Management report

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MESSAGE FROM THE MANAGEMENT

Although the fears of financial meltdown were unfounded, 2010 was not the year of recovery hoped for by so many. With sluggish growth of around 1.5%, the economy is not creating enough jobs to ignite an upturn in the commercial real estate market. This said, the market showed sign of recovery in terms of transactions to regain a reasonable volume of some 11 billion euros of investment, driven by a modest slackening of the credit squeeze at the end of the year. The relative stability of rents combined with vacancy rates that are actually quite low also confirmed that the crisis which shook our economies was in no way a real estate crisis, at least not in France.

With a sound strategy and careful management, based in particular on close tenant relationships, Société de la Tour Eiffel's satisfactory results enable it to contemplate a return to a growth mode. By focusing on offices and business parks located on the outskirts of Paris and the provincial cities of France, it has suffered little from the extremes associated with prime property. Indeed, a high occupancy rate, the absence of any major tenant failure, proactive debt management and selective disposals helped make 2010 a satisfactory year. The company's share price continued its recovery with an increase of 10% outperforming the major indices of the sector, while reducing its discount and maintaining a high return.

The Company will continue to anticipate the market for property investment: the freezing of new development schemes in recent years associated with the gradual resumption of activity should result in a shortage of quality new buildings in the near future. Property companies that are well positioned should benefit from the trend.

With well-located land reserves and a portfolio of quality tenants, some of whom wish to expand, Société de la Tour Eiffel has the wherewithal to generate substantial organic growth. With 60% of its property portfolio consisting of new or recent buildings, 30% of which are HEQ or LEB, the company boasts recognised skills together with a portfolio honed to user requirements. As development activity reassumes, these represent a solid platform of opportunity.

1 - BUSINESS AND HIGHLIGHTS

After two years of credit, financial and economic crisis, the economy entered a period of stabilisation in 2010 with macroeconomic issues dominating. Until late April, the financial and real estate markets demonstrated steady improvement along with the economy. However, in May, doubts returned with the euro and sovereign debt crisis. The situation stabilised towards the end of the year but economic growth remained fragile and uncertain. Against this background, interest rates remained historically low and the commercial property market although muted performed better than expected: the office rental market is gradually recovering due to the shortage in supply of new buildings and rent readjustments. The office investment market saw a satisfactory upswing in 2010, mainly due to "core" transactions.

1.1 – Group real estate highlights

Société de la Tour Eiffel's business activity remained satisfactory throughout 2010 focused on the leasing marketing of existing assets and new development deliveries. This outcome reflected the basic strategy of a modern portfolio adapted to rental demand with moderate rents resulting in high occupancy rates and solid cash flow. The limited lot size of properties helps to provide liquidity.

a) Investment policy

Given the impact of the prevailing economic climate on the real estate market, Société de la Tour Eiffel focused its investments principally on the extension requirements of its in situ tenants. It also continued construction work started in previous years.

Investments initiated in previous years resulted in 38,000 sq. m of deliveries:

- an office unit in the Parc Eiffel des Tanneries in Strasbourg,
- the extensions to the sorting centres in Caen Mondeville and Vitrolles leased to la Poste,
- the Topaz office building in Vélizy,
- the Business Park in Chartres,
- and the extension to the nursing home in Bourg-en-Bresse.

b) Valuation of the group's land reserves

Redevelopment operations on the Massy Ampère site

Following the sale of land in March 2009 between SCI Arman F02 and its subsidiary SCI Arman Ampere, then of plot F to a developer for a residential development (August 2009) and additionally to SEM Massy (September 2009), SCI Arman F02 retained ownership of a 4,700 sq. m site, which was sold in July 2010 to a social housing developer.

Parallel to this sale, a further 3,700 sq. m of land were ceded in September 2010 by SCI Arman Ampère to S.E.M. Massy for the construction of public facilities and roads, in accordance with the development master plan contract signed with the Massy town authorities in October 2007.

SCI Arman F02 is now the owner of a substantial residual land bank in the Massy Ampère integrated development zone as well as plot G, (17,811 sq.m build-to-suit offices for Alstom completed in November 2009 and leased for a nine-year fixed term).

The redevelopment of these available land reserves continued to be the subject of feasibility studies during the year including a turnkey head office project of 83,000 sq.m for a major CAC 40 company, which unfortunately did not materialize.

Pre-letting remains a prerequisite. The investment commitment of over €200 million can be expected to generate additional rental income of some €16 million.

c) Business parks

The Group continued to renovate its business parks and study new construction on a build-to-suit basis.

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

- In Chartres - Business Park, Jardin d'Entreprises integrated development zone: two 5,700 sq.m. office/light industrial buildings and warehouses were delivered in May 2010 in the heart of the Cosmetic Valley alongside the A11 motorway.
- In Strasbourg - Parc Eiffel des Tanneries, a 1,600 sq. m. office building was delivered in March 2010. Partially pre-leased at the time of delivery, the space was fully rented during the year.

d) Non-business parks development

Apart from the developments in business parks and on the Massy Ampère site, construction of the "Topaz" HEQ office building in Vélizy with 15,000 sq.m. of floor space was completed in May 2010.

The La Poste sorting centre in Vitrolles has been extended at the request of the tenant; a property development contract (2,500 sq.m.) was signed in January 2010. The project spawned a new, fixed-term lease of 9 years for the entire site beginning from delivery in November 2010.

In addition, extensions to buildings started during fiscal year 2009 were delivered in 2010:

- the extension of the La Poste site in Caen Mondeville (an additional 4,780 sq. m of parcel depot) was delivered on 30 April 2010, secured by a new, firm 9-year lease for the entire site,
- an 1,800 sq. m extension to the Bourg-en-Bresse nursing home was delivered in September 2010 (new 12-year fixed-term lease).

The Group's property assets are valued at €1,022 million in the year-end consolidated accounts compared with €1,045 million at year-end 2009. **Some 18% in value (15% at 31 December 2009) are HEQ buildings and 44% are new or renovated buildings or less than 10 years old.**

This net decrease in value is the combined result of:

- the increase due to the investments made on buildings delivered in 2010 (€21.5 million) as well as adjustments in property valuations on a like-for-like basis (€8.1 million), mainly concentrated in the second half;
- the decrease due to disposals during fiscal 2010 (€52.6 million of fixed assets).

e) Business activity

The company maintained a sustained level of activity in 2010 in terms of both new rentals and lease renewals on its existing portfolio, representing more than €13 million in annual rent for total floor space of nearly 165,000 sq. m.

As a result of this consolidation of the core portfolio, the overall rental situation further improved at 31 December 2010, **nearly 60% of total rental income being secured by a dozen major tenants, with an average lease maturity extending to the third 2016 quarter**. The balance of the rents comes from multi-tenant buildings (400 leases), enjoying a good geographical spread of risk and moderate rents in line with the market.

As at 31 December 2010, the physical occupancy rate of the properties in service amounted to 85.8% (against 89.5% at 31 December 2009). The financial occupancy rate (the ratio between effective rental income (annualised) and total potential rental income excluding structural vacancies) stood at 86% at 31 December 2010 (against 91.1% at 31 December 2009). Allowing for buildings delivered during 2010 and currently being marketed and the Paris rue Charonne building which has been vacated for a development sale in 2011, the financial and physical occupancy rates were stable, standing at 90.6% and 89.4% respectively.

f) Disposal policy

In 2010, as in previous years, Société de la Tour Eiffel continued to pursue a policy of selective disposals.

Seven properties were thus sold:

- an obsolete 11,000 sq. m building at the Parc Eiffel des Tanneries in Strasbourg;
- the Lyon Comap building,
- the Champs-sur-Marne building (leased to La Poste),
- a plot of 4,700 sq.m. in the Massy Ampère integrated development zone sold to a developer for the construction of a social housing scheme,
- 3,700 sq. m on the Massy Ampère development site sold to the S.E.M. Massy for the construction of public facilities and new roadworks,
- plots in the Parc Eiffel des Tanneries in Strasbourg for the development of an owner-occupier warehouse,
- the Malakoff Colt building.

The overall sale price of these assets amounts to €50.9 million, slightly below the appraisal value prior to these disposals.

The €17.3 million in buildings designated for sale in the year-end consolidated accounts, comprise a building on Rue de Charonne, Paris, and plots of land in the Parc des Tanneries in Strasbourg.

Allowing for these changes, the portfolio value of commitments at 31 December 2010 stood at €1,025 million, comprising investment property recorded in the group accounts (€1,004.8 million), the additional cost to completion of buildings under development (€2.9 million) and assets earmarked for disposal (€17.3 million).

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

In 2010, the Group adjusted its financing needs upwards to meet the requirements of development projects launched and/or completed as part of its organic growth, and downwards reflecting disposals.

The company's financial resources were consolidated and the debt level carefully managed, taking advantage of the successful payment of the 2010 interim dividend partly in shares and the favourable impact of historically low interest rates since 2009.

As a result, the Group continued the debt restructuring which it initiated in 2008, refinancing a €100 million line of credit whilst disposing of a "new money" credit facility of €50 million as from January 2010.

Refinancing of a €100m line of credit

The company fully reimbursed a banking pool the Corporate credit line which expired on 31 March 2010.

This facility, drawn down in the amount of €76.5 m, was refinanced using:

- equity capital and cash flow, mainly from 2009 disposals;
- the €30m mortgage refinancing approved by one of the Group's main banks for the construction of the Topaz building in Vélizy;
- a new €35m line of credit (12 months, extendible for 6 months) with an internationally-renowned French bank.

A €50m "new money" line of credit available January 2010

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

It was also employed for the "Vélizy Topaz" project (March 2010) and for the tenant initiated 1,800 sq. m nursing home extension in Bourg-en-Bresse.

Interest hedging instruments:

New finance rate arrangements were put in place on 31 March 2010 (2% cap on €35 m).

Additionally, all the rate hedging instruments expiring at the end of 2010 have been extended to end-June 2013 by €127m in caps (at 2 and 2.5%) and €80m in swaps (at fixed rates of 1.6% and 1.65%). A deferred €40 million SWAP contracted in 2008 came into effect in January 2010.

Finally, the Société de la Tour Eiffel teams continued their enquiries and discussions with various Group and others banks, for the extension and break up into pools of the debt maturing in 2013.

1.3 – Other highlights

a) Stock options

The meeting of the Board of Directors of 20 May 2010 noted that 220,669 stock subscription or stock purchase options granted by the Board of Directors as delegated by the general shareholders' meeting had expired following the bearers' choice not to exercise the option.

Plan No. 1 of the stock options granted by the Board of Directors on 26 December 2005 expired on 26 December 2010.

Consequently, all the stock option plans exercisable at 31 December 2010 represent 61,554 options, i.e. 1.1% of capital (instead of 7% at 31 December 2009).

b) Distribution

The General Shareholders' Meeting of 20 May 2010 moved to make a distribution of 2 euros per share, excluding treasury shares, deducted from "other reserves", "legal reserves", and "share premium". This final payment in respect of 2009 was made on 28 May 2010, representing a total of €10.7 million.

c) Capital increase related to the payment in shares of the interim dividend decided on 28 July 2010

The company's share capital increased by 796,240 euros (i.e. 159,248 shares each at EUR 5) from 27,165,180 euros divided into 5,433,036 shares of EUR 5 to 27,961,420 euros divided into 5,592,284 shares of EUR 5. The capital increase was due to certain shareholders exercising the option to receive the 2010 interim dividend in shares, as decided by the Board of Directors on 28 July 2010.

d) Share buyback programme – liquidity contract

On 28 July 2010 the Board of Directors of the company agreed to establish a new share buyback programme for a period of 18 months after the general shareholders' meeting on 20 May 2010, the purpose of which is as follows:

- cancel the shares bought back, wholly or in part, in accordance with the conditions laid out in Article L. 225-209 of the Commercial Code, and subject to approval of a share capital reduction authorised by the General Shareholders' Meeting;
- have shares on hand which may it may issue to its corporate officers and employees as well as those of companies associated with Société Tour Eiffel, under the terms and conditions allowed for by law, especially as regards stock option plans, the free attribution of existing shares, and corporate or inter-company savings plans (plan d'épargne d'entreprise/interentreprises);
- have shares on hand in order to provide shares if securities holders redeem or trade their securities or exercise the rights attached to convertibles, warrants, or any other security;
- have shares on hand which may be held and later traded or otherwise used to fund external growth operations (such as obtaining or increasing an equity stake in another company without exceeding the limits stipulated under Article L. 225-209 of the Commercial Code, as part of a merger, spin-off or equity participation);
- stimulate the market or share liquidity through a liquidity agreement with an investment services firm;

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

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

At 31 December 2010, Société de la Tour Eiffel held 92,594 treasury shares acquired through the share buyback programme and 3,447 treasury shares acquired through the liquidity contract.

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

e) Internal reorganisation

SCI Duranne Sud, which no longer held any assets, was dissolved without liquidation during fiscal year 2010.

Awon Asset Management changed its name in September 2010 to become Tour Eiffel Asset Management.

2 – ECONOMIC AND FINANCIAL RESULTS

2.1 – Consolidated financial statements

2.1.1 – PRINCIPLES AND ACCOUNTING METHODS

The consolidated financial statements of the Société de la Tour Eiffel Group have been prepared at 31 December 2010 in accordance with IFRS standards as adopted by the European Union and applicable on the date of preparation.

The accounting methods and rules applied are the same as those implemented to produce the annual financial statements closed on 31 December 2009.

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

2.1.2 – ANALYSIS OF CONSOLIDATED RESULTS

Consolidated income statement

Consolidated turnover, which comprises rental and service charges income from investment properties, decreased 10.2% between 2009 and 2010, from €95.5m to €85.5m, of which €75.7 and €72.2m respectively were represented by rents.

The net decrease in rental income is essentially due to:

- On the downside, property sales recorded during the period (-€3.3 million in rental income), the negative indexation of existing rents (-€1.3 million) and the adjustment of rents which occurred in late 2009 (-€0.9 million, primarily on a property designated for sale);
- On the upside, deliveries of pre-leased new buildings (+€1.6 million) and net relettings (+€0.4 million).

Excluding disposals, rents recorded a slight decrease of 0.4%, due to a negative indexation.
New buildings recently delivered, currently being marketed, represent a potential annual rental income of €5 million.

The decrease in turnover is therefore principally due to other rental income (-€6.2 m) and in particular to the 2009 adjustment of property service charges reinvoiced to tenants for the years 2007 and 2008.

Operating expenses, which amounted to €29.2m in 2010 against €36.2m in 2009, significantly decreased during the year (-19.3%). They mainly consist of the following:

- net rental charges (€8.7m against €14.5m at year-end 2009), a decrease which parallels that in rental income (included in turnover);
- property taxes and charges (€9 million at end 2010), i.e. a slight decrease of €0.3 million compared with 31 December 2009;
- staff expenses (€3.9 million against €4.4 million), mainly due to decreased adjustment in the value of stock options granted to directors and employees of the Group (€0.1m against €0.6m in 2009);
- overheads and operating costs of the Société de la Tour Eiffel Group

The net balance of adjustments (+€8.1m) corresponds to the increase in property valuations during the financial period readjusted for the disposals and deliveries made in 2010.

After taking into account the result of asset sales which show a net loss of €1.7 million, operating profit on ordinary activities amounted to €62.5 million at 31 December 2010 against a loss of €28.4 million at 31 December 2009. As a reminder, the change in fair value of investment property amounted to -€88.1 million at end December 2009, heavily impacting the corresponding operating result at that date.

The reduction in net financial costs during the year, from -€-32 million to -€19.7 million was mainly due to:

- the reduction in the cost of debt of 2% (down from €25.4m to €24.8m), resulting from a combination of lower loan outstandings, and conversely, to a lesser extent, by a slight increase in interest rates;
- the significant improvement in other financial income and charges (+€5.1m at year-end 2010 against -€6.6m at year-end 2009), resulting from the revaluation of hedging instruments in a context of falling interest rates but also by the renewal of the SWAP and CAP contracts which matured in 2010 being replaced by more appropriate instruments.

Taking the above into account along with 0.3 million euros of tax, the Group's net consolidated income was €42.5m at 31 December 2010 versus -€60.1m at 31 December 2009.

Analysis of consolidated income by recurring and non-recurring business activities

The consolidated income statement below highlights the revenues, expenses and intermediate results distinguishing the recurrent business involved in operating the property portfolio from the non-recurring items affecting consolidated income, such as adjustments to asset values and liabilities, capital gains and losses, as well as non-operating and/or non-recurring income and expenses.

