



Constant returns

2011 FINANCIAL REPORT



S O C I É T É D E L A T O U R

E I F F E L



2011 FINANCIAL REPORT

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MESSAGE FROM THE CFO

Once again, 2011 demonstrated the strength of the business model of Société de la Tour Eiffel despite a market environment in the second half perturbed by the various euro, sovereign debt and credit crises. If the selective disposals made from our portfolio resulted in a decline in operating income on recurring activity, to €54.2 million against €56.5 million in 2010, the triple net NAV (adjusted in accordance with EPRA recommendations) increased over one year from 68.6 to 69.2 euros per share.

In operational terms, the company recorded a satisfactory performance in 2011. Successful marketing helped secure potential rental income of €75 million for 2013 on a like-for-like basis, against €69.4 million in 2011. This means the future rental income and structural results of the company are secure and will improve in quality. Furthermore, cash flow was maintained at 5.80 euros per share, thereby enabling a recurring and sustainable distribution to shareholders.

The disposals policy, an integral part of the strategic aim of focusing the portfolio on rational, certified office buildings in the Paris suburbs, with moderate rents, also contributed to the favourable management of the Group's debt. At year-end 2011, the net LTV (loan-to-value) stood at 57.6%, against 60.4% one year earlier and more than 62% in 2009. This trend illustrates the constant focus of Société de la Tour Eiffel's team on responding to market expectations. The refinancing currently under negotiation associated with the disposals of properties that do not match the Group's strategy, should, in the medium term, help to bring the LTV below 50%. Incidentally, it is worth noting that the cost of debt remained low, at 3.50%, despite the prevailing volatility of market rates.

For 2012, Société de la Tour Eiffel will pursue its disposal strategy, and refinancing opportunities in anticipation of its 2013 maturity dates. Portfolio rationalisation will continue whereas land reserves (140,000 sq. m) serve as a source of organic growth. As demonstrated in recent years, the company is more than capable of capitalising on its land reserves, thereby ensuring growth in future revenues and the maintenance of a high dividend policy.



Jérôme Descamps
> *Deputy Managing Director (Finance)*
and *Director (Board of Directors), Société de la Tour Eiffel*

MANAGEMENT REPORT

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MESSAGE FROM THE MANAGEMENT

Financial crises come and go, real estate remains. In 2011, despite fears provoked by the Euro zone crisis, French commercial real estate proved resilient, with 15 billion euros in transactions (up almost 30%!) and sustained activity in terms of office leasing. With vacancy rates and rent levels which remained both reasonable and stable, the situation was far from dramatic in terms of activity for listed property companies. This being said, the market was not driven by growth, but by savings and downsizing.

Société de la Tour Eiffel largely anticipated overall trends in its strategy, having long opted for new, quality buildings, compliant with international standards and situated on the outskirts of Paris or the periphery of major regional centres. Companies today seek rational buildings at affordable rents. With two-thirds of its portfolio either less than 10 years old, new or certified (LEB / HQE), the company is well positioned relative to growing user requirements. Our disposal strategy is also attuned to this strategy in contributing to a steady rejuvenation of the portfolio.

This strategic vision has translated into success in terms of marketing in recent years, particularly in 2011, resulting in an occupancy rate which improved significantly to 91% at the end of 2011, with numerous quality covenants among its 400 tenants, and the absence of any major default. The land reserves available to the company will also increase in value in the coming years.

This operational success is due in part to a management team of high quality that will also help develop the Group. Management rejuvenation has been initiated in anticipation of the next growth cycle, with the announcement of the gradual retirement of the two current founding directors and the appointment of a new chief executive officer as of September 2012. The rejuvenated Board also welcomed its first female director in 2011.

With a high-quality portfolio and reserves for growth, a talented and motivated team, and a tangible strategy, Société de la Tour Eiffel combines many assets of appeal to a wide range of institutional and individual shareholders.

1 – BUSINESS AND HIGHLIGHTS

Marked by continued economic uncertainty, 2011 once again was a year divided into two periods. The first half saw a gradual upswing in confidence and an easing of the financial markets, thereby supporting the value of SIICs (French REITs) in general, reflected in the fact that the Société de la Tour Eiffel share price was close to its NAV. From August onwards, a reverse was occasioned by the euro and certain sovereign debts crisis, leading to political instability and volatile financial markets marked by a new stock market decline and credit crunch.

Against this background, interest rates remained very low and the market for commercial real estate fared surprisingly well; the office rental market proved resilient, boosted in particular by small and medium-sized transactions and a number of exceptional turn-key developments. The investment market also rebounded, partly due to the year-end extinction of Article 210 E (Tax Code), favourable capital gains tax treatment, but also a few large-scale transactions and generally sustained activity in the second half despite the Euro crisis.

