Consolidated financial statements

CONTENTS

1 – ASSETS

In thousands of €	Notes	31 December 2010 Net	31 December 2009 Net
Non current assets			
Tangible fixed assets	1	369	427
Investment property	2	1,004,809	1,036,567
Goodwill on acquisitions	3	-	-
Intangible fixed assets	4	764	1,510
Financial assets	5	3,093	5,242
Deferred tax debit	15	322	322
TOTAL NON-CURRENT ASSETS (I)		**1,009,357**	**1,044,068**
Current assets			
Trade and related receivables	7	22,327	25,941
Other receivables and accrual accounts	8	7,060	18,631
Cash and cash equivalents	9	9,192	20,892
TOTAL CURRENT ASSETS (II)		**38,579**	**65,464**
Assets for disposal (III)	6	17,320	8,098
TOTAL ASSETS (I + II + III)		**1,065,256**	**1,117,630**

2 – BALANCE SHEET – LIABILITIES

In thousands of €	Notes	31 December 2010	31 December 2009
Shareholders' equity (group share)			
Share capital	10	27,961	27,165
Premiums linked to capital	10	34,478	35,898
Legal reserve		2,717	5,551
Consolidated reserves		265,787	337,095
Consolidated income for the financial year		42,487	(60,116)
Shareholders' equity (Group share) (A)		**373,430**	**345,593**
Minority interests (B)	11	-	-
SHAREHOLDERS' EQUITY (I) = (A + B)		**373,430**	**345,593**
Non-current liabilities			
Long-term borrowings	12	560,563	591,312
Other financial liabilities	12	23,008	28,331
Long-term provisions	13	233	158
Tax liabilities	14	-	-
Deferred tax credit	15	-	-
Other long-term liabilities	16	327	300
TOTAL NON-CURRENT LIABILITIES (II)		**584,131**	**620,101**
Current liabilities			
Borrowings and financial debt (less than one year)	12	69,710	87,332
Other financial liabilities	12	1,824	2,408
Trade payable and other debts	13	-	-
Tax and social security liabilities	14	8,448	12,337
Trade accounts payable and other debts	16	27,713	49,859
TOTAL CURRENT LIABILITIES (III)		**107,695**	**151,936**
TOTAL LIABILITIES (I + II + III)		**1,065,256**	**1,117,630**

3 – STATEMENT OF COMPREHENSIVE INCOME

In thousands of €	Notes	31 December 2010	31 December 2009
Turnover	17	85,752	95,466
Consumed purchases	18	(387)	(55)
Staff expense	19	(3,852)	(4,365)
External expenses	19	(15,998)	(22,469)
Property taxes	19	(8,983)	(9,299)
Allowances for depreciation	20	(824)	(860)
Net allowances for provisions	20	(395)	2,776
Net value adjustment balance	21	8,052	(88,059)
Other operating income and expenses	22	(926)	(1,491)
Operating income on ordinary activities		62,439	(28,356)
Income from cash and cash equivalents		61	1,100
Gross cost of financial indebtedness		(24,818)	(26,464)
Net financial costs	23	(24,757)	(25,364)
Other financial income and expense	24	5,071	(6,586)
Corporate income tax	25	(266)	(338)
NET PROFIT (LOSS)		**42,487**	**(60,644)**
Minority interests		-	(528)
NET PROFIT (LOSS) (GROUP SHARE)		**42,487**	**(60,116)**
Profit per share	26	7.90	(11.51)
Diluted profit per share	26	7.88	(11.49)

Net profit (loss)		42,487	(60,644)
Gains and losses recorded directly in shareholder's equity		-	-
Comprehensive income		42,487	(60,644)
Including: - group share		42,487	(60,116)
- minority interests share		-	(528)

4 – CASH FLOW **STATEMENT**

In thousands of €	31 December 2010	31 December 2009
CASH FLOW FROM OPERATIONS		
Consolidated net profit	42,487	(60,644)
Restatement:		
Net financial allowances for depreciation and provisions	900	397
Net balance from value adjustments of investment properties	(8,052)	88,059
Profits/losses on value adjustments on the other assets and liabilities	(4,929)	6,938
Capital gains & losses from disposals	1,686	429
= Cash flow from operations after net cost of financial indebtedness and income tax	32,092	35,179
Income tax expense	265	338
Net financial costs	24,757	25,364
= Cash flow from operations before net cost of financial indebtedness and income tax	57,114	60,881
Taxes paid	(1,647)	(8,536)
Change in working capital requirement linked to operations	4,670	1,329
= Net cash flow from (for) operations	60,137	53,674
CASH FLOW LINKED TO INVESTMENT TRANSACTIONS		
Acquisition of capital assets		
Intangible and tangible	*(37,402)*	*(64,090)*
Financial	-	-
Disposal of fixed assets	51,878	52,953
Change in loans and financial receivables agreed	2,827	(3,323)
Impact of changes in the consolidation scope	-	(1)
= Net cash flow linked to investment transactions	17,303	(14,461)
CASH FLOW LINKED TO FINANCING TRANSACTIONS		
Dividends paid to parent company shareholders	(14,657)	(18,321)
Dividends paid to minority interests	-	-
Capital increase	-	5,122
Treasury shares increase	(68)	(53)
Borrowings issued	84,600	38,434
Repayment of borrowings	(133,862)	(44,848)
Net financial interest paid	(25,122)	(26,886)
Change in other financial debt	-	-
= Net cash flow from financing activities	(89,109)	(46,552)
CASH FLOW	**(11,669)**	**(7,339)**
Cash flow at opening	20,858	28,197
Cash flow at closing	9,189	20,858
Cash flow variation	(11,669)	(7,339)

