exchange for the award of stock options is recorded as an expense as a contra to reserves on the basis of the value of the options at the time they are granted.

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.

Based on the shareholding structure at 31 December 2009, the company did not have to pay withholding taxes on its dividend 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 tangible or intangible non-current assets;
- Depreciation of tangible or intangible non-current assets;
- Certain restructuring charges;
- A provision for a major litigation for the company.

## **2.20 Lease-financing agreements**

In 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 – Consolidation scope

### 3.1 List of the consolidated companies

Companies	SIREN ID	Consolidation method	% of equity stake	% of equity stake	Consolidation Date
			December 2009	December 2008	
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
SCI MASSY CAMPUS 2	483 575 635	F.C.**	Full Asset Transfer at 30/11	100%	August 2005
SAS LOCAFIMO *	692 031 149	F.C.**	100%	100%	December 2005
SCI AIX GOLF *	403 092 471	F.C.**	Full Asset Transfer at 30/11	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
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%	90%	July 2006
SCI VELIZY TOPAZ	328 223 706	F.C.***	100%	100%	December 2006
DURANNE SUD	498 033 869	F.C.***	100%	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'Évêque 75008 Paris

### 3.2 Change in the consolidation scope

During the 2009 financial year, three internal restructuring operations were carried out:

- Société de la Tour Eiffel decided to dissolve SCI Massy Campus 2 on 30 November. This dissolution led to the full transfer of assets and liabilities (*transmission universelle de patrimoine*) of SCI Massy Campus 2 to Société de la Tour Eiffel.
- Société de la Tour Eiffel contributed full ownership of the 1,000 shares held in the capital of the Vélizy Topaz company to Locafimo, which in turn paid for the attribution of full ownership by handing over 149,600 new shares.
- Société de la Tour Eiffel decided to dissolve SCI Aix Golf on 30 November. This dissolution led to the full transfer of assets and liabilities (*transmission universelle de patrimoine*) of SCI Aix Golf 2 to Locafimo.

The minority shareholder of SCI Porte des Lilas expressed its intention to exercise its option to sell the ten shares it held. Since Locafimo agreed to purchase these shares, Locafimo now holds a 100% stake in SCI Porte des Lilas.

As of 31 December 2009; the Group holds a 100% equity stake in all its consolidated companies.

## **4. Management of financial risks**

### ***Management of market risks***

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 (caps 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.

At 31 December 2008, the group's consolidated gross indebtedness to banks was €675.6m, comprising €357.1m of fixed rate debt (of which €283m was hedged with swaps) and €318.5m of variable rate debt €304.5m, hedged by interest rate caps. Hence, at 31 December 2009, 98% of the debt was covered.

On the basis of the outstanding debt as at 31 December 2009, an average rise in the Euribor 3-month interest rates of 50 base points 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 base points during 2010.

Conversely, a drop in the interest rates of 100 basis points would reduce the finance cost by an estimated €3.4m, resulting in an equivalent positive impact on the recurring net income for 2009.

As a reminder, between 1 October 2008 and 31 December 2009, 3-month Euribor, which is the only benchmark rate applied to the group's variable rate bank indebtedness, fell from 5.29% to 0.7%.

### ***Risks on treasury shares***

As part of the share buyback programme authorised by the General Shareholders' Meeting of 14 May 2009, 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 28 February 2010, or 93,083 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.

### ***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.

A new € 56m working capital line of credit was offered in 2008 with certain conditions. In 2009, these were lifted and the earmarked amount brought to nearly € 50m. This line of credit was still 100% available at 31 December 2009.

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 4<sup>th</sup> quarter of 2009 and projections of interest expense over the following 3 first quarters of 2010 over net rentals for the 4<sup>th</sup> quarter of 2009 and those projected over the first 3 quarters of 2010.

## Banking financing and main covenants at 31/12/2009

<u>In €m</u>	31/12/2009	Bank loans		Last published ratios		
	Consolidated financial debt	Maximum LTV	Minimum ICR	LTV	ICR	Due date
RBS / AXA / Calyon	140.5	75.0%	170%	54.8%	354%	15/06/2013
RBS / Calyon / Crédit Foncier / AXA	76.5	75.0%	180%	66.5%	323%	31/03/2010
Calyon	58.6	80.0%	125%	56.0%	397%	15/04/2011
Société Générale (50%) - Crédit Foncier (50%)	55.6	65.0%	110%	59.9%	210%	27/03/2017
Société Générale	13.1	NA	NA	NA	NA	14/01/2015
Hypo Real Estate	331.3	72.5%	140%	65.5%	382%	30/06/2013
Total	675.6					

The level of the ratios under loan covenants at 31 December 2009 complies with all of the group's commitments contained in its financing agreements.

### 5. Key accounting estimates and judgments

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. The sensitivity analysis of our portfolio consists in calculating, based on the appraisal values at 31 December 2009, their change using only the net income capitalisation method, according to the assumption of a positive and negative variation of 25 bp and 50 bp in the rates of return used by the experts, i.e. -0.50%, -0.25%, 0.25% and 0.50%.

Applying these assumptions to each of the buildings gives the following overall results:

- 1) For an increase of 25 and 50 bp, the value of the portfolio at 31 December 2009 would decrease respectively by 3.5% and 6.5%, which, all other things being equal, would result in an overall adjustment in consolidated income of -€ 36 million and -€ 67 million respectively .
- 2) For a decrease of 25 and 50 bp, the value of the portfolio at 31 December 2009 would increase respectively by 3% and 6.7%, which, all other things being equal, would result in an overall adjustment in consolidated income of +€ 32 million and +€ 69 million respectively .

