"Société anonyme" (public limited company) with capital of 28,659,885 euros
Registered Office: 20-22 rue de la Ville l'Evêque - 75008 PARIS
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2011 HALF-YEAR FINANCIAL REPORT

HALF-YEAR BUSINESS REPORT:

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I) CONSOLIDATED FINANCIAL STATEMENTS AS AT 30/06/2011

BALANCE SHEET – ASSETS

in thousands of €	Notes	30 June 2011 Net	31 December 2010 Net
NON CURRENT ASSETS			
Tangible fixed assets	1	338	369
Investment property	2	994,643	1,004,809
Goodwill on acquisitions	3	-	-
Intangible fixed assets	4	392	764
Financial assets	5	2,245	3,093
Deferred tax debit	14	322	322
Total non -current assets (I)		**997,940**	**1,009,357**
CURRENT ASSETS			
Trade and related receivables	7	22,375	22,327
Other accounts receivable and accrual accounts	8	9,989	7,060
Cash and cash equivalents	9	17,458	9,192
Total current assets (II)		**49,822**	**38,579**
Assets for disposal (III)	6	36,805	17,320
TOTAL ASSETS (I + II + III)		**1,084,567**	**1,065,256**

BALANCE SHEET – LIABILITIES

in thousands of €	Notes	30 June 2011	31 December 2010
SHAREHOLDERS' EQUITY (group share)			
Capital	10	28,660	27,961
Premiums linked to capital	10	41,735	34,478
Legal reserve		2,796	2,717
Consolidated reserves		296,204	265,787
Consolidated income for the financial year		20,574	42,487
SHAREHOLDERS' EQUITY (GROUP SHARE) (A)		**389,969**	**373,430**
Minority interests (B)		-	-
SHAREHOLDERS' EQUITY (I) = (A + B)		**389,969**	**373,430**
NON-CURRENT LIABILITIES			
Long-term borrowings	11	596,057	560,563
Other financial liabilities	11	19,116	23,008
Long-term provisions	12	233	233
Tax liabilities	13	-	-
Deferred tax credit	14	-	-
Other long-term liabilities	15	392	327
Total non-current liabilities (II)		**615,798**	**584,131**
CURRENT LIABILITIES			
Borrowings and financial debt (less than one year)	11	32,108	69,710
Other financial liabilities	11	252	1,824
Trade payable and other debts	12	-	-
Tax and social liabilities	13	12,516	8,448
Trade accounts payable and other debts	15	33,924	27,713
Total current liabilities (III)		**78,800**	**107,695**
TOTAL LIABILITIES (I + II + III)		**1,084,567**	**1,065,256**

STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	Notes	30 June 2011	30 June 2010
Turnover	16	41,030	44,095
Consumed purchases	17	(82)	(19)
Staff expense	18	(1,899)	(1,988)
External expenses	18	(7,237)	(7,485)
Property taxes	18	(4,663)	(4,020)
Allowances for depreciation	19	(408)	(415)
Net allowances for provisions	19	-	-
Net value adjustment balance	20	158	556
Other operating income and expenses	21	22	325
Operating income on ordinary activities		**26,921**	**31,049**
Income from cash and cash equivalents		49	23
Gross cost of financial indebtedness		(11,501)	(12,547)
Net financial costs	22	**(11,452)**	**(12,524)**
Other financial income and expense	23	5,106	(426)
Corporate income tax	24	(1)	130
NET PROFIT (LOSS)		**20,574**	**18,229**
Minority interests		-	-
NET PROFIT (LOSS) (GROUP SHARE)		**20,574**	**18,229**
Profit per share	25	3.74	3.41
Diluted profit per share	25	3.73	3.41

Net profit (loss)		**20,574**	**18,229**
Gains and losses recorded directly in shareholder's equity		-	-
Comprehensive income		**20,574**	**18,229**
Including: - group share		20,574	18,229
- minority interests share		-	-

CASH FLOW STATEMENT

In thousands of €	**30 June 2011**	**30 June 2010**
CASH FLOW FROM OPERATIONS		
Consolidated net profit	**20,574**	**18,229**
Restatement:		
Net financial allowances for depreciation and provisions	408	126
Net balance from value adjustments of investment properties	(158)	(556)
Profits/losses on value adjustments on the other assets and liabilities	(5,712)	709
Capital gains & losses from disposals	(30)	(320)
= Cash flow from operations after net cost of financial indebtedness and income tax	**15,082**	**18,188**
Income tax expense	1	(130)
Net financial costs	11,452	12,524
= Cash flow from operations before net cost of financial indebtedness and income tax	**26,535**	**30,582**
Taxes paid	(340)	88
Change in working capital requirement linked to operations	4,735	5,303
= Net cash flow from (for) operations	**30,930**	**35,973**
CASH FLOW LINKED TO INVESTMENT TRANSACTIONS		
Acquisition of capital assets		
Intangible and tangible	(9,342)	(25,471)
Financial	-	-
Disposal of fixed assets	2,950	10,100
Change in loans and financial receivables agreed	1,172	3,078
Impact of changes in the consolidation scope	-	-
= Net cash flow linked to investment transactions	**(5,220)**	**(12,293)**
CASH FLOW LINKED TO FINANCING TRANSACTIONS		
Dividends paid to parent company shareholders	(4,194)	(10,674)
Dividends paid to minority interests	-	-
Capital increase	49	-
Treasury shares increase	110	(22)
Borrowings issued	44,832	68,384
Repayment of borrowings	(46,397)	(80,431)
Net financial interest paid	(11,854)	(12,017)
Changes in other financial debt	-	-
= Net cash flow from financing activities	**(17,454)**	**(34,760)**
CASH FLOW	**8,256**	**(11,080)**
Cash flow at opening	9,189	20,858
Cash flow at closing	17,445	9,778
Cash flow variation	8,256	(11,080)

II - GROUP BUSINESS AND HIGHLIGHTS DURING THE FIRST HALF OF 2011

Despite the macroeconomic woes which weighed on the first half of 2011, economic growth continued, albeit slowly, but with a certain resilience. Uncertainty continues, particularly due to the euro crisis, the increasing sovereign debt jitters afflicting some countries, the inflation of oil and other commodity prices, and the threat of overheating emerging economies.

Against this backdrop, the office leasing market posted a slight recovery, particularly driven by small and medium transactions. Although corporate sentiment has improved, cost savings and downsizing are still the main motivation for office moves.

1) Group real estate highlights

The Société de la Tour Eiffel's business activity was buoyed in the first half of 2011 by the marketing of its portfolio which is appropriately adapted to rental demand; modern assets, moderate rents, high occupancy rates, solid cash flow and liquid properties with a limited lot size.

1. a Investment policy

Encouraged by the progress made in marketing its existing portfolio, in the first half of 2011 Société de la Tour Eiffel initiated a programme of asset acquisition matching its strategy: new, LEB-certified buildings, in the Greater Paris Region with potential reasonable rents. The future purchase of a 5,000 sq.m office development above basement parkings was made in Montrouge, representing an investment of approximately €25 million, for an expected 7.5% return on investment and a delivery scheduled for the first quarter of 2013.

1. b Valuation of the group's land reserves

Market prospection and studies were continued concerning the redevelopment of the company's available land reserves.

1. c Business parks

The Group continued to renovate its business parks and plan the construction of new buildings, in various parks, notably a 2,200 sq.m LEB office building in the Parc du Moulin à Vent in Vénissieux/Lyon secured on a fixed-term 9-year lease, with delivery scheduled for early 2012.

1. d Non-business park development

The Group continued to study the optimal development of its other land reserves and/or the redevelopment potential of certain properties taking into account user requirements, particularly at Massy Ampère, Bezons and Lyon (nursing home).

44% of the Group's property assets, valued at €1,031.4 million in the consolidated accounts dated 30 June 2011 compared with €1,022 million at year-end 2010, **are either new or less than 10 years old, and 17% being HEQ-certified**.

This net rise in value is the combined result of:

- the increase due to the investments made on buildings under construction at 30 June 2011 (€12.1 million), as well as value adjustments on a like-for-like basis applied to standing assets (€0.2 million);
- the decrease due to disposals in the first half of 2011 (€2.9 million).

1. e Business activity

The company's business activity remained sustained throughout the first half of 2011 in terms of both new rentals and lease renewals on its existing portfolio, representing over €3 million in annual rent for a total floor space of nearly 22,500 sq. m. This figure includes: 2,466 sq. m. in the TOPAZ building in Vélizy; 883 sq. m. in the Energy II building in Vélizy; 1,380 sq. m. in Herblay; 728 sq. m. in the Chartres Business Park; 3,085 sq. m. in the Viséo building in Grenoble; 1,035 sq. m. in Nantes and 1,380 sq. m. in the Parc Eiffel in Montpellier.

As a result of this consolidation of the rental portfolio, the overall tenancy situation at 30 June 2011 has improved once again. Some 60% of total rental income is secured with fifteen major tenants, whose average lease term extends to the first quarter of 2016. The remaining rental income stems from multi-let properties (400 leases), with the benefit of a widespread risk and competitive, moderate rents.

At 30 June 2011, the physical occupancy rate (i.e. rented floor space over total floor space) of properties in service (excluding the Paris Charonne building, which is currently committed for disposal) amounted to 87.8% (against 85.9% at 31 December 2010). The financial occupancy rate (i.e. annualised rental income over total potential rental income excluding structural vacancies) stood at 88.2% at 30 June 2011 (against 86% at 31 December 2010). Excluding buildings delivered during the first half of 2010 (currently being marketed), the financial and physical occupancy rates stood at 92.3% and 91.1% respectively.

1. f Disposal policy

In 2011, as in previous years, the Company continued to pursue a policy of selective disposals.

Buildings 15/22/23/24 at the Parc des Tanneries in Strasbourg were sold on 17 January 2011 for a price of €2.95 million and on 23 June 2011 a sales agreement was signed on building E (€1.4 million).

The €36.8 million of assets earmarked for sale, in the consolidated accounts dated 30 June 2011, comprise not only undertakings signed during the first half of 2011, but also the Rue de Charonne, Paris property (sales commitment dating from the first half of 2010) and the Viséo in Grenoble (sale planned for September 2011).

Moreover, other assets may be sold by the end of the year which would bring the total for disposals to €45 million.

Following these events, the value of the portfolio of commitments at 30 June 2011 stood at €1,047.7 million, comprising investment property recorded in the consolidated accounts at 30 June 2011 (€994.6 million, including development properties at their current fair value) plus their cost of completion (€16.3 million); and assets earmarked for disposal (€36.8 million).

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

During the first half, the Group continued to implement its strategy of extending, splitting and staggering its hierarchy of expiring credit lines.

New financing:

- Financing of the Montrouge construction:

A loan was taken out on 30 June 2011 to finance the acquisition of the Montrouge office development (Paris area). This loan comprises two elements, one for €15 million with a seven-year term, and the other for €3.830 million with a three-year term (VAT finance).

- Refinancing of the La Poste portfolio:

The refinancing for the La Poste portfolio of twelve buildings (mainly sorting centres leased to La Poste) was completed on 15 April 2011. A new amortizable, seven-year loan of €45 million was negotiated, jointly with two French banks.

Extension of an existing credit line:

The €35 million credit line taken out on 31 March 2010 was extended for six months as from 31 March 2011. At 30 June 2011 €19.9 million was drawn down.

Rate hedging arrangements:

Two new rate hedging instruments, namely collars (2% floor and 3% cap), were contracted relative to the La Poste portfolio refinancing. This improved the overall cost ceiling of this new debt compared to the previous financing.

Additionally, a 2.5% cap and a tunnel (2% floor and 3% cap) were contracted during the first half (for €15 million and €30 million respectively) to replace three agreements that expired in June 2011.

3) Other highlights

3. a Stock options

Plan No. 3 of the stock options granted by the Board of Directors on 17 May 2006 expired on 17 May 2011 (without being exercised).