5 – STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of €	Share capital	Premiums	Legal reserve	Consolidated reserves	Year-end net profit (loss)	Total Group share	Minority interests	Total Shareholders' equity
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/loss	-	-	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	-	-	-	-
Profit (loss) 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	-	(7,319)	(2,834)	(11,199)	-	(21,352)	-	(21,352)
Capital increase	796	5,899	-	-	-	6,695	-	6,695
Reduction in capital	-	-	-	-	-	-	-	-
Profit (loss) for current year	-	-	-	-	42,487	42,487	-	42,487
Share subscription warrants	-	-	-	-	-	-	-	-
Stock option plans	-	-	-	75	-	75	-	76
Other movements	-	-	-	-	-	-	-	-
Share buy-back	-	-	-	(68)	-	(68)	-	(68)
POSITION AS AT 31/12/2010	**27,961**	**34,478**	**2,717**	**265,787**	**42,487**	**373,430**	**-**	**373,430**

6 – APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 – 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'Évêque, Paris.

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

The consolidated financial statements for the year ended 31 December 2010 were adopted by the Board of Directors on 2 March 2011. They are presented in thousands of euros unless otherwise indicated.

6.2 – 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.

6.2.1 – 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 as of 31 December 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 Party 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 on 1 July 2010;
- Amendment to IFRS 8 further to the revised IAS 24 standard, applicable to financial years starting on or after 1 January 2011. This standard was adopted by the European Union on 19 July 2010;
- Amendment to IFRS 1 further to the interpretation of IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", applicable to financial years starting on or after 1 July 2010. This standard was adopted by the European Union on 23 July 2010;

- Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement", applicable to financial years starting on or after or after 1 January 2011. This standard was adopted by the European Union on 19 July 2010;
- Amendment to IFRS 1 relating to the limited exemption from comparative IFRS 7 disclosures for first-time adopters, applicable to financial years starting on or after 1 July 2010. This standard was adopted by the European Union on 30 June 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.

6.2.2 – 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).

6.2.3 – BUSINESS COMBINATIONS AND ASSET ACQUISITIONS

6.2.3.1 – 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). Similarly, the acquisition costs are included in the cost of acquiring 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 which must then be depreciated.

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".

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

6.2.4 – INFORMATION PER SECTOR

As part of the group's management reporting responsibilities, properties are monitored individually and none represent over 10% of the aggregations provided for in the IFRS 8 standard. Given the homogeneous nature of the sectors represented by these properties (with homogeneous yields) with respect to the standard, the consolidation criteria required by the latter result in the buildings being considered as a single sector.

6.2.5 – 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.

Amortisation is calculated on the following basis:

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

6.2.6 – 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).

In accordance with IAS 23, the group incorporates borrowing costs as part of the cost of the created asset. These are 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 Expertise
- 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.

6.2.7 – 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.

Intangible fixed assets mainly involve the agreement concluded between Tour Eiffel Asset Management and Société de la Tour Eiffel valued with regard to Tour Eiffel Asset Management's acquisition (formerly 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.

6.2.8 – 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 were first recorded. A financial asset is classified in this category if it has been designated as such by management (assets valued at fair value through profit or loss) in accordance 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.

6.2.9 – 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.

6.2.10 – 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 through the income statement.

6.2.11 – 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 the principle of fair value.

6.2.12 – SHAREHOLDERS' EQUITY

The fair value of the subscription rights 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 shareholders' equity on contra account.

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.

6.2.13 – 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

La Société de la 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.

6.2.14 – 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.

6.2.15 – 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 23 employees at of 31 December 2010 of which 22 were with Tour Eiffel 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.

The Group made an estimation of its retirement obligations in the form of guaranteed benefits as at 31 December 2010.

This estimation was based on:

- actuarial valuations (discount rate and net annual valuation of the fund at a rate of 4.68%),
- death rate assumptions (source INSEE 2009),
- employee turnover,
- 3.92% salary increase,
- retirement at age 65.

This provision for pension compensation was recorded at the value of €133,000.

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.

6.2.16 – 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.

6.2.17 – 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, 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 the IAS 12 standard.

Changes to the SIIC tax regime

2006 amendment 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 1 July 2007 to shareholders (apart from individuals and SIICs) that own at least ten per cent (10%), directly or indirectly, of the capital of the 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 2010, the company should not have to pay withholding taxes on its dividend distributions.

6.2.18 – 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.

6.2.19 – 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.

6.2.20 – 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.

6.2.21 – 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.

6.3 – Scope of consolidation

6.3.1 – LIST OF THE CONSOLIDATED COMPANIES

Companies	SIREN ID	Consolidation method	% of equity stake December 2010	% of equity stake December 2009	Date company joined Group's scope
SA 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 COMÈTE	479 576 761	F.C.*	100%	100%	December 2004
SCI LYON GENLIS	480 351 576	F.C.*	100%	100%	January 2005
SCI ÉTUPES 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 (1)	692 031 149	F.C.*	100%	100%	December 2005
SCI LA RIVIÈRE GIRAUDIÈRE (1)	388 323 909	F.C.*	100%	100%	December 2005
SCI BOTARDIÈRE (1)	397 968 207	F.C.*	100%	100%	December 2005
SCI PARIS CHARONNE (1)	403 104 458	F.C.*	100%	100%	December 2005
TOUR EIFFEL 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%	100%	July 2006
SCI VÉLIZY TOPAZ	328 223 706	F.C.**	100%	100%	December 2006
SCI DURANNE SUD	498 033 869	Full Asset Transfer at 28/06/10	-	100%	March 2008
SCI ARMAN AMPÈRE	509 498 523	IG*	100%	100%	December 2008

(1) Companies consolidated on 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

6.3.2 – CHANGE IN THE CONSOLIDATION SCOPE

Deconsolidations

Full Asset Transfer:

A full transfer of assets and liabilities by SCI Duranne Sud was made in favour of Société de la Tour Eiffel on 28 June 2010.