1.1 – Group real estate highlights

Whilst the macro-economy resulted in a certain neglect of listed real estate, the direct real estate market continued to turn in a positive performance, a factor from which Société de la Tour Eiffel benefitted due to its excellent operational results. Activity was sustained once again in 2011 in terms of investment and development but above all the marketing of its standing portfolio, which is tailored to rental demand: modern assets, moderate rents, high occupancy rates, solid cash flow and liquid properties with a limited lot size.

a) Investment policy

Encouraged by the progress made in marketing its existing portfolio, in the first half of 2011 Société de la Tour Eiffel gave consideration to acquiring assets matching its strategy: new, LEB-certified buildings, in the Greater Paris Region with reasonable rents.

The forward purchase (Fr. VEFA) of a 5,000 sq.m office building (with underground car parking) in Montrouge represented an investment of approximately €25 million, for an expected 7.5% return on investment and a delivery scheduled for the first quarter of 2013.

During the second half of 2011, due to the impact of the economic context on the property market and the resulting lack of bank liquidity, the company focused its investment activities on attending to the development and extension requirements of its tenants, notably the on-going construction of an LEB office building of 2,200 sq.m in the Parc du Moulin à Vent in Venissieux, secured on a 9-year closed pre-letting. In the same park, the company undertook to acquire a 6,000 sq.m site for the future development of two 2,000 sq. m office buildings subject to pre-leasing.

b) Valuation of the Group's land reserves

Redevelopment operations on the Massy Ampère site

The Group continued the development of its land reserves in Massy (Ampère integrated development zone). For several years, the site has been the subject of reconversion and redevelopment operations, in conjunction with the redevelopment of the integrated development zone decided by the Municipality of Massy.

In this context, a plot K1 was ceded to the local authority for future public amenities by SCI Arman F02, in accordance with the development master plan contract signed with the semi-public company S.E.M. Massy in October 2007.

The redevelopment of the remaining land, owned by SCI Arman Ampère, continued to be the subject of study and research during fiscal 2011 and will only take place in the event of a pre-letting. This could ultimately represent a total investment of over €200 million and generate additional annual rental income of some €16 million (for the record, construction of 90,000 sq.m for Carrefour's headquarters on an adjacent plot of land is currently under way).

c) Business parks

The Group continued to renovate its business parks and studied the construction of new buildings, particularly at the Parcs Eiffel in Vénissieux, Villeneuve d'Ascq, Marseille, Mérignac, Aix-en-Provence, Strasbourg and Nantes. The construction of a 2,200 sq.m LEB office building in the Parc du Moulin à Vent in Vénissieux secured on a fixed-term 9-year lease, to be delivered early 2012 fell within this context.

d) Non-business park development

The Group continued to study the optimal exploitation of its land reserves (excluding business parks) and/or the redevelopment possibilities within the portfolio taking into account user requirements, particularly at Massy Ampère, Bezons and Lyon (nursing home).

e) Change in value of property assets

44% of the Group's property assets, valued at €999 million in the consolidated accounts dated 31 December 2011 compared with €1,022 million at year-end 2010, are either new or less than 10 years old, and 18% are HQE-certified.

The net decrease in value is the combined result of:

- On the upside, of investments in buildings under construction at 31 December 2011 (€13.5m), and works expenditures on the existing portfolio (€4.4 million);
- On the downside, of disposals made in 2011 (€37.4 million) and the adjustment of portfolio values on a like-for-like basis (-€3.1 m).

f) Business activity

The company maintained a sustained level of leasing activity in 2011 in terms of both new rentals and lease renewals on its existing portfolio, representing more than €7.8 million in annual rent for total floor space of nearly 60,000 sq. m., the major event of the year being the leasing up of the new HQE-certified, Topaz office property in Vélizy, with a fixed-term 9-year lease to Altran (10,541 sq.m) and to General Mills (2,466 sq.m)

As a result of this consolidation of the rental portfolio, the overall tenancy situation at 31 December 2011 further improved. Some 55% of total rental income is secured with fifteen major tenants, whose average lease term extends to the fourth quarter of 2016. The remaining rental income stems from multi-let properties (400 leases), with the benefit of a wide geographical distribution and competitive, moderate rents.

Given this highly satisfactory operational performance in 2011, the physical occupancy rate (the ratio between the lettable area of the portfolio and its total floor area) of properties in service stood at 89.1% at 31 December 2011, against 85.8% at year-end 2010. The financial occupancy rate (the ratio between effective rental income (annualised) and total potential rental income*) stood at 