### ***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

<i>(in thousands of euros)</i>	<b>Property under construction</b>	<b>Office and Computer equipment</b>	<b>Total</b>
<b>Financial year ending 31.12.08</b>			
Net opening balance	74,838	100	74,938
Changes in consolidation scope	1,331	-	1,331
Acquisitions	19,730	475	20,205
Divestments	-	-	-
Reclassification	(87,431)	-	(87,431)
Other movements	(207)	3	(204)
Amortisation	-	(68)	(68)
<b>Net balance at close</b>	<b>8,261</b>	<b>510</b>	<b>8,771</b>
<b>As at 31.12.08</b>			
Gross	8,261	673	8,934
Total amortisation	-	(163)	(163)
<b>Net book value</b>	<b>8,261</b>	<b>510</b>	<b>8,771</b>
<b>Financial year ending 31.12.09</b>			
Net opening balance	8,261	510	8,771
Changes in consolidation scope	-	-	-
Acquisitions	-	10	10
Divestments	-	-	-
Reclassification <sup>(1)</sup>	(8,261)	(13)	(8,274)
Other movements	-	-	-
Amortisation	-	(80)	(80)
<b>Net balance at close</b>	<b>-</b>	<b>427</b>	<b>427</b>
<b>As at 31.12.09</b>			
Gross	-	865	865
Total amortisation	-	(438)	(438)
<b>Net book value</b>	<b>-</b>	<b>427</b>	<b>427</b>

<sup>(1)</sup> The Duranne Sud building in Aix en Provence was delivered during the first six months of 2009 and was thus reclassified to the investment property category. The Locafimo property located in Chartres was reclassified as an investment property in compliance with the revised IAS 40 standard.

As at 31 December 2009, Société Tour Eiffel thus no longer possesses any property assets recorded as “property asset under construction”.

## NOTE 2: Investment properties

Variance by type

<i>(in thousands of euros)</i>	<b>Investment property</b>
<b>Close at 31.12.2008</b>	
Net opening balance	1,007,908
Acquisitions and constructions	17,218
Expenditures from completed buildings	89,087
Divestments	(93,113)
Reclassification	87,431
Net transfer to buildings destined for sale	(18,300)
Changes in consolidation scope	-
Other movements	-
Fair value effect (profit and loss)	(13,073)
<b>Net balance at close</b>	<b>1,077,158</b>
<b>Close at 31.12.2009</b>	
Net opening balance	1,077,158
Acquisitions and constructions	66,743
Expenditures from completed buildings	7,773
Divestments	(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)
<b>Net balance at close</b>	<b>1,036,567</b>

**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**

<i>(in thousands of euros)</i>	Comète	Malakoff Valette	Arman F02	Jean Jaurès	Locafimo	Total goodwill
<b>Close at 31.12.2008</b>						
Net opening balance	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Divestments	-	-	-	-	(2,361)	-
Provisions	-	-	-	-	2,361	-
<b>Net balance at close</b>	-	-	-	-	-	-
<b>As at 31.12.2008</b>						
Gross	2,350	1,895	1,873	262	23,524	<b>29,904</b>
Total provisions	(2,350)	(1,895)	(1,873)	(262)	(23,524)	<b>(29,904)</b>
<b>Net book value</b>	-	-	-	-	-	-
<b>Close at 31.12.2009</b>						
Net opening balance	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Divestments	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
<b>Net balance at close</b>	-	-	-	-	-	-
<b>As at 31.12.2009</b>						
Gross <sup>(1)</sup>	2,350	1,895	1,873	262	21,264	<b>27,644</b>
Total provisions <sup>(1)</sup>	(2,350)	(1,895)	(1,873)	(262)	(21,264)	<b>(27,644)</b>
<b>Net book value</b>	-	-	-	-	-	-

<sup>(1)</sup> The goodwill and the corresponding provision of Locafimo declined in 2009, standing at €2,260,000 following the disposal of the Dumont d'Urville building completed during the first quarter.

#### NOTE 4: Intangible fixed assets

Variance by type

<i>(in thousands of euros)</i>	Intangible assets generated internally	Acquired intangible assets	Total intangible assets
<b>Close at 31.12.2008</b>			
Net opening balance	-	3,043	3,043
Acquisitions	-	26	26
Divestments	-	-	-
Amortisation	-	(782)	(782)
Reclassification	-	-	-
New consolidations	-	-	-
<b>Net balance at close</b>	<b>-</b>	<b>2,286</b>	<b>2,286</b>
<b>As at 31.12.2008</b>			
Gross	-	4,540	4,540
Total amortisation	-	(2,254)	(2,254)
<b>Net book value</b>	<b>-</b>	<b>2,286</b>	<b>2,286</b>
<b>Close at 31.12.2009</b>			
Net opening balance	-	2,286	2,286
Acquisitions	-	4	4
Divestments	-	-	-
Amortisation	-	(780)	(780)
Reclassification	-	-	-
New consolidations	-	-	-
<b>Net balance at close</b>	<b>-</b>	<b>1,510</b>	<b>1,510</b>
<b>As at 31.12.2009</b>			
Gross	-	4,371	4,371
Total amortisation	-	(2,861)	(2,861)
<b>Net book value</b>	<b>-</b>	<b>1,510</b>	<b>1,510</b>