6.4 – 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 at restricting 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.

As at 31 December 2010, the Group's consolidated gross financing debt came to €627.7 million, made up of €373.9 million at fixed rate (of which €318 million were hedged by swaps), and €245.2 million at variable rate, this latter portion being wholly hedged by CAP contracts. Thus at 31 December 2010, debt was hedged overall to a total ratio of 99%.

On the basis of the outstanding debt as at 31 December 2010, an average rise in the Euribor 3-month interest rates of 100 basis points would have a negative impact (on an annual basis) on recurring net income, estimated at €2.5 million.

Conversely, a 100 basis-point drop in interest rates would reduce the financing cost by an estimated €2.5m, 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 31 December 2010, or 96,041 shares, the sensitivity of results to a 10% decrease or increase in the Société de la Tour Eiffel share price is estimated to be €0.6m.

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 master 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 company has conducted a specific review of its liquidity risk and considers it is capable of meeting its future payments.

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 4th quarter of 2010 and projections of interest expense over the following 3 quarters over net rentals for the 4th quarter of 2010 and those projected over the next 3 quarters.

BANKING FINANCING AND MAIN COVENANTS AT 31/12/2010

In €m	Consolidated financial debt as at 31/12/2010	Bank covenants		Last published ratios		Due date
		Maximum LTV	Minimum ICR	LTV	ICR	
RBS/AXA/Calyon/Crédit Foncier	126.4	75.0%	170%	54.3%	305%	15/06/2013
Crédit Agricole CIB (formerly Calyon)	36.3	80.0%	125%	43%	197%	15/04/2011
Société Générale (50%) Crédit Foncier (50%)	54.6	65%	110%	55.4	218%	28/03/2017
Société Générale	12.8	NA	NA	NA	NA	14/01/2015
PBB (formerly HRE)	374.7	72.5%	140%	66.7%	313%	30/06/2013
Natixis	22.9	75.5%	225%	62.5%	285%	31/03/2011
TOTAL	**627.7**					

The level of the ratios under loan covenants at 31 December 2010 complies with all of the group's commitments contained in its financing agreements.

6.5 – 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 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.

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

Evaluation of intangible assets

The contract between Tour Eiffel Asset Management and Société de la 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 active market (such as derivatives traded over the counter), has been provided by the issuing establishment.

Derivatives are measured using data derived from prices directly observable on active and liquid markets (second level of the fair value hierarchy).

6.6 – 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
Year-ended 31/12/09			
Net opening balance	8,261	510	8,771
Changes in consolidation	-	-	-
scope	-	10	10
Acquisitions	-	-	-
Divestments	(8,261)	(13)	(8,274)
Reclassification[1]	-	-	-
Other movements	-	(80)	(80)
Amortisation			
NET BALANCE AT CLOSE	-	**427**	**427**
As 31/12/09			
Gross	-	865	865
Total amortisation	-	(438)	(438)
NET BOOK VALUE	-	**427**	**427**
Year-ended 31/12/10			
Net opening balance	-	427	427
Changes in consolidation scope	-	-	-
Acquisitions	-	13	13
Divestments	-	-	-
Reclassification	-	-	-
Others movements	-	-	-
Amortisation	-	(71)	(71)
NET BALANCE AT CLOSE		**369**	**369**
As at 31/12/10			
Gross	-	817	817
Total amortisation	-	(448)	(448)
NET BOOK VALUE	-	**369**	**369**

NOTE 2: INVESTMENT PROPERTIES

VARIANCE BY TYPE

(in thousands of euros)	Investment property
Year ended 31/12/09	
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)
NET BALANCE AT CLOSE	**1,036,567**
Year ended 31/12/10	
Net opening balance	1,036,567
Acquisitions and constructions	18,953
Expenditures from completed buildings	3,487
Divestments (1)	(47,100)
Reclassification	-
Net transfer to buildings destined for sale	(14,685)
Changes in consolidation scope	-
Others movements (2)	(465)
Fair value effect (profit and loss)	8,052
NET BALANCE AT CLOSE	**1,004,809**

(1) The divestments were as follows:
-€5.3m: SCI Lyon Genlis building sold on 2 April,
-€24.89m: the Champs-sur-Marne East Side building of SCI Nowa sold on 2 July,
-€15.46m: SCI Malakoff Valette building sold on 5 October,
-€1.45m: buildings 14 and 19 in the Parc des Tanneries (Strasbourg) of SAS Locafimo sold on 10 December,
(2) The other movements correspond to construction projects that were abandoned and reclassified as expenses:
-€348K for SAS Locafimo,
-€117Kfor SCI Rueil National.