Consequently, all the stock option plans exercisable at 30 June 2011 now represent 57,411 options, i.e. 1% of capital (instead of 1.1% at 31 December 2010).

3. b Dividend

The General Meeting of 18 May 2011 moved to distribute a final dividend of 2.2 euros per share in respect of 2010. Shareholders chose between payment in cash or in shares.

3. c Capital increase

Shareholders' equity increased by €7,500 on 18 May 2011 (1,500 shares at €5), progressing from €27,961,420 divided into 5,592,284 shares of €5, to €27,968,920 divided into 5,593,784 shares of €5. This capital increase was the result of the exercising of 1,500 stock options by one of the beneficiaries of the 11 December 2008 allocation.

Shareholders' equity increased by €690,965 on 20 June 2011 (138,193 shares at €5), progressing from €27,968,920 divided into 5,593,784 shares of €5, to €28,659,885 divided into 5,731,977 shares of €5. The capital increase was due to the shareholders exercising the option to pay the interim dividend in shares, their distribution being decided by the Ordinary General Meeting of 18 May 2011.

3. d Share buyback programme - liquidity contract

The Board of Directors, by reason of the authority granted it by the General Meeting of 18 May 2011, in its tenth resolution, moved on 16 June 2011 to implement a new share buyback programme under the conditions set by the General Meeting for a maximum term of eighteen months counting from the date of the General Meeting. The purpose is 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 to the corporate officers and employees of companies with ties to 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/interentreprises*);

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. This authorisation may not be used during a period of takeover bid or exchange.

At 30 June 2011, Société de la Tour Eiffel held 92,594 treasury shares acquired through the share buyback programme and 1,084 treasury shares acquired through the liquidity contract.

The implementation of the liquidity contract, entered into with Natixis and linked to the share buyback programme, continued during the first half of 2011.

3. e Governance

The make-up of the Board of Directors was modified following the non-renewal of certain directors who reached the maximum age limit and whose mandate expired upon the General Meeting of 18 May 2011. Two new independent directors were appointed: Mrs Mercedes Erra and Mr Richard Nottage.

The committees were also modified as a result:

Audit committee:

Chairman: Philippe Prouillac
Members: Renaud Haberkorn and Richard Nottage.

Appointments and Remunerations Committee:

Chairman: Aimery Langlois Meurinne
Member: Mercedes Erra

3. f Internal reorganisation

SCI Lyon Genlis, which no longer held any assets, was dissolved without liquidation during the first half of 2011.

III - ECONOMIC AND FINANCIAL RESULTS

1) Accounting Standards – Scope of Consolidation

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union and applicable on 30 June 2011.

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

At 30 June 2011, the scope of consolidation included 25 companies, consolidated using the method of global consolidation, as at end December 2010 following the Transfer of Assets of SCI Lyon Genlis on 30 June 2011 and the founding of SCI Montrouge Arnoux in February 2011.

2) Consolidated Balance Sheet and Income Statement

a. Consolidated income statement

Consolidated turnover (comprising rental and service charge income from investment properties) fell by 7% between H1 2010 and H1 2011, from €44.1 million to €41 million, of which rents alone accounted for €37.4 million and €34.7 million respectively.

This 7.2% net decrease in rents (- €2.7 million) is mainly due to property disposals posted in 2010 (€2.4 million drop in rents); net re-lettings (- €0.4 million); and the abstraction of a temporary occupation indemnity paid during the first quarter of 2010 (- €0.7 million, for a property pending redevelopment), net of rents on deliveries of new leased buildings (+€0.6 million) and positive indexation (+€0.2 million).

Excluding disposals and adjustments, rents rose slightly, by 1%.

Operating expenses, which amounted to €13.9 million end June 2011 against €13.5 million at end June 2010, slightly increased during the period (+2.9%). They mainly consist of the following:

- net rental charges (€4.5 million against €4.6 million at end June 2010);
- property taxes (€4.7 million against €4 million at end June 2010);
- staff expenses (€1.9 million against €2 million at end June 2010);
- overheads and operating costs of the Société de la Tour Eiffel Group

The net value adjustment balance (+ €0.2 million) corresponds to the increase in property valuations during the first half of 2011, minus the disposals and deliveries made in the same period.

After inclusion of a net capital gain on the sale of assets and of other products and operating expenses, operating income on ordinary activities stood at €27 million at 30 June 2011 compared with €31.1 million at 30 June 2010.

The change in financial income during this period, from €-12.9 million to €-6.3 million was mainly due to:

- the 8.3% reduction in the gross cost of debt finance (down from € 12.5 million to €11.5 million), mainly due to lower loans outstanding, and conversely, to a lesser extent reflecting a slight increase in interest rates;
- the significant improvement in other financial income and charges (+€ 5.1 million at end June 2011 against -€0.4 million at end June 2010), resulting from the revaluation of hedging instruments against a backdrop of rising interest rates but also by the renewal of the swap and cap contracts which matured in 2010 and during the first half of 2011, being subsequently replaced by more attractive instruments.

Given these factors, the Group's consolidated net profit (group share) came to €20.6 million at 30 June 2011 as against €18.2 million on 30 June 2010.

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

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

	30/06/2011			30/06/2010		
In €m	Recurring business	Fair value and disposals	Net profit (loss)	Recurring business	Fair value and disposals	Net profit (loss)
Gross rental income	34.7		34.7	37.4		37.4
Property operating expenses	-5.4		-5.4	-4.7		-4.7
Net rental income	**29.3**	**0.0**	**29.3**	**32.7**	**0.0**	**32.7**
Operating expenses	-2.1		-2.1	-2.0	-0.1	-2.1
Operating profit	**27.2**	**0.0**	**27.2**	**30.7**	**-0.1**	**30.6**
Income from disposals			0.0		0,3	0,3
Change in fair value of properties		0.2	0.2		0,6	0,6
Other operating income and expense		-0.4	-0.4		-0,4	-0,4
Operating income on ordinary activities	**27.2**	**-0.2**	**27.0**	**30.7**	**0.4**	**31.1**
Net cost of debt	-11.5		-11.5	-12.5		-12.5
Other financial income and expense		5.1	5.1		-0,4	-0,4
Net financial profit (loss)	**-11.5**	**5.1**	**-6.4**	**-12.5**	**-0.4**	**-12.9**
Net pre-tax earnings	**15.7**	**4.9**	**20.6**	**18.2**	**0.0**	**18.2**
Tax			0.0			0.0
Net profit (loss)	**15.7**	**4.9**	**20.6**	**18.2**	**0.0**	**18.2**
Minority interests			0.0			0,0
Net profit (loss) (Group share)	**15.7**	**4.9**	**20.6**	**18.2**	**0.0**	**18.2**

After adjusting the valuation of assets and liabilities, asset disposals and the non-recurring elements of the result, operating results from regular activity stood at €27.2 million at 30 June 2011 and net profit at €15.7 million, compared with €30.7 million and €18.2 million respectively at 30 June 2010, for the reasons indicated.

b. Consolidated Balance Sheet

The total balance sheet of Société de la Tour Eiffel at 30 June 2011 amounted to €1,084.6 million versus €1,065.3 million at 31 December 2010.

The main changes are summarised below:

- **Assets:**
  - The €9.3 million net increase of investment properties and of assets for disposal (from €1,022.1m to 1,031.3m) is mainly due to the €9.8m acquisition and €2.3m increase in investments made in the buildings under construction (mainly in the Parc du Moulin à Vent in Lyon); and €0.2m positive variation in fair value of investment properties, partially offset by €3m in property disposals;
  - the €8.3m net increase in cash in hand.
- **Liabilities:**
  - The €16.6m improvement in shareholders' equity linked to the increase of consolidated reserves (2010 appropriation of net consolidated result) as well as the June 2011 capital increase following the allocation of the remaining 2010 dividend in shares;
  - reduction in net bank borrowing (€1.7m);
  - the €4.4m increase in other operating liabilities primarily consisting of tax and social security liabilities (€12.5m) and outstanding completion costs on developments (€5.7m).

c. Cash flow statement

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

- Cash flow from operations: the overall decrease from €36m to €30.9m at end June 2011 is mainly due to the reduced operating cash flow generated by business activities (-€3.1m), as well as by the downward change of the WCR (-€0.6m);
- Cash flow linked to investment transactions: the change between June 2010 and June 2011 (+€7.1m) from -€12.3m to -€5.2m is mainly due to the substantial lessening of investments in Group property during the financial year (-€16.2m), as well as by fewer property disposals (€7.1m);
- Cash flow linked to financing transactions: this cash flow stood at -€17.5m at 30 June 2011 against -€34.7m at 30 June 2010, mainly due to the decline in loan reimbursements in 2011 (€10.4m change) and the reduction in cash dividends to the shareholders (from €10.7m to €4.2m at end June 2011).

The Group's net cash position thus improved from €9.2m at 1 January 2011 to €17.5m at 30 June, a, increase of €8.3m over the first half of the 2011 financial year.

d. Current cash flow

In €m	30/06/2011	30/06/2010	Variation
Gross rental income	34.7	37.4	- 7.2 %
Property operating expenses	5.4	4.7	14.9 %
Overheads	2.1	2.0	5.0 %
Net financial interest paid	11.2	12.0	-6.7 %
Current cash flow	**16.0**	**18.7**	**-14.4 %**

Per share in €

Cash flow from current operations after dilution(*)	**2.8**	**3.4**	**-17.6 %**
Cash flow from current operations before dilution (*)	**2.9**	**3.4**	**-14.7 %**

(*) Dilution 5.5% arising from the payment in shares of the dividend (number of shares at 30/06/2011: 5,731,977, number of shares at 30/06/2010: 5,433,036)

The current cash flow amounted to €16m at end June 2011 against €18.7m at end June 2010, representing a 14.4% decrease stemming from reduced gross rental income.

3) Events occurring after 30 June 2011

One section of the Massy Ampère site was sold on 22 July 2011.

4) Outlook

The identified and secured rental income of Société de la Tour Eiffel, for the property assets held at 30 June 2011, should be at least €70 million in 2011.

Société de la Tour Eiffel will endeavour to continue ensuring sustainable, secure existing rental income, enhanced through the marketing of recently delivered buildings (€4.5m of additional rental income expected, particularly for the Topaz and Energy II buildings in Vélizy and the Chartres business park).

With a constantly expanding portfolio of quality properties, Société de la Tour Eiffel has solid assets with which to accelerate its growth in the coming quarters and benefit from the upturn in the property market, at the dawn of a new economic and property cycle.

In particular, the company plans to pursue external growth by focusing on the construction of HEQ-certified buildings while simultaneously acquiring cash flow operations to ensure the dividend pending the delivery of such new buildings. It also intends to continue organic growth through its land reserves, primarily located in business parks, by assisting its major tenants in their property strategy, as well as on the high potential site of Massy Ampère (subject to pre-leasing).

This growth dynamic is encouraged by the recent improvement in financing conditions for acquisitions and refinancing of the existing portfolio.

During the second half, the company will finalise the disposals initiated in 2010 and during the first half of 2011. Other assets will be put on the market, asset rotation being a discipline linked to maintaining significant returns and overall portfolio quality.

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

5) Main risks and uncertainties

The main risks and uncertainties as assessed by the company are described in section 4.3 of the management report included in part 2 of the 2010 registration document submitted to the Autorité des Marchés Financiers (AMF) on 27 April 2011 under the reference D 11-0378.

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

6) Transactions between related parties

This information is given in Note 27 of the appendix to the half-yearly consolidated financial statements.

IV - VALUATION OF PROPERTY ASSETS AND NET ASSET VALUE

1) Group property assets

All the property assets of the Société de la Tour Eiffel Group were appraised at 30 June 2011 by one of the following independent valuers: BNP Paribas Real Estate Valuation, Savills, Cushman & Wakefield Expertise and Crédit Foncier Expertise.