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

€ 1,482,000 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

<i>(in thousands of euros)</i>	Fixed securities	Long-term investments	Valuation of caps and swaps	Deposits and sureties paid	Loans	Total Financial assets
<b>Close at 31.12.2008</b>						
Net opening balance	2	-	7,371	12,190	128	19,691
Increases	-	-	-	31	-	31
New consolidations (1)	-	-	-	5	-	5
Reclassification	-	-	-	-	-	-
Decreases	-	-	-	(11,523)	(103)	(11,626)
Redemptions	-	-	-	-	-	-
Fair value effect (profit and loss)	-	-	(6,175)	-	-	(6,175)
Provisions	-	-	-	-	385	385
<b>Net balance at close</b>	<b>2</b>	<b>-</b>	<b>1,196</b>	<b>703</b>	<b>410</b>	<b>2,311</b>
<b>Close at 31.12.2009</b>						
Net opening balance	2	-	1,196	703	410	2,311
Increases	-	-	-	13,028	-	13,028
Reclassification	-	-	-	-	-	(45)
Decreases	-	-	-	(9,321)	(410)	(9,731)
Redemptions	-	-	-	-	-	-
Fair value effect (profit and loss)	-	-	(366)	-	-	(321)
Provisions	-	-	-	-	-	-
<b>Net balance at close</b>	<b>2</b>	<b>-</b>	<b>830</b>	<b>4,410</b>	<b>-</b>	<b>5,242</b>

### Deposits and sureties paid:

The variations observed over the period concern the cash pledges allocated to SAS Locafimo as part of the Group's financing operations.

At 31 December 2009, cash pledges stood at € 3,996,000, as against € 272,000 at 31/12/08.

### 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 31 December 2009 is reflected by an overall negative financial impact of € 6,111,000 including € 366,000 in financial assets and € 5,745,000 in financial debts (cf. Note 12).

## Main characteristics of financial instruments held at 31 December 2009

Type of contract	Subscription date	Effective date	Expiration date	Notional amount in thousands of €	Benchmark 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 %	662
CAP	06-06-2006	02-06-2006	27-12-2010	32,328	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	30-06-2006	01-08-2006	07-06-2013	18,976	3-month Euribor	4.50%	78
CAP	30-06-2006	01-08-2006	07-06-2013	17,000	3-month Euribor	4.50 %	0
CAP	30-06-2006	02-05-2007	07-06-2013	21,440	3-month Euribor	4.50 %	89
<b>TOTAL</b>							<b>830</b>

### NOTE 6: Assets selected for disposal

<i>(in thousands of euros)</i>	Properties selected for disposal
<b>Close at 31.12.08</b>	
Net opening balance	-
Net transfer from investment properties	18,300
Acquisitions	-
Divestments	-
<b>Net balance at close</b>	<b>18,300</b>
<b>Close at 31.12.09</b>	
Net opening balance	18,300
Net transfer from investment properties	4,498
Acquisitions	-
Divestments	(14,700)
<b>Net balance at close</b>	<b>8,098</b>

Locafimo's building in Paris at rue Dumont d'Urville was sold during the first quarter of 2009.

The balance corresponds to:

- buildings at Locafimo's Tanneries complex in Strasbourg;
- block K2 at the Massy building belonging to Arman F02.

**NOTE 7: Trade receivables and related accounts**

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
Gross	27,363	26,260
Provisions	(1,422)	(4,198)
<b>Total net trade receivables and related accounts</b>	<b>25,941</b>	<b>22,062</b>

**NOTE 8: Other receivables and accrual accounts**

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
	<b>Net</b>	<b>Net</b>
- Advances and deposits paid	759	485
- Personnel and related accounts	14	16
- State receivables <sup>(1)</sup>	11,481	15,109
- Current accounts (assets)	-	293
- Trade payables	51	132
- Prepaid expenses	1,130	890
- Other receivables <sup>(2)</sup>	5,196	13,400
<b>Total gross value</b>	<b>18,631</b>	<b>30,325</b>
- Provisions on other receivables	-	-
<b>TOTAL</b>	<b>18,631</b>	<b>30,325</b>

<sup>(1)</sup> This amount mainly concerns:

- forthcoming VAT refunds totalling € 3,995,000,
- VAT credits.

<sup>(2)</sup> This amount is composed mainly of:

- € 1,000,000 accounts receivable from divested assets,
- € 2,705,000 in calls for funds at Locafimo.

At 31/12/08, the "Other receivables" item included divested assets performed in 2008 and received during 2009, totalling € 8,969,000.