	31/12/2010			31/12/2009		
In €m	Recurring business	Fair value and disposals	Net profit (loss)	Recurring business	Fair value and disposals	Net profit (loss)
Gross rental income	72.2		72.2	75.7		75.7
Property operating expenses	-10.9		-10.9	-10.6		-10.6
Net rental income	61.3	0.0	61.3	65.1	0.0	65.1
Operating expenses	-4.7	-0.1	-4.8	-5.1	-0.7	-5.8
Operating profit	56.6	-0.1	56.5	60.0	-0.7	59.3
Income from disposals		-1.7	-1.7		-0.4	-0.4
Property fair value adjustment		8.1	8.1		-88.1	-88.1
Other operating income and expenses		-0.4	-0.4		0.8	0.8
Operating income on ordinary activities	56.6	5.9	62.5	60.0	-88.4	-28.4
Cost of net debt	-24.8		-24.8	-25.4		-25.4
Other financial income and expense		5.1	5.1		-6.6	-6.6
Net financial income	-24.8	5.1	-19.7	-25.4	-6.6	-32.0
Pre-tax earnings	31.8	11.0	42.8	34.6	-95.0	-60.4
Tax	-0.3		-0.3	-0.3		-0.3
Net profit (loss)	31.5	11.0	42.5	34.3	-95.0	-60.7
Minority interests	0.0		0.0	-0.6		-0.6
Net profit (Group share)	31.5	11.0	42.5	34.9	-95.0	-60.1

After adjusting for the valuation of assets and liabilities as well as the divestment of assets and non-recurring items, operating income on ordinary activities stood at €56.6m for 2010 and net profit at €31.5m, compared with €60,0m and €34.9m respectively in 2009 for the reasons indicated above.

Consolidated Balance Sheet

The total balance sheet at 31 December 2010 amounted to €1,065.3m versus €1,117.6m at 31 December 2009.

The main changes are summarised below:

- Assets:
  - The net decrease in investment properties of €31.8 million is mainly due, on the upside, to €22.4 million in investments for the entire property portfolio (Vélizy, extensions to the La Poste portfolio in Caen and Vitrolles, extension of the Arbelles clinic in Bourg-en-Bresse, Massy and in the business parks), a positive variation of €8.1 million in fair value of the investment properties, and on the downside, to €52.6 million of disposals, and €9.2m of properties qualified as assets earmarked for disposal;
  - the €14.6m reduction in cash (including cash pledges totalling €1.1m at 31 December 2010).
- Liabilities:
  - The €27.8m increase in shareholders' equity linked to the considerable improvement in consolidated profit (from -€60.1m to €42.5m), offset by the decrease in reserves, as well as the balance of the two distributions in 2010 totalling €14.7m;
  - reduction in net bank borrowing (€47.9m);
  - the decrease of €32.2m in other operating liabilities primarily consisting of tax and social liabilities (-€3.9m), completion costs remaining to be committed on buildings under construction at year-end 2009 (-€15.2 million) and other financial liabilities (-€5.9 million).

Cash flow statement

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

- Cash flow from operations: its overall growth from €53.7m to €60.1m at year-end 2010 is mainly due to the significant reduction in the amount of the exit tax paid during the year (-€6.9m) and the positive change in WCR (+€3.4 m);
- Cash flow linked to investment transactions: the change between 2009 and 2010 (+€31.8m) from -€14.5 million to +€17.3 million is mainly due to the substantial lessening of investments in Group property during the year (-€26.7 million);
- Cash flow linked to financing transactions: these flows stand at -€89.1 million in 2010 against -€46.6 million in 2009 mainly due to net repayments of loans made during the year for a net balance of €42.8m.

Thus the net total cash of the Group decreased from €20.9m at 1 January 2010 to €9.2m at 31 December 2010, i.e. a decrease of €11.7m over the financial period.

Current cash flow

In €m	31/12/2010	31/12/2009	Variation
Gross rental income	72.2	75.7	-4.6%
Property operating expenses	10.9	10.6	2.8%
Overheads	4.7	5.1	-7%
Net financial interest paid	23.2	26.7	-13.1%
Current cash flow	33.4	33.3	0.3%
Per share in €			
Current Cash flow after dilution[(1)]	6.0	6.1	-1.6%
Current Cash flow before dilution[(1)]	6.2	6.1	1.6%

(1) Dilution further to the capital increase as a result of the distribution of the 2010 interim dividend (creation of 159,248 new shares).

The current cash flow amounted to €33.4m at year-end 2010 against €33.3m at year-end 2009, representing a slight increase of 0.3% under the combined effect of the decrease in net rental income and the reduction in the cost of financing.

2.2 – Financial resources

Although less constrained than in 2008 and 2009, the financial markets remained particularly sensitive to macroeconomic sentiment in terms of liquidity, margins and interest rate volatility.

2.2.1 – LIQUIDITY

During 2010, the Group significantly adjusted its financing needs. Principally, debts were diminished (-€47.9m) by repaying the corporate credit line on 31/03/2010 (-€76.5m) and through asset disposals. Additionally new resources were obtained following the partial refinancing of the said corporate credit line with a new €35m debt issue and by drawing down unused mortgage facilities for development schemes in progress.

At 31 December 2010, the Group had €13.3 million in undrawn credit lines (basically the New Money credit line granted in 2010 to the Locafimo subsidiary).

2.2.2 – DEBT STRUCTURE AT 31 DECEMBER 2010

Global gross debt as at 31 December 2010 stood at €627.7m, as against €675.6m at 31 December 2009.

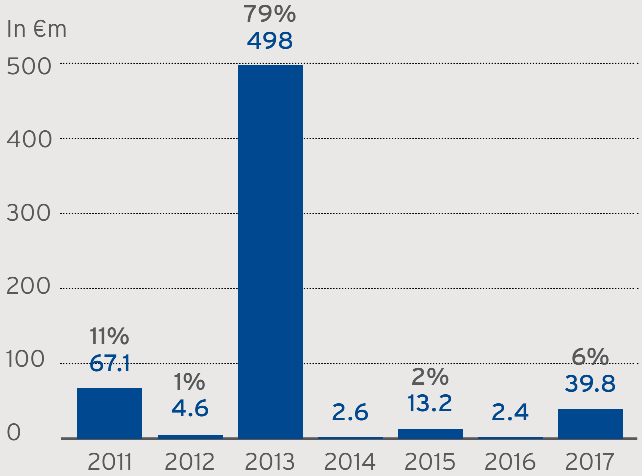
Net debt recorded on the balance sheet, obtained by deducting from the global gross debt all invested cash reserves, the available assets of the Group's subsidiaries, and financial investments in the form of cash pledges, amounted to €617.4m at year-end 2010 versus €650.8m at year-end 2009.

In €m	31/12/2010	31/12/2009
Gross financing debt	627.7	675.6
Invested cash reserves	-0.1	-10.7
Cash in hand and at bank	-9.1	-10.1
Financial investments (pledged cash)	-1.1	-4.0
NET DEBT ON BALANCE SHEET	**617.4**	**650.8**

Thus, the LTV ratio at 31 December 2010 represents 60.4% of property assets, valued at €1,022.1m.

Debt by maturity date

The bank financing drawn by Société de la Tour Eiffel at 31 December 2010 of €627.7m is shown, per maturity date, in the chart below:



The Company's average term of debt stood at 2.6 years at year-end 2010 against 3.3 years at year-end 2009.

Average cost of debt

The average cost for Group financing was 3.5% at year-end 2010, compared with 3.9% at year-end 2009 and 3.4% during the first half of the year. This change in the average cost of debt reflects the introduction of new improved interest rate hedging instruments, offset by a slight increase in the Euribor 3M rate at the end of the period (from 0.7% at year-end 2009 to 1.0% as at 31 December 2010).

2.2.3 – MANAGEMENT OF MARKET RISKS

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

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

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

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

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

To optimise management of the interest rate risk and take advantage of historically low rates, in 2010 the Group signed new contracts for hedging instruments worth a notional amount of €207 million. Their characteristics are summarised in the table below:

Type of contract	Company	Notional (in M€)	Starting date	Expiration date	Rate
CAP	Société de la Tour Eiffel	35	31/03/2010	30/09/2011	2.0%
CAP	Locafimo	32	27/10/2010	30/06/2013	2.5%
CAP	Locafimo	30	25/03/2010	28/06/2013	2.0%
CAP	Locafimo	30	27/12/2010	30/06/2013	2.5%
CAP sub-total		127			
SWAP	Locafimo	50	27/12/2010	30/06/2013	1.6%
SWAP	Locafimo	30	27/12/2010	28/06/2013	1.65%
SWAP sub-total		80			
TOTAL		**207**			

Two running CAP agreements for an overall amount of €40m were transferred by Société de la Tour Eiffel to Locafimo on 23 June 2010, in order to balance as far as possible the amount of hedging between companies.

Thanks to these new hedging transactions, all 2010 maturity dates were postponed under favourable conditions, most of them to June 2013, thereby optimising net financing costs.

Evaluation of interest rate risk

At 31 December 2010, bank financial debt amounted to €627.7m, of which €563.2m were at variable rates and €55.8m at fixed rates. After taking into account the fixed-rate SWAP instruments, the total debt at fixed rate stood at €373.9m, i.e. 61% of the hedged debt.

In addition, the debt at variable rate was hedged for a total of €245.2m by CAP agreements, allowing the Group to profit from the significant fall in the interest rates since the end of 2008.

In this way, at 31 December 2010, the 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 in 2011 would have a negative impact (on an annual basis) on recurring net income, estimated at €2.5 million.

Conversely, a drop in the interest rates of 100 basis points would reduce the finance cost by an estimated €2.5m, resulting in an equivalent positive impact on the recurring net income and cash flow from current operations for 2011.

2.2.4 – FINANCIAL STRUCTURE RATIOS

Indebtedness ratios	2010	2009	2008
Consolidated equity (€m)	373.4	345.6	418.7
Net financial debt (€m)	617.4	650.8	654.0
Net financial debt/Consolidated equity	165%	188%	156%
Net banking debt/Total property assets (Loan to Value)	60.4%	62.3%	59.2%

Financing ratios	2010	2009	2008
Average cost of debt	3.5%	3.9%	5.2%
Fixed or capped rate borrowings	99%	98%	91%
Maturity of debt	2.6 years	3.3 years	4.3 years
Hedging of financial costs by GOP[1]	2.2	2.4	1.5

(1) GOP: Gross Operating Profit = Operating income before adjustment of value and other income and operating expenses.

Loan covenant ratios

The status relative to financial ratios that the Group has committed to respect as part of its bank financings is summarised in the table below, for amounts posted per bank at 31 December 2010.

The table compares the latest prevailing ratios communicated to the banks at 31 December 2010 (LTV, i.e. amount of financings compared with that of financed properties; ICR, i.e. coverage of finance costs incurred during the fourth quarter of 2010 and projected over the first three quarters of 2011 by the net rents of the fourth quarter of 2010 and those projected over the first three quarters of 2011) with those to which the Group committed in its main financing contracts.

BANKING FINANCING AND MAIN COVENANTS AT 31/12/2010

	31/12/2010	Bank covenants		Latest ratios published		
In €m	Consolidated financial debt	Maximum LTV	Minimum ICR	LTV	ICR	Due date
RBS/AXA/Calyon/Crédit Foncier	126.4	75.0%	170%	54.3%	305%	15/06/2013
Calyon	36.3	80.0%	125%	43.0%	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 Group is in compliance with all its financing agreement covenants at 31 December 2010.

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 holds.

Based on the 96,041 shares held at 31 December 2010, the sensitivity of results to a 10% decrease or increase in the Société de la Tour Eiffel share price is estimated at €0.6m.

2.3 – Property assets and Net Asset Value

As a member of the French Federation of Property Companies (FSIF), the Company applies the main provisions of the French public REIT Code of Conduct.

2.3.1 – PRESENTATION OF THE GROUP'S PROPERTY ASSETS

OFFICES

	Location	Total floor space sq.m	Share held	Date of acquisition	Valuer	Type of appraisal	Type of report	Completion date
Saint-Cloud	Paris/IDF	4,104	100%	2008	Ad Valorem	Update	summary	
Le Plessis Robinson	Paris/IDF	16,597	100%	2004	BNP Paribas Real Estate	Update	detailed	
Massy/Ampère	Paris/IDF	16,339	100%	2004	BNP Paribas Real Estate	Update	detailed	2009
Paris Porte des Lilas	Paris/IDF	12,341	100%	2006	BNP Paribas Real Estate	Update	detailed	2008
Asnières Quai Dervaux	Paris/IDF	10,391	100%	2005	BNP Paribas Real Estate	Update	detailed	
Montigny-le-Bretonneux	Paris/IDF	7,641	100%	2005	BNP Paribas Real Estate	Update	detailed	
Bobigny	Paris/IDF	6,405	100%	2004	BNP Paribas Real Estate	Update	detailed	
Caen Colombelles	Régions	17,525	100%	2005	BNP Paribas Real Estate	Update	detailed	2008
Nantes Einstein	Régions	7,664	100%	2005	BNP Paribas Real Estate	Update	detailed	
Vélizy Energy II	Paris/IDF	5,444	100%	2006	Cushman & Wakefield	Update	detailed	2008
Grenoble - Polytech	Régions	5,133	100%	2006	Cushman & Wakefield	Update	detailed	2007
Vélizy - Topaz	Paris/IDF	14,106	100%	2006	Cushman & Wakefield	Update	detailed	2010
Champigny Carnot	Paris/IDF	14,153	100%	2005	Savills	Full appraisal	summary	
Chatenay Central Parc*	Paris/IDF	4,758	35%	2005	Savills	Update	summary	
Rueil - City Zen	Paris/IDF	6,829	100%	2006	Savills	Full appraisal	summary	2007
Herblay Langevin 12	Paris/IDF	4,778	100%	2005	Savills	Full appraisal	summary	
Roissy Fret*	Paris/IDF	454	50%	2005	Savills	Full appraisal	summary	
Grenoble - Viséo	Régions	11,477	100%	2006	Savills	Full appraisal	summary	2007
Orléans Université	Régions	6,470	100%	2004	Savills	Update	summary	
Nancy Lobau	Régions	2,187	100%	2004	Savills	Update	summary	2010
Paris Charonne	Paris/IDF	3,685	100%	2005	Building earmarked for sale at year-end 2010			
Sub-total offices (sq.m)		178,481						
Value excl. tax in €m		**534.1**						
Value incl. tax in €m		**553.5**						

** Undivided share.*

BUSINESS PARKS

	Location	Total floor space sq.m	Share held	Date of acquisition	Valuer	Type of appraisal	Type of report	Completion date
Orsay Parc de l'Université	Paris/IDF	17,211	100%	2005/ 2007	BNP Paribas Real Estate	Update	detailed	
Le Bourget Parc de l'Espace	Paris/IDF	9,692	100%	2007	Savills	Update	summary	2008
Strasbourg Parc des Tanneries	Province	44,523	100%	2005	BNP Paribas Real Estate	Update	detailed	
Lyon Parc du Moulin-à-Vent	Province	34,114	100%	2005	BNP Paribas Real Estate	Update	detailed	
Lille Parc des Prés	Province	24,740	100%	2005/ 2007	BNP Paribas Real Estate	Update	detailed	
Montpellier Parc du Millénaire	Province	23,597	100%	2005/ 2007	BNP Paribas Real Estate	Update	detailed	
Aix-en-Provence Parc du Golf	Province	23,089	100%	2005/ 2007	BNP Paribas Real Estate	Update	detailed	
Marseille Parc des Aygalades	Province	20,049	100%	2005	BNP Paribas Real Estate	Update	detailed	
Bordeaux Parc Cadera	Province	17,443	100%	2007	BNP Paribas Real Estate	Update	detailed	
Nantes Parc du Perray	Province	14,541	100%	2005/ 2007	BNP Paribas Real Estate	Update	detailed	
Chartres Business Park	Province	11,530	100%	2008	Ad Valorem	Update	summary	2010
Sub-total business parks (sq.m)		240,529						
Value excl. tax in €m		**305.0**						
Value incl. tax in €m		**319.3**						

LIGHT INDUSTRIAL

	Location	Total floor space sq.m	Share held	Date of acquisition	Valuer	Type of appraisal	Type of report	Completion date
Aubervilliers	Paris/IDF	21,692	100%	2003	Cushman & Wakefield	Update	detailed	
Bezons	Paris/IDF	7,051	100%	2004	Ad Valorem	Update	summary	
Montpellier Areva	Province	12,003	100%	2004	BNP Paribas Real Estate	Update	detailed	
Nancy Ludres	Province	8,096	100%	2004	BNP Paribas Real Estate	Update	detailed	
Herblay	Paris/IDF	5,220	100%	2005	Savills	Update	summary	
Sub-total Light industry (sq.m)		54,062						
Value excl. tax in €m		**44.0**						
Value incl. tax in €m		**46.8**						