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
Year ended 31/12/09						
Net opening balance	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Divestments	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
NET BALANCE AT CLOSE	-	-	-	-	-	-
As at 31/12/09						
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	**-**	**-**	**-**	**-**	**-**	**-**
Year ended 31/12/10						
Net opening balance	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Divestments	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
NET BALANCE AT CLOSE	**-**					
As at 31/12/10						
Gross	2,350	1,895	1,873	262	20,014	26,394
Total provisions	(2,350)	(1,895)	(1,873)	(262)	(20,014)	(26,394)
NET BOOK VALUE	**-**	**-**	**-**	**-**	**-**	**-**

NOTE 4: INTANGIBLE FIXED ASSETS

VARIANCE BY TYPE

(in thousands of euros)	Internally generated intangible assets	Acquired intangible assets	Total intangible assets
Year ended 31/12/09			
Net opening balance	-	2,286	2,286
Acquisitions	-	4	4
Divestments	-	-	-
Amortisation	-	(780)	(780)
Reclassification	-	-	-
New consolidations	-	-	-
NET BALANCE AT CLOSE	**-**	**1,510**	**1,510**
As at 31/12/09			
Gross	-	4,371	4,371
Total amortisation	-	(2,861)	(2,861)
NET BOOK VALUE	**-**	**1,510**	**1,510**
Year ended 31/12/10			
Net opening balance	-	1,510	1,510
Acquisitions	-	7	7
Divestments	-	-	-
Amortisation	-	(753)	(753)
Reclassification	-	-	-
New consolidations	-	-	-
NET BALANCE AT CLOSE	**-**	**764**	**764**
As at 31/12/10			
Gross	-	4,270	4,270
Total amortisation	-	(3,506)	(3,506)
NET BOOK VALUE	**-**	**764**	**764**

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

€741,000 of the value of the intangible assets derive from the net value of the Asset Management contract recorded when Awon Asset Management, renamed Tour Eiffel Asset Management on 1 September 2010, 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
Year ended 31/12/09						
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 CLOSE	**2**	**-**	**830**	**4,410**	**-**	**5,242**
Year ended 31/12/10						
Net opening balance	2	-	830	4,410	-	5,242
Increases	-	-	-	5,570	-	5,570
New consolidations	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Redemptions	-	-	-	(8,435)	-	(8,435)
Fair value effect (profit and loss)	-	-	716	-	-	716
Provisions	-	-	-	-	-	-
NET BALANCE AT CLOSE	**2**	**-**	**1,546**	**1,545**	**-**	**3,093**

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 €1,135K, as against €3,996K at 31/12/09.

DERIVATIVE INSTRUMENTS

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

These financial instruments were originally entered on the assets side at their fair 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 to fair value at 31 December 2010 results in an overall positive financial impact of €5,335K (€177K for the CAP and €5,158K for the swaps):

- positive financial impact of €716K in financial assets
- positive financial impact of €4,619K in financial debts (cf. Note 12).

MAIN CHARACTERISTICS OF FINANCIAL INSTRUMENTS HELD AT 31 DECEMBER 2010

Type of contract	Subscription date	Effective date	Expiration date	Notional amount in thousands of €	Benchmark rate	Guaranteed rate	Fair value in thousands of €
CAP	04/09/2006	04/09/2006	03/12/2012	61,741	3-month Euribor	5.00%	489
CAP	25/03/2010	25/03/2010	28/06/2013	30,000	3-month Euribor	2.00%	205
CAP	02/07/2010	27/12/2010	28/06/2013	30,000	3-month Euribor	2.50%	129
CAP	30/06/2006	01/08/2007	07/06/2013	18,473	3-month Euribor	4.50%	20
CAP	30/06/2006	02/05/2007	07/06/2013	20,878	3-month Euribor	4.50%	23
CAP	18/05/2010	27/10/2010	30/06/2013	32,000	3-month Euribor	2.50%	141
SWAP	19/05/2010	19/05/2010	16/01/2015	(1)	3-month Euribor	4.36%	277
SWAP	21/09/2010	21/09/2010	16/01/2010	(1)	3-month Euribor	4.36%	262
CAP	31/03/2010	31/03/2010	30/09/2011	26,000	3-month Euribor	2.00%	-
TOTAL							**1,546**

(1) Both are underlying Swaps to the swap recorded as a debt for a value of (€857)K.

NOTE 6: ASSETS SELECTED FOR DISPOSAL

(in thousands of euros)	Properties selected for disposal
Year ended 31/12/09	
Net opening balance	18,300
Net transfer from investment properties	4,498
Acquisitions	-
Divestments	(14,700)
NET BALANCE AT CLOSE	**8,098**
Year ended 31/12/10	
Net opening balance	8,098
Net transfer from investment properties	14,685
Acquisitions	-
Divestments	(5,463)
NET BALANCE AT CLOSE	**17,320**

The following divestments were made during 2010:

- Building A in Locafimo's Parc des Tanneries complex in Strasbourg.
- block K2 of the Massy building owned by Arman F02,
- the plot adjacent to the Massy building owned by Arman Ampere,

The balance corresponds to:

- buildings 15/22/23/24 at Locafimo's Parc des Tanneries complex in Strasbourg;
- the SCI Paris Charonne building (commitment to sell signed in May 2010).