**NOTE 9: Cash and cash equivalents**

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

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
Marketable securities	13,197	19,867
Cash in hand and at bank	10,142	10,915
<b>Total gross value</b>	<b>23,339</b>	<b>30,782</b>
Provision on current accounts <sup>(1)</sup>	(2,447)	(2,447)
<b>Total</b>	<b>20,892</b>	<b>28,335</b>

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

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

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
<b>Cash and cash equivalents</b>	<b>20,892</b>	<b>28,335</b>
Bank credit balance (Note 12)	(34)	(138)
<b>Total net cash</b>	<b>20,858</b>	<b>28,197</b>

## 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)
<b>As at 31 December 2007</b>	<b>5,193,003</b>	<b>48</b>	<b>249,264</b>	<b>42,653</b>	<b>291,917</b>
Capital increase	-	-	-	-	-
Issue costs	-	-	-	-	-
Appropriation to 2006 retained earnings	-	-	-	-	-
<b>As at 31 December 2008</b>	<b>5,193,003</b>	<b>48</b>	<b>249,264</b>	<b>42,653</b>	<b>291,917</b>
Capital increase	240,033	5	1200	3,922	5,122
Reduction in capital	-	-	(223,299)	-	(223,299)
Issue costs	-	-	-	-	-
Dividends paid	-	-	-	(10,677)	(10,677)
Appropriation to 2007 retained earnings	-	-	-	-	-
<b>As at 31 December 2009</b>	<b>5,433,036</b>	<b>5</b>	<b>27,165</b>	<b>35,898</b>	<b>63,063</b>

All the issued shares have been fully paid up.

### 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 opening prices quoted between 28 November and 23 December 2005, inclusive, minus 5%, coming to €68.44 per share. Certain options may be exercised as of their allocation and other options may be exercised for a maximum 25% tranche per year from the first anniversary of their allocation, in other words from 26 December 2006. The options' contractual term is five years.

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

#### ***Allocated in 2006***

During the first half of the year, 39,266 stock subscription 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 contractual term is five years.

During the second half of the year, 132,400 stock subscription options were allocated to employees.

The strike price is fixed at € 100.04.

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

#### ***Allocated in 2007***

During the first half of the year, 23,300 share purchase options were allocated to employees.

The strike 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 contractual term is five years.

During the second half of the year, 25,951 stock subscription options were allocated to the managers and corporate officers.

The strike price is fixed at € 115.34.

All of the options may be exercised from the time of their award, thus as at 16 October 2007. The options contractual term is five years.

#### ***Allocated in 2008***

25,965 stock subscription options were granted to the company's officers and top executives.

The strike price is fixed at € 33.25.

All of the options may be exercised once they are granted, namely from 11 December 2008. The options contractual term is five years.

#### ***Allocated in 2009***

27,165 stock subscription options were granted to the company's officers and top executives.

The strike price is fixed at € 48.08.

All of the options may be exercised from the time of their award, thus as at 15 October 2009. The options' contractual term is 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.

### Estimation of option value:

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

<i>(in thousands of euros)</i>		<b>31 December 2009</b>		<b>31 December 2008</b>	
		<b>Average strike price (in € per share)</b>	<b>Options (in units)</b>	<b>Average strike price (in € per share)</b>	<b>Options (in units)</b>
<b>At 1 January</b>		86.46	355,662	90.65	329,697
Granted		48.08	27,165	33.25	25,965
Expired					
Exercised					
Adjustment distribution Due	after		11,097		
<b>At year end</b>		<b>83.74</b>	<b>393,924</b>	<b>86.46</b>	<b>355,662</b>

Of the 393,924 options in circulation at 31 December 2009, 381,481 may be exercised.

The principal assumptions of the model are as follows:

<b>Date granted</b>	<b>Date exercised</b>	<b>Adjusted option strike price</b>	<b>Underlying price</b>	<b>Standard deviation of the anticipated yield</b>	<b>Annual risk- free interest rate</b>
26/12/2005	26/12/2010	€ 65.95	€ 74.00	14%	3.0%
22/03/2006	22/03/2011	€ 80.73	€ 73.64	36%	3.5%
17/05/2006	17/05/2011	€ 84.59	€ 74.16	35%	3.7%
14/09/2006	14/09/2011	€ 96.41	€ 84.35	38%	3.6%
29/03/2007	29/03/2012	€ 119.96	€ 108.91	47%	3.9%
16/10/2007	16/10/2012	€ 111.15	€ 95.13	51%	4.2%
11/12/2008	11/12/2013	€ 34.39	€ 14.90	69%	3%
15/10/2009	15/10/2014	€ 48.08	€ 36.44	60%	2.6%

At 31 December 2009, the rights acquired according to exercisable options were recorded in the income statement (payroll expense) as a contra account to the shareholders' equity for a total amount of € 646,000.

#### 4) Allocation of Bonus Shares

##### The Conditions

Bonus shares have been allocated to the top executives: 18,800 shares in 2006 and 9,750 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 bonus 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 bonus shares is detailed below:

<i>(in euros)</i>	<b>31 December 2009</b>		<b>31 December 2008</b>	
	Strike price (in € per share)	Bonus shares (in units)	Strike price (in € per share)	Bonus shares (in units)
<b>At 1 January</b>	-	9,750	-	28,550
Granted	-	-	-	-
Allocated	-	9,750	-	18,800
<b>At year end</b>	-	-	-	<b>9,750</b>

## NOTE 11: Minority interests

<i>(in thousands of euros)</i>	Minority interests
<b>As at 31 December 2007</b>	<b>69</b>
Profit (loss) for current year	79
Other movements	214
<b>As at 31 December 2008</b>	<b>362</b>
Profit (loss) for current year	(528)
Other movements	166
<b>As at 31 December 2009</b>	<b>-</b>

The minority shareholder of Société Porte des Lilas handed over its shares to Locafimo.