WAREHOUSES/PARCEL DEPOTS

	Location	Total floor space sq.m	Share held	Date of acquisition	Valuer	Type of appraisal	Type of report	Completion date
Amiens	Province	18,244	100%	2008	Ad Valorem	Update	summary	
Gennevilliers	Paris/IDF	20,569	100%	2004	Savills	Update	summary	
Mitry Mory	Paris/IDF	9,756	100%	2004	Savills	Update	summary	
Sochaux	Province	27,571	100%	2005	Savills	Update	summary	2005
Toulouse Capitols	Province	13,814	100%	2004	Savills	Update	summary	
Marseille Provence Vitrolles	Province	15,084	100%	2004	Savills	Update	summary	2010
Saint-Gibrien	Province	11,350	100%	2004	Savills	Update	summary	2008
Les Souhesmes 1 & 2 Verdun	Province	9,958	100%	2004	Savills	Update	summary	
Caen Mondeville	Province	13,230	100%	2004	Savills	Update	summary	2010
Vannes	Province	7,750	100%	2004	Savills	Update	summary	
La Roche-sur-Yon	Province	5,980	100%	2004	Savills	Update	summary	
Orléans/Ingré	Province	4,436	100%	2004	Savills	Update	summary	
Sub-total Warehouses (sq.m)		157,742						

Value excl. tax in €m	**95.8**
Value incl. tax in €m	**101.6**

NURSING HOMES

	Location	Total floor space sq.m	Share held	Date of acquisition	Valuer	Type of appraisal	Type of report	Completion date
La Crau	Province	3,331	100%	2006	BNP Paribas Real Estate	Update	detailed	
Bourg-en-Bresse	Province	4,418	100%	2006	BNP Paribas Real Estate	Update	detailed	2010
Lyon	Province	2,710	100%	2006	BNP Paribas Real Estate	Update	detailed	
Cogolin	Province	2,430	100%	2006	BNP Paribas Real Estate	Update	detailed	
Sub-total Nursing homes (sq.m)		12,889						

Value excl. tax in €m	**43.2**
Value incl. tax in €m	**45.6**

2.3.2 – GROUP PROPERTY ASSETS

All the property assets of the Société de la Tour Eiffel Group were valued at 31 December 2010 by one or the other basis of the following independent valuers: BNP Paribas Real Estate, Savills, Cushman & Wakefield Expertise and Ad Valorem Expertises.

During the financial period, the Group rotated two valuers for one portion of its property assets. Attributions between firms are determined in relation to the geographical location and nature of the subject properties.

The Group's property assets stand at €1,022.1m, excluding transfer duties and expenses, of which €1,004.8m represent investment properties and €17.3m represent assets intended for sale.

In compliance with the recommendations of the Barthes de Ruyter Report (COB Report of the Working Group on the property valuation of the assets held by public companies), these appraisals are undertaken annually on a uniform basis in accordance with IFEI gudelines i.e. basis net selling prices, excluding transfer costs.

PROPERTY ASSET VALUATION EXCLUDING TAXES

	31/12/2010		31/12/2009		Évolution	
	in €m	in%	in €m	in%	in €m	in%
Offices	534.1	52.3%	545.8	52.2%	-11.7	-2.1%
Parcs Eiffel	305.0	29.8%	309.2	29.6%	-4.2	-1.4%
Warehouses	95.8	9.4%	92.1	8.8%	3.7	4.0%
Light industrial	44.0	4.3%	60.1	5.8%	-16.1	-26.8%
Nursing homes	43.2	4.2%	37.5	3.6%	5.7	15.3%
TOTAL	**1,022.1**	**100.0%**	**1,044.7**	**100.0%**	**-22.6**	**-2.2%**

As at 31 December 2010, the value of the Group's property assets including taxes amounted to €1,066.6 million against €1,090.1 million at year-end 2009.

PORTFOLIO YIELD

Offices	7.1%
Parcs Eiffel	8.1%
Warehouses	9.5%
Light industrial	8.8%
Nursing homes	6.7%
AVERAGE YIELD	**7.7%**

Methodology retained by the valuers

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

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

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

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

The adopted capitalisation (multiplier of net passing rent of the property) reflects the rates of return arising from the transactions occurring on the market. If the net rent is appreciably higher or lower than the rental value, the difference is capitalised on a discounted basis up until the next lease break date and added or subtracted from the core result. In the case of vacancies, the net revenue is augmented by the market rental value of the space (adjusted for non-recoverable outgoings).

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

Within the framework of the appraisals at 31 December 2010, the rates of return chosen by the property experts range from 6.5% to 10.3% and are determined by the valuers according to the risk profile of a particular asset class and make allowance for the impact of vacant premises.

For assets with residual site value, the valuers give a breakdown of their figures. For assets with no residual land value, the overall property value includes the site.

2.3.3 – NET ASSET VALUE

Replacement NAV

To calculate the company's net asset value on this basis, the properties are valued inclusive of transfer costs by the independent valuers.

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

The Net Asset Value including costs (replacement NAV) stood at €77.0 per share at 31 December 2010 compared with €74.0 per share at 31 December 2009, an increase of 4%.

Liquidation NAV

This second calculation provides net asset value excluding costs.

Transfer charges are estimated by the Company at 5% (taxes payable on the sale of the shares in a company) of the net value of the asset owning company. This same transfer tax calculation method has been used each year since the Company began its property investment activities.

As at 31 December 2010, the transfer taxes and other disposal expenses estimated by the Company, compared with the taxes already deducted from the value of the assets, issued by independent property valuers and represented in the consolidated balance sheet (pursuant to IFRS standards), result in an adjustment of €23m.

The Net Asset Value excluding costs (liquidation NAV) stood at €73.0 per share at 31 December 2010 compared with €70.0 per share at 31 December 2009, an increase of 4.3%.

Ignoring the dilutive impact of the capital increase, which occurred following the distribution of an interim dividend in October 2010 (creation of 159,248 new shares), the NAV excluding costs amounted to €75.2 per share, an increase of 7.4%.

CALCULATION OF NET ASSET VALUE EXCLUDING TAXES FROM CONSOLIDATED SHAREHOLDERS' EQUITY

In thousands of euros	31/12/2010	31/12/2009
Consolidated shareholders' equity	373,430	345,592
Appreciation on intangible assets	4,870	3,751
Appreciation on buildings under construction	0	0
Net adjustment of the transfer taxes:	23,027	24,197
+ Taxes deducted from the value of assets on the balance sheet	44,644	45,522
- Estimated divestment taxes and fees	21,617	21,325
NAV EXCLUDING TAXES	**401,327**	**373,540**
Number of shares (excluding treasury shares)	5,496,243	5,337,582
NAV EXCLUDING TAXES PER SHARE AFTER DILUTION (IN €)[1]	**73.0**	**70.0**
Change compared with 31/12/2009	*4.3%*	
NAV EXCLUDING TAXES PER SHARE BEFORE DILUTION (IN €)[1]	**75.2**	**70.0**
Change compared with 31/12/2009	*7.4%*	

(1) Dilution further to the capital increase as a result of the distribution of the 2010 interim dividend (creation of 159,248 new shares).

CHANGE IN NAV EXCLUDING TAXES FROM 31/12/2009 TO 31/12/2010

	In €m	Per share in €
NAV excluding taxes at 31/12/2009	373.5	70.0
Impact of the change in number of shares		-2.0
Recurring net income	31.5	5.7
Distribution of 2010 dividends	-14.7	-2.7
Capital gains & losses from disposals	-1.7	-0.3
Valuation of property assets	8.1	1.5
Valuation of hedging instruments	5.3	0.9
Other	-0.7	-0.1
NAV EXCLUDING TAXES AT 31/12/2010	**401.3**	**73.0**

2.4 – Corporate financial statements

The total balance sheet of Société de la Tour Eiffel at 31 December 2010 amounted to €376.7m versus €391.2m at 31 December 2009.

On the assets side:

Fixed assets include, on the one hand, the Vélizy buildings acquired at year-end 2006 and the Amiens and Saint-Cloud buildings (acquired in early 2008) (total net book value of €26.9m at 31 December 2010) and, on the other hand, the equity interests in subsidiaries (€252.1m) and related receivables (€62.9m).

At the end of 2010, a write down of €1.5 million was recorded on the value of the Amiens property following the significant drop in the independent valuation (from €5.4 million to €3.8 million).

The increase in the value of the equity interests held by Société de la Tour Eiffel is mainly due to the recapture of 100% of the depreciation in SAS Locafimo (€11.3m) and SCI Duranne Sud (€0.7 million) following its absorption by the parent company in June 2010.

Conversely, the equity interests in SCI Marceau Bezons (€0.3m) and SCI Malakoff Valette (€4.2m), following the sale of its only held property in October, were written down at 31 December 2010.

In July 2010, Société de la Tour Eiffel acquired from SCI du 153 Avenue Jean Jaurès an additional interest in SNC Tour Eiffel Asset Management for €5K, resulting in 100% ownership.

Furthermore, the receivables related to equity interests, representing permanent financing from the parent company to its subsidiaries, increased in 2010 from €52.5m to €62.9m, mainly due to the receipt of dividends by subsidiaries.

It should be noted that SCI Lyon Genlis repaid its loan (€3 million) following the sale of its property asset.

Current assets amounted to €34.6 million at 31 December 2010 against €64.2m at year-end 2009. This was due mainly to the repayment of the SCI Vélizy Topaz shareholder loan (-€30m) following the repayment of the corporate loan of €76.5 million on 31 March 2010. SCI Vélizy Topaz is a 99.9% subsidiary of SAS Locafimo.

In 2010, the marketable securities representing the treasury shares obtained through the share buy-backs and the prevailing liquidity contract (96,041 shares at 31 December 2010 versus 95,524 at 31 December 2009) posted a net increase of €0.5m, under the combined effect of an adjustment for over-provision of €0.4 million, related to the higher share price in 2010.

Liabilities:

The equity of the company amounted to €307.1 million at year-end 2010 against €285.1 million at year-end 2009, i.e. an increase of €22 million.

In accordance with the resolutions of the General Shareholders' Meeting of 20 May 2010, the result for fiscal 2009, representing a loss of €10.7 million, was allocated as follows: €7.4 million to the special reserve and €3.3m to the retained earnings account.

Furthermore, the same General Shareholders' Meeting moved to distribute an amount of €2 per share, or €10.7 million, levied and deducted from "Other reserves" for €0.5 million, distributable portion of the legal reserves arising from the reduction of share capital decided by the combined General Shareholders' Meeting of 14 May 2009 for €2.8 million with the balance on the share premium for €7.3m.

On 28 July 2010, the Board of Directors moved to distribute an interim dividend of €2 per share in the light of the first half results posted at 30 June 2010, with an option of payment in shares or cash in accordance with the 3rd resolution adopted at the General Shareholders' Meeting of 20 May 2010. A share capital increase of €0.8 million (or 159,248 shares) was subsequently recorded on 30 September 2010.

During fiscal year 2010, the issue premium was reduced by €7.3 million further to the decision of the General Shareholders' Meeting of 20 May 2010, and increased by €5.9 million following the distribution of the interim dividend mentioned above, hence a variation of -€1.4m in shareholders' equity.

As a result, at 31 December 2010 the share capital of Société de la Tour Eiffel was €28m against €27.2 million at year-end 2009.

On 31 March 2010, Société de la Tour Eiffel fully repaid the "corporate" loan of €76.5m. At the same time, the Company contracted a similar new loan amounting to €35m, which expires in March 2011 and may be extended until 30 September 2011.

Income statement

The turnover of Société de la Tour Eiffel came to €7.7m (compared with €7.4m at year-end 2009), comprising reinvoicing to subsidiaries (€5.9m) of various investment, financing and administrative costs, and asset management services fees paid on their behalf (reflecting the terms of the Tour Eiffel Asset Management master agreement) as well as rental income from the Saint-Cloud and Amiens buildings (€1.6m).

Operating charges (€12.2m) are made up of the costs relating to the asset management master agreement entered into with Tour Eiffel Asset Management, certain financing and investment charges, allocations to depreciation of buildings, and Société de la Tour Eiffel's general overheads.

Operating income thus stood at -€3.8 million at 31 December 2010 against -€1.8m at 31 December 2009, primarily due to the recording of €1.5 million write down on the Amiens property.

The financial result, which stood at €40.4m at year-end 2010 compared with -€4.8m at year-end 2009, mainly comprises dividend income (€40m against €16.1m at year-end 2009) and related receivables, net cash reserve income and financial charges on intra-group debt and corporate bank financing.

The significant change recorded during the year also reflects the net impact of reversals of provisions on equity securities, i.e. €7.5m.

Given the above and an extraordinary profit of €0.2 million, this results in a net profit of €36.7m against a loss of €10.7m at the close of fiscal year 2009.

The income statement required under article R 225-102 of the French Commercial Code is appended to the present report.

Expenditure on luxuries and non tax-deductible charges

In accordance with the terms of Articles 223 quater and 223 quinquies of the French Tax Code, we specify that the accounts for the past financial year do not include expenses which are not tax deductible.

2.5 – Activities of the main subsidiaries

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

A table setting out our subsidiaries and holdings, presented as an appendix to the balance sheet, shows the key indicators for sales turnover and earnings in 2010.

We hereby inform you that during the past year, our Company made no equity investment.

At 31 December 20010 the consolidation of the Société de la Tour Eiffel group encompassed 24 companies (not including Société de la Tour Eiffel), all of which are wholly-owned companies as per the list appended to the consolidated accounts. One of these 24 subsidiaries provides consultancy services (SNC Tour Eiffel Asset Management, formerly known as Awon Asset Management), the 23 other subsidiaries being property companies.

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

2.6 – Research and development

Pursuant to Article L.232-1 of the French Commercial Code, we inform you that, in the course of the past financial year, the Company did not carry out activities in research and development.

2.7 – Payment delay periods

The information required under article D.441-4 of the French Commercial Code is presented in the following table:

TRADE ACCOUNTS PAYABLE (IN €)

2010 financial year	Invoices within 30 days	Invoices within 45 days	Invoices within 60 days	Other lead-times	Total
2010 Invoices	134,440				134,440
Accounts payable not received				1,790,058	1,790,058
TRADE NOTES AND ACCOUNTS PAYABLE	**134,440**	**-**	**-**	**1,790,058**	**1,924,498**

2009 financial year	Invoices within 30 days	Invoices within 45 days	Invoices within 60 days	Other lead-times	Total
2009 Invoices	119,772	48,067		52	167,891
Accounts payable not received				1,624,440	1,624,440
TRADE NOTES AND ACCOUNTS PAYABLE	**119,772**	**48,067**	**-**	**1,624,492**	**1,792,331**

3 – CORPORATE GOVERNANCE

3.1 – Composition of the Board of directors and senior management

Mark Inch, Chairman and Managing Director
Business address: Société de la Tour Eiffel

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

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

Michel Gauthier, Board member
Address: 31 Rue Boissière, 75116 Paris

Claude Marin, Board member
Address: 1 Rue du Louvre, 75001 Paris

Philippe Prouillac, Board member
Address: 6 Villa Pauline, 92100 Boulogne

Marc Allez, Board member
Address: 109 avenue Général Guisan, 1009 Pully, Switzerland

Renaud Haberkorn, Board member
Address: 53 avenue Bosquet, 75007 Paris

Aimery Langlois-Meurinne, Board member
Address: 8 rue de l'Hôtel de Ville - 1204 Geneva - Switzerland

More than half the members of the Board directors have no relationship of any kind whatsoever with the company or its management that could compromise the exercise of their freedom of decision, in accordance with the recommendation of the Afep/MEDEF Governance Code for listed companies in its updated version of April 2010.

3.2 – Role and operation of the Board of Directors

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

Mr Robert Waterland has a contract of employment with the Company in his capacity as Director of Property, under the terms of remuneration indicated in paragraph 3.5 below.

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

There is a service contract between the Company and Bluebird Investissements, company of which Mr Mark Inch is the manager. This contract is for assistance in managing the property portfolio and the acquisition of new buildings, and gives rise to a fixed annual fee of €670,000. The Company shares the cost between itself and its subsidiaries.

Out of a total of nine directors, the Board comprises six members who have no link with the Company and receive no direct or indirect remuneration apart from the attendance fees mentioned in paragraph 3.5 below.