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

The Group's property assets stand at €1,031.4m, excluding transfer duties and expenses, of which €994.6m represent investment properties and €36.8m represent assets intended for sale.

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

Changes in assets at 30 June 2011

	30/06/2011		31/12/2010		Change	
	In €m	In %	In €m	In %	In €m	In %
Offices	541.3	52.5 %	534.1	52.3 %	7.2	1.3 %
Parcs Eiffel	304.0	29.5 %	305.0	29.6 %	- 1.0	- 0.3 %
Warehouses	98.2	9.5 %	95.8	8.8 %	2.5	2.6 %
Light industrial space	44.0	4.3 %	44.0	5.8 %	0.0	- 0.1 %
Nursing homes	43.9	4.2 %	43.2	3.6 %	0.7	1.6 %
Total	**1 031.4**	**100.0 %**	**1 022.1**	**100.0 %**	**9.3**	**0.9 %**

Effective rates of return at 30 June 2011

	30/06/2011	31/12/2010	Change
Offices	7.3%	7.1%	+ 20 bps
Parcs Eiffel	8.2%	8.1%	+ 10 bps
Warehouses	9.3%	9.5%	- 20 bps
Light industrial space	9.0%	8.8%	+ 20 bps
Nursing homes	6.7%	6.7%	-
Total average rate of return	**7.8%**	**7.7%**	**+ 10 bps**

Methodology retained by the experts

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

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

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

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

The adopted rate of return (net income [*] of the building gross over gross market value, including taxes) is determined by comparing the rates of return arising of other transactions occurring on the market. If the net rent is appreciably higher or lower than the rental value, the difference is capitalised on a discounted basis up until the next lease break date and added or subtracted from the core result.

(*) For buildings subject to rental vacancy, net income is increased by the market rental value of vacant properties.

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

Within the framework of the appraisals at 30 June 2011, the rates of return chosen by the property experts range from 6.25% to 10.50% and are determined by the valuers according to the risk posed by a particular asset class and comprise the impact of vacant premises.

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

2) Net Asset Value

Net asset value including taxes

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

The Net Asset Value corresponds to the consolidated shareholders' equity at 30 June 2011, plus the unrealised gains on goodwill corresponding to the value of SNC Tour Eiffel Asset Management as estimated by Deloitte at 31 December 2010.

The Net Asset Value including taxes stood at €78.2 per share at 30 June 2011 compared with €77.0 per share at 31 December 2010, an increase of 1.6%.

Net asset value excluding taxes

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

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

As at 30 June 2011, the transfer taxes and other disposal expenses estimated by the Company, compared with the taxes already deducted from the value of the assets, issued by independent property experts and represented in the consolidated balance sheet (pursuant to IFRS standards), result in an adjustment of €23.8m.

The Net Asset Value excluding taxes stood at €74.3 per share at 30 June 2011 compared with €73.0 per share at 31 December 2010, an increase of 1.8%.

Excluding the dilutive impact related to the capital increase, which occurred following the distribution of the remainder of the dividend in June 2011 (creation of 139,693 new shares), the NAV excluding taxes amounted to €76.2 per share, an increase of 4.4%.

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

In thousands of euros	30/06/2011	31/12/2010
Consolidated shareholders' equity	**389,969**	**373,430**
Appreciation on intangible assets	5 234	4 870
Appreciation on buildings under construction	0	0
Net adjustment of the transfer taxes:	**23,827**	**23,027**
+ Taxes deducted from the value of assets on the balance sheet	45,734	44,644
- Estimated divestment taxes and fees	21,907	21,617
NAV excluding taxes	**419,030**	**401,327**
Number of shares (excluding treasury shares)	5,638,299	5,496,243
NAV excluding taxes per share after dilution (in €)*	**74.3**	**73.0**
Change compared with 31/12/2010	*1.8%*	
NAV excluding taxes per share before dilution (in €)*	**76.2**	**73.0**
Change compared with 31/12/2010	*4.4%*	

(*) Dilution further to the capital increase as a result of the distribution of the remainder of the 2010 dividend (creation of 139,693 new shares)

Change in NAV excluding taxes from 31/12/2010 to 30/06/2011

	In €m	Per share in €
NAV excluding taxes at 31/12/2010	**401.3**	**73.0**
Impact of the change in number of shares		-1.8
Recurring net income	15.7	2.8
2011 distribution	-4.2	-0.7
Capital gains & losses from disposals	0.0	0.0
Valuation of property assets	0.2	0.0
Valuation of hedging instruments	5.8	1.0
Other	0.2	0.0
NAV excluding taxes at 30/06/2011	**419.0**	**74.3**

V – GROUP FINANCING

Still under pressure, the financial markets remained particularly sensitive to macroeconomic concerns, both in terms of liquidity, security margins and interest rate volatility.

1) Liquidity

During the first half of 2011, the Group continued to adjust its debt profile by refinancing the La Poste portfolio (previous financing expired 15 April 2011) through a new loan of €45m from a consortium of two French banks.

Additionally, the Natixis corporate credit line, for an initial amount of €35m, was extended until 30 September 2011.

At 30 June 2011, total debt drawn down amounted to €626m. The Group also has at its disposal €28.1m in undrawn credit lines, corresponding to the New Money provided for its subsidiary Locafimo in 2010 (€13.1m) and the new €15m loan contracted on 30 June 2011 to finance the Montrouge future purchase.

2) Debt structure at 30 June 2011

Overall gross debt as at 30 June 2011 stood at €626m, as against €627.7m at 31 December 2010.

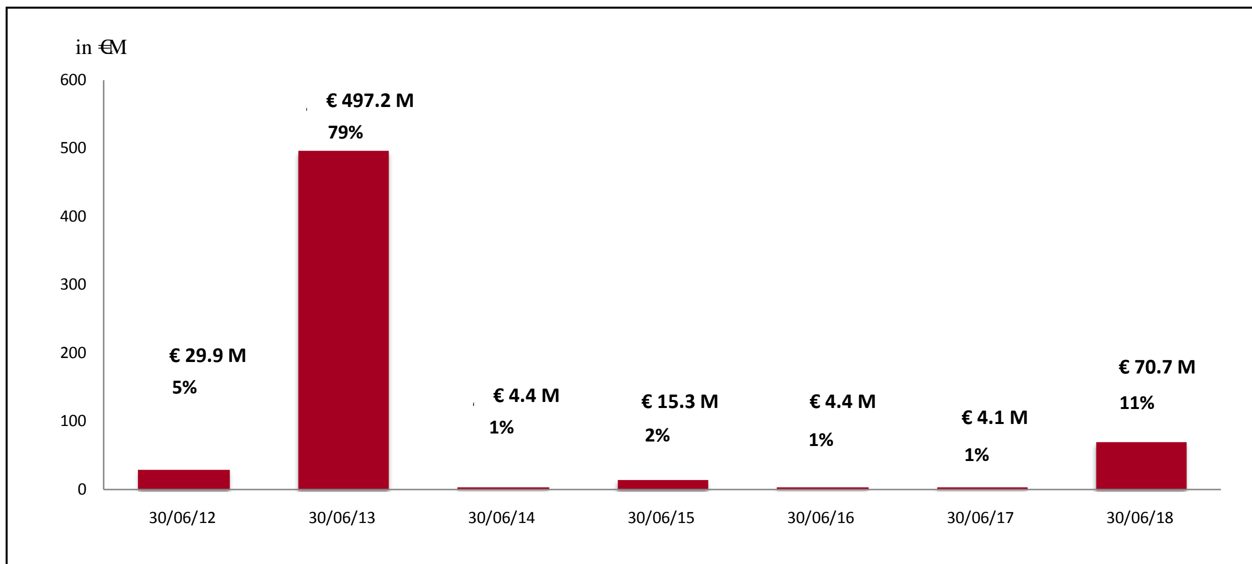
Net debt recorded on the balance sheet, obtained by deducting from the overall debt all deposited cash reserves, cash held in the Group's subsidiaries, and cash pledges, amounted to €608.6m at the end of H1 2011 versus €617.3m at year-end 2010.

In €m	**30/06/2011**	**31/12/2010**
Gross bank debt	626.0	627.7
Deposited cash reserves	- 10.7	- 0.1
Cash and cash equivalents	- 6.6	- 9.1
Pledged cash	0.0	- 1.0
Net debt on balance sheet	**608.6**	**617.3**

Thus, the LTV ratio at 30 June 2011 represents 59% of property assets, valued at €1,031.4m, against 60.4% at end 2010.

3) Debt by maturity date

The Société de la Tour Eiffel's bank financing at 30 June 2011 of €626m is shown, per maturity date, in the chart below:



The Company's average term of debt stood at 2.6 years at 30 June 2011, identical to that of 2010.

4) Average cost of debt

The average cost for Group refinancing was 3.6% during H1 2011, compared to 3.5% at year-end 2010 and 3.4% during the first half of 2010.

5) Management of market risks

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

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

To meet these objectives, the Company invariably borrows at a variable rate backed by 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 risks and all operations performed are centralised and managed by the Company itself, according to the recommendations of the banks with which it regularly works.

When new financing or refinancing lines are set up, they are systematically covered by 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.

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

To optimise management of interest rate risk and take advantage of current rates, the Group contracted several new hedging agreements during the last half, for a notional amount of €81m. Their characteristics are summarised in the following table:

Type of contract	Company	Notional (in thousands of euros)	Starting date	Maturity date	Floor	Cap
Collar	SAS LOCAFIMO	30	01/07/2011	28/06/2013	2.0%	3.0%
Collar	SCI Nowa	18	28/04/2011	15/04/2016	2.0%	3.0%
Collar	SCI Nowa	18	28/04/2011	15/04/2016	2.0 %	3.0 %
	Sub-total of Rate tunnels	***66***				
Cap	SAS LOCAFIMO	15	30/06/2011	30/06/2013		2.5%
	TOTAL	**81**				

6) Evaluation of interest rate risk

At 30 June 2011, bank debt amounted to €626m at variable rates, hedged for a total of €552.5m, a ratio of 88.3%.
The debt hedged by fixed-rate swaps totalled €282.2m, or 51% whereas caps totalled €270.3m, or 49%.

The maturity of the interest rate hedging instruments was 2.1 years at the end of the first half of 2011.

On the basis of the outstanding debt as at 30 June 2011, a 100 basis-point rise in the Euribor 3-month interest rates in 2011 would have a negative impact (on an annual basis) on recurring net income and current cash flow, estimated at €3.1 million.

Conversely, a 100 basis-point drop in interest rates would reduce the finance cost by an estimated €4.1m, resulting in an equivalent positive impact on the recurring net income and current cash flow for 2011.

7) Financial structure ratios

Indebtedness ratios	30/06/2011	2010	2009
Consolidated equity (€m)	390.0	373.4	345.6
Net bank debt (€m)	608.6	617.4	650.8
Net bank debt / Consolidated equity	156 %	165 %	188 %
Net bank debt/Total property assets (Loan to Value)	59.0 %	60.4 %	62.3 %

Financing ratios	30/06/2011	2010	2009
Average cost of debt	3.6 %	3.5 %	3.9 %
Fixed or capped rate borrowings	88 %	99 %	98 %
Debt maturity	2.6 years	2.6 years	3.3 years
Interest cost cover by GOP(*)	2.3	2.2	2.4

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

Loan covenant ratios:

The status relative to financial ratios that the Group has committed to respect as part of its bank financings is summarised in the table below, for amounts posted at 30 June 2011 per bank.

The table compares the last ratios, LTV and ICR, communicated to the banks during the half year to those the Group pledged to respect for the main financing contracts in question.