## NOTE 12: Borrowings and financial debts

### *Borrowings and financial debts – Variance by type*

<i>(in thousands of euros)</i>	Borrowings from credit institutions	Other borrowings and related debt	Current bank support	Cap and Swap liabilities	Deposits and sureties received Total	Total
<b>Position as at 01.01.08</b>	<b>606.112</b>	<b>10.386</b>	<b>69</b>	<b>1.979</b>	<b>9.684</b>	<b>628.230</b>
Increases	155,855	4,693	-	-	2,725	<b>163,273</b>
Decreases	(79,548)	(6,587)	-	(327)	(2,095)	<b>(88,557)</b>
Fair value	-	-	-	13,074	-	<b>13,074</b>
New consolidations	-	-	69	-	-	<b>69</b>
Other	-	-	-	132	-	<b>132</b>
Reclassification	58	-	-	-	-	<b>58</b>
<b>Balance at 31.12.2008</b>	<b>682,477</b>	<b>8,492</b>	<b>138</b>	<b>14,858</b>	<b>10,314</b>	<b>716,279</b>
Increases	35,268	2,796	-	-	3,165	<b>41,229</b>
Decreases	(42,107)	(4,422)	-	(316)	(2,741)	<b>(49,586)</b>
Fair value	-	-	-	5,652	-	<b>5,652</b>
New consolidations/deconsolidations	-	57	-	98	-	<b>155</b>
Other	-	-	(105)	(290)	-	<b>(395)</b>
Reclassification	-	(3,951)	-	-	-	<b>(3,951)</b>
<b>Balance at 31.12.2009</b>	<b>675,638</b>	<b>2,971</b>	<b>34</b>	<b>20,002</b>	<b>10,738</b>	<b>709,383</b>

*Borrowing from credit institutions – Fixed rate / Variable rate*

<i>(in millions of euros)</i>	<b>Fixed rate</b>	<b>Variable rate</b>	<b>TOTAL</b>
Borrowings from lending institutions	357.1	318.5	<b>675.6</b>

The Group's average interest rate for financing was 3.9% at 31 December 2009.

After consideration of the fixed-rate swap instruments, total fixed-rate debt comes to € 357.1 million.

Furthermore, variable-rate debt, totalling € 318.5 million hedged by cap instruments for € 304.5 million.

*Borrowings and financial debts*

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
<i>Non-current</i>		
Bank loans	591,312	678,056
Other financial liabilities	28,331	25,992
<b>Total</b>	<b>619,643</b>	<b>704,048</b>
<i>Current</i>		
Bank loans	84,327	4,421
Accrued interest	2,971	4,599
Bank overdrafts	34	138
Other financial debts	-	2,756
Other financial liabilities	2,408	317
<b>Total</b>	<b>89,740</b>	<b>12,231</b>
<b>Total borrowings and financial debts</b>	<b>709,383</b>	<b>716,279</b>

At 31 December 2009, the Group had € 77.8 million worth of undrawn credit lines.

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

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
From 1 to 5 years	536,631	628,410
Over 5 years	54,681	49,646
<b>Total</b>	<b>591,312</b>	<b>678,056</b>

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):*

<i>(in thousands of euros)</i>	<b>Nominal value</b>	<b>Interest</b>	<b>Total</b>
31 December 2010	84,327 <sup>(1)</sup>	12,051	<b>96,378</b>
31 December 2011	64,942	11,042	<b>75,984</b>
31 December 2012	4,840	10,160	<b>15,000</b>
31 December 2013	464,715	9,086	<b>473,801</b>
31 December 2014	2,135	4,454	<b>6,589</b>
31 December 2015	12,633	799	<b>13,432</b>
31 December 2016	2,128	757	<b>2,885</b>
31 December 2017	39,919	179	<b>40,098</b>
<b>Total</b>	<b>675,639</b>	<b>48,528</b>	<b>724,167</b>

<sup>(1)</sup> Of which € 76,500,000 to be repaid on 31 March 2010 to the RBS/AXA/Calyon/Crédit Foncier pool

### *Cap and swap liabilities*

The Tour Eiffel group has contracted financial instruments (caps and swaps) which have not been considered as hedging instruments in accounting terms.

#### **Principal characteristics of the liability-side financial instruments held at 31 December 2009**

<b>Type of contract</b>	<b>Subscription date</b>	<b>Effective date</b>	<b>Expiration date</b>	<b>Notional amount in thousands of €</b>	<b>Benchmark rate</b>	<b>Guaranteed rate</b>	<b>Fair value in thousands of €</b>
SWAP / CAP	28-02-2006	28-02-2008	15-04-2011				(1,949)
- 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%	(1,447)
SWAP	28-03-2008	28-03-2008	28-03-2013	2,890	3-month Euribor	4.53%	(102)
SWAP	28-03-2008	31-03-2008	28-03-2013	9,855	3-month Euribor	4.57%	(386)
SWAP	28-03-2008	01-04-2008	02-05-2014	40,000	3-month Euribor	4.34%	(2,730)
SWAP	25-07-2007	01-11-2007	01-05-2010	48,800	3-month Euribor	4.78%	(971)
SWAP	29-06-2006	01-08-2006	07-06-2013	56,929	3-month Euribor	4.10 %	(3,865)
SWAP	29-06-2006	01-05-2007	07-06-2013	64,319	3-month Euribor	4.19 %	(4,559)
SWAP	16-01-2008	01-02-2008	16-01-2015	9,356	3-month Euribor	4.36%	(750)
SWAP	14-01-2008	14-01-2008	14-01-2015	4,000	3-month Euribor	4.20%	(307)
SWAP	02-12-2005	29-06-2007	30-03-2011	12,634	3-month Euribor	3.215%	(329)
SWAP	13-07-2006	13-07-2006	03-06-2011	8,267	3-month Euribor	3.965%	(307)
SWAP	21-06-2004		30-06-2011	46,374	3-month Euribor	4.035 %	(1821)
<b>TOTAL</b>							<b>(19,523)</b>