Given the size of the company and the concentration of the business in a single sector, all the strategic issues and decisions are dealt with by the board of directors.

Nevertheless, on 29 July 2008 the Board of Directors appointed audit and remunerations committees to act in an advisory role. By a decision of the Board of Directors on 9 December 2010, the Remunerations Committee was transformed into the Appointments and Remunerations Committee.

3.3 – Mandates held by the management in 2010

MARK INCH

Born 12 February 1950 in Edinburgh (United Kingdom)
Address: 76 Avenue Paul Doumer, 75116 Paris

Main function held in the Company:
Chairman and Managing Director

Dates of appointment:
Board member: appointed 10 July 2003, last renewed 20 May 2010

The Chairman of the Board of Directors: appointed 22 July 2003, last renewed 20 May 2010

Managing Director: appointed 10 July 2003, last renewed 20 May 2010

Expiry of term of office: 2013

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2010:
Board member, Société de la Tour Eiffel Foundation

Other offices and mandates held outside the Company at 31 December 2010:
Manager, Bluebird Investissements SARL
Board member, Fédération des Sociétés Immobilières et Foncières
Director, Emirates REIT Management (Private) Limited, foreign company
Director, Eiffel Holding Limited, foreign company

Other effective mandates and functions having expired during the past five years:
Manager, Bluebird Holding SARL (until 29/12/09)
Manager, SNC Albion (until 14/01/09)
Chairman of the Board of Osiris Gestion de Entidades S.L.U. (until 15/09/08)
Director, Douglasshire International Holding BV (Netherlands) (until 1/07/07)
Manager, SNC Cergy La Bastide (until 26/06/06)
Manager, SNC Manufacture Colbert (until 26/06/06)
Deputy Board member, Albion Development SA (until 24/03/06)

ROBERT GUY WATERLAND

Born 28 February 1948 in Gravesend (United Kingdom)
Address: 39 bis Rue Cortambert, 75116 Paris

Main function held in the Company:
Deputy Managing Director

Dates of appointment:
Board member: appointed 22 July 2003, last renewed 20 May 2010

Deputy Managing Director appointed 14 March 2005, last renewed 20 May 2010

Expiry of term of office: 2013

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2010:
Chairman, Société de la Tour Eiffel Foundation
Chairman, SAS Locafimo
Manager, SCI du 153 avenue Jean Jaurès
Manager, SCI Arman F02
Manager, SCI Arman Ampère
Manager, SCI des Berges de l'Ourcq
Manager, SCI Caen Colombelles
Manager, SCI Comète
Manager, SCI Etupes de l'Allan

Manager, SCI Grenoble Pont d'Oxford
Manager, SCI Lyon Genlis
Manager, SCI Malakoff Valette
Manager, SCI Marceau Bezons
Manager, SCI Nowa
Manager, SCI Porte des Lilas
Manager, SCI Rueil National
Manager, SCI Vélizy Topaz (formerly Daumesnil d'Études et de Promotion Sodeprom)

Other offices and mandates held outside the Company at 31 December 2010:
Manager, SNC Awon Participations - SNTP
Manager, SC Layla

Other effective mandates and functions having expired during the past five years:
Manager, SCI Duranne Sud (until 25/05/10)
Manager, SCI Massy Campus 2 (until 19/10/09)
Manager, SNC Foncière Eiffel Développement (until 9/03/09)
Manager, SNC Albion (until 14/01/09)
Managing Director, Osiris Gestion de Entidades S.L.U. (until 15/09/08)
Chairman, SAS Parcoval (until 21/07/08)
Board member, ORIE (mandate expired in 2007)
Manager, SNC Awon Asset Management (until 31/12/07)
Manager, SNC Awon Gestion (until 9/07/07)
Director, Douglasshire International Holding BV (Netherlands) (until 1/07/07)
Manager, SNC Cergy La Bastide (until 26/06/06)
Manager, SNC Manufacture Colbert (until 26/06/06)

MICHEL GAUTHIER

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

Main function held in the Company:
Board member

Date of appointment: 30 September 2003 (renewed during the General shareholders' meeting of 27 March 2008)

Expiry of term of office: 2011

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2010:
Chairman of the Société de la Tour Eiffel audit committee

Other offices and mandates held outside the Company at 31 December 2010:
Member of the Supervisory Board, ADL Partner, listed company
Manager, Omnium Pavoie Provect
Board member, Compagnie des Caoutchoucs du Pakidié, foreign company
Manager, ADL Partner Marketing Gmbh, foreign company
Manager, Suscripciones España, foreign company

Other effective mandates and functions having expired during the past five years:
Receiver, Société Internationale de Diffusion Directe, SIDD (until 6/05/10)
Receiver, OFUP (until 1/12/10)
Receiver, La Salamandre Investissements France (mandate expired on 7/12/2009)
Board member, ADL Partner Italia (until 5/10/06)
Chairman and Managing Director, La Salamandre Investissements France (until 24/05/07)

CLAUDE MARIN

Born on 11 September 1925 in Paris
Address: 1 Rue du Louvre, 75001 Paris

Main function held in the Company:
Board member

Date of appointment: 30 April 2002 (renewed during the General shareholders' meeting of 27 March 2008)

Expiry of term of office: 2011

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2010:
Board member, Société de la Tour Eiffel Foundation
Chairman of the Société de la Tour Eiffel Appointments and Remunerations Committee

Other offices and mandates held outside the Company at 31 December 2010:
Board member, Société Greco
Member of the Supervisory Board, Editions Actes Sud
Board member, PIM Gestion
Member of the Supervisory Board, Banque Safra, foreign company

Other effective mandates and functions having expired during the past five years:
None

MARC ALLEZ

Born 21 April 1937 in Paris 8th district
Address: 109 avenue Général Guisan, 1009 Pully, Switzerland

Main function held in the Company:
Board member

Date of appointment: 27 March 2008

Expiry of term of office: 2011

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2010:
Member of the Société de la Tour Eiffel audit committee
Member of the Société de la Tour Eiffel Appointments and Remunerations Committee

Other offices and mandates held outside the Company at 31 December 2010:
Honorary notary
Board member, Les Editions P. Amaury Company, since 1999

Other effective mandates and functions having expired during the past five years: None

PHILIPPE PROUILLAC

Born 6 April 1953 in Dakar (Senegal)
Address: 6 Villa Pauline, 92100 Boulogne

Main function held in the Company:
Board member

Date of appointment: 12 February 2008, renewed during the General shareholders' meeting of 20 May 2010

Expiry of term of office: 2013

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2010:
Member of the Société de la Tour Eiffel audit committee
Member of the Société de la Tour Eiffel Appointments and Remunerations Committee

Other offices and mandates held outside the Company at 31 December 2010:
Acting Manager, CIPA company

Other effective mandates and functions having expired during the past five years:
Chairman of Atisreal Expertise (mandate expired in 2008)
Chairman of Atisreal Consult (mandate expired in 2008)

JÉRÔME DESCAMPS

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

Main function held in the Company:
Deputy Managing Director

Dates of appointment:
Board member: appointed 14 November 2003, last renewed 20 May 2010

Deputy Managing Director appointed 30 September 2003, last renewed 20 May 2010

Expiry of term of office: 2013

Other offices and mandates held outside the Company at 31 December 2010:
Chief Financial Officer, SNC Tour Eiffel Asset Management (formerly Awon Asset Management)

Other effective mandates and functions having expired during the past five years:
Manager, SNC Albion (until 20/06/07)

RENAUD HABERKORN

Born on 23 February 1971 in Neuilly-sur-Seine
Address: 53 av Bosquet, 75007 Paris

Main function held in the Company:
Board member

Date of appointment: 14 May 2009

Expiry of term of office: 2012

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2010:
Member of the Société de la Tour Eiffel audit committee

Other offices and mandates held outside the Company at 31 December 2010:
Board member, Grove International Partners (UK) Limited, foreign company
Member of the Investment Committee, Redwood Grove International, foreign company

Member of the Investment Committee, Captiva 2 SCA and Captiva SCA, foreign company
Member of the Supervisory Board, Event Hospitality Group BV, foreign company
Member of the Supervisory Board, Coöperatieve Redwood Grove International U.A., foreign company
Board member, Nowe Ogrody 5 Sp., foreign company
Board member, Polish Investments Real Estate Holding II B.V., foreign company
Board member, Polish Investments Real Estate Holding B.V., foreign company
Board member, Newswanlake BV, foreign company
Board member, Stichting Administratiekantoor Douglasshire International Holding, foreign company
Board member/Chairman, SI Real Estate Holding B.V., foreign company

Other effective mandates and functions having expired during the past five years:
Board Member, Cypress Grove International.D Coöperatief U.A. (until 12/11/10)
Board Member, Cypress Grove International.E Coöperatief U.A. (until 12/11/10)
Board member, Hellenic Land Holding BV (until 9/11/10)
Board member, Progetto Magnolia Srl (until 9/02/2009)
Chairman, Nowe Ogrody 5 Sp. (until 28/01/09)
Board Member, Med Group Leisure Investment BV (until 22/12/08)
Board member, Induxia Srl (until 3/11/08)
Board Member, IXIS Capital Partners Ltd (until 11/10/07)
Board Member, Douglasshire International Holding BV (until 1/07/07)

AIMERY LANGLOIS-MEURINNE

Born 27 May 1943 in Paris
Address: 8 rue de l'Hôtel de Ville, 1204 Geneva, Switzerland

Main function held in the Company:
Board member

Date of appointment: 15 octobre 2009

Expiry of term of office: 2012

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2010:
Member of the Société de la Tour Eiffel Appointments and Remunerations Committee

Other offices and mandates held outside the Company at 31 December 2010:
Board member and Chairman, Imerys SA, listed company
Board member, IDI, listed company
Board member, Pargesa Netherlands, foreign company

Other effective mandates and functions having expired during the past five years:
Board member and General Manager, Pargesa Holding SA (mandate expired in 2010)
Board member, Groupe Bruxelles Lambert (mandate expired in 2010)
Board member, Pargesa Luxembourg SA (mandate expired in 2010)
Board Member, Club méditerranée (mandate expired in 2009)
Board Member, Eiffage (mandate expired in 2008)
Board Member, Sagard (mandate expired in 2007)
Board Member, Pai Partners (mandate expired in 2007)
Board Member, Pascal Investment Advisers (mandate expired in 2007)

3.4 – Specialised Committees

On 29 July 2008, the Board of Directors appointed an audit committee and a remunerations committee to act in an advisory role.

The main role of the audit committee is to i) oversee the conditions under which the corporate and consolidated financial statements are established ii) verify that the company is equipped with the means (audit, accounting and legal) required to prevent risks and anomalies related to the management of the company's business. This Committee consists of four members, who are also independent directors: Mr. Michel Gauthier, Chairman, Mr Mark Allez, Mr Philip Prouillac and Mr. Renaud Haberkorn (since 9 December 2010).

During 2010, the Audit Committee met four times to discuss the following:

- 12 January: meeting with the independent valuers of the property portfolio at 31 December 2009,
- 4 March: meeting with the auditors on the 2009 accounts,
- 26 July: meeting with the independent valuers of the property portfolio followed by another with the auditors on the half-yearly accounts,
- 9 December: meeting on internal control and the monitoring of risk mapping.

The attendance rate of the members of the Board was 100%.

By a decision of the Board of Directors on 9 December 2010, the Remunerations Committee was transformed into the Appointments and Remunerations Committee. Its initial task (to ensure that the remuneration of corporate officers and directors and increases to same are in line with the interests of the shareholders and company performance) has been supplemented by the following:

- regarding the selection of new board members, the Committee is responsible for making proposals to the Board after reviewing in detail all the items that must be taken into account in its deliberations, in particular, it must organise a procedure for the selection of the independent directors and carry out its own studies on potential candidates.
- regarding the succession of managing corporate officers, the Committee must establish a succession plan for executive officers in order to submit to the Board succession solutions in the event of an unforeseen vacancy.

This Committee consists of four members, who are also independent directors: Mr. Claude Marin, Chairman, Mr Mark Allez, Mr Philip Prouillac and Mr. Aimery Langlois-Meurinne (since 9 December 2010).

During 2010, the Appointments and Remunerations Committee met three times. It addressed the following issues:

- a proposal to set a single performance criterion applicable to the conditions for allocating bonus shares or stock options to executive officers;
- a proposed method for calculating this criterion;
- the possibility of including in the table of the remunerations of each corporate officer that of Mr. Frédéric Maman.

The attendance rate of the members of the Board was 88.9%.

3.5 – Remunerations, allowances and benefits of corporate officers

TABLE 1

Summary table of gross remunerations and options and shares granted to each corporate officer

Mark Inch, Chairman and Managing Director[1]	2009	2010
Remunerations due for the financial period (detailed in table 2)	€120,000	€120,000
Valuation of options granted during the financial period (detailed in table 4)	€144,553	€0
Valuation of performance-based shares granted during the financial period (detailed in table 6)	€0	€0
TOTAL	**€264,553**	**€120,000**

(1) Mr Mark Inch is also a majority shareholder and manager of Bluebird Investissements, which is tied to Société de la Tour Eiffel under a service agreement and receives an annual remuneration of €670,000 to this effect. The conclusion of this agreement, provided for by article L225-38 et seq. of the French Commercial Code, was authorised by the Board of Directors on 29 November 2006. This agreement is subject to a prior notice of termination of two years.

Robert Waterland, Deputy Managing Director	2009	2010
Remunerations due for the financial period (detailed in table 2)	€618,986	€619,469
Valuation of options granted during the financial period (detailed in table 4)	€144,536	€0
Valuation of performance-based shares granted during the financial period (detailed in table 6)	€0	€0
TOTAL	**€763,522**	**€619,469**

Jérôme Descamps, Deputy Managing Director	2009	2010
Remunerations due for the financial period (detailed in table 2)	€226,328	€235,133
Valuation of options granted during the financial period (detailed in table 4)	€84,209	€0
Valuation of performance-based shares granted during the financial period (detailed in table 6)	€0	€0
TOTAL	**€310,537**	**€235,133**

TABLE 2

Summary table of the remunerations of each corporate officer

	Allocated for 2009		Allocated for 2010	
Mark Inch, Chairman and Managing Director(1)	due	paid	due	paid
Fixed remuneration	€120,000	€120,000	€120,000	€120,000
Variable remuneration	NA	NA	NA	NA
Exceptional remuneration	NA	NA	NA	NA
Attendance fees	0	0	0	0
Allowances and benefits	NA	NA	NA	NA
TOTAL	**€120,000**	**€120,000**	**€120,000**	**€120,000**

(1) Mr Mark Inch is also a majority shareholder and manager of Bluebird Investissements, which is tied to Société de la Tour Eiffel under a service agreement and receives an annual remuneration of €670,000 to this effect. The conclusion of this agreement, provided for by article L225-38 et seq. of the French Commercial Code, was authorised by the Board of Directors on 29 November 2006.

	Allocated for 2009		Allocated for 2010	
Robert Waterland, Deputy Managing Director(2)	due	paid	due	paid
Fixed remuneration				
- as Deputy Managing Director	€100,000	€100,000	€100,000	€100,000
- as Director of Property	€500,000	€500,000	€500,000	€500,000
Variable remuneration	NA	NA	NA	NA
Exceptional remuneration	NA	NA	NA	NA
Attendance fees	0	0	0	0
Allowances and benefits	€18,986	€18,986	€19,469	€19,469
Including: GAN insurance	*€17,362*	*€17,362*	*€17,840*	*€17,840*
car	*€1,590*	*€1,590*	*€1,595*	*€1,595*
mobile telephone	*€34*	*€34*	*€34*	*€34*
TOTAL	**€618,986**	**€618,986**	**€619,469**	**€619,469**

(2) Mr Robert Waterland is also entitled to the following severance package:
- twelve-month salary, the allocation of the portion of these allowances exceeding the amounts set forth in the Collective Agreement is tied to the following performance-based conditions: an increase in the consolidated operating cash-flow on a like-for-like basis, excluding the appreciation of divestments, at least 5% higher than the average of the past three financial years.
- compensation in lieu of notice of twenty-four months in the event of dismissal, if Mr. Robert Waterland is exempted from serving said notice.
The total amount of compensation which would be paid on his departure is capped at two years of remuneration, both fixed and variable.