Banking financing and main covenants at 30/06/2011

	30/06/2011	Bank covenants		Last published ratios		
In €m	**Consolidated financial debt**	**Maximum LTV**	**Minimum ICR**	**LTV**	**ICR**	**Due date**
RBS / AXA / Calyon / Crédit Foncier	124.8	75%	170%	53.8%	305%	15/06/2013
Société Générale / BECM	43.7	65%	145%	-	-	15/04/2018
Société Générale (50%) - Crédit Foncier (50%)	54.1	65%	110%	55.4%	134%	28/03/2017
Société Générale	12.6	NA	NA	NA	NA	14/01/2015
PBB (formerly HRE)	370.9	72.5%	140%	65.1%	318%	30/06/2013
Natixis	19.9	72.5%	225%	61.7%	297%	30/09/2011
Total	**626.0**					

The company has complied with all its Group loan commitments as at 30 June 2011 relative to its various

financing contracts.

8) Risks on treasury shares

As part of the share buyback programme authorised by the General Shareholders' Meeting of 18 May 2011, the company is subject to a risk on the value of the shares it holds.

Based on the 93,678 shares held at 30 June 2011 the sensitivity of results to a 10% decrease or increase of the company's share price is estimated to be €0.6m.

VI - DISTRIBUTION OF THE 2011 INTERIM DIVIDEND

Given the €20.9m in distributable earnings at 30 June 2011 (€3.64 per share), the Board of Directors decided (27 July 2011) on an interim dividend of €2.1 per share, payable on 23 September 2011, in cash or in shares as chosen by the shareholder, in compliance with the third resolution adopted at the Ordinary General Meeting of 18 May 2011.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30/06/2011

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BALANCE SHEET – ASSETS

in thousands of €	Notes	30 June 2011 Net	31 December 2010 Net
NON CURRENT ASSETS			
Tangible fixed assets	1	338	369
Investment property	2	994,643	1,004,809
Goodwill on acquisitions	3	-	-
Intangible fixed assets	4	392	764
Financial assets	5	2,245	3,093
Deferred tax debit	14	322	322
Total non -current assets (I)		**997,940**	**1,009,357**
CURRENT ASSETS			
Trade and related receivables	7	22,375	22,327
Other receivables and accrual accounts	8	9,989	7,060
Cash and cash equivalents	9	17,458	9,192
Total current assets (II)		**49,822**	**38,579**
Assets for disposal (III)	6	36,805	17,320
TOTAL ASSETS (I + II + III)		**1,084,567**	**1,065,256**

BALANCE SHEET – LIABILITIES

in thousands of €	Notes	30 June 2011	31 December 2010
SHAREHOLDERS' EQUITY (group share)			
Share capital	10	28,660	27,961
Premiums linked to capital	10	41,735	34,478
Legal reserve		2,796	2,717
Consolidated reserves		296,204	265,787
Consolidated income for the financial year		20,574	42,487
SHAREHOLDERS' EQUITY (GROUP SHARE) (A)		**389,969**	**373,430**
Minority interests (B)		-	-
SHAREHOLDERS' EQUITY (I) = (A + B)		**389,969**	**373,430**
NON-CURRENT LIABILITIES			
Long-term borrowings	11	596,057	560,563
Other financial liabilities	11	19,116	23,008
Long-term provisions	12	233	233
Tax liabilities	13	-	-
Deferred tax credit	14	-	-
Other long-term liabilities	15	392	327
Total non-current liabilities (II)		**615,798**	**584,131**
CURRENT LIABILITIES			
Borrowings and financial debt (less than one year)	11	32,108	69,710
Other financial liabilities	11	252	1,824
Trade payable and other debts	12	-	-
Tax and social security liabilities	13	12,516	8,448
Trade accounts payable and other debts	15	33,924	27,713
Total current liabilities (III)		**78,800**	**107,695**
TOTAL LIABILITIES (I + II + III)		**1,084,567**	**1,065,256**

STATEMENT OF COMPREHENSIVE INCOME

in thousands of €	Notes	30 June 2011	30 June 2010
Turnover	16	41,030	44,095
Consumed purchases	17	(82)	(19)
Staff expense	18	(1,899)	(1,988)
External expenses	18	(7,237)	(7,485)
Property taxes	18	(4,663)	(4,020)
Allowances for depreciation	19	(408)	(415)
Net allowances for provisions	19	-	-
Net value adjustment balance	20	158	556
Other operating income and expenses	21	22	325
Operating income on ordinary activities		**26,921**	**31,049**
Income from cash and cash equivalents		49	23
Gross cost of financial indebtedness		(11,501)	(12,547)
Net financial costs	22	**(11,452)**	**(12,524)**
Other financial income and expense	23	5,106	(426)
Corporate income tax	24	(1)	130
NET PROFIT (LOSS)		**20,574**	**18,229**
Minority interests		-	-
NET PROFIT (LOSS) (GROUP SHARE)		**20,574**	**18,229**
Profit per share	25	3,74	3,41
Diluted profit per share	25	3,73	3,41

Net profit (loss)		**20,574**	**18,229**
Gains and losses recorded directly in shareholder's equity		-	-
Comprehensive income		**20,574**	**18,229**
Including: - group share		20,574	18,229
- minority interests share		-	-

CASH FLOW STATEMENT

in thousands of €	30 June 2011	30 June 2010
CASH FLOW FROM OPERATIONS		
Consolidated net profit	**20,574**	**18,229**
Restatement:		
Net financial allowances for depreciation and provisions	408	126
Net balance from value adjustments of investment properties	(158)	(556)
Profits / losses on value adjustments on the other assets and liabilities	(5,712)	709
Capital gains & losses from disposals	(30)	(320)
= Cash flow from operations after net cost of financial indebtedness and income tax	**15,082**	**18,188**
Income tax expense	1	(130)
Net financial costs	11,452	12,524
= Cash flow from operations before net cost of financial indebtedness and income tax	**26,535**	**30,582**
Taxes paid	(340)	88
Change in working capital requirement linked to operations	4,735	5,303
= Net cash flow from (for) operations	**30,930**	**35,973**
CASH FLOW LINKED TO INVESTMENT TRANSACTIONS		
Acquisition of capital assets		
Intangible and tangible	(9,342)	(25,471)
Financial	-	-
Disposal of fixed assets	2,950	10,100
Disposal of capital assets	1,172	3,078
Change in loans and financial receivables agreed	-	-
=Net cash flow linked to investment transactions	**(5,220)**	**(12,293)**
CASH FLOW LINKED TO FINANCING TRANSACTIONS		
Dividends paid to parent company shareholders	(4,194)	(10,674)
Dividends paid to minority interests	-	-
Capital increase	49	-
Treasury shares increase	110	(22)
Borrowings issued	44,832	68,384
Repayment of borrowings	(46,397)	(80,431)
Net financial interest paid	(11,854)	(12,017)
Change in other financial debt	-	-
= Net cash flow from financing activities	**(17,454)**	**(34,760)**
CASH FLOW	**8,256**	**(11,080)**
Cash flow at opening	9,189	20,858
Cash flow at closing	17,445	9,778
Cash flow variation	8,256	(11,080)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Euros, in thousands	Share capital	Premiums	Legal reserve	Consolidated reserves	Year-end net income	Total Group share	Minority interests	Total Shareholders'equity
Position as at 31.12.2009	**27,165**	**35,898**	**5,551**	**337,095**	**(60,116)**	**345,593**	-	**345,593**
Appropriation of net profit/loss	-	-	-	(60,116)	60,116	**-**	-	**-**
Dividends paid	-	(7,319)	(2,834)	(11,199)	-	**(21,352)**	-	**(21,352)**
Capital increase	796	5,899	-	-	-	**6,695**	-	**6,695**
Reduction in capital	-	-	-	-	-	**-**	-	**-**
Profit/loss for current year	-	-	-	-	42,487	**42,487**	-	**42,487**
Share subscription warrants	-	-	-	-	-	**-**	-	**-**
Stock option plans	-	-	-	75	-	**75**	-	**76**
Other movements	-	-	-	-	-	**-**	-	**-**
Share buy-back	-	-	-	(68)	-	**(68)**	-	**(68)**
Position as at 31.12.2010	**27,961**	**34,478**	**2,717**	**265,787**	**42,487**	**373,430**	**-**	**373,430**
Appropriation of net profit	-	-	79	42,408	(42,487)	**-**	-	**-**
Dividends paid	-	-	-	(12,101)	-	**(12,101)**	-	**(12,101)**
Capital increase	699	7,257	-	-	-	**7,956**	-	**7,956**
Cost of capital increase	-	-	-	-	-	**-**	-	**-**
Profit/loss for current year	-	-	-	-	20,574	**20,574**	-	**20,574**
Share subscription warrants	-	-	-	-	-	**-**	-	**-**
Stock option plans	-	-	-	-	-	**-**	-	**-**
Other movements	-	-	-	-	-	**-**	-	**-**
Share buy-back	-	-	-	110	-	**110**	-	**110**
Position at 30.06.2011	**28,660**	**41,735**	**2,796**	**296,204**	**20,574**	**389,969**	**-**	**389,969**

APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Société de la Tour Eiffel and its subsidiaries specialise in the holding and management of commercial property.

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

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

The consolidated financial statements as at 30 June 2011 were adopted by the Board of Directors on 27 July 2011. They are presented in thousands of euros unless otherwise indicated.

2. Accounting methods

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

2.1 Basis for preparation of the financial statements

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

The preparation of financial statements in accordance with IFRS standards requires the application of certain pertinent estimates. Management must also exercise judgment in respect of the application of the Company's accounting methods. The areas for which the stakes are the highest in terms of judgment or complexity or those for which the assumptions and the estimates are significant in relation to the consolidated financial statements are discussed in paragraph 5.

The following mandatory standards came into effect on 1 January 2011:

- Annual improvements 2010 – annual improvements to the International Financial Reporting Standards published in May 2010;
- IAS 24R "Related Party Disclosures";
- Amendments to IAS 32 "Classification of Rights Issues";
- Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement"
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", applicable to financial years starting on 1 July 2010;
- Amendment to IFRS 8 further to the revised IAS 24 standard, applicable to financial years starting on or after 1 January 2011. This standard was adopted by the European Union on 19 July 2010;
- Amendment to IFRS 1 further to the interpretation of IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", applicable to financial years starting on or after 1 July 2010. This standard was adopted by the European Union on 23 July 2010;

- Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement", applicable to financial years starting on or after or after 1 January 2011. This standard was adopted by the European Union on 19 July 2010;

- Amendment to IFRS 1 relating to the limited exemption from comparative IFRS 7 disclosures for first-time adopters, applicable to financial years starting on or after 1 July 2010. This standard was adopted by the European Union on 30 June 2010.

These new standards and interpretations have no effect on the consolidated financial statements of Société de la Tour Eiffel.The following new standards, amendments, and interpretations were made public but were not applicable at 30 June 2011 and were not adopted in advance.

- IFRS 9 "Financial instrument", applicable starting 1 January 2013

- Amendments to IFRS 7 "Disclosures – Transfers of financial assets" applicable starting 1 July 2011

- Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets". These new measures introduces the presumption that the asset is entirely recovered by sale, unless the entity can prove that the recovery will happen otherwise. These amendments are applicable to financial years underway starting 1 January 2012 and have not yet been adopted by the European Union.

- IAS 27 "Separate Financial Statements". This new version will be applicable to reporting periods underway starting 1 January 2013 for the IASB. It has not yet been adopted by the European Union.

- IAS 28 "Investments in Associates". IAS 28 has been modified to comply with the amendments made following the publication of IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", and IFRS 12 "Disclosure of Interests in Other Entities". This new version of IAS 28 will be applicable to reporting periods underway starting 1 January 2013 for the IASB. It has not yet been adopted by the European Union.

- IFRS 10 "Consolidated Financial Statements". The effective date for IFRS 10 has been set by the IASB at 1 January 2013.

- IFRS 11 "Joint Arrangements" voids and replaces IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". The effective date has been set at 1 January 2013.