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

<i>(in thousands of euros)</i>	Provision for employee disputes	Provision for the risk of insurance policies failing to pay out	Provisions for retirement benefits	Other provisions for expenses	Other provisions for expenses	Total
<b>Position as at 31.12.2008</b>	-	527	94	-	-	621
Allocations	-	-	64	-	-	64
Reversals not used	-	(527)	-	-	-	(527)
Reversals used	-	-	-	-	-	-
Changes in consolidation scope	-	-	-	-	-	-
<b>Balance at close 31.12.2009</b>	-	-	158	-	-	158

<i>(in thousands of euros)</i>	31 December 2009		31 December 2008	
	Long term	Less than one year	Long term	Less than one year
Provision for employee disputes	-	-	-	-
Provision for Locafimo tenant risks	-	-	527	-
Provisions for retirement benefits	158	-	94	-
Other provisions for expenses	-	-	-	-
<b>Net balance at close</b>	158	-	621	-
<b>Total per period</b>	158		621	

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

Type (in thousands of euros)	31 December 2009	31 December 2008
Taxes owed (exit tax)	-	1,385
Other tax indebtedness	-	-
<b>TOTAL non-current tax debts</b>	<b>0</b>	<b>1,385</b>
Social security owed	1,095	1,172
Taxes owed (exit tax - current portion owed)	1,348	7,172
Other tax indebtedness	9,894	7,784
<b>TOTAL current tax and social security related debts</b>	<b>12,337</b>	<b>16,128</b>
<b>TOTAL</b>	<b>12,337</b>	<b>17,513</b>

## 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 accounts payable and other indebtedness

Type (in thousands of euros)	31 December 2009	31 December 2008
Trade accounts payable	4,672	8,086
Debts associated with acquisitions of tangible assets <sup>(1)</sup>	17,342	6,791
Current account liabilities	-	230
Advances and deposits received	418	2,003
Due to clients	4,416	3,462
Other operating debts <sup>(2)</sup>	4,646	7,320
Other non-operating debts	-	70
Prepaid income <sup>(3)</sup>	18,365	8,198
<b>TOTAL</b>	<b>49,859</b>	<b>36,160</b>
<b>Other long-term liabilities</b>		
Prepaid income <sup>(4)</sup>	300	299
<b>TOTAL</b>	<b>300</b>	<b>299</b>

(1) Settlement to be made on the Arman F2 and Locafimo properties.

(2) This account is mainly made up of provisions for charges:

	2009	2008
- Locafimo	€ 2,798,000	€ 3,902,000

(3) At 31 December 2009, this account was made up mainly of prepaid rental income for Q1 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

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
Rental income	75,704	70,609
Other rental income <sup>(1)</sup>	19,762	13,960
<b>Total turnover</b>	<b>95,466</b>	<b>84,569</b>

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

### Sector-based analysis: (in reference to note 3.12)

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

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
<i>Total minimum future payments</i>		
Less than one year	71,619	66,689
Between 1 and 5 years	252,486	237,987
More than 5 years	146,245	58,349
<b>Total future payments</b>	<b>470,350</b>	<b>363,025</b>
Rental income reported as year-end income	<b>75,704</b>	<b>70,609</b>

**NOTE 18: Consumed purchases**

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
Non-stocked purchases of material and supplies	(55)	(59)
<b>Total purchases consumed</b>	<b>(55)</b>	<b>(59)</b>

**NOTE 19: Personnel expenses, external charges, duties and taxes***Staff expense*

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
Staff remuneration	(2,588)	(2,447)
Social security withholding payments	(1,131)	(1,221)
Charges on payments in shares	(646)	(996)
<b>Total staff expense</b>	<b>(4,365)</b>	<b>(4,664)</b>

### *External expenses*

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
	(140)	(23)
- General subcontracting	(11,915)	(10,232)
	(903)	(583)
- Rentals and rental expenses	(1,700)	(1,299)
	(58)	(222)
- Maintenance and repairs	(10)	(53)
	(6,711)	(6,666)
- Insurance premiums	(320)	(530)
	(10)	(17)
- Miscellaneous documentation, seminars	(185)	(301)
	(74)	(67)
- Staff from outside of the company	(347)	(377)
	(96)	(94)
- Remuneration of intermediaries and fees <sup>(1)</sup>		
- Advertising, publishing and public relations		
- Goods transport, collective staff transport		
- Travel, assignments and receptions		
- Postal and telecommunications costs		
- Banking and related services		
- Other external services		
<b>Total external expenses</b>	<b>(22,469)</b>	<b>(20,464)</b>

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

### *Property taxes*

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
Property taxes	(6,936)	(6,442)
Other duties and taxes	(2,363)	(2,247)
<b>Total duties and taxes</b>	<b>(9,299)</b>	<b>(8,689)</b>