	Allocated for 2009		Allocated for 2010	
Jérôme Descamps, Deputy Managing Director (3)	due	paid	due	paid
Fixed remuneration	€171,295	€171,295	€175,100	€175,100
Variable remuneration(4)	€55,000	€55,000	€60,000	€60,000
Exceptional remuneration	NA	NA	NA	NA
Attendance fees	0	0	0	0
Allowances and benefits (portable telephone)	€33	€33	€33	€33
TOTAL	**€226,328**	**€226,328**	**€235,133**	**€235,133**

(3) Remuneration paid by Tour Eiffel Asset Management (formerly Awon Asset Management), a controlled company, for his services as chief financial officer
(4) This variable remuneration is provided for by the employment contract signed with Tour Eiffel Asset Management prior to the appointment of Mr. Descamps as a corporate officer. It takes into account the individual performance and achievement of objectives during the previous financial period.

TABLE 3

Table of attendance fees and other remunerations collected by non-management corporate officers

Members of the Board	Allocated in 2009	Allocated in 2010
Marc Allez		
Attendance fees	€21,000	€18,500
Michel Gauthier		
Attendance fees	€21,000	€21,500
Renaud Haberkorn		
Attendance fees	€13,000	€16,000
Aimery Langlois-Meurinne		
Attendance fees	€3,000	€13,000
Claude Marin		
Attendance fees	€21,000	€20,000
Philippe Prouillac		
Attendance fees	€21,000	€21,000
TOTAL	**€100,000**	**€110,000**

TABLE 4

Share subscription or purchase options granted during the financial period to each corporate officer by the issuer and by any company of the group

Name of corporate officer	Plan number and date	Type of options (purchase or subscription)	Valuation of options according to the method selected for the consolidated financial statements	Number of options granted during the financial period	Strike price	Exercise period
Mark Inch				0		
Robert Waterland				0		
Jérôme Descamps				0		
TOTAL				**0**		

TABLE 5

Share subscription or purchase options exercised during the financial period by each corporate officer

Options exercised by managing corporate officers	Plan number and date	Number of options exercised during the financial period	Strike price
Mark Inch	NA	None	NA
Robert Waterland	NA	None	NA
Jérôme Descamps	NA	None	NA
TOTAL		**None**	

TABLE 6

Performance-based shares granted during the financial period to each corporate officer

Performance-based shares granted by the General Shareholders' Assembly during the financial period to each corporate officer by the issuer and by all companies of the group	Plan number and date	Number of shares granted during the financial period	Valuation of the shares according to the method selected for the consolidated financial statements	Date of acquisition	Date of availability	Performance-based conditions
Mark Inch		0	0			
Robert Waterland		0	0			
Jérôme Descamps		0	0			

TABLE 7

Performance-based shares which became available to each corporate officer during the financial period

Performance-based shares newly available to managing corporate officers	Plan number and date	Number of shares available during 2010	Conditions of acquisition
Mark Inch		0	-
Robert Waterland		0	-
Jérôme Descamps		0	-

TABLE 8

History of allocation of share subscription or purchase options

Information on unexpired share subscription or purchase options

	Plan n° 3	Plan n° 4	Plan n° 5	Plan n° 7	Plan n° 8
Date of shareholders' meeting	12/05/05	17/05/06	17/05/06	29/03/07	29/03/07
Board of Directors meeting date	17/05/06	14/09/06	29/03/07	11/12/08	15/10/09
Total number of shares available for subscription or purchase	11,103(1)	137,314(1)	24,182(1)	28,198(3)	28,427(3)
number available for subscription or purchase by corporate officers of the company or subsidiary	*0*	*119,336(1)*	*22,624(1)*	*28,198(3)*	*28,427(3)*
Mark Inch		*51,885(1)*	*6,787(1)*	*9,231(3)*	*8,982(3)*
Robert Waterland		*51,885(1)*	*6,787(1)*	*9,231(3)*	*8,981(3)*
Jérôme Descamps		*7,783(1)*	*4,525(1)*	*4,867(3)*	*5,232(3)*
Frédéric Maman		*7,783(1)*	*4,525(1)*	*4,869(3)*	*5,232(3)*
Starting date of the exercise of options					
Mark Inch		14/09/06	29/03/07	11/12/08	15/10/09
Robert Waterland		14/09/06	29/03/07	11/12/08	15/10/09
Jérôme Descamps		14/09/07	29/03/08	11/12/08	15/10/09
Frédéric Maman, Manager, SCI Champigny Carnot		14/09/07	29/03/08	11/12/08	15/10/09
executive personnel	17/05/06	14/09/07			
non-executive personnel	17/05/06	14/09/06	29/03/07		
Expiry date	17/05/11	14/09/11	29/03/12	11/12/13	15/10/14
Price of subscription or purchase	€80.84(3)	€92.13(3)	€114.64(3)	€32.87(3)	€45.95(3)
Terms of exercise (when the plan comprises several tranches)					
Jérôme Descamps		*options exercisable by a maximum tranche of 25%*	*options exercisable by a maximum tranche of 25%*		
Frédéric Maman, Manager, SCI Champigny Carnot		*options exercisable by a maximum tranche of 25%*	*options exercisable by a maximum tranche of 25%*		
Executive personnel		*options exercisable by a maximum tranche of 25%*			
number of shares subscribed as at 31 December 2010	1,500	0	0	0	0
cumulated number of share subscription or purchase options cancelled or null and void shares	7,080(2)	133,661(2)	23,403(2)	0	0
number of share subscription or purchase options remaining at the end of the financial period	2,643(3)	1,470(3)	816(3)	28,198(3)	28,427(3)

(1) Adjusted on 27 October 2009.
(2) Some of the allottees renounced their right to the stock options in this plan, which have therefore become obsolete.
(3) Adjusted on 28 May 2010.

For information:

- Plan No. 1 of 26 December 2005 expired on 26 December 2010. Out of a total of 121,001 stock options (amount adjusted on 28 May 2010), 1,250 options were exercised
- Plan No. 2 of 22 March 2006: all the allottees renounced their right to the stock options.
- plan No. 3 of 17 May 2006:
  plan No. 4 of 14 September 2006:
  plan No. 5 of 29 May 2007:
  most of the allottees renounced their right to the stock options.
- Plan No. 6 of 16 October 2007: all the allottees renounced their right to the stock options.

TABLE 9

share subscription or purchase options granted to the top ten non-corporate officer employees and options exercised by these individuals	Total number of options allotted/ of subscribed or bought shares	Weighted average price	Plan no.
options granted during the financial period by the issuer and all companies included within the scope of option allocation, to the ten employees of this issuer and all companies included within this perimeter, of which the number of options granted is the highest (overall information)	None	None	None
options held on the issuer and the previously noted companies, exercised during the financial period by the ten employees of the issuer of these companies, of which the number of options granted is the highest (overall information)	None	None	None

TABLE 10

managing corporate officers	employment contract		additional pension plan		allowances or benefits due or likely to be due in the event of suspension or change of functions		allowance relating to an exclusive rights clause	
	yes	no	yes	no	yes	no	yes	no
Mark Inch Chairman and Managing Director start date of mandate 2003 end date of mandate 2013		X		X		X		X
Robert Waterland Deputy Managing Director start date of mandate 2003 end date of mandate 2013	X			X	X (1)			X
Jérôme Descamps Deputy Managing Director start date of mandate 2003 end date of mandate 2013	X (2)			X		X		X

(1) Mr Robert Waterland is also entitled to the following severance package as property director:
- twelve month salary, the allocation of the portion of these allowances exceeding the amounts set forth in the Collective Agreement is tied to the following performance-based conditions: an increase in the consolidated operating cash-flow on a like-for-like basis, excluding the appreciation of divestments, at least 5% higher than the average of the past three financial years.
- compensation in lieu of notice of twenty-four months in the event of dismissal, if Mr. Robert Waterland is exempted from serving said notice.
The total amount of compensation which would be paid on his departure is capped at two years of remuneration, both fixed and variable.
(2) with a subsidiary

4 – FUTURE PROSPECTS AND RISK MANAGEMENT

4.1 – Events since closing of year-end accounts

The following events occurred between 1 January 2011 and the meeting of the Board adopting this document:

- sale of plots of land in the Parc des Tanneries in Strasbourg signed on 17 January 2011 for €2.95m;
- start of construction of an LEB building with 2,200 sq.m of floor space in the Parc du Moulin à Vent in Vénissieux pre-leased for a fixed 9-year term, delivery being scheduled for early 2012. The construction contract was signed on 3 January 2011;
- commitment to sell the building in Amiens signed on 3 February 2011;
- Signature of a VEFA forward acquisition contract with a developer for the construction of an LEB office block in Montrouge (Hauts-de-Seine);
- finalising of agreements with a bank consortium to refinance the La Poste portfolio and preparation of the loan agreement.

Otherwise, to the best of the Company's knowledge, there has been no significant change in the financial or commercial standing of the company since the end of the 2010 financial year.

4.2 – Outlook

The identified and secured rental income of Société de la Tour Eiffel, for the property assets held at 31 December 2010, based on an assumption of a 0.5% indexation, will be at least €71.5 million in 2011.

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

With a constantly expanding portfolio of quality properties, Société de la Tour Eiffel has solid assets with which to accelerate its medium-term growth and benefit from the upturn in the property market, which will inevitably be conditioned by the financial and credit markets.

In particular, it fully intends to continue its organic growth through development of its land reserves, primarily located in business parks and on the Massy-Ampère site, and by assisting its major tenantsin their property investment and management strategies. In addition to these 140,000 sq.m of land reserves, representing potential additional rental income of some €25 million, the company has a nationwide range of exploitable opportunities with which to generate controlled growth through the development of new HEQ and LEB buildings.

The company will seek to further upgrade the property portfolio which already comprises a majority of new or recent buildings.

Disposals amounting to €17.3m, initiated in 2010, will be completed in 2011 and other selected disposals will be considered, the policy of constant portfolio turnover contributes towards the maintenance of our overall return expectations.

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

In terms of funding, the refinancing of the only 2011 maturity is in hand whilst discussions continue in respect of the major 2013 maturity aimed at improving the spread, term and breakdown of the company's financing.

4.3 – Risk factors and insurance

RISK FACTORS

These are risks the occurrence of which is liable to have a significant adverse effect on the Group, its activity, its financial standing, its earnings, or the price of Company shares and which are important for making investment decisions. The company has proceeded to review its risks and considers that there are no significant risks, apart from those presented below and in the appendix to the consolidated financial statements, which it considers to be relevant.

Attention is drawn to the fact that the list of risks presented below is not exhaustive and that other risks, either unknown or the occurrence of which is not considered likely to have an adverse effect on the Group, its activity, its financial standing, its earnings, or the price of Company shares, may exist.

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.

Against a global backdrop of volatile financial markets, the Group's interest rate management policy is intended to limit the impact from changing interest rates on its income and cash flow, as well as to minimise the overall cost of its debt. To achieve these objectives, the Group's companies generally borrow at a variable rate and use derivatives (caps and swaps) to cover their risk of exposure to rate changes. 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.

With regard to the investments made by Société de la Tour Eiffel, no losses were recorded on any of its cash management. This is because the investment vehicles used are liquid, secure and with low volatility, and can therefore be classified as "Cash and cash equivalents".

At 31 December 2010, the group's consolidated gross indebtedness to banks was €627.7m, comprising €373.9m of fixed rate debt (of which €318m were hedged with swaps) and €253.8m of variable rate debt, hedged by interest rate caps for €245.2m.

At the end of 2010, the fair value adjustment to hedging instruments resulted in a positive financial impact upon the consolidated accounts of € 5,335 of which € 177 was due to CAPs and € 5,158 to SWAPs (cf. Notes 5 and 12 of consolidated accounts appendix).

Hence, at year-end 2010, the debt was hedged overall to a total ratio of 99%.

On the basis of the debt recorded at 31 December 2010, an average 100 basis point increase in 3-month Euribor rates over 2011 would have an estimated negative impact of €2.5m on net recurring income. Conversely, a drop in the interest rates of 100 basis points would reduce the finance cost by an estimated €2.5m, resulting in an equivalent positive impact on the recurring net income for 2011.

Risks on treasury shares

As part of the share buyback programme authorised by the General Shareholders' Meeting of 20 May 2010, the characteristics of which are described in paragraph 1.3 above and 5.1.2 below, 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 the end of the 2010 financial year, i.e. 96,041 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 €0.6m

Counterparty risk

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

Currency risk

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

Liquidity risk

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

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

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

These cases are, in particular, the failure to pay an amount due, the breach of certain financial ratios, the failure to honour various commitments taken by the Company or its subsidiaries, the imprecision of various declarations and guarantees made; the occurrence of an event having a significant unfavourable effect on the Group's activity, its financial, legal or tax position or on Group's properties, commitments taken becoming invalid or unenforceable the failure to register an adequate mortgage surety, the realization of a security interest by the Company's creditor on assets financed by money drawn on the master agreement; the existence of class action suits; dissolution; a merger not authorized by the lender; the assignment of a portion of a subsidiary's securities whose real estate property was financed

through a master agreement; the existence of proceedings to requisition/expropriate a building financed by the master agreement if the compensation is insufficient to reimburse any debt, the acquittal of a tax following an uncontested tax reassessment with a substantial unfavourable effect; the loss of eligibility for the SIIC tax break which does not follow a change in the law; and the statutory auditors' opinions as soon as they have a material unfavourable effect or the total destruction of a building financed through the master agreement.

As a result of the occurrence of one of the events listed above, and if it is not righted by the deadlines specified by the master agreements, the lender banks may cancel their commitments in respect of credit lines, declare the outstanding loans and their related costs to be immediately payable, and action 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 4th quarter of 2010 and projections of interest expense over the following 3 first quarters of 2011 over net rentals for the 4th quarter of 2010 and those projected over the first 3 quarters of 2011.

BANKING FINANCING AND MAIN COVENANTS AT 31/12/2010

	31/12/2010	Bank covenants		Latest ratios published		
In €m	Consolidated financial debt	Maximum LTV	Minimum ICR	Maximum LTV	Minimum ICR	Maturity date
RBS/AXA/Calyon/Crédit Foncier	126.4	75.0%	170%	54.3%	305%	15/06/2013
Calyon	36.3	80.0%	125%	43.0%	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 Group is in compliance with all its financing agreement covenants at 31 December 2010.

Risks related to the change in the economic environment

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

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

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

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

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

The vacancy rate of operated assets at 31 December 2010, for example, stands at 14.2%. Given the economic forecast for 2011, the vacancy rate should decrease.

Risks related to the competitive environment

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

The Group is in competition with a number of players, some of which benefit from a sounder financial base and control larger portfolios. Certain entities may enjoy a regional advantage compared with the Group. These diverse factors may give operators a competitive edge in bidding for property assets as well as leading them to adopt investment criteria which are unacceptable to our company's objectives.

Against a background marked by the financial crisis and the scarcity of financing on acceptable terms, to face the multi-faceted competition, the Group had voluntarily decided to mark time in 2008 and 2009 on its short-term development strategy; since the 4th quarter of 2010, the financial markets, although still volatile, have stabilised, and sentiment improved. The Group decided therefore to once again consider investment opportunities in line with its property strategy.

Risks related to the office and industrial property markets

The levels of rental income and the valuation of office property and industrial premises are considerably influenced by the state of supply and demand. An unfavourable change in demand in relation to supply could affect the Group's earnings, its business, the value of its property assets and its financial standing. Furthermore, the development of the Group's business partly depends on the availability of property assets to acquire with the requisite characteristics and qualities, in particular in terms of location and floor space.

Risks related to valuation of the property portfolio

Every six months the Company has its entire portfolio appraised by independent property valuers.
The methodology used is described in paragraph 2.3 of this management report.

In the valuation process, the Tour Eiffel Asset Management surveyors liaise permanently with external valuers, not only concerning terms of reference and the transmission of information but also to establish valuation criteria. The company never modifies externally prepared valuations.

The change in value is closely correlated to the change in the real estate market and could therefore to some extent affect the financial statements of the Company for assets which are appraised at fair value. The change in fair value of buildings on an annual or biannual basis is recorded in the Company's consolidated income statement.

The sensitivity analysis of our portfolio consists in calculating, based on the appraisal values at 31 December 2010, their change using only the net income capitalisation method, according to the assumption of both a positive and a negative variation of 25 bp and 50 bp in the rates of return adopted by the valuers, i.e. -0.50%, -0.25%, 0.25% and 0.50%.

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

1) For an increase of 25 and 50 bp, the value of the portfolio at 31 December 2010 would decrease respectively by 4.2% and 7.2%, which, all other things being equal, would result in an overall adjustment in consolidated income of -€42.4 million and -€73.3 million respectively.

2) For a decrease of 25 and 50 bp, the value of the portfolio at 31 December 2010 would increase respectively by 2.5% and 6.3%, which, all other things being equal, would result in an overall adjustment in consolidated income of +€26 million and +€64 million respectively .