NOTE 7: TRADE RECEIVABLES AND RELATED ACCOUNTS

(in thousands of euros)	31 December 2010	31 December 2009
Gross	24,032	27,363
Provisions	(1,705)	(1,422)
TOTAL NET TRADE RECEIVABLES AND RELATED ACCOUNTS	**22,327**	**25,941**

NOTE 8: OTHER RECEIVABLES AND ACCRUAL ACCOUNTS

(in thousands of euros)	31 December 2010 Net	31 December 2009 Net
- Advances and deposits paid	76	759
- Personnel and related accounts	21	14
- State receivables[1]	4,058	11,481
- Current accounts (assets)	-	-
- Trade payables	58	51
- Prepaid expenses	1,116	1,130
- Other receivables [2]	3,747	5,196
Total gross value	9,076	18,631
- Provisions on other receivabless[3]	(2,016)	-
TOTAL	**7,060**	**18,631**

(1) This amount mainly concerns:
- forthcoming VAT refunds and credits.
(2) This amount is mainly composed of:
- in 2009: €1m in accounts receivable from divested assets, €2,705K in calls for funds at Locafimo,
- In 2010: €2,016K corresponding to the Locafimo bank claims with the Pallas Stern bank (cf. Note 9), and €733K in calls for funds at Locafimo, Porte des Lilas and Vélizy Topaz
(3) During the first half of 2010 Locafimo received €431K in reimbursed claims.

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)	31 December 2010	31 December 2009
Marketable securities	119	13,197
Cash in hand and at bank[1]	9,073	10,142
TOTAL GROSS VALUE	**9,192**	**23,339**
Provision for bank claims[1]	-	(2,447)
TOTAL	**9,192**	**20,892**

(1) The Claim and the provision for the Locafimo bank claims with the Pallas Stern bank have been reclassified to other receivables, Note 8.

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

(in thousands of euros)	31 December 2010	31 December 2009
Cash and cash equivalents	9,192	20,892
Bank credit balance (Note 12)	(3)	(34)
TOTAL NET CASH	**9,189**	**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(1)	159,248	5	796	5,899	6,695
Reduction in capital	-	-	-	-	-
Issue costs	-	-	-	-	-
Dividends paid(2)	-	-	-	(7,319)	(7,319)
Appropriation to retained earnings	-	-	-	-	-
AS AT 31 DECEMBER 2010	**5,592,284**	**5**	**27,961**	**34,478**	**62,439**

All the issued shares have been fully paid up.

(1) The capital increase was due to the shareholders exercising the option to be paid the interim dividend in shares, their distribution being decided by the Board of Directors on 28 July 2010.
(2) The distribution of dividends for total of €21,352,000 was made:
- from the issue premium (€7,319,000),
- from the distributable portion of the statutory reserves (€2,834,000),
- other reserves (€11,199,000).

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 opening 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 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 have a contractual term of five years.

During the second half of the year, 132,400 share subscription 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 stock subscription 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 subscription 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 strike price are presented below:

(in thousands of euros)	31 December 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
Null and void	-	340,196	-	-
Exercised	-	-	-	-
Adjustment after distribution	-	7,826	-	11,097
Due	-	-	-	-
AT YEAR END	**43.47**	**61,554**	**83.74**	**393,924**

Of the 61,554 options in circulation at 31 December 2010, 61,554 may 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	€80.84	€74.16	35%	3.7%
14/09/2006	Expired	14/09/2011	€92.13	€84.35	38%	3.6%
29/03/2007	Expired	29/03/2012	€114.64	€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 31 December 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.

3) 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 February and October 2007 plans. As at 31 December 2010, no more bonus shares remained to be granted

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	**-**
Profit (loss) for current year	-
Other movements	-
AS AT 31 DECEMBER 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	Current bank support	Cap and swap liabilities	Deposits and sureties received	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
New consolidations/	-	57	-	98	-	155
deconsolidations	-	-	-	-	-	-
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	83,784	2,596	-	-	816	87,196
Decreases	(131,748)	(2,971)	-	(294)	(1,820)	(136,833)
Fair value	-	-	-	4,619	-	(4,619)
New consolidations/	-	-	-	9	-	9
deconsolidations	-	-	-	-	-	-
Other	-	-	(31)	-	-	(31)
Reclassification	-	-	-	-	-	-
BALANCE AT 31/12/2010	**627,674**	**2,596**	**3**	**15,098**	**9,734**	**655,105**

BORROWINGS FROM CREDIT INSTITUTIONS - FIXED RATE/VARIABLE RATE

(in millions of euros)	Fixed rate	Variable rate	Total
Borrowings from lending institutions	373.9	253.8	**627.7**

The Group's average interest rate for financing was 3.5% at 31 December 2010.

After consideration of the fixed-rate swap instruments, the total fixed-rate debt comes to €373.9 million.

Furthermore, variable-rate debt, totalling €253.8 million was hedged by cap instruments for €245.2 million.

BORROWINGS AND FINANCIAL DEBTS

(in thousands of euros)	31 December 2010	31 December 2009
Non-current		
Bank loans	560,563	591,312
Other financial liabilities	23,008	28,331
TOTAL	**583,571**	**619,643**
Current		
Bank loans	67,111	84,327
Accrued interest	2,596	2,971
Bank overdrafts	3	34
Other financial debts	-	-
Other financial liabilities	1,824	2,408
TOTAL	**71,534**	**89,740**
TOTAL BORROWINGS AND FINANCIAL DEBTS	**655,105**	**709,383**

THE MATURITIES OF NON-CURRENT BANK DEBTS ARE SHOWN BELOW:

(in thousands of euros)	31 December 2010	31 December 2009
From 1 to 5 years	518,400	536,631
Over 5 years	42,163	54,681
TOTAL	**560,563**	**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)	Nominal value	Interest	Total
31 December 2011	67,111	10,936	78,201
31 December 2012	4,640	10,406	15,200
31 December 2013	498,011	10,091	507,794
31 December 2014	2,529	1,154	3,683
31 December 2015	13,220	914	14,134
31 December 2016	2,362	845	3,207
31 December 2017	39,801	793	40,594
TOTAL	**627,674**	**35,139**	**662,813**