### **NOTE 20: Net amortisation and provisions**

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
- Allocations / Reversals of intangible assets	(780)	(782)
- Allocations / Reversals of tangible assets	(80)	(68)
<b>TOTAL amortisation allowances/reversals</b>	<b>(860)</b>	<b>(850)</b>
- Allocations / Reversals for current assets	2,776	(52)
- Allocations / Reversals for operating liabilities & expenses	-	(1)
- Allocations / Reversals for operating receivables	-	-
<b>TOTAL Carry forward / Provisions</b>	<b>2,776</b>	<b>(53)</b>

**NOTE 21: Net balance of value adjustments**

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
- Investment property	(88,059)	(13,073)
- Goodwill on acquisitions.		-
<b>TOTAL</b>	<b>(88,059)</b>	<b>(13,073)</b>

*Net balance from value adjustments of investment properties*

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
- Investment property	(88,059) <sup>(1)</sup>	(13,073)
<b>TOTAL</b>	<b>(88,059)</b>	<b>(13,073)</b>

<sup>(1)</sup> Includes value adjustments on a like-for-like basis applied to assets: (82.310)

**NOTE 22: Other operating income and expenses**

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
- Miscellaneous current management income	2,659	594
- Irrecoverable receivables losses	(250)	-
- Miscellaneous current management expenses	(699)	(510)
-Other net allowances for provisions	527	-
- Proceeds from disposals of investment property *	44,985	92,723
- Net book value of the property disposed of *	(45,414)	(93,113)
- One-time charges on previous financial years	(3,299)	(179)
<b>TOTAL</b>	<b>(1,491)</b>	<b>(485)</b>

\* In 2009, SAS Locafimo sold four non-strategic assets. The Duranne Sud property located in Aix en Provence was delivered in the first quarter of 2009 and also sold during the period. Arman F02 also sold part of a building.

Rental income and direct operating expenses linked to investment properties:

<i>(in thousands of euros)</i>	<b>Investment properties producing rental income</b>	<b>Investment properties not producing rental income</b>
Rental income	75,763 12,846	6,935
Direct operating expenses <sup>(1)</sup>		

(1) Chiefly property administration costs and property tax.

**NOTE 23: Net financial debt costs**

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
- Net income from marketable security transfers	-	-
- Net expenses from marketable security transfers	-	-
- Marketable securities income	1,100	1,450
- Loan income	-	3
<b>Total income from cash and near cash</b>	<b>1,100</b>	<b>1,453</b>
- Interest on financing deals	(26,464)	(35,269)
<b>Total gross financial debt costs</b>	<b>(26,464)</b>	<b>(35,269)</b>
<b>TOTAL NET FINANCIAL DEBT COST</b>	<b>(25,364)</b>	<b>(33,816)</b>

**NOTE 24: Other financial income and expenses**

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
- Other financial revenues	140	1,785
- Income from securities transfers	-	-
<b>Total other financial income</b>	<b>140</b>	<b>1,785</b>
- Write-offs of accounts receivable	-	-
- Other financial expenses	(6,726)	(20,168)
- Net book value of transferred securities	-	-
<b>Total other financial expenses</b>	<b>(6,726)</b>	<b>(20,168)</b>
<b>TOTAL</b>	<b>(6,586)</b>	<b>(18,383)</b>

*\*Of which € (6,111,000) adjustment in the value of financial instruments at 31/12/09 against € (19,249,000) at 31/12/08.*

**NOTE 25: Company income tax**

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
Current tax	(660)	(702)
Deferred tax <sup>(1)</sup>	322	-
<b>Total</b>	<b>(338)</b>	<b>(702)</b>

<sup>(1)</sup> 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.

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
Year-end net profit (loss)	(60,116)	(16,748)
Average weighted outstanding shares	5,222,544	5,193,003
Basic earnings per share (€ per share)	(11.51)	(3.23)

***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.

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
Year-end net profit (loss)	(60,116)	(16,748)
	5,232,294	5,129,349
Average weighted number of ordinary shares used to calculate the diluted earnings per share	(11.49)	(3.27)
Diluted earnings per share (€ per share)		

#### *Earnings-dilutive financial instruments*

The weighted average number of shares at 31 December 2009 which can give access to the share capital is as follows:

	<b>Number of securities</b>	<b>Giving right to number of securities</b>
Shares	5,433,036	5,433,036
Share options	27,165	2,377
Treasury shares	(95,524)	(95,524)
<b>TOTAL</b>	<b>5,364,677</b>	<b>5,339,889</b>

#### **NOTE 27: Dividends**

The balance of the 2008 dividend, representing € 1.5 per share, was paid on 12 June 2009 in the amount of € 7,643,395 in the form of shares and cash.

The shareholders decided to distribute a dividend of € 2 per share deducted from the issue premium.

This distribution totalling € 10,677,220 was paid out on 27 October 2009.

**NOTE 28: Statutory auditors' fees**

	PWC Audit				Expertise & Audit			
	Amount excl. tax (budget)		%		Amount excl. tax (budget)		%	
<i>(in thousands of euros)</i>	2009	2008	2009	2008	2009	2008	2009	2008
<b>Audit</b>								
Statutory auditor, certification, audit of annual and consolidated accounts								
- issuer	180	185	62.5	60.7	80	73	71.4	76.4
- fully consolidated subsidiaries	108	120	37.5	39.3	32	22.5	28.6	23.6
<b>Other services</b>						-		-
Legal, fiscal, social	-	-	-	-	-		-	
Other	-	-	-	-				
<b>TOTAL</b>	<b>288</b>	<b>305</b>			<b>112</b>	<b>95.5</b>		

**NOTE 29: Transactions with 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.:

<i>(in thousands of euros)</i>	31 December 2009	31 December 2008
--------------------------------	------------------	------------------

	720	720
Salaries and other short-term benefits	110	140
Directors' fees	646	996
Payments based on shares (stock options)		
<b>TOTAL</b>	<b>1,476</b>	<b>1,856</b>

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

€ 670,000 in commissions were paid to Bluebird, a related party, in 2009. This amount is identical to that paid during the first half of 2008.