- IFRS 12 "Disclosure of Interests in Other Entities". The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the basis for audits, any restrictions on the consolidated assets and liabilities, exposure to risks associated with interests in other non-consolidated structured entities, and the stake of minority interests in the activities of consolidated entities. IFRS 12 will be applicable starting 1 January 2013.

- IFRS 13 "Fair Value Measurement". The effective date set by the IASB concerns the annual financial periods starting 1 January 2013 or after. It has not yet been adopted by the European Union.

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

2.2 Consolidation method

Subsidiaries

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

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

The surplus of the acquisition price over the fair value of the pro-rata share to the Group in the net identifiable assets acquired is entered into accounts as goodwill. When the cost of acquisition is lower than the fair value of the Group's pro-rata share in the net assets of the subsidiary acquired, the difference is posted directly to the income statement (cf. Note 2.6).

2.3 Business combinations and asset acquisitions

2.3.1 Business combinations

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

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

Goodwill accounted for separately is subject to a yearly impairment test under IAS standard 36, and is also tested before the end of the financial year during which the acquisition took place. It is recorded at cost less accumulated loss in value.
Losses in value of goodwill are not reversible. Income on the disposal of an entity takes the accounting value of the entity's goodwill into consideration.
Goodwill is posted to units generating cash flow, which we expect to benefit from the business combination, in order to carry out impairment tests. Amortisation is recognised for the amount of the excess of the unit's book value over its recoverable value.

The recoverable value of a unit is the highest amount between its fair value less disposal costs and its economic value.
The treatment of these acquisitions as the business combinations has the effect of recording deferred tax liabilities on the difference between the tax value and the fair value of the property at the acquisition date, and the later adjustments to fair value, to be done when the fair value is exercised (cf. Note 2.17). Similarly, the acquisition costs are included in the cost of acquiring shares. Accounting treatment applicable to these two items has the effect of mechanically increasing goodwill.

This valuation of property assets also has a mechanical effect when performing impairment tests on cash generating units, to which goodwill is allocated, an effect leading to overall impairment of goodwill during the financial year when the acquisition took place.
In fact, the cash generating units, where goodwill is tested, correspond, in this particular case, to the buildings owned by the property companies. As the recoverable values of these units, calculated on the basis of future discounted cash flows, usually correspond to the appraisal values, (i.e. the new reappraised values of properties), they are unable to justify the corresponding goodwill impairment, which must then be depreciated.

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

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

2.3.2 Asset acquisitions

When the Group acquires an entity that represents a group of assets and liabilities without any economic activity as the term is defined in IFRS 3, these acquisitions are not business combinations as the term is defined in the same standard, and are booked as an acquisition of assets and liabilities, making no statement of goodwill.
Any difference between the purchase price and the fair value of assets and liabilities acquired is allocated on the basis of the relative fair values of the individual assets and liabilities which can be identified as a group at the time of acquisition.

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

2.4 Information per sector

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

2.5 Tangible fixed assets

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

Amortisation is calculated on the following basis:
- vehicles: 3 years
- office equipment & information technology equipment: 3 years
- facilities, fixtures, fittings: 10 years

2.6 Investment property

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

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

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

Pursuant to the revised IAS 40, these holdings are recorded as "Investment property" and are valued at fair value (the method selected by the Group).

In accordance with IAS 23, the group incorporates borrowing costs as part of the cost of the created asset. These are assets requiring a long construction period. The included financial costs are solely those related to interest accrued on short-term and long-term borrowings during the construction period until the definitive delivery date of the asset. The interest rate is that defined in the terms of the financing granted to the Group.
The group has entrusted the appraisal of its assets to various independent specialists:

BNP Paribas Real Estate Valuation
Savills
Cushman & Wakefield Expertise
Crédit Foncier Expertise

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

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

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

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

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

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

The income statement records the variations in value over the year for each building calculated as follows:
Market value N - (market value N-1 + amount of capitalisable works and expenses during the financial year).

Income from the disposal of an investment project is calculated in relation to the last fair value posted in the closing balance sheet for the previous financial year.

2.7 Intangible fixed assets

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

Intangible fixed assets mainly involve the agreement concluded between Tour Eiffel Asset Management and Société Tour Eiffel valued with regard to Tour Eiffel Asset Management's acquisition (formerly Awon Asset Management) on 16 May 2006.
This agreement is depreciated over its fixed term, thus until 31 December 2011.
An impairment test will be made if any loss in value is suspected.

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

2.8 Financial assets

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

Financial assets at fair market value through the income statement

This category includes financial assets shown at fair value through the income statement when they were first recorded. A financial asset is classified in this category if it has been designated as such by management (assets valued at fair value through profit or loss) in accordance with IAS 39. Assets under this category are recognised as current assets when they are held for future transactions or if they are expected to reach maturity within twelve months of closing. They are then revalued at their fair value at each closing.

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

Loans, deposits, guarantees and other long-term receivables

These are non-derivative financial assets with payments that are determined or determinable, that are not listed on an active market. They are included in current assets, except for those reaching maturity more than twelve months after closing. The latter are categorized under non-current assets.

These assets are accounted for at cost.

2.9 Trade receivables and related accounts

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

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

2.10 Cash and cash equivalents

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

Marketable securities are classified as cash equivalent, since they meet the criteria of maturity, liquidity and the absence of volatility.
They are valued at fair value through the income statement.

2.11 Non -current assets and asset groups destined for disposal

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

Non-current assets are classified as "assets for disposal" if management, authorised to approve the disposal, has decided as such.
For the sale to be highly probable a plan to dispose of the asset must have been undertaken and an active program to find a buyer launched.

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

2.12 Shareholders' equity

The fair value of the subscription rights for shares and stock options is appraised according to the mathematical models at the allocation date. This fair value is recognised on the income statement as rights are acquired with shareholders' equity on contra account.

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

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

2.13 Borrowings and other financial liabilities

Borrowings

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

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

Hedging instruments

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

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

Other financial liabilities

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

These financial liabilities are accounted for at their amortised cost.

2.14 Provisions

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

2.15 Staff benefits

Retirement obligations

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

The Group had 23 employees at of 30 June 2011 of which 22 were with Tour Eiffel Asset Management and 1 was with Société de la Tour Eiffel.

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

As at 30 June 2011, the Group did not perform the appraisal of the value of the pension commitments representing defined benefits.

The valuation criteria (identical to those of 31 December 2010) were as follows:
- actuarial valuations (discount rate and net annual valuation of the fund at a rate of 4.68%),
- death rate assumptions (source INSEE 2009),
- employee turnover,
- 3.92% salary increase,
- retirement at age 65.

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

Payments based on shares

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

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

2.16 Deferred payment debts

The values of these debts are discounted and a financial charge or revenue is recorded in the income

statement for the deferred payment period.

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

2.17 Current and deferred taxes

The Group's tax regime

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

Deferred taxes

Deferred taxes recorded for the activities and companies subject to corporate income tax are calculated according to the liability method for all temporal differences between the tax value of assets and liabilities and their book value in the consolidated financial statements. The deferred taxes are determined using the tax rates (and taxation regulations) that were adopted or semi-adopted as at the closing date and which it is planned will apply when the deferred tax asset in question will be realised or the deferred tax liability will be paid.

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

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

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

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

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

Parcoval, a company which entered the scope on 31 March 2007, opted for the SIIC regime effective 1 April 2007.

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

Changes to the SIIC tax regime

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

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

Based on the shareholding structure at 31 December 2010, the company should not have to pay withholding taxes on its dividend distributions.

2.18 Recognition of income

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

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

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

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

2.19 Other income and expenses on ordinary activities

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

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

2.20 Lease-financing agreements

In direct financing leases, the Group (the lessor) has transferred to the lessee the risks and benefits attached to the asset; the lessor retains the lien granted to him under the direct financing contract agreed with the lessee.
The lessor enters the account receivable for an amount equal to the sum of the minimum payments of the direct financing lease.
The payments are broken down between repayment of the receivable and the financial revenue.
Details of future payments are not communicated due to their immaterial nature.

2.21 Distribution of dividends

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

3. Scope of consolidation

3.1 List of the consolidated companies

Companies	SIREN ID	Consolidation method	% of equity stake June 2011	% of equity stake December 2010	Date company joined Group's scope
SOCIÉTÉ DE LA TOUR EIFFEL	572 182 269	Parent company	100%	100%	
SCI DU 153 AVENUE JEAN JAURÈS	419 127 287	F.C.*	100%	100%	December 2003
SCI NOWA	443 080 379	F.C.*	100%	100%	April 2004
SCI MARCEAU BEZONS	429 665 672	F.C.*	100%	100%	June 2004
SCI ARMAN F02	444 978 076	F.C.*	100%	100%	April 2004
SCI DES BERGES DE L'OURCQ	478 726 565	F.C.*	100%	100%	September 2004
SCI CHAMPIGNY CARNOT	479 586 893	F.C.*	100%	100%	November 2004
SCI COMETE	479 576 761	F.C.*	100%	100%	December 2004
SCI LYON GENLIS	480 351 576	Full Asset Transfer at 30/06/2011	-	100%	January 2005
SCI ETUPES DE L'ALLAN	480 601 038	F.C.*	100%	100%	January 2005
SCI CAEN COLOMBELLES	482 598 133	F.C.*	100%	100%	May 2005
SCI MALAKOFF VALETTE	552 138 448	F.C.*	100%	100%	May 2004
SAS LOCAFIMO (1)	692 031 149	F.C.*	100%	100%	December 2005
SCI LA RIVIERE GIRAUDIERE (1)	388 323 909	F.C.*	100%	100%	December 2005
SCI BOTARDIERE (1)	397 968 207	F.C.*	100%	100%	December 2005
SCI PARIS CHARONNE (1)	403 104 458	F.C.*	100%	100%	December 2005
Tour Eiffel Asset Management	380 757 807	F.C.*	100%	100%	May 2006
SCI DE BROU	351 819 966	F.C.**	100%	100%	June 2006
SCI COGOLIN GAOU	442 525 382	F.C.**	100%	100%	June 2006
SCI DE LA CRAU	447 913 278	F.C.**	100%	100%	June 2006
SCI GRENOBLE PONT D'OXFORD	490 034 063	F.C.*	100%	100%	May 2006
SCI RUEIL NATIONAL	489 900 498	F.C.*	100%	100%	May 2006
SCI PORTE DES LILAS	490 989 803	F.C.*	100%	100%	July 2006
SCI VELIZY TOPAZ	328 223 706	F.C.**	100%	100%	December 2006
SCI ARMAN AMPERE	509 498 523	F.C.*	100%	100%	December 2008
SCI MONTROUGE ARNOUX	530 651 181	F.C.*	100%	-	February 2011

(1) Companies consolidated on acquisition of Locafimo.
* : Fully consolidated
** : acquisitions considered to be acquisitions of assets pursuant to paragraph 2.6.2.

All companies in the Group are registered in France.

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

3.2 Change in the consolidation scope

Creation

SCI Montrouge Arnoux was created on 28 February 2011.

Deconsolidations

Full Asset Transfer:

A full transfer of assets and liabilities by SCI Lyon Genlis was made in favour of Société de la Tour Eiffel on 30 June 2011.

4. Management of financial risks

Management of market risks

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

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

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

As at 30 June 2011, the Group's consolidated gross financing debt came to €626 million, made up of €282.2 million at fixed rate (hedged by swaps), and €343.8 million at variable rate, €270.3 million of which was hedged by caps. Thus at 30 June 2011, debt was hedged overall to a total ratio of 88.3%.

On the basis of the outstanding debt as at 30 June 2011, an average 100 basis-point rise in the 3-month Euribor interest rates would have a negative impact (on an annual basis) on recurring net income, estimated at €3.1 million.

Conversely, a 100 basis-point drop in interest rates would reduce the financing cost by an estimated €4.1 million, resulting in an equivalent positive impact on recurring net income.