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 2010

Type of contract	Subscription date	Effective date	Expiration date	Notional amount in thousand of €	Benchmark rate	Guaranteed rate	Fair value in thousands of €
Alternative SWAP	15/10/2006	15/10/2006	15/04/2011	69,810	3-month Euribor	3.45%	(687)
SWAP	28/03/2008	28/03/2008	31/03/2013	2,855	3-month Euribor	4.53%	(97)
SWAP	28/03/2008	28/03/2008	31/03/2013	12,281	3-month Euribor	4.57%	(256)
SWAP	01/01/2010	01/01/2010	01/04/2014	39,640	3-month Euribor	4.34%	(3.377)
SWAP	28/06/2006	01/08/2006	07/06/2013	55,419	3-month Euribor	4.10%	(3.672)
SWAP	29/06/2006	01/05/2007	07/06/2013	62,634	3-month Euribor	4.19%	(4.290)
SWAP	06/01/2008	01/02/2008	16/01/2015	9,120	3-month Euribor	4.36%	(857)
SWAP	14/01/2008	14/01/2008	14/01/2015	3,721	3-month Euribor	4.20%	(330)
SWAP	07/06/2010	27/12/2010	30/06/2013	50,000	3-month Euribor	1.60%	(80)
SWAP	01/07/2010	27/12/2010	28/06/2013	30,000	3-month Euribor	1.65%	(85)
SWAP	02/12/2005	29/06/2007	30/06/2011	12,634	3-month Euribor	3.215%	(128)
SWAP	29/09/2006	29/09/2006	03/06/2011	8,047	3-month Euribor	3.965%	(98)
SWAP	29/09/2006	29/09/2006	30/06/2011	44,753	3-month Euribor	4.035%	(646)
TOTAL							**(14.603)**

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 provisions for expenses	Total
Position as at 31/12/2009	-	-	158	-	158
Allocations	-	100	4	-	104
Reversals not used	-	-	(29)	-	(29)
Reversals used	-	-	-	-	-
Changes in consolidation scope	-	-	-	-	
BALANCE AT CLOSE 31/12/2010	**-**	**100**	**133**	**-**	**233**

	31 December 2010		31 December 2009	
(in thousands of euros)	Long term	Less than one year	Long term	Less than one year
Provision for employee disputes	-	-	-	-
Provision for Locafimo tenant risks	100	-	-	-
Provisions for retirement benefits	133	-	158	-
Other provisions for expenses	-	-	-	-
NET BALANCE AT CLOSE	**233**	**-**	**158**	**-**
TOTAL PER PERIOD	**233**		**158**	

NOTE 14: TAX AND SOCIAL SECURITY OWED (CURRENT AND NON-CURRENT)

Type (in thousands of euros)	31 December 2010	31 December 2009
Taxes owed (exit tax)	-	-
Other tax indebtedness	-	-
TOTAL NON-CURRENT TAX DEBTS	**-**	**-**
Social security owed	1,091	1,095
Taxes owed (exit tax - current portion owed)	187	1,348
Other tax indebtedness	7,170	9,894
TOTAL CURRENT TAX AND SOCIAL SECURITY RELATED DEBTS	**8,448**	**12,337**
TOTAL	**8,448**	**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 ACCOUNTS PAYABLE AND OTHER INDEBTEDNESS

Type (in thousands of euros)	31 December 2010	31 December 2009
Trade accounts payable	4,374	4,672
Debts associated with acquisitions of tangible assets(1)	2,080	17,342
Current account liabilities	-	-
Advances and deposits received	640	418
Due to clients	1,369	4,416
Other operating debts(2)	1,040	4,646
Prepaid income(3)	18,210	18,365
TOTAL	**27,713**	**49,859**
Other long-term liabilities		
Prepaid income(4)	327	300
TOTAL	**327**	**300**

(1) Corresponds to outstanding payments on properties owned by:
- Arman F02 for €342K, against €2,304K at 31.12.2009,
- Arman Ampère for €776K,
- Brou for €150K,
- Locafimo for €765K, against €140,807K at 31.12.2009.

(2) This account is mainly made up of provisions for charges at Locafimo for €274K at 31.12.2010 against €2,798K at 31.12.2009

(3) At 31 December 2010, this account was made up mainly of prepaid rental income for Q1 2011.

(4) This account reflects the reclassification of the net subsidy received by:
- Jaurès €39K,
- Rueil €261K,
- Porte des Lilas €24K,
- Champigny Carnot €3K.

NOTE 17: TURNOVER

TURNOVER - COMPARATIVE ANALYSIS BY TYPE

(in thousands of euros)	31 December 2010	31 December 2009
Rental income	72,151	75,704
Other rental income(1)	13,601	19,762
TOTAL DU CHIFFRE D'AFFAIRES	**85,752**	**95,466**

(1) Total turnover.