#### NOTE 30: Off-balance-sheet commitments

##### *Commitments given:*

<i>(in thousands of euros)</i>	31 December 2009	31 December 2008
Mortgages <sup>(1)</sup>	500,363	163,181
Securities pledges <sup>(2)</sup>	309,169	309,169
Money lender's lien	112,052	112,052
Surety	10,593	7,000
Framework agreement	194,052	194,052
Commitment made to a builder	9,375	46,591

<sup>(1)</sup> Net book value

<sup>(2)</sup> Acquisition price of the securities pledged

*Commitments received:*

<i>(in thousands of euros)</i>	<b>31 December 2009</b>	<b>31 December 2008</b>
Tenant's security deposit	1,949	725
Joint guarantee	85,339	82,708
Pledge	200	200
Liability guarantee	30,187	30,187
Rent guarantee	4,709	1,869
Performance bond	96,040	109,915

*Off balance sheet commitments encumbering the group's assets at 31 December 2009:*

	Starting date	Expiration date	Amount of assets encumbered	Total balance	%
Mortgage on the Arman F2 building	28/03/08	28/03/17	50,312	82,659	61%
Mortgage on the 13 Nowa buildings	28/02/06	15/04/11	78,000	104,193	75%
Mortgage on the Caen building	21/06/05	15/06/13	3,519	38,430	9%
Mortgage on the principal building of the Champigny property	14/12/04	15/06/13	581	25,050	2%
Mortgage on buildings A and B of the Champigny property	12/01/05	15/06/13	570	12,040	5%
Mortgage on the Etupes building	12/07/05	15/06/13	10,750	16,911	64%
Mortgage on the Jaurès building	07/04/05	15/06/13	11,250	23,300	48%
Mortgages on the buildings of Locafimo and its subsidiaries	17/02/09	30/06/14	345,381	511,720	67%
<b>Sub-total Mortgages</b>			<b>500,363</b>		
Collateralised Nowa shares	28/02/06	15/04/11	14,528	-	-
Collateralised Champigny Carnot shares	12/01/05	15/06/13	1	-	-
Collateralised Lyon Genlis shares	24/03/05	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	-	-
Collateralisation of various shares held by STE	25/07/07	31/03/10	100,000	-	-
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	-	-
<b>Sub-total Collateralisations</b>			<b>309,169</b>	-	-

## **VI - STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

(Financial year ended 31 December 2009)

To the shareholders of:

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***SOCIETE DE LA TOUR EIFFEL***

20-22 rue de la Ville l'Evêque

A French joint stock company with capital of €27,165,180

75008 Paris

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In carrying out the mission entrusted to us by your General Shareholders' Meeting, we present our report for the year ended 31 December 2009 on:

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

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

### **I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS**

We conducted our audit in accordance with the auditing standards applicable in France; these standards require performing the due diligence enabling us to confirm, with reasonable assurance, that the consolidated financial statements contain no significant misstatements. An audit consists in the examination, on a test basis or by means of other selection methods, the elements justifying of the amounts and information appearing in the group accounts. It also consists in appraising the accounting principles applied, the significant estimates retained and the overall presentations of the accounts. We believe that the elements we have collected provide a sufficient and appropriate basis on which to formulate our opinion.

We certify that, with regard to the IFRS standards, as adopted by the European Union, the consolidated financial statements are a true and fair representation of the assets, the financial position and overall result constituted by the persons and entities included in the consolidation.

Without calling into question the aforesaid opinion, we draw your attention to notes 2.1, 2.6 and 6 (note 1) in the Notes to the consolidated accounts, describing the new IFRS standards

and interpretations which the Company applied as of 1 January 2009, especially the revised IAS 40 standard.

## **II - BASIS OF OUR APPRAISALS**

The accounting estimates used to prepare the financial statements at 31 December 2009 were carried out in a market climate still marked by a low number of property transactions. Given this market climate, in application of Article L. 823-9 of the French Commercial Code concerning the basis of appraisals, we would like to draw your attention to the following items:

- Paragraph 2.6 of the Notes specifies that the property portfolio is appraised by independent experts to estimate properties' fair value. Our mission involves reviewing the appraisal methods of these experts, evaluating the consistency of the assumptions upheld and establishing the fair value of the properties in question based on independent appraisals and ensuring that the information presented in the Notes is appropriate.
- As indicated in paragraph 2.13 of the Notes, the group uses derivatives recorded at their fair value on the consolidated balance sheet. We have assessed the data and the assumptions made to determine this fair value and reviewed the computations made as at 31 December 2009.

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

## **III – SPECIFIC VERIFICATIONS**

We have also verified the legally required information presented in the Group management report, in accordance with the code of professional conduct applicable in France.

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

Paris and Neuilly-sur-Seine, 18 March 2010

The Statutory Auditors

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