In addition, applying these assumptions could have an impact on the Company's cost of financial debt, compliance with its financial ratios and its borrowing capacity, which depend in particular on the ratio between the Company's debt and the overall value of its portfolio; by applying the results in market value of the two assumptions of increases in interest rates (as indicated above) in order to calculate banking covenants at 31 December 2010, the level of these new ratios of banking covenants would still comply with all the obligations of the Company concerning each of its financing agreements.

Risks related to the failure of information systems

The Group has implemented various safeguard procedures to minimise the risk of a possible failure of its information systems and the loss of a database.

Legal risks

To the Company's knowledge, there is no lawsuit, arbitration, governmental procedure or unusual event likely to have or having had in the past twelve months a significant impact on the financial situation, income, business activity or assets of the Company or the group formed by the Company. The company considers that litigation currently underway is appropriately provisioned.

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

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

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

Dependence on patents or licenses

The Company is engaged in asset management activities, consisting in acquiring, holding and managing real estate assets for rental purposes. As such, the Company does not carry out activities in research and development, and owns no patents. In addition, the Company considers itself not to be dependent in respect of any trademark, patent or license for its business or profitability.

With regard to the "Parc Eiffel" brand, in addition to the protection afforded by means of actions for unfair competition and/or parasitism, the brand is protected against use by third parties since 1998 by the registration of five European Community and French trade marks: when the Parc Eiffel name was registered, no objection by third parties was made. Accordingly Société de la Tour Eiffel is the only company entitled to use the trademark.

The Tour Eiffel and Burj Eiffel trademarks were filed in classes 36, 37, 41, 43 in the United Arab Emirates in 2007 and then transferred to Eiffel Holding Limited (formerly Fanar). However, in the event of total or partial transfer of these national trademarks by Eiffel Holding Limited, it must grant a right of first refusal beforehand to Société de la Tour Eiffel.

Risks due to the constraints of the SIIC tax status, to an eventual change in the methods of acquiring this status or to the loss of benefit from this status

Our Company is subject to the tax regime of French listed property investment companies (SIIC) and therefore, is not required to pay corporation tax. The main advantage of this regime is derived from the obligation under this regime to distribute a significant portion of the Group profits and could be called into question in the event of a breach of that obligation.

If it were to no longer eligible for the SIIC tax status and related tax efficiencies, the Group's financial position could be adversely affected.

Under the terms of the directive issued on 25 September 2003, 4 H-5-03 no. 55, the breach of the conditions on which SIIC status is granted during any subsequent financial years shall result in exclusion from the SIIC regime affecting both the parent company and any subsidiaries having opted for the status. This exclusion is retroactive as of the first day of the financial year in which the Company is excluded.

Income recorded by the Company and its subsidiaries is therefore not entitled to an exemption even if income for the financial year in question is duly distributed.

If a SIIC ceases to benefit from the regime within ten years of having taken up the option, any capital gains on the sales made by the SIIC and any subsidiaries having opted for the status, usually taxed at a beneficial rate of 16.5% (the rate was increased to 19% for gains posted on or after 1 January 2009), will be taxed at the standard rate, or discounted rate if the capital gains on shares of parties concerned by article 8 are benefiting from a discounted rate on assignment or exit, subject to a 16.5% tax reduction already paid at this assignment (CGI art. 208 C, IV). It is a matter of placing the SIIC and its subsidiaries in the same position as if the gain had not been taxed at the privileged rate of 16.5%.

In addition, in accordance with the provisions introduced by the 2009 Finances Act ("SIIC 5"), for exclusions entering into effect as from January 2, 2009, the SIIC and its subsidiaries must reinstate the fraction of distributable gains existing at the closing date of this financial period and resulting from previously exempted sums into their taxable income from the financial period of their exclusion. The amount of corporation tax is increased by a tax penalty computed at a rate of 25% of the latent gains on the properties, credit-bail contracts and shareholdings, acquired during the regime, decreased by one tenth per financial year since entry into the regime.

The Finance Amendment Act 2006 introduced new provisions entitled "SIIC 4", effective as of 1 January 2007.

Two specific measures need to be mentioned due their risk potential:

a) One or more shareholders acting jointly must not hold, directly or indirectly, 60% or more of the share capital of any SIIC. Otherwise, the special tax regime will no longer be applicable.

The Finance Act 2009 ("SIIC 5") deferred from 1 January 2009 to 1 January 2010 the entry into force of this condition relating to the capital holdings of a SIIC having opted for the exemption regime before 1 January 2007, provided that the company opted for the SIIC tax system before 1 January 2007.

In addition, the Loi de Finances 2009 states that in the event of non-observance of the shareholding ceiling of 60% during a given financial period, the SIIC tax system may, under certain conditions, be suspended for the duration of this financial period if the situation is regularised before the financial period accounts are closed. During this suspension period, the SIIC is subject to corporation tax under the conditions of common law, subject to the payment of capital gains tax on the divestment of buildings which are taxed, after deduction of the depreciation previously deducted from the exempted results, at a reduced rate of 19%. The return to the exemption scheme during the following financial period carries with it the consequences of the suspension of company business and, in particular, the taxation at a reduced rate of 19% of unrealised gains on property assets, solely on the fraction acquired since the first day of the financial period during which the ceiling was exceeded. The suspension is applicable only once during the ten years following the option and during the ten years that follow.

Our Company currently complies with this new provision with regard to its capital structures. Nonetheless, we are unable to guarantee that this obligation will be respected in so far as it is subject to the decision of the shareholders, both current and future, over which the Company has no influence.

b) SIICs must withhold 20% of the amount of dividends distributed as of 1 July 2007 to any corporate shareholder owning, whether directly or indirectly, more than 10% of the share capital when distributed income is not subject to corporate income tax or an equivalent tax.

The tax withheld by the SIIC implies decreased returns for the shareholders who collectively bear the liability either directly or indirectly.

Given the aforementioned provisions, introduced by article 208 C II of the General Tax Code, the articles of association of the Company were modified by decision of the extraordinary general shareholders' meeting held on 27 March 2008, on the one hand in order to oblige shareholders affected by these provisions to register their shares under penalty of having their maximum voting rights reduced to one tenth of the number of shares held (article 8) and, on the other hand, to transfer liability to the aforementioned shareholders for the sum due by the Company as a result of the situation of the said shareholders (article 33).

Risks associated with tax regulations

Because of the complexity and formality that characterise the fiscal environment in which the Company's business is carried out, it is exposed to tax risks. In this context, the Company may be subject to adjustment and tax litigation. Any adjustment or litigation for which no or inadequate provision has been made may have adverse consequences on the results of the Company.

Industrial risks and those related to health, safety and the environment

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

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

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

In addition to insurance coverage of its assets, the Company also systematically verifies, prior to an acquisition, the conformity of technical facilities which could have impact on the environment or the safety of individuals (in particular fire-fighting equipment, ventilation, air conditioning systems, electrical installations, lifts). These verifications are carried out by independent specialists. The technical managers appointed by the Company subsequently respond as appropriate to the observations made by the inspectors.

As a result of thorough due diligence prior to acquisitions, the Company makes all necessary undertakings in order to be in compliance with current legislation and standards.

Risks related to changes in sustainable development

The Group's results may be influenced in various ways by changes in sustainable development standards, resulting from national or supranational provisions. In particular, these are liable to impose performance requirements on buildings owned by the Group. In turn, they may incur costs and process adaptations.

Tax rules or comparable provisions may change, penalising certain income or impacting certain activities such as carbon emissions or, on the contrary, benefitting others.

New professional standards, quality labels or types of certification may regulate certain activities or impose non-regulatory technical goals valued by clients.

The Company anticipates these changes by monitoring regulations on sustainable development, relative to its own constructions and the market, in order to adjust its supply of products and services accordingly.

Rental risks

Marketing of the Group's property assets is overseen by Tour Eiffel Asset Management. The marketing objectives (price, term, timing, etc.) are defined in conjunction with Tour Eiffel Asset Management staff members, who also check the tenants' solvability. Leases are drafted by jurists on the basis of standard lease agreements.

The principal tenants of the Group's properties are either substantial covenants or state organisations, thereby reducing exposure to the risk of insolvency.

On signing lease contracts, the Group requires that its tenants pay a deposit representing 3-months rent or provide a guarantee or a first demand bank guarantee for an equivalent amount.

Nevertheless, as part of its development, the Group has acquired companies whose rental portfolio may have less exacting selection criteria, in particular with regard to the profile of the tenants or the guarantees or sureties they provide, as is the case for the Locafimo portfolio. Such a situation could have an impact on the exposure of the Group concerning the insolvency of its tenants and more generally on profitability, growth, business and future earnings.

The invoicing in relation to lease agreements is carried out by the external property management companies exclusively retained by the Company. The organisation and monitoring of the invoicing and recovery of rents and charges are centralised.

Various operating costs of the Group's assets are reinvoiced to tenants. These relate mainly to services provided within the framework of annual contracts.

Late payments are systematically followed by a reminder and may give rise to penalties. Outstandings are monitored by Tour Eiffel Asset Management staff members who decide on the preliminary procedures or legal actions required.

At 31 December 2010, the dependence of the Group with regard to its tenants was as follows:

N°	Tenants	Properties	% of total rental income 2010
1	La Poste	12 properties + Millénaire Locafimo building + Cadéra Sud building (Merignac) + Parc des Tanneries (Strasbourg)	12.5%
2	Alstom	Massy + Nancy + Parc du Perray (Nantes) + Parc des Tanneries (Strasbourg)	7.9%
3	C&S Communication	Le Plessis-Robinson	5.2%
4	NXP	Caen	4.6%
5	Medica	4 Nursing homes	4.2%
6	Ministry of the Interior	Asnières	4.0%
7	Air Liquide	Champigny + parc du Perray (Nantes)	4.0%
8	Soletanche (Vinci)	Rueil-Malmaison	3.7%
9	Atos	Aubervilliers	2.7%
10	Gefco	Sochaux	2.3%
11	DRASS DDASS	Parc du Millénaire (Montpellier)	2.0%
12	12 Seine-Saint-Denis General Council	Bobigny	1.9%
13	CMN (Centre des Monuments Nationaux)	Paris – Porte des Lilas	1.8%
14	Pôle Emploi	Paris – Porte des Lilas + Parc des Tanneries (Strasbourg)	1.7%
15	VCF	Saint-Cloud	1.5%
16	ANTALIS	Paris – Porte des Lilas	1.4%
17	Others	Other tenants (<1% per tenant)	38.6%
TOTAL			**100%**

The tenancy status at 31 December 2010 demonstrates that 60% of overall rents are secured against quality covenants with an average lease term extending to 3Q 2016. The remainder of the rents are represented by a multiplicity of tenants (400 leases, 3/6/9).

Finally, in general, in France the legislation on commercial leases imposes a number of statutory constraints on lessors. The law which supersede the contractual provisions related to the term, cancellation, renewal or indexation of rents of properties are subject to a codified statutory framework which in particular limit rental increases by de-correlating them from market trends. It should also be noted that the tenant is entitled to vacate the premises on expiry of the lease.

Changes in the rules applicable to commercial leases, particularly the term, indexing and capping of rents, could have negative consequences on the valuation of the portfolio, earnings, business or financial standing of the Company.

Risks related to the delay or absence of effective handover of future purchases ("Vefa")

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

Risks related to the dependence with respect to certain key directors

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

Risks related to the dependence on asset management and consultancy contracts

The Group depends on the Tour Eiffel Asset Management company with which it has signed an asset management contract for a period of five years from 1 January 2007 until 31 December 2011. This contract is renewable thereafter by tacit agreement.

The Group also depends on the Bluebird Investissements company with which it signed a contract for assistance in managing the property portfolio and the acquisition of new buildings for an indefinite period. Mr Mark Inch is manager of Bluebird Investissements. These two contracts are mentioned in the special report of the auditors.

The service contracts are remunerated at a market rate arrived at through comparables by the Company.

A breach of contract instigated by Tour Eiffel Asset Management or Bluebird Investissements would unquestionably result in a loss of know-how. With regard to the contract with Tour Eiffel Asset Management, the probability of a breach of contract instigated by the latter is very low, given that the company is dedicated to STE, of which it is a wholly-owned subsidiary.

As for the contract with Bluebird Investissements, it includes a notice period of two years giving Société de la Tour Eiffel the time to make alternative arrangements.

Risks related to the dependence upon property managers

The Company considers the risks related to the dependence of the company with regard to property managers to be weak.

Insurance and risk coverage

The Group has a comprehensive insurance coverage with leading insurance companies, covering damage its property assets may suffer as well as operating losses or periodic rental income losses for compensation periods that vary according to the property assets in question.

The group's property assets are all insured at their new reconstruction cost and are regularly appraised by specialist firms. Financial consequences of the group's civil liability toward third parties are also insured.

The construction and renovation works of the Group's property assets are covered by comprehensive site and structural damage insurances. These policies are managed and coordinated by the insurance specialist of Tour Eiffel Asset Management. A significant portion of insurance premiums is re-invoiced to tenants through service charges.

The total amount of insurance premiums paid in 2010 was €769,000. The breakdown of this overall figure is as follows:

- "Multi-risk Building" insurance: €676,000
- "Civil Liability" insurance: €88,000
- Other insurance: €5,000

All of the property assets held by the Group are covered under "Damage" and "Liability" or "Multi-risk" insurance policies taken out with French insurance companies

Legal procedures and arbitration

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

5 – SOCIETE DE LA TOUR EIFFEL'S **SHAREHOLDERS**

5.1 – Information relating to the share capital

5.1.1 – CHANGES IN THE SHARE CAPITAL OVER 5 YEARS

Date	Transaction	Changes in the amount of share capital: Nominal value	Changes in the amount of share capital: Share premium	Resulting share capital	Number of shares created	Number of shares after the transaction	Nominal value of the share
18 May 2006	Exercising A and B warrants	€5,458,224	€963,316	€249,132,144	113,713	5,190,253	€48
Position on 31 December 2006	–	–	_	€249,132,144	_	5,190,253	€48
Position on 31 December 2007(*)	–	–	_	€249,264,144	_	5,193,003	€48
Position on 31 December 2008	–	–	_	€249,264,144	_	5,193,003	€48
10 June 2009	Reduction in capital	€223,299,129	_	€25,965,015	_	5,193,003	€5
10 June 2009(**)	Capital increase	€1,200,165	€3,922,139	€27,165,180	240,033	5,433,036	€5
27 October 2009	Distribution of part of the share premium	_	(€10,677,220)	€27,165,180	_	5,433,036	€5
Position on 31 December 2009	–	–	_	€27,165,180	_	5,433,036	€5
20 May 2010	Distribution of part of the share premium	-	(€7,318,611)	€27,165,180	_	5,433,036	€5
30 September 2010(**)	Capital increase	€796,240	€5,898,545.92	€27,961,420	159,248	5,592,284	€5
Position on 31 December 2010	–	–	_	€27,961,420	_	5,592,284	€5

(*) After exercising the share purchase options in 2007.
(**) Payment of the dividend in shares.

5.1.2 – SHARE PURCHASING OPERATIONS

During 2010, two share buyback programmes were used, the first being introduced on 12 June 2009, and the second by the Board on 28 July 2010 by delegation from the Ordinary Shareholders' Meeting on 20 May 2010.

2010 BUY-BACK PROGRAMME SUMMARY

	Quantity	Average price	Total
Purchases	99,306	54.45	€5,407,254.02
Sales	98,789	54.05	€5,339,734.47
Transfers			
Trading fees			

Number of shares registered in the name of the Company on the year end accounts: 96.041

Total value of these shares valued at purchase price: €6,576,887.68 (value per share: €68.48)

Nominal value for each of the transactions: nominal share value €5.

Number of shares used: 0

Possible reallocations of the shares and the fraction of capital represented by these operations: nil.

Forthcoming share buyback programme

At the next General Shareholders' Meeting to be held on 18 May 2011, it will be proposed that the Board of Directors be authorised to implement a new share buyback program by the Company of its own shares, in order to:

- stimulate the market or share liquidity through a liquidity agreement with an investment services firm;
- cancel the shares bought back, wholly or in part, in accordance with the conditions laid out in Article L. 225-209 of the Commercial Code, and subject to approval of the share capital reduction authorised by the General Shareholders' Meeting;
- have shares on hand which it may issue to its corporate officers and employees as well as associated companies of Société de la Tour Eiffel, under the terms and conditions allowed for by law, especially as regards stock option plans, the free attribution of existing shares, and corporate or inter-company savings plans (Fr. *plan d'épargne d'entreprise/interentreprises*).