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)	31 December 2010	31 December 2009
Total minimum future payments		
Less than one year	65,243	71,619
Between 1 and 5 years	211,380	252,486
More than 5 years	77,615	146,245
TOTAL FUTURE PAYMENTS	**354,238**	**470,350**
Rental income reported as year-end income	72,151	75,704

NOTE 18: CONSUMED PURCHASES

(in thousands of euros)	31 December 2010	31 December 2009
Non-stocked purchases of material and supplies	(387)	(55)
TOTAL PURCHASES CONSUMED	**(387)**	**(55)**

NOTE 19: PERSONNEL EXPENSES, EXTERNAL CHARGES, DUTIES AND TAXES

STAFF EXPENSE

(in thousands of euros)	31 December 2010	31 December 2009
Staff remuneration	(2,586)	(2,588)
Social security withholding payments	(1,191)	(1,131)
Charges on payments in shares	(75)	(646)
TOTAL STAFF EXPENSE	**(3,852)**	**(4,365)**

EXTERNAL EXPENSES

(in thousands of euros)	31 December 2010	31 December 2009
General subcontracting	(69)	(140)
Rentals and rental expenses	(6,604)	(11,915)
Maintenance and repairs	(1,298)	(903)
Insurance premiums	(769)	(1,700)
Miscellaneous documentation, seminars	(110)	(58)
Staff from outside of the company	(3)	(10)
Remuneration of intermediaries and fees[1]	(6,043)	(6,711)
Advertising, publishing and public relations	(404)	(320)
Goods transport, collective staff transport	(11)	(10)
Travel, assignments and receptions	(210)	(185)
Postal and telecommunications costs	(71)	(74)
Banking and related services	(303)	(347)
Other external services	(103)	(96)
TOTAL EXTERNAL EXPENSES	**(15,998)**	**(22,469)**

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

TAXES AND DUTIES

(in thousands of euros)	31 December 2010	31 December 2009
Property taxes	(6,860)	(6,936)
Other duties and taxes	(2,123)	(2,363)
TOTAL DUTIES AND TAXES	**(8,983)**	**(9,299)**

NOTE 20: NET AMORTISATION AND PROVISIONS

(in thousands of euros)	31 December 2010	31 December 2009
- Allocations/Reversals of intangible assets	(753)	(780)
- Allocations/Reversals of tangible assets	(71)	(80)
TOTAL AMORTISATION ALLOWANCES/REVERSALS	**(824)**	**(860)**
- Allocations/Reversals for current assets	(295)	2,776
- Allocations/Reversals for operating liabilities & expenses	(100)	-
- Allocations/Reversals for operating receivables	-	-
TOTAL ALLOWANCES/REVERSALS	**(395)**	**2,776**

NOTE 21: NET BALANCE OF VALUE ADJUSTMENTS

(in thousands of euros)	31 December 2010	31 December 2009
Investment property	8,052 (1)	(88,059)
Goodwill on acquisitions	-	-
TOTAL	**8,052**	**(88,059)**

(1) Includes value adjustments on a like-for-like basis applied to assets: €8,038,000

NOTE 22: OTHER OPERATING INCOME AND EXPENSES

(in thousands of euros)	31 December 2010	31 December 2009
Miscellaneous current management income	2,157	2,659
Irrecoverable receivables losses	-	(250)
Miscellaneous current management expenses	(265)	(699)
Other net allowances for provisions	-	527
Proceeds from disposals of investment property (1)	50,878	44,985
Net book value of the property disposed of (1)	(52,563)	(45,414)
One-time charges on previous financial years	(1,133)	(3,299)
TOTAL	**(926)**	**(1,491)**

(1) In 2010, the group sold seven 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	72,151	-
Direct operating expenses[1]	9,961	6,470

(1) Chiefly property administration costs and property tax.

NOTE 23: NET FINANCIAL DEBT COSTS

(in thousands of euros)	31 December 2010	31 December 2009
Marketable securities income	61	1,100
Loan income	-	-
Total income from cash and near cash	61	1,100
Interest on financing deals	(24,818)	(26,464)
Total gross financial debt costs	(24,818)	(26,464)
TOTAL NET FINANCIAL DEBT COST	**(24,757)**	**(25,364)**

NOTE 24: OTHER FINANCIAL INCOME AND EXPENSES

(in thousands of euros)	31 December 2010	31 December 2009
Other financial revenues[1]	6,776	140
Income from securities transfers	-	-
Total other financial income	6,776	140
Write-offs of accounts receivable	-	-
Other financial expenses[1]	(1,705)	(6,726)
Net book value of transferred securities	-	-
Total other financial expenses	(1,705)	(6,726)
TOTAL	**5,071**	**(6,586)**

(1) Of which €5,335K for adjustment in the value of financial instruments at 31/12/10 against €(6,111K) at 31/12/09.

NOTE 25: COMPANY INCOME TAX

(in thousands of euros)	31 December 2010	31 December 2009
Current tax	(266)	(660)
Deferred tax[1]	-	322
TOTAL	**(266)**	**(338)**

(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)	31 December 2010	31 December 2009
Year-end net profit (loss)	42,487	(60,116)
Average weighted outstanding shares	5,377,879	5,222,544
Basic earnings per share (€per share)	7.90	(11.51)

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)	31 December 2010	31 December 2009
Year-end net profit (loss)	42,487	(60,116)
Average weighted number of ordinary shares used to calculate the diluted earnings per share	5,392,796	5,232,294
Diluted earnings per share (€per share)	7.88	(11.49)

Earnings-dilutive financial instruments

The weighted average number of shares at 31 December 2010 which can give access to the share capital is as follows:

	Number of securities	Giving right to number of securities
Shares	5,592,284	5,592,284
Share options	14,917	14,917
Treasury shares	(96,041)	(96,041)
TOTAL	**5,511,160**	**5,511,160**

NOTE 27: DISTRIBUTION

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

This distribution totalling €10,671,714 was paid out on 28 May 2010.