Risks on treasury shares

As part of the share buyback programme authorised by the General Shareholders' Meeting of 20 May 2010, the company is subject to a risk on the value of the shares it is liable to hold.
Based on the number of shares held at 30 June 2011, or 93,678 shares, the sensitivity of results to a 10% decrease or increase in the Société de la Tour Eiffel share price is estimated to be €0.6 million.

Counterparty risk

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

Currency risk

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

Liquidity risk

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

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

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

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

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

- LTV ratio: amount of committed financings over that of the fixed assets financed;
- ICR ratio: interest coverage for the 2nd quarter of 2011 and projections of interest expense for the following three quarters over net rentals for the 2nd quarter of 2011 and those projected for the next three quarters.

Banking financing and main covenants at 30/06/2011

In €m	Consolidated financial debt as at 30/06/2011	Bank covenants		Last published ratios		Due date
		Maximum LTV	Minimum ICR	LTV	ICR	
RBS / AXA / Calyon / Crédit Foncier	124.8	75.0%	170%	53.8%	305%	15/06/2013
Société Générale / BECM	43.7	65%	145%	-	-	15/04/2018
Société Générale (50%) Crédit Foncier (50%)	54.1	65%	110%	55.4	134%	28/03/2017
Société Générale	12.6	NA	110%	NA	NA	14/01/2015
PBB (formerly HRE)	370.9	72.5%	140%	65.1%	318%	30/06/2013
Natixis	19.9	72.5%	225%	61.7%	297%	30/09/2011
Total	**626**					

The level of ratios under loan covenants at 30 June 2011 complies with all of the Group's commitments contained in its financing agreements.

5. Key accounting estimates and judgments

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

Accounting estimates and assumptions

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

Appraisal of the properties

The Group has its assets valued by independent appraisers who use assumptions of future flows and rates which have a direct effect on property values.
Since these valuations are necessarily estimations, it is possible that in the event of a future transfer, the sales price will differ from the aforesaid valuations.

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

Evaluation of intangible assets

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

Fair value of derivatives and other financial instruments

The fair value of financial instruments, which are not negotiated on an active market (such as derivatives traded over the counter), has been provided by the issuing establishment.
Derivatives are measured using data derived from prices directly observable on active and liquid markets (second level of the fair value hierarchy).

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

NOTE 1: Tangible assets

Variance by type

(in thousands of euros)	Property under construction	Office and Computer equipment	Total
Year-ended 31/12/10			
Net opening balance	-	427	427
Changes in consolidation scope	-	-	-
Acquisitions	-	13	13
Divestments	-	-	-
Reclassification	-	-	-
Other movements	-	-	-
Amortisation	-	(71)	(71)
Net balance at close		**369**	**369**
At 31.12.10			
Gross	-	817	817
Total amortisation	-	(448)	(448)
Net book value	**-**	**369**	**369**
Closed at 31/12/11			
Net opening balance	-	369	369
Changes in consolidation scope	-	-	-
Acquisitions	-	2	2
Divestments	-	-	-
Reclassification	-	-	-
Other movements	-	-	-
Amortisation	-	(33)	(33)
Net balance at close	**-**	**338**	**338**
At 30.06.11			
Gross	-	819	819
Total amortisation	-	(481)	(481)
Net book value	**-**	**338**	**338**

NOTE 2: Investment properties

Variance by type

(in thousands of euros)		**Investment property**
Year ended 31.12.2010		
Net opening balance		1,036,567
Acquisitions		18,953
Later expenditure		3,487
Divestments		(47,100)
Reclassification		-
Net transfer to buildings destined for sale		(14,685)
Changes in consolidation scope		-
Other movements		(465)
Fair value effect (profit and loss)		8,052
	Net balance at close	**1,004,809**
Year ended 30/06/11		
Net opening balance		1,004,809
Acquisitions and constructions		10,754
Expenditures from completed buildings		1,400
Divestments		-
Reclassification		-
Net transfer to buildings destined for sale		(22,405)
Changes in consolidation scope		-
Other movements(1)		(73)
Fair value effect (profit and loss)		158
	Net balance at close	**994,643**

(1) The other movements correspond to construction projects that were abandoned and reclassified as expenses.

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

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

NOTE 3: Goodwill on acquisitions

(in thousands of euros)	Comète	Malakoff Valette	Arman F02	Jean Jaurès	Locafimo	Total goodwill
Year ended 31.12.10						
Net opening balance	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Divestments	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Net balance at close	-	-	-	-	-	-
As at 31.12.10						
Gross	2,350	1,895	1,873	262	20,014	**26,394**
Total provisions	(2,350)	(1,895)	(1,873)	(262)	(20,014)	**(26,394)**
Net book value	-	-	-	-	-	-
Year ended 30.06.11						
Net opening balance	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Divestments	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Net balance at close	-	-	-	-	-	-
As at 30.06.11						
Gross	2,350	1,895	1,873	262	20,014	**26,394**
Total provisions	(2,350)	(1,895)	(1,873)	(262)	(20,014)	**(26,394)**
Net book value	-	-	-	-	-	-

NOTE 4: Intangible fixed assets

Variance by type

(in thousands of euros)	Internally generated intangible assets	Acquired intangible assets	Total intangible assets
Year ended 31.12.2010			
Net opening balance	-	1,510	1,510
Acquisitions	-	7	7
Divestments	-	-	-
Amortisation	-	(753)	(753)
Reclassification	-	-	-
New consolidations	-	-	-
Net balance at close	**-**	**764**	**764**
As at 31.12.2010			
Gross	-	4,270	4,270
Total amortisation	-	(3,506)	(3,506)
Net book value	**-**	**764**	**764**
Year ended 30.06.2011			
Net opening balance	-	764	764
Acquisitions	-	3	3
Divestments	-	-	-
Amortisation	-	(375)	(375)
Reclassification	-	-	-
New consolidations	-	-	-
Net balance at close	**-**	**392**	**392**
As at 30.06.2011			
Gross	-	4,273	4,273
Total amortisation	-	(3,881)	(3,881)
Net book value	**-**	**392**	**392**

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

€370,000 of the value of the intangible assets derive from the net value of the Asset Management contract recorded when Awon Asset Management, renamed Tour Eiffel Asset Management on 1 September 2010, entered the scope of consolidation (in 2006).

NOTE 5: Financial assets

Financial assets – Type

(in thousands of euros)	Fixed securities	Long-term investments	Valuation of caps and swaps	Deposits and sureties paid	Loans	Total Financial assets
Year ended 31.12.2010						
Net opening balance	2	-	830	4,410	-	**5,242**
Increases	-	-	-	5,570	-	**5,570**
New consolidations	-	-	-	-	-	**-**
Reclassification	-	-	-	-	-	**-**
Decreases	-	-	-	-	-	**-**
Redemptions	-	-	-	(8,435)	-	**(8,435)**
Fair value effect (profit and loss)	-	-	716	-	-	**716**
Provisions	-	-	-	-	-	**-**
Net balance at close	**2**	**-**	**1,546**	**1,545**	**-**	**3,093**
Year ended 30.06.2011						
Net opening balance	2	-	1,546	1,545	-	**3,093**
Increases	-	-	90	3,052	-	**3,142**
New consolidations	-	-	-	-	-	**-**
Reclassification	-	-	-	-	-	**-**
Decreases	-	-	-	-	-	**-**
Redemptions	-	-	-	(4,187)	-	**(4,187)**
Fair value effect (profit and loss)	-	-	197	-	-	**197**
Provisions	-	-	-	-	-	**-**
Net balance at close	**2**	**-**	**1,833**	**410**	**-**	**2,245**

Deposits and sureties paid:
The variations observed over the period mainly concern the cash pledges allocated to SAS Locafimo as part of the Group's financing operations.
At 30 June 2011, cash pledges had been entirely reimbursed (they totalled €1,135,000 at 31 December 2010).

Derivative instruments:
The Tour Eiffel group has contracted financial instruments (caps and swaps) which have not been considered as hedge instruments in accounting terms.
These financial instruments were originally entered on the assets side at their fair value as a counterpart to a financial debt corresponding to the outstanding updated premiums over the duration of the financial instruments.
The fair values are provided by the issuing financial institutions.
Any changes in the value of financial instruments from one year-end to another were recorded under financial result.
The adjustment to fair value at 30 June 2011 results in an overall positive financial impact of €5,812,000 (-€250,000 for the cap and €6,062,000 for the swaps/rate tunnels):

- positive financial impact of €197,000 in financial assets
- positive financial impact of €5,615,000 in financial debts (cf. Note 12).

Main characteristics of financial instruments held at 30 June 2011

Type of contract	Subscription date	Effective date	Expiration date	Notional amount in thousands of €	Benchmark rate	Guaranteed rate	Fair value in thousands of €
CAP	04-09-2006	04-09-2006	03-12-2012	58,715	3-month Euribor	5.00 %	361
CAP	25-03-2010	25-03-2010	28-06-2013	30,000	3-month Euribor	2.00%	174
CAP	02-07-2010	27-12-2010	28-06-2013	30,000	3-month Euribor	2.50%	100
CAP	30-06-2006	01-08-2007	07-06-2013	18 221	3-month Euribor	4.50%	6
CAP	30-06-2006	02-05-2007	07-06-2013	20 597	3-month Euribor	4.50 %	7
CAP	18-05-2010	27-10-2010	30-06-2013	32,000	3-month Euribor	2.50%	109
SWAP	19-05-2010	19-05-2010	16-01-2015	(1)	3-month Euribor	4.36%	141
SWAP	21-09-2010	21-09-2010	16-01-2015	(1)	3-month Euribor	4.36%	141
CAP	31-03-2010	31-03-2010	30-09-2011	26,000	3-month Euribor	2.00%	-
SWAP	07-06-2010	27-12-2010	30-06-2013	50,000	3-month Euribor	1.60%	366
SWAP	01-07-2010	27-12-2010	28-06-2013	30,000	3-month Euribor	1.65%	190
CAP	30-06-2011	30-06-2011	30-06-2013	15,000	3-month Euribor	1.53%	90
CAP / FLOOR	26-04-2011	28-04-2011	15-04-2016	18,000	3-month Euribor	2% / 3%	73
CAP / FLOOR	28-04-2011	02-05-2011	15-04-2016	18,000	3-month Euribor	2% / 3%	75
TOTAL							**1,833**

(1) Both are underlying swaps to the swap recorded as a debt for a value of €(650)K.

NOTE 6: Assets selected for disposal

(in thousands of euros)	Properties selected for disposal
Year ended 31/12/10	
Net opening balance	8,098
Net transfer from investment properties	14,685
Acquisitions	-
Divestments	(5,463)
Net balance at close	**17,320**
Year ended 30/06/11	
Net opening balance	17,320
Net transfer from investment properties	22,405
Acquisitions	-
Divestments	(2,920)
Net balance at close	**36,805**

The following divestments were made during the first half of 2011:
- one building in Locafimo's Parc des Tanneries complex in Strasbourg,

The balance corresponds to:
- buildings at Locafimo's Parc des Tanneries complex in Strasbourg;
- the SCI Paris Charonne building (commitment to sell signed in May 2010).
- Locafimo's Viséo building in Grenoble,
- Société F2Arman's land located in Massy.