The conditions for the new share buyback programme to be proposed to the General Shareholders' Meeting on 18 May 2011 will be as follows:

- The maximum number of shares for which buyback is authorised will be equivalent to 10% of the capital of Société de la Tour Eiffel.
- The maximum purchase price will be set at €90 per share.
- The duration of the programme will be eighteen months from the date of the General Shareholders' Assembly on 18 May 2011, i.e. until 18 November 2012.

Breakdown by objective of equity securities held at 28 February 2011

- Liquidity contract: 1,585 shares
- Share purchase or subscription plans and bonus share plans: 92,594 shares
- External growth operations: none.

5.2 – Group ownership structure

Statutory thresholds

There is no statutory threshold requiring a crossing declaration.

Double voting rights

No double voting rights exist.

Changes in the ownership structure during 2010

- Nomura Asset Management Co. Ltd (1-12-1 Nihonbashi, Chuo-ku, Tokyo 103-8260, Japan), acting on behalf of funds it manages, declared that it crossed the 5% threshold of capital and voting rights on the downside on 20 October 2010.

- BNP Paribas Asset Management (1, boulevard Haussmann, 75009 Paris), acting on behalf of funds it manages, declared that it crossed the 5% threshold of capital and voting rights on the downside on 22 November 2010. BNP Paribas Asset Management stated that the shareholding in our company was due to the resumption of the management activities of Fortis Investment Management SA which occurred further to the merger/absorption on 3 May 2010.
- DIAM Co., Ltd. (3-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-0005 Japan) acting in its capacity as an "investment-trust management company" on behalf of funds it manages, declared that it crossed the 5% threshold of capital and voting rights on the downside on 16 December 2010.

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

<u>Ownership structure on 31 December 2010</u>

- Entities owning, directly or indirectly, more than 1/20th of the capital or voting rights: ING Clarion,
- Entities owning, directly or indirectly, more than 1/10th of the capital or voting rights: Eiffel Holding Ltd (including shares held by companies or individuals acting jointly).

<u>Material changes in the ownership structure over the three past years</u>

Management is aware of the following changes over the 2008, 2009 and 2010 financial years:

- Sumitomo Mitsui Asset Management Co Ltd
  This company declared that it crossed the 5% threshold of capital and voting rights in our company:
  - on the upside on 17 July 2008,
  - on the downside on 27 August 2008,
  - on the upside on 1 September 2008,
  - and finally on the downside on 16 September 2009.
- Nomura Asset Management Co. Ltd
  The company, acting on behalf of funds it manages, declared that it crossed the 5% threshold of capital and voting rights in our company on the upside on 8 September 2005, then on the downside on 20 October 2010.
- DLIBJ Asset Management Co. Ltd/DIAM Co.
  The company, acting on behalf of funds it manages, declared that it crossed the 5% threshold of capital and voting rights in our company on the upside on 6 February 2006, then on the downside on 16 December 2010.
- Fortis Investment Management France/ BNP Paribas Asset Management
  Fortis Investment Management France, acting on behalf of clients under its management, declared that it crossed the 10% threshold of Société de la Tour Eiffel's capital and voting rights on the upside on 1 April 2008, then on the downside on 15 May 2009.
  BNP Paribas Asset Management, acting on behalf of funds it manages, declared that it crossed the 5% threshold of capital and voting rights on the downside on 22 November 2010, and that the shareholding in our company was due to the resumption of the management activities of Fortis Investment Management SA which occurred further to the merger/absorption on 3 May 2010.
- Eiffel Holding Ltd
  Eiffel Holding, in which a majority stake is held by Mr Mark Inch, Chairman and CEO, and Mr Robert Waterland, Deputy Managing Director, declared that it crossed the 10% threshold of capital and voting rights in our company on the upside on 26 December 2007 (together with its subsidiary Osiris Gestion de Entidades SLU).
  It declared it crossed the threshold on the downside on 22 May 2009, then on the upside on 12 June 2009 (including shares held by companies or individuals acting jointly).

DISTRIBUTION OF CAPITAL BY SHAREHOLDER GROUPS OVER 3 YEARS SHAREHOLDERS OWNING MORE THAN 5% OF CAPITAL AND/OR VOTING RIGHTS

Ownership structure	Position as at 31/12/2010			Position as at 31/12/2009			Position as at 31/12/2008		
	Number of shares	% of capital	% of voting rights(1)	Number of shares	% of capital	% of voting rights(1)	Number of shares	% of capital	% of voting rights(1)
Directors and companies controlled by directors									
Mr and Mrs Mark Inch (direct and indirect) *residents*	37,408	0.67	0.67	28,113	0.52	0.52	20,601	0.4	0.4
Mr and Mrs Robert Waterland *residents*	17,268	0.31	0.31	16,277	0.3	0.3	12,075	0.23	0.23
Jérôme Descamps *resident*	3,164	0.06	0.06	3,034	0.06	0.06	2,000	0.04	0.04
Eiffel Holding Ltd(2) *non resident(3)*	516,567	9.51	9.51	516,567	9.51	9.51	506,000	9.74	9.74
Total corporate officers and wholly-owned companies	574,407	10.27	10.27	563,991	10.38	10.38	540,676	10.41	10.41
Other shareholders owning more than 5% of capital (3)									
ING Clarion	165,800	6.53	6.53	165,800	6.53	6.53	165,800	6.53	6.53
Fortis Investment Management SA	na (4)	na (4)	na (4)	506,882	9.76	9.76	582,044	11.21	11.21
Nomura Asset Management Co Ltd	na (4)	na (4)	na (4)	306,399	5.9	5.9	306,399	5.9	5.9
DLIBJ Asset Management Co Ltd	na (4)	na (4)	na (4)	329,392	6.35	6.35	329,392	6.35	6.35
Sumitomo Mitsui Asset Management Co Ltd	na (4)	na (4)	na (4)	na (4)	na (4)	na (4)	260,589	5.01	5.01
Treasury shares									
Treasury shares	96,041	1.71	1.71	95,524	1.76	1.76	107,358	2.07	2.07

(1) Percentage calculated on the basis of all the shares to which voting rights are attached.
(2) Company controlled by Mark Inch and Robert Waterland.
(3) On the basis of the last declaration of crossing a threshold.
(4) NA: shareholders having crossed the 5% threshold on the downside.
For the record, number of shares forming the capital:
- As at 31 December 2010: 5,592,284
- As at 31 December 2009: 5,433,036
- As at 31 December 2008: 5,193,003

5.3 – Dividends paid out over the past five years

DIVIDENDS OVER FIVE YEARS

Financial year	Dividend	Number of shares	Nominal value
2006	Interim €1.15	5,190,253	€48
2006	Interim €2.50	5,190,253	€48
2006	€2.50	5,192,933	€48
2007	Interim €3.00	5,192,933	€48
2007	€3.00	5,193,003	€48
2008	Interim €3.50	5,193,003	€48
2008	€1.5	5,433,036	€5
2009 (*)	0	5,433,036	€5
2009	€0.62 (**)	5,433,036	€5
2010	Interim €2.00	5,433,036	€5

(*) Distribution of €2 per share paid out of the share premium further to the approval of the Ordinary General Meeting of 15 October 2009.
(**) Levied on the "other reserves" and "legal reserve" items, plus an amount of €1.38 per share paid out of the share premium.

For 2009, it should also be recalled that the Annual General Meeting of 15 October 2009 moved to distribute €2 per share (excluding treasury shares) to be paid out of the share premium.

The annual general meeting of 20 May 2010 moved to distribute €2 per share deducted from the share premium.

Distribution of dividends

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

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

The dividends and interim dividends declared but not claimed revert to the government after five years as of the date of payment (articles L1126-1 and L1126-2 of the French General Code of ownership of public corporations).

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

5.4 – Transactions involving the Company's shares

5.4.1 – SHARE BUYBACK PROGRAMMES

During the 2010 financial period, two share buyback programmes were adopted.

The first, introduced on 12 June 2009 by the Board of Directors as delegated by the Ordinary General Meeting held on 14 May 2009, was to:

- meet requirements as to stock options, the allocation of bonus shares and convertible loans
- carry out external growth operations,
- proceed, under the terms of a liquidity agreement, to stimulate the market for the company's shares,
- or alternatively to cancel them.

The second, adopted on 28 July 2010 by the Board as delegated by the Ordinary General Meeting held on 20 May 2010, was to:

- cancel the shares bought back, wholly or in part, in accordance with the conditions laid out in Article L. 225-209 of the Commercial Code, and subject to approval of the share capital reduction authorised by the General Shareholders' Meeting;
- have shares on hand which may it may issue to its corporate officers and employees as well as to these of associated companies of Société de la Tour Eiffel, under the terms and conditions allowed for by law, especially as regards stock option plans, the free attribution of existing shares, and corporate or inter-company savings plans (*plan d'épargne d'entreprise ou interentreprises*);
- have shares on hand in order to provide shares if securities holders redeem or trade their securities or exercise the rights attached to convertibles, warrants, or any other security;
- have shares on hand which may be held and later traded or otherwise used to fund external growth operations (such as obtaining or increasing an equity stake in another company without exceeding the limits stipulated under Article L. 225-209 of the Commercial Code, as part of a merger, spin-off or equity participation);
- stimulate the market or share liquidity through a liquidity agreement with an investment services firm;
- implement any new trading practices approved by the Autorité des Marchés Financiers (French markets regulator), and more generally, to perform any transaction that complies with the current regulations.

The maximum number of shares for which buyback is authorised is equivalent to 10% of the capital of Société de la Tour Eiffel.

The liquidity contract associated with the first share buy-back programme continued in 2010.

5.4.2 – SHARE SUBSCRIPTION OR PURCHASE OPTIONS

No share subscription or purchase options were granted during fiscal 2010.

The meeting of the Board of Directors of 20 May 2010 noted that 220,669 stock subscription or stock purchase options granted by the Board of Directors as delegated by the shareholders' meeting had expired following the bearers' choice not to exercise the options.

Plan No. 1 of the stock options granted by the Board of Directors on 26 December 2005 expired on 26 December 2010.

Accordingly, the aggregate stock option plans now represent approximately 1% of capital (instead of 7% at 31 December 2009).

TABLE OF OUTSTANDING SHARE SUBSCRIPTION OPTIONS

Information on share subscription options authorised by the General Shareholders' Meeting of 12 May 2005 (number and strike price as adjusted on 27 October 2009 and 28 May 2010)

Board of Directors meeting date	26/12/2005	22/03/2006	17/05/2006
Plan number	plan no. 1	plan no. 2	plan no. 3
Total number of shares which can be subscribed	121,001	29,594	11,103
by corporate officers of the company or subsidiary	*121,001*	*29,594*	*0*
By the top ten employees with the most options			*10,023*
Expiry date	26/12/2010	22/03/2011	17/05/2011
Subscription Price	€63.03	€80.73	€80.84
Number of shares exercised and sold	1,250	0	1,500
Share options cancelled during the year	0	29,594	7,080
Remaining share options	0	0	2,643

Information on share subscription options authorised by the General Shareholders' Meeting of 17 May 2006 (number and strike price as adjusted on 27 October 2009 and 28 May 2010)

Board of Directors meeting date	14/09/2006	29/03/2007
Plan number	plan no. 4	plan no. 5
Total number of shares which can be subscribed	137,314	24,182
by corporate officers of the company or subsidiary	*119,336*	*22,624*
By the top ten employees with the most options	*16,005*	*1,558*
Expiry date	14/09/2011	29/03/2012
Subscription Price	€92.13	€114.64
Number of shares exercised and sold	0	0
Share options cancelled during the year	133,661	23,403
Remaining share options	**1,470**	**816**

Information on share subscription options authorised by the General Shareholders' Meeting of 29 March 2007 (number and strike price for plans 6 and 7 as adjusted on 27 October 2009 and 28 May 2010)

Board of Directors meeting date	16/10/2007	11/12/2008	15/10/2009
Plan number	plan no. 6	plan no. 7	plan no. 8
Total number of shares available for subscription or purchase	26,931	28,198	28,427
by corporate officers of the company or subsidiary	*26,931*	*28,198*	*28,427*
By the top ten employees with the most options			
Expiry date	16/10/2012	11/12/2013	15/10/2014
Price of subscription or purchase	€111.15	€32.87	€45.95
Number of shares exercised and sold	0	0	0
Share subscription or purchase options cancelled	26,931	0	0
Remaining share subscription or purchase options	**0**	**28,198**	**28,427**

5.4.3 – TRANSACTIONS CONDUCTED BY COMPANY OFFICERS AND DIRECTORS

TRANSACTIONS DONE IN 2010

Date	Type of transaction	Person	Number of shares	Price	Value of transaction
8/02/2010	Acquisitions	Person related to Robert Waterland, Deputy Managing Director	59 shares	€48.50	€2,861.50
7/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	105 shares	€49.88	€5,237.40
7/05/2010	Acquisitions	Mark Inch, Chairman and Managing Director	153 shares	€49.8945	€7,633.85
7/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	300 shares	€49.8482	€14,954.46
7/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	300 shares	€49.8661	€14,959.82
20/05/2010	Acquisitions	Bluebird Investissements SARL, legal entity linked to Mr Mark Inch, Chairman and CEO	750 shares	€49	€36,750.00
20/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	100 shares	€49	€4.900.00
20/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	100 shares	€49	€4.900.00
21/05/2010	Acquisitions	Bluebird Investissements SARL, legal entity linked to Mr Mark Inch, Chairman and CEO	750 shares	€48	€36,000.00
21/05/2010	Acquisitions	Bluebird Investissements SARL, legal entity linked to Mr Mark Inch, Chairman and CEO	750 shares	€47	€35,250.00
25/05/2010	Acquisitions	Bluebird Investissements SARL, legal entity linked to Mr Mark Inch, Chairman and CEO	400 shares	€41.99	€16,796.00
25/05/2010	Acquisitions	Robert Waterland, Deputy Managing Director	150 shares	€43	€6.450.00
25/05/2010	Acquisitions	Bluebird Investissements SARL, legal entity linked to Mr Mark Inch, Chairman and CEO	750 shares	€43	€32,250.00
25/05/2010	Acquisitions	Bluebird Investissements SARL, legal entity linked to Mr Mark Inch, Chairman and CEO	750 shares	€44	€33,000.00
25/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	27 shares	€41.99	€1,133.73
25/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	100 shares	€43	€4,300.00
21/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	100 shares	€48	€4,800.00
25/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	125 shares	€44	€5,500.00
21/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	150 shares	€47	€7,050.00
25/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	200 shares	€44	€8,800.00
21/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	200 shares	€48	€9,600.00

Date	Type of transaction	Person	Number of shares	Price	Value of transaction
25/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	250 shares	€41.99	€10,497.50
21/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	100 shares	€48	€4,800.00
21/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	150 shares	€47	€7,050.00
25/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	200 shares	€44	€8,800.00
21/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	200 shares	€48	€9,600.00
25/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	290 shares	€44	€12,760.00
25/05/2010	Acquisitions	Person related to Mark Inch, Chairman and Managing Director	300 shares	€41.99	€12,597.00
26/05/2010	Acquisitions	Aimery Langlois-Meurinne, Board member	10,000 shares	€44.87	€448,715.70
6/10/2010	Scrip issue	Bluebird Investissements SARL, legal entity linked to Mr Mark Inch, Chairman and CEO	565 shares	€42.04	€23,752.60
6/10/2010	Scrip issue	Person related to Mark Inch, Chairman and Managing Director	101 shares	€42.04	€4,246.04
6/10/2010	Scrip issue	Jérôme Descamps, Deputy Managing Director and Board member	130 shares	€42.04	€5,465.20
6/10/2010	Scrip issue	Mark Inch, Chairman and Managing Director	805 shares	€42.04	€33,842.20
6/10/2010	Scrip issue	Person related to Mark Inch, Chairman and Managing Director	128 shares	€42.04	€5,381.12
6/10/2010	Scrip issue	Person related to Mark Inch, Chairman and Managing Director	96 shares	€42.04	€4,035.84
6/10/2010	Scrip issue	Person related to Robert Waterland, Deputy Managing Director	74 shares	€42.04	€3,110.96
6/10/2010	Scrip issue	Robert Waterland, Deputy Managing Director	708 shares	€42.04	€29,764.32
6/10/2010	Scrip issue	Eiffel Limited Holding, legal entity linked to Mr Mark Inch, Chairman and CEO, and Mr Robert Waterland, Deputy Managing Director	24,575 shares	€42.04	€1,033,133.00
13/12/2010	Divestments	Eiffel Limited Holding, legal entity linked to Mr Mark Inch, Chairman and CEO, and Mr Robert Waterland, Deputy Managing Director	12,000 shares	€57.00	€684,000.00

5.5 – Factors which could affect a take-over bid

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

- the services contract entered into with Tour Eiffel Asset Management (previously named "Awon Asset Management") on 26 April 2004 as amended on 1 January 2007 for a five year renewable term stipulates a cancellation penalty equal to twice the remuneration received over the year previous to the termination,
- the services contract entered into with Bluebird Investissements on 17 January 2007 as amended on 10 June 2009 beginning on 1 January 2007 for an indefinite period stipulates a two-year prior notice in the event of cancellation,
- a bank borrowing agreement includes cancellation clause should there be a change in control,
- Mr. Robert Waterland's employment contract stipulates a maximum two years of severance pay in the event of termination,
- The General Shareholders' Meeting held on 20 May 2010 authorised the Board of Directors to carry out a share buy-back programme of up to 10% of the capital for a maximum price of €90 per share.