At its meeting on 28 July 2010, the Board of Directors decided to distribute an interim dividend of €2 per share amounting to €10,680,106 in shares and cash amounting to €3,985,320.

NOTE 28: 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.:

(in thousands of euros)	31 December 2010	31 December 2009
Salaries and other short-term benefits	720	720
Directors' fees	110	110
Payments based on shares (stock options)	75	646
TOTAL	**905**	**1,476**

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 fees were paid to Bluebird Investissements, a related party, for 2010. The amount of the fees was identical to that paid for 2009.

NOTE 29: OFF-BALANCE-SHEET COMMITMENTS

1) OFF-BALANCE SHEET COMMITMENTS RELATED TO THE SCOPE OF THE CONSOLIDATED GROUP

Commitments given

No commitment was given.

Commitments received:

(in thousands of euros)	Starting date	Expiration date	31 December 2010	31 December 2009
Liability guarantee				
- on the transfer of shares in SCI Nowa	02/04/2004	-	10,000	10,000
- on the transfer of shares in SCI Marceau Bezons	23/06/2004	-	10,000	10,000
- on the transfer of shares in SCI Malakoff Valette	27/05/2004	-	3,000	3,387
- on the transfer of shares in SAS Parcoval	30/03/2007	15/01/2011	3,600	3,600
- on various other shares	-	-		3,200
			26,600	**30,187**

2) OFF-BALANCE SHEET COMMITMENTS RELATED TO THE FINANCING OF THE COMPANY

Commitments given:

(in thousands of euros)	Starting date	Expiration date	31 December 2010	31 December 2009
Unused credit lines	-	-	13,300	77,800
Pledged securities (acquisition price of securities pledged)				
- Nowa shares	28/02/2006	15/04/2011	14,528	14,528
- Champigny Carnot shares	12/01/2005	15/06/2013	1	1
- Lyon Genlis shares	24/03/2005	15/06/2013	1	1
- Jaurès shares	07/04/2005	15/06/2013	5,146	5,146
- Caen shares	21/06/2005	15/06/2013	1	1
- Etupes shares	12/07/2005	15/06/2013	1	1
- Locafimo shares	27/12/2005	15/04/2011	375,948	180,984
- Bezons, Grenoble and Rueil shares	15/06/2006	15/06/2013	3	3
- Malakoff shares	14/02/2007	15/06/2013	6,500	6,500
- shares held by STE	25/07/2007	15/06/2013	-	100,000
- shares in Berges de l'Ourcq	14/12/2004	15/06/2013	1	1
- shares held by Jaurès	24/01/2007	15/06/2013	2,003	2,003
			404,133	**309,169**
Money lender's lien	-	-	66,366	112,052
Surety	-	-	2,515	10,593
Master agreement				
- between STE and RBS	30/11/2004	-	127,282	194,052
- between STE and Natixis	31/03/2010	-	23,079	-
			150,361	**194,052**

Commitments received:

(in thousands of euros)	Starting date	Expiration date	31 December 2010	31 December 2009
Tenant's security deposit			1,859	1,949
Joint guarantee				
- F02Arman	22/01/2003	-	49,222	49,222
- Rueil	26/09/2008	-	32,317	32,317
- other companies	-	-	369	3,800
			81,908	**85,339**
Pledge	-	-	200	200
Performance bond				
- Porte des Lilas	12/12/2008	-	49,474	49,474
- Locafimo	-	-	-	13,850
- Vélizy Topaz	28/11/2008	-	-	17,267
- other companies	-	-	6,635	15,449
			56,109	**96,040**

3) OFF-BALANCE SHEET COMMITMENTS RELATED TO THE OPERATING ACTIVITIES OF THE ISSUER

Commitments given:

(in thousands of euros)	Starting date	Expiration date	31 December 2010	31 December 2009
Mortgages (net book value)				
- Arman F02 building	28/03/08	28/03/17	42,500	50,312
- the 15 Nowa buildings	28/02/06	15/04/11	36,270	78,000
- the Caen building	21/06/05	15/06/13	3,519	3,519
- the main block of the Champigny building	14/12/04	15/06/13	581	581
- blocks A and B of the Champigny building	12/01/05	15/06/13	570	570
- the Etupes building	12/07/05	15/06/13	10,750	10,750
- the Jaurès building	07/04/05	15/06/13	11,250	11,250
- the buildings of Locafimo and its subsidiaries	17/02/09	30/06/14	375,948	345,381
			481,388	**500,363**
Commitment made to a builder			-	9,375

Commitments received:

(in thousands of euros)	Starting date	Expiration date	31 December 2010	31 December 2009
Rent guarantee	-	-	4,709	4,709
Commitment to sell – Paris Charonne building	21/05/10	21/05/11	14,400	

7 – STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Financial year ended 31 December 2010)

To the shareholders of:

SOCIÉTÉ DE LA TOUR EIFFEL "Société anonyme" (public limited company) with capital of 27,961,420 euros	20-22 rue de la Ville-l'Évêque 75008 PARIS

In carrying out the mission entrusted to us by your General Shareholders' Meeting, we present our report for the year ended 31 December 2010 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.

7.1 – 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.

7.2 – Basis of our appraisals

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

- 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 annex 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 2010.

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.

7.3 – 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, 24 March 2011
The Statutory Auditors

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75016 Paris
Hélène Kermorgant

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63, rue de Villiers
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