NOTE 7: Trade receivables and related accounts

(in thousands of euros)	30 June 2011	31 December 2010
Gross	24,080	24,032
Provisions	(1,705)	(1,705)
Total net trade receivables and related accounts	**22,375**	**22,327**

NOTE 8: Other receivables and accrual accounts

(in thousands of euros)		30 June 2011 Net	31 December 2010 Net
- Advances and deposits paid		564	76
- Personnel and related accounts		55	21
- State receivables	(1)	5,041	4,058
- Current accounts (assets)		-	-
- Trade payables		157	58
- Prepaid expenses		1,771	1,116
- Other receivables	(2)	4,417	3,747
Total gross value		**12,005**	**9,076**
- Provisions on other receivables		(2,016)	(2,016)
TOTAL		**9,989**	**7,060**

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

(2) This amount is mainly composed of:
- In 2010: €2,016,000 corresponding to the Locafimo bank claims with the Pallas Stern bank (cf. Note 9), and €733,000 in calls for funds at Locafimo, Porte des Lilas and Vélizy Topaz
- In 2011: €2,016,000 corresponding to the Locafimo bank claims with the Pallas Stern bank (cf. Note 9), and €1,588,000 in calls for funds at Locafimo, Porte des Lilas and Vélizy Topaz

NOTE 9: Cash and cash equivalents

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

(in thousands of euros)	30 June 2011	31 December 2010
Marketable securities	10,685	119
Cash in hand and at bank	6,773	9,073
Total	**17,458**	**9,192**

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

(in thousands of euros)	30 June 2011	31 December 2010
Cash and cash equivalents	**17,458**	**9,192**
Bank credit balance (Note 12)	(13)	(3)
Total net cash	**17,445**	**9,189**

NOTE 10: Capital and premiums linked to capital

1) Composition of share capital

		Number of ordinary shares	Nominal value of the share *(in euros)*	Total capital *(in thousands of euros)*	Issue premium *(in thousands of euros)*	TOTAL *(in thousands of euros)*
As at 31 December 2009		**5,433,036**	**5**	**27,165**	**35,898**	**63,063**
Capital increase		159,248	5	796	5,899	6,695
Reduction in capital		-	-	-	-	-
Issue costs		-	-	-	-	-
Dividends paid		-	-	-	(7,319)	(7,319)
Appropriation to retained earnings		-	-	-	-	-
As at 31 December 2010		**5,592,284**	**5**	**27,961**	**34,478**	**62,439**
Capital increase	(1)	139,693	5	699	7,257	7,956
Reduction in capital		-	-	-	-	-
Issue costs		-	-	-	-	-
Dividends paid		-	-	-	-	-
Appropriation to retained earnings		-	-	-	-	-
As at 30 June 2011		**5,731,977**	**5**	**28,660**	**41,735**	**70,395**

All the issued shares have been fully paid up.

(1) The capital increase was due to 1) the shareholders exercising the option to pay the interim dividend in shares, which distribution was decided by the Board of Directors on 18 May 2011, and 2) the exercise of 1,500 stock subscription options.

2) Issue of stock options

The Conditions

Allocated in 2008

25,965 share subscription options were allocated to the company's officers and top executives.
Their strike price is €33.25.
All of the options may be exercised as of the date of their allocation, i.e. starting 11 December 2008. The options have a contractual term of five years.

Allocated in 2009

27,165 share subscription options were allocated to the company's officers and top executives.
Their strike price is €48.08.
All of the options may be exercised as of the date of their allocation, i.e. starting 15 October 2009. The options have a contractual term of five years.

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

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

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

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

Estimation of option value:

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

(in thousands of euros)	30 June 2011		31 December 2010	
	Average strike price (in €per share)	Options (in units)	Average strike price (in €per share)	Options (in units)
At 1 January	43.47	61,554	83.74	393,924
Granted	-	-	-	-
Null and void	-		-	340,196
Exercised	-	1,500	-	-
Adjustment after distribution	-	-	-	7,826
Due	-	2,643	-	-
At year end	**42.03**	**57,411**	**43.47**	**61,554**

Out of the 57,411 options in circulation on 30 June 2011, 57,411 options may be exercised.

The principal assumptions of the model are as follows:

Date granted	Status	Date exercised	Adjusted option strike price	Underlying price	Standard deviation of the anticipated yield	Annual risk-free interest rate
11/12/2008	Valid	11/12/2013	32.87€	14.90€	69%	3%
15/10/2009	Valid	15/10/2014	45.95€	36.44€	60%	2.6%

NOTE 11: Borrowings and financial debts

Borrowings and financial debts – Variance by type

(in thousands of euros)	Borrowings from credit institutions	Other borrowings and related debt	Current bank support	Cap liabilities	Deposits and sureties received Total	Total
Balance at 31.12.2009	**675,638**	**2,971**	**34**	**20,002**	**10,738**	**709,383**
Increases	83,784	2,596	-	-	816	**87,196**
Decreases	(131,748)	(2,971)	-	(294)	(1,820)	**(136,833)**
Fair value	-	-	-	(4,619)	-	**(4,619)**
Discounting/accretion	-	-	-	9	-	**9**
New consolidations	-	-	-	-	-	**-**
Other	-	-	(31)	-	-	**(31)**
Reclassification	-	-	-	-	-	**-**
Balance at 31.12.2010	**627,674**	**2,596**	**3**	**15,098**	**9,734**	**655,105**
Increases	44,160	2,520	-	-	672	**47,352**
Decreases	(45,872)	(2,926)	-	(138)	(387)	**(49,323)**
Fair value	-	-	-	(5,615)	-	**(5,615)**
Discounting/accretion	-	-	-	4	-	**4**
New consolidations	-	-	-	-	-	**-**
Other	-	-	10	-	-	**10**
Reclassification	-	-	-	-	-	**-**
Balance 30.06.2011	**625,962**	**2,190**	**13**	**9,349**	**10,019**	**647,533**

Borrowing from credit institutions - Fixed rate / Variable rate

(in millions of euros)	Fixed rate	Variable rate	TOTAL
Borrowings from lending institutions	282.2	343.8	**626**

The Group's average interest rate for financing was 3.6% at 30 June 2011.

After consideration of the fixed-rate swap instruments, the total fixed-rate debt comes to €282.7 million. Furthermore, the variable-rate debt, totalling €343.8 million, was hedged by cap instruments for €270.3 million.

Borrowings and financial debts

(in thousands of euros)	30 June 2011	31 December 2010
Non-current		
Bank loans	596,057	560,563
Other financial liabilities	19,116	23,008
Total	**615,173**	**583,571**
Current		
Bank loans	29,905	67,111
Accrued interest	2,190	2,596
Bank overdrafts	13	3
Other financial debts	-	-
Other financial liabilities	252	1,824
Total	**32,360**	**71,534**
Total borrowings and financial debts	**647,533**	**655,105**

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

(in thousands of euros)	30 June 2011	31 December 2010
From 1 to 5 years	521,255	518,400
Over 5 years	74,802	42,163
Total	**596,057**	**560,563**

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

Schedule of the extinction of total bank debt and of interest owing:

(in thousands of euros)	Nominal value	Interest	Total
30 June 2012	29,905	15,545	**45,450**
30 June 2013	497,172	16,872	**514,044**
30 June 2014	4,422	2,675	**7,097**
30 June 2015	15,314	2,555	**17,869**
30 June 2016	4,347	2,169	**6,516**
30 June 2017	4,099	2,038	**6,137**
30 June 2018	70,703	1,917	**72,620**
Total	**625,962**	**43,771**	**669,733**

Cap and swap liabilities

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

Principal characteristics of the liability-side financial instruments held at 30 June 2011

Type of contract	Subscription date	Effective date	Expiration date	Notional amount in thousands of €	Benchmark rate	Guaranteed rate	Fair value in thousands of €
SWAP	28-03-2008	28-03-2008	31-03-2013	2,829	3-month Euribor	4.53%	(62)
SWAP	28-03-2008	28-03-2008	31-03-2013	9,855	3-month Euribor	4.57%	(157)
SWAP	01-01-2010	01-01-2010	01-04-2014	39,340	3-month Euribor	4.34%	(2,416)
SWAP	28-06-2006	01-08-2006	07-06-2013	54,664	3-month Euribor	4.10 %	(2,444)
SWAP	29-06-2006	01-05-2007	07-06-2013	61,792	3-month Euribor	4.19 %	(2,874)
SWAP	06-01-2008	01-02-2008	16-01-2015	8,992	3-month Euribor	4 .36%	(650)
SWAP	14-01-2008	14-01-2008	14-01-2015	3,660	3-month Euribor	4.20%	(245)
CAP / FLOOR	05-05-2011	05-05-2011	28-06-2013	30,000	3-month Euribor	2.00%	(139)
TOTAL							**(8,987)**

NOTE 12: Long-term and current (less than one year) provisions

(in thousands of euros)	Provision for employee disputes	Provision for the risk of insurance policies failing to pay out	Provisions for retirement benefits	Other provisions for expenses	Other provisions for expenses	Total
Balance at 31.12.2010	**-**	**100**	**133**	**-**	**-**	**233**
Allocations	-	-	-	-	-	-
Reversals not used	-	-	-	-	-	-
Reversals used	-	-	-	-	-	-
Changes in consolidation scope	-	-	-	-	-	-
Balance at close 30.06.2011	**-**	**100**	**133**	**-**	**-**	**233**

(in thousands of euros)	**30 June 2011**		**31 December 2010**	
	Long term	**Less than one year**	**Long term**	**Less than one year**
Provision for employee disputes	-	-	-	-
Provision for Locafimo tenant risks	100	-	100	-
Provisions for retirement benefits	133	-	133	-
Other provisions for expenses	-	-	-	-
Net balance at close	233	-	233	-
Total per period	**233**		**233**	

NOTE 13: Tax and social security owed (current and non-current)

Type (in thousands of euros)	30 June 2011	31 December 2010
Taxes owed (exit tax)	-	-
Other tax indebtedness	-	-
TOTAL non-current tax debts	**-**	**-**
Social security owed	1,109	1,091
Taxes owed (exit tax - current portion owed)	-	187
Other tax indebtedness	11,407	7,170
TOTAL current tax and social security related debts	**12,516**	**8,448**
TOTAL	**12,516**	**8,448**

NOTE 14: Deferred taxes

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

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

NOTE 15: Trade accounts payable and other indebtedness

Type (in thousands of euros)		30 June 2011	31 December 2010
Trade accounts payable		6,143	4,374
Debts associated with acquisitions of tangible fixed assets	(1)	5,657	2,080
Current account liabilities		-	-
Advances and deposits received		765	640
Due to clients		1,294	1,369
Other operating debts	(2)	1,558	1,040
Prepaid income	(3)	18,507	18,210
TOTAL		**33,924**	**27,713**
Other long-term liabilities			
Prepaid income	(4)	392	327
TOTAL		**392**	**327**

(1) Corresponds to outstanding payments on properties owned by:
- Arman F02 (€277,000),
- Arman Ampère (€64,000),
- Locafimo (€808,000),
- Montrouge Arnoux (€4,498,000).

(2) This account is mainly made up of monies owed to lease managers.

(3) At 30 June 2011, this account was mainly made up of prepaid rental income for Q3 2011.