6 – EMPLOYMENT AND SUSTAINABLE DEVELOPMENT INFORMATION

6.1 – Organisation

At 31 December 2010, Société de la Tour Eiffel had one employee.

The staff which manages the Société de la Tour Eiffel group's real estate portfolio and manages its finances and administrative functions is employed by Tour Eiffel Asset Management (previously named "Awon Asset Management"), its wholly owned subsidiary. Awon Asset Management was acquired by Société de la Tour Eiffel on 16 May 2006 from Awon Participations, in which Messrs Mark Inch and Robert Waterland owned a minority shareholding.

An asset management master agreement was entered into on 26 April 2004 with Tour Eiffel Asset Management. The Board of Directors authorized the agreement as a regulated convention on 2 April 2004 and the shareholders ratified it at their general meeting of 18 May 2004. Under the terms of the contract, the company, which originally was legally independent of Société de la Tour Eiffel, has the following functions: advising in the acquisition of buildings, management of properties held by the subsidiaries of Société de la Tour Eiffel in order to optimise rental income and valuation of the property. It also administers Société de la Tour Eiffel.

The contract was modified by an amendment dated 30 November 2006 which extended the term to five years with effect from 1 January 2007. It may be renewed automatically. The revised contract conferred more comprehensive responsibilities and simplified the financial terms following the consolidation of Tour Eiffel Asset Management into the Société de la Tour Eiffel Group.

The activities of Tour Eiffel Asset Management are entirely dedicated to Société de la Tour Eiffel.

At 31 December 2010, the Group had 23 employees. At 31 December 2009, 31 December 2008 and 31 December 2007 the group had 24 employees. The staff comprises 15 women and 8 men, 16 of whom are executives and 7 are non-executive. The average age is 42 years. In 2010, 2 people were recruited, and 3 left the Group. Expenditure on training activities was 15,904 euros for the year. For informational purposes, the personnel do not hold any company shares on a collective basis.

Société de la Tour Eiffel retains the following companies to manage the group's properties: Savills Gestion, CPMS (CBRE group), Avelim, Telmma and Parcomie.

6.2 – Activities of the company foundation

The Société de la Tour Eiffel Foundation is an undertaking by the Company management, supported by the Board, towards social awareness in the field of its business and heritage. The foundation's mission is to offer an early career opportunity through a first-time professional project in the areas of city planning, architecture or regional development.

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

Legislation dating from 1 August 2003 provided a favourable tax framework for company foundations. 60% of donations are tax deductible if contributed to an action programme spanning several years. These provisions are regardless of the special tax treatment for SIICs. Company foundations now rate as a strategic tool enabling sponsors to act on commitments and issues of concern as a responsible corporate citizen through clearly identified initiatives.

After the inaugural contest on the theme of designing a complementary or alternative structure to the Eiffel Tower on the Champ de Mars in Paris, for students of French schools of architecture, for which the awards ceremony was held on 31 March 2009 at the Cité de l'Architecture, on 7 May 2010 the Foundation launched a second design competition for students from architecture, engineering or landscaping schools in the European Union.

The contest, called "The future of the Eiffel River Gantry", focused on the redevelopment of the former railway gantry spanning the River Garonne in Bordeaux engineered in 1860 by Gustave Eiffel.

The Foundation's partners were the "Save the Gantry" association headed by Mrs Myriam Larnaudie Eiffel (great-grand-daughter of the engineer), thanks to whose efforts the disused railway gantry has been classified a historical monument, and Abvent, an established partner of the company's Foundation from the inaugural contest.

No fewer than 130 students from architecture, engineering or landscaping schools from 6 European countries (France, Belgium, Italy, Germany, Great Britain, Spain) addressed the issue and presented 68 projects that were inventive, creative, innovative and bold.

The jury, composed of Mr Alain Juppé, mayor of Bordeaux, Mr Philippe Courtois, CEO of Euratlantique, renowned architects, the organiser and its partners, deliberated on 16 September 2010 under the chairmanship of Robert Waterland.

Given the diversity of the projects that were presented, the jury wished to highlight two categories of proposals, ie.:

- visionary, ambitious solutions reminiscent of Gustave Eiffel's legacy, and
- realistic, practical solutions in line with the sustainable development policy already adopted by the city of Bordeaux.

The awards ceremony was held at Bordeaux City Hall on 14 October 2010 in the late afternoon, in the presence of Mr Alain Juppé. The five winners were awarded cash prizes and architecture software for a total value of 30,000 euros sponsored by the Foundation and Abvent.

All the participants were able to showcase their work through the catalogue published for the occasion and the Foundation's website.

6.3 – Environmental information

The Grenelle Movement's, increasingly stringent thermal regulations and the quest for energy conservation have inevitably severely impacted the construction of commercial buildings.

The trend, which has been growing in scope and scale over the last 5 years, has resulted in the industry seeking to obtain labels recognized in France (HEQ), Europe (Bream, Minergy) or internationally (Leeds), certifying the thermal efficiency of buildings and their adherence to responsible and sustainable development.

Société de La Tour Eiffel is sensitive to this movement. Virtually all of the company's recent projects fully meet these standards. For example, the buildings at the Porte des Lilas and in Massy representing 30,000 sq. m of new office space delivered in 2009 are HEQ-certified 2005 RT (Thermal Regulation) energy consumption standard -10%) and attain, in the case of the Massy building, Very High Energy Performance (THPE) levels (RT 2005 -20%). Overall, the proportion of HEQ-certified buildings completed as at 31 December 2010 represented 18% of the company's property portfolio.

The "Topaz" office building in Vélizy is also currently being HEQ-certified and is also designed to achieve Very High Energy Performance levels (RT 2005 -20%).

Projects under development in the nationwide Parc Eiffel network, are already conceived to meet the Low Consumption Building requirements (RT 2005 -50%), and to continue obtaining labels of the MINERGIE type. The company's design and engineering firms, architects and builders are appraised, at project conception, of the requirement to achieve Grenelle Movement compliance. Société de La Tour Eiffel is an active participant in the Movement, as a member of the Environment Committee of the French Federation of Property Companies (FSIF).

As a further illustration, the "AIR" Building located in the centre of the Parc de Moulin à Vent Lyon, with a floor space of 2,200 sq. m will meet the LEB-type low-energy criteria, and will be equipped with sources of renewable energy such as integrated solar panels.

"Long term" management of its property portfolio allows Société de la Tour Eiffel to develop genuine synergies with its tenants. ALSTOM POWER, for instance, tenants since December 2009 in their new Massy premises, plans to set up a life-size showcase for their new power management system based on various energy sources (including the EDF network, as well as wind, solar, and geothermal), in close conjunction with Société de la Tour Eiffel.

Finally, the development projects under way in Massy and the Parcs Eiffel in Aix-en-Provence, Marseilles, Lille and Strasbourg will satisfy the new energy efficiency criteria proposed by the Grenelle Movement enabling power consumption levels as low as 50Kwh/sq. m/year.

Through initiatives such as these, Société de la Tour Eiffel firmly intends to develop eco-responsible buildings in the vanguard of the industry through a combination of energy efficiency and a user-friendly working environment for the economic well-being of its tenants.

Finally, the existing portfolio has not been overlooked, despite the difficult economic situation. In 2010, Société de la Tour Eiffel commissioned a wide-ranging series of studies and audits on the energy qualities of its buildings. Two teams of architects, design and engineering firms and heat engineers will work on the one hand on the regular maintenance in the Parcs Eiffel chain, and the other on the major buildings in the Île-de-France region, in order to assess, schedule and where necessary carry out the renovation work required to meet the future specifications of the Grenelle Movement. The initiative will be furthered by the certification of the buildings by an authorised body and the issue of Energy Saving Certificates (ESC).

Without waiting for the findings and goals of Grenelle II, Société de la Tour Eiffel has implemented throughout its properties, both in service and under development, a comprehensive eco-responsible initiative involving all participants (managers, owners' representatives, architects, design and engineering firms and builders) in order to offer its tenants high-quality premises that are user-friendly, innovative and energy-efficient.

7 – APPENDICES TO THE MANAGEMENT REPORT

7.1 – Special report on share subscription or purchase options (article l.225-184 of the french Commercial Code)

Pursuant to Article L L.225-184 of the French Commercial Code, we are providing information on the share subscription and purchase options transactions conducted during the financial year ended 31 December 2010.

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

No share subscription or purchase options plan was granted during 2010.

Over the year ended 31 December 2010, the company's officers and directors did not exercise any share subscription options.

2 – INFORMATION ON THE OPTIONS GRANTED TO THE COMPANY'S OFFICERS AND DIRECTORS OVER THE PAST FINANCIAL YEAR

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

NONE

2.2 – Options granted to the company officers by those companies affiliated with it as provided in article L. 225-180 of the French Commercial Code:

NONE

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

NONE

2.4 – Options exercised by the Company's officers and directors on the companies referred to in Articles L. 225-180 and L. 233-16 of the French Commercial Code

NONE

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

3.1 – Options granted by the Company to its ten employees, excluding company officers

NONE

3-2 – Options granted to the ten employees who are not company officers by those companies affiliated with it as provided in article L. 225-180 of the French Commercial Code

NONE

3-3 – Options exercised by the ten employees who are not company officers on the companies referred to in Article L. 225-180 of the French Commercial Code

NONE

Executed in Paris,
2 March 2011

Mark Inch
The Chairman of the Board of Directors

7.2 – Special report of the Board of Directors to the combined general shareholders' meeting on 18 May 2011 on bonus share attributions (article l.225-197-4 of the french Commercial Code)

Sirs,

We are honoured to provide you with the information relating to the granting of bonus shares to employees and top executives who did not hold more than 10% of our Company's share capital for the year ended 31 December 2010 in accordance with Article L. 225-197-4 paragraph 1 of the French Commercial Code.

We hereby inform you that no bonus shares were allotted during 2010.

7.3 – Table of results for the last five years

Results of the company for the last five years (in €)

INDICATORS	2006 financial year	2007 financial year	2008 financial year	2009 financial year	2010 financial year
SHARE CAPITAL AT YEAR-END					
Share capital	249,132,144	249,264,144	249,264,144	27,165,180	27,961,420
Number of shares issued	5,190,253	5,193,003	5,193,003	5,433,036	5,592,284
Nominal value of the shares	48	48	48	5	5
OPERATIONS AND RESULTS FOR THE YEAR					
Turnover	5,570,553	6,047,457	6,537,292	7,409,723	7,747,826
Current pre-tax earnings before amortisation and provisions	36,535,247	31,891,065	32,246,005	384,981	31,356,625
Company income tax refund owed	229,197	314,906	-90,000	-18,000	-48,000
Employee profit sharing due for the year	-	-	-	-	-
Earnings after taxes, employee profit sharing and charges	36,403,314	31,576,159	28,180,742	-10,666,955	36,739,798
Dividend paid	31,920,056	31,033,971	25,448,857	21,348,934	23,487,593
EARNINGS PER SHARE					
Earnings after taxes and before amortisation and provisions(1)	7.00	6.19	6.23	0.07	5.62
Earnings after taxes, amortisation and provisions(1)	7.01	6.08	5.43	-1.96	6.57
Dividend paid per share (net)(3)	6.15	6.00	5.00	4.00	4.20
PERSONNEL					
Average headcount during the year	1	1	1	1	1
Payroll for the financial year(2)	392,898	720,000	3,695,685	720,000	720,000
Amount of social security benefits paid during the year (social security, community enterprises)(2)	115,762	392,751	238,323	217,400	221,280

(1) The earnings per share are computed based on a weighted average number of shares during the year.
(2) The payroll figure includes remuneration paid to the company officers and directors and cost of bonus free share attributions.
(3) Of which during FY 2010: €2 of interim dividend paid plus €2.2 proposed balance.

7.4 – Authorisation to give sureties, guarantees and other warranties

Pursuant to Articles L. 225-35 and R 225-28 of the French Commercial Code, the Board of Directors authorised the Managing Director at its meeting held on 10 March 2010 to give sureties, guarantees and other warranties up to a total cap of €150m.

This authorisation was given for a one-year term.

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

Authorisation granted	Use
I – Authorisation granted to the Board of directors to award options to subscribe or purchase shares On 29 March 2007, the Extraordinary General Meeting of Shareholders, under its 17th resolution, delegated to the Board of Directors the powers necessary to grant employees, or certain among them or certain categories of staff, and Corporate Officers, or certain among them, of either the Company itself or any French or foreign companies or economic interest groups directly or indirectly related to it, under the terms of article L. 225-180 of the French Commercial code, options granting them the right to subscribe new shares in the Company to be issued for the purpose of a capital increase, or to purchase existing shares in the Company originating from share buybacks that comply with the conditions set down by law. Term of the delegation: thirty-eight months as from the above meeting. The total number of shares thus proposed shall not grant the right to subscribe or purchase a number of shares equivalent to more than 1.5% of the share capital over a three-year period. **This authorisation lapsed on 29 May 2010.**	The meeting of the Board of 16 October 2007 decided to allocate the following share purchase options: - to Mr. Mark Inch options granting him the right to buy 6,488 shares(1) - to Mr. Robert Waterland options granting him the right to buy 6,488 shares(1) - to Mr. Jérôme Descamps options giving him the right to buy 6,488 shares(1) - to Mr. Frédéric Maman options giving him the right to buy 6,487 shares(1) The meeting of the Board of 11 December 2008 decided to allocate the following options to subscribe shares: - to Mr. Mark Inch options granting him the right to subscribe 8,500 shares(1) - to Mr. Robert Waterland options granting him the right to subscribe 8,500 shares(1) - to Mr. Jérôme Descamps options giving him the right to subscribe 4,482 shares(1) - to Mr. Frédéric Maman options giving him the right to subscribe 4,483 shares(1) The meeting of the Board of 15 October 2009 decided to allocate the following options to subscribe shares: - to Mr. Mark Inch options granting him the right to subscribe 8,583 shares - to Mr. Robert Waterland options granting him the right to subscribe 8,582 shares - to Mr. Jérôme Descamps options giving him the right to subscribe 5,000 shares - to Mr. Frédéric Maman options giving him the right to subscribe 5,000 shares

(1) Number of options adjusted on 27 October 2009 and 28 May 2010 following the distribution of part of the share premium.

II - Authorisation granted to the Board of Directors to award bonus shares

On 29 march 2007, the Special General Meeting of Shareholders, under its 18th resolution, delegated to the Board of Directors the powers necessary to grant certain corporate officers and/or employees of the Company or its subsidiaries of its choice, 60,000 bonus shares either existing or to be issued over a period of three years.

Term of the delegation: thirty-eight months.

This authorisation lapsed on 29 May 2010.

The meeting of the Board of 16 October 2007 decided to allocate the following bonus shares:

- to Mr. Mark Inch 3,000 shares,
- to Mr. Robert Waterland 3,000 shares,
- to Mr. Jérôme Descamps 800 shares,
- to Mr. Frédéric Maman 800 shares,
- to employees of the Awon Asset Management company, 950 shares.

Provided the amount of the dividend which will be approved at the time of the next annual general meeting is as forecast.

The Board of Directors on 29 July 2008 decided to award the following bonus shares:

- to Mr. Mark Inch 5,000 shares,
- to Mr. Robert Waterland 5,000 shares,
- to Mr. Jérôme Descamps 1.300 shares,
- to Mr. Frédéric Maman 1.300 shares,
- to employees of the Awon Asset Management company, 1,621 shares.

Provided that the per-share dividend amount that will be approved at the next annual general meeting is increased by €1 over the 2007 dividend.

These shares were not allocated because of the non-fulfilment of the condition to which such allocation was subject.