(4) This account reflects the reclassification of the net subsidy received by:
- Jaurès €121,000
- Rueil €198,000
- Porte des Lilas €22,000
- Champigny Carnot €43,000 against €3,000 at 31.12.2010

NOTE 16: Turnover

Turnover – Comparative analysis by type

(in thousands of euros)	**30 June 2011**	**30 June 2010**
Rental income	34,670	37,440
Other rental income (1)	6,360	6,655
Total turnover	**41,030**	**44,095**

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

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

Accrued rent for fixed-term leases held in portfolio

(in thousands of euros)	**30 June 2011**	**30 June 2010**
Total minimum future payments		
Less than one year	66,484	69,750
Between 1 and 5 years	200,667	233,311
More than 5 years	73,577	134,423
Total future payments	**340,728**	**437,484**
Rental income reported as year-end income	**34,670**	**37,440**

NOTE 17: Consumed purchases

(in thousands of euros)	**30 June 2011**	**30 June 2010**
Non-stocked purchases of material and supplies	(82)	(19)
Total purchases consumed	**(82)**	**(19)**

NOTE 18: Personnel expenses, external charges, duties and taxes

Staff expenses

(in thousands of euros)	30 June 2011	30 June 2010
Staff remuneration	(1,299)	(1,301)
Social security withholding payments	(600)	(610)
Charges on payments in shares		(77)
Total Staff Expense	**(1,899)**	**(1,988)**

External expenses

(in thousands of euros)	30 June 2011	30 June 2010
- General subcontracting	(36)	(150)
- Rentals and rental expenses	(3,138)	(3,335)
- Maintenance and repairs	(757)	(577)
- Insurance premiums	(599)	(537)
- Miscellaneous documentation, seminars	(23)	(14)
- Staff from outside of the company		(4)
- Remuneration of intermediaries and fees (1)	(2,069)	(2,393)
- Advertising, publishing and public relations	(86)	(161)
- Goods transport, collective staff transport	(2)	(6)
- Travel, assignments and receptions	(130)	(95)
- Postal and telecommunications costs	(38)	(37)
- Banking and related services	(116)	(105)
- Other external services	(243)	(71)
Total external expenses	**(7,237)**	**(7,485)**

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

Taxes and duties

(in thousands of euros)	30 June 2011	30 June 2010
Property taxes	(3,419)	(2,930)
Other duties and taxes	(1,244)	(1,090)
Total duties and taxes	**(4,663)**	**(4,020)**

NOTE 19: Net amortisation and provisions

(in thousands of euros)	**30 June 2011**	**30 June 2010**
- Allocations / Reversals of intangible assets	(375)	(379)
- Allocations / Reversals of tangible assets	(33)	(36)
TOTAL Amortisation allowances/reversals	**(408)**	**(415)**
- Allocations / Reversals for current assets	-	-
- Allocations / Reversals for operating liabilities & expenses	-	-
- Allocations / Reversals for operating receivables	-	-
TOTAL Allowances / Reversals	**-**	**-**

NOTE 20: Net balance of value adjustments

(in thousands of euros)	**30 June 2011**	**30 June 2010**
- Investment property	158	556
- Goodwill on acquisitions.	-	-
TOTAL	**158**	**556**

NOTE 21: Other operating income and expenses

(in thousands of euros)	**30 June 2011**	**30 June 2010**
- Miscellaneous current management income	66	96
- Irrecoverable receivables losses	-	-
- Miscellaneous current management expenses	(71)	(91)
- Other net allowances for provisions	-	-
- Proceeds from disposals of investment property *	2,950	9,100
- Net book value of the property disposed of *	(2,920)	(8,780)
- One-time charges on previous financial years	(3)	
TOTAL	**22**	**325**

* Corresponds to the divested building at Parc des Tanneries.

Rental income and direct operating expenses linked to investment properties:

(in thousands of euros)	**Investment properties producing rental income**	**Investment properties not producing rental income**
Rental income	34,670	-
Direct operating expenses (1)	4,178	3,901

(1) Chiefly property administration costs and property tax.

NOTE 22: Net financial debt costs

(in thousands of euros)	**30 June 2011**	**30 June 2010**
- Marketable securities income	49	23
- Loan income	-	-
Total income from cash and near cash	**49**	**23**
- Interest on financing deals	(11,501)	(12,547)
Total gross financial debt costs	**(11,501)**	**(12,547)**
TOTAL NET FINANCIAL DEBT COST	**(11,452)**	**(12,524)**

NOTE 23: Other financial income and expenses

(in thousands of euros)		**30 June 2011**	**30 June 2010**
- Other financial income *	(1)	5,818	2,093
- Income from securities transfers		-	-
Total other financial income		**5,813**	**2,093**
- Write-offs of accounts receivable		-	-
- Other financial expenses *	(1)	(712)	(2,519)
- Net book value of transferred securities		-	-
Total other financial expenses		**(712)**	**(2,519)**
TOTAL		**5,106**	**(426)**

(1) Of which €5,813,000 for adjustment in the value of financial instruments at 30/06/11 against €(623,000) at 30/06/10.

NOTE 24: Company income tax

(in thousands of euros)	30 June 2011	30 June 2010
Current tax	(1)	130
Deferred tax		-
Total	**(1)**	**130**

NOTE 25: Basic earnings per share

Basic earnings

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

(in thousands of euros)	30 June 2011	30 June 2010
Year-end net profit(loss)	20,574	18,229
Average weighted outstanding shares	5,506,547	5,338,377
Basic earnings per share (€per share)	3,74	3,41

Diluted Earnings

The diluted earnings per share is calculated by increasing the weighted average number of shares in circulation by the number of shares that would result if all the share warrants and stock options that potentially have a dilutive effect were converted. For share options, a calculation is made in order to determine the number of shares which could have been acquired at their fair value (namely, the average annual market price of the company’s shares) on the basis of the monetary value of the share options in circulation. The number of shares calculated in this way is compared with the number of shares which could have been issued if the options had been exercised.

(in thousands of euros)	30 June 2011	30 June 2010
Year-end net income	20,574	18,229
Average weighted number of ordinary shares used to calculate the diluted earnings per share	5,521,811	5,348,105
Diluted earnings per share (€per share)	3.73	3.41

Earnings-dilutive financial instruments

The weighted average number of shares at 30 June 2011 which can give access to the share capital is as follows:

	Number of securities	Giving right to number of securities
Shares	5,731,977	5,731,977
Share options	55,125	21,192
Treasury shares	(93,678)	(93,678)
TOTAL	**5,693,424**	**5,659,491**

NOTE 26: Distribution

The General Meeting voted to distribute a dividend of €2.2 per share for a total amount of €12,100,924 in shares and €4,194,902 in cash.
This distribution was paid out on 21 June 2011.

NOTE 27: Transactions with related parties

- **Remuneration of senior management**

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

(in thousands of euros)	**30 June 2011**	**30 June 2010**
Salaries and other short-term benefits	360	360
Directors' fees	60	60
Payments based on shares (stock options)	-	77
TOTAL	**420**	**497**

The redundancy payment for a deputy general manager may be no less than €250,000.

- **Related parties**

€335,000 in fees were paid to Bluebird Investissements, a related party, during the first half of 2011. The amount of the fees was identical to that paid in H1 2010.

NOTE 28: Off-balance-sheet commitments

1) Off-balance sheet commitments related to the scope of the consolidated group

Commitments given

No commitment was given.

Commitments received:

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

2) Off-balance sheet commitments related to the financing of the company

Commitments given:

(in thousands of euros)	Starting date	Expiration date	30 June 2011	31 December 2010
Unused credit lines	-	-	**13,134**	**13,300**
Pledged securities (acquisition price of securities pledged)				
- Nowa shares	28/02/2006	15/04/2018	14,528	14,528
- Champigny Carnot shares	12/01/2005	15/06/2013	1	1
- Lyon Genlis shares (company absorbed by full transfer of assets in June 2011)	24/03/2005	15/06/2013		1
- Jaurès shares	07/04/2005	15/06/2013	5,146	5,146
- Caen shares	21/06/2005	15/06/2013	1	1
- Etupes shares	12/07/2005	15/06/2013	1	1
- Locafimo shares	27/12/2005	30/06/2013	371,887	375,948
- Bezons, Grenoble and Rueil shares	15/06/2006	15/06/2013	3	3
- Malakoff shares	14/02/2007	15/06/2013	6,500	6,500
- shares held by STE	25/07/2007	15/06/2013	-	-
- shares in Berges de l’Ourcq	14/12/2004	15/06/2013	1	1
- shares held by Jaurès	24/01/2007	15/06/2013	2,003	2,003
Collateral accounts			372	-
			400,443	**404,133**
Money lender's lien	-	-	**87,729**	**66,366**
Surety	-	-	**2,130**	**2,515**
Framework agreement				
- between STE and RBS	30/11/2004	-	125,520	127,282
- between STE and Natixis	31/03/2010	-	20,079	23,079
			145,599	**150,361**

Commitments received:

(in thousands of euros)	Starting date	Expiration date	30 June 2011	31 December 2010
Tenant's security deposit			1,877	1,859
Joint guarantee				
- F02 Arman	22/01/2003	-	49,222	49,222
- Rueil	26/09/2008	-	32,317	32,317
- STE	03/02/2011		478	-
- other companies	-	-	369	369
			82,386	**81,908**
Pledge	-	-	**200**	**200**
Performance bond				
- Porte des Lilas	12/12/2008	-	49,474	49,474
- Montrouge	04/03/2011	-	28,110	-
- other companies	-	-	6,250	6,635
			83,834	**56,109**

3) Off-balance sheet commitments related to the operating activities of the issuer

Commitments given:

(in thousands of euros)	Starting date	Expiration date	30 June 2011	31 December 2010
Mortgages (net book value)				
- Arman F2 building	28/03/08	28/03/17	39,567	42,500
- the Nowa buildings	15/04/11	15/04/18	45,000	36,270
- the Caen building	21/06/05	15/06/13	3,519	3,519
- the main block of the Champigny building	14/12/04	15/06/13	581	581
- blocks A and B of the Champigny building	12/01/05	15/06/13	570	570
- the Etupes building	12/07/05	15/06/13	10,750	10,750
- the Montrouge building	15/04/2011	30/06/2018	18,830	-
- the Jaurès building	07/04/05	15/06/13	12,532	11,250
- the buildings of Locafimo and its subsidiaries	17/02/09	30/06/13	331,887	375,948
			463,236	**481,388**
Commitments to sell/Deeds of conveyance			**21,005**	
Commitment made to a builder			**2,650**	**-**

Commitments received:

(in thousands of euros)	Starting date	Expiration date	30 June 2011	31 December 2010
Rent guarantee	-	-	6,290	4,709
Deed of transfer – K1 lot at Arman F02	22/07/11	22/07/11	1,980	
Commitment to sell – Building E at Parc des Tanneries	23/06/11	23/12/12	1,400	
Forward sale – Building in Amiens	03/02/11	28/02/13	3,225	
Commitment to sell – Paris Charonne building	21/05/10	31/03/12	14,400	14,400
			21,005	14,400

Expertise & Audit SA	**PricewaterhouseCoopers Audit**
3, rue Scheffer	63, rue de Villiers
75016 Paris	92200 Neuilly-sur-Seine

STATUTORY AUDITORS' REPORT
on the 2011 half-yearly financial statements

(Period running from 1 January to 30 June 2011)

To the shareholders of:

SOCIETE DE LA TOUR EIFFEL "Société anonyme" (public limited company) with capital of 28,659,885 euros	20-22 rue de la Ville l'Evêque 75008 Paris

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

- performed a limited examination of **Société de la Tour Eiffel**'s consolidated half-yearly financial statements for the period of 1 January to 30 June 2011, as they are appended to this report;
- verified the information presented in this half-year business report.

These consolidated half-yearly financial statements were drawn up under the supervision of the Board of Directors. It is our responsibility, based on our limited examination, to provide our conclusion on these financial statements.

1. Conclusion on the financial statements

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

Based on our limited examination, and given the International Financial Reporting Standards as adopted by the European Union, we have found no significant misstatements that would call into question the consistency and trueness of the half-yearly accounts, nor the fair representation they

make of the assets, financial position at the end of the half year, and overall result of the half year ended for all persons and entities included in the consolidation scope.

2. Specific verifications

We have also verified the information presented in this half-year business report commenting on the consolidated half-year financial statements covered by our limited examination. We have no comments regarding their fairness and consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, 28 July 2011

The Statutory Auditors

Expertise & Audit SA **PricewaterhouseCoopers Audit**

Hélène Kermorgant Yves Nicolas

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

certify, to the best of my knowledge, that the consolidated financial statements as at 30 June 2011 have been drawn up in accordance with the applicable financial standards and provide a fair representation of the asset portfolio, the financial situation and the net income of the Société de la Tour Eiffel and of all the companies included in its scope of consolidation, and the half-year report presents a true chart of the major events that have occurred over the six months of the financial year, their effects on the financial statements, the major transactions between related parties and a description of the major risks and prominent uncertainties envisaged in the six remaining months of the financial year.

Executed in Paris,
On 28 July 2011

"Société anonyme" (public limited company) with capital of 28,659,885 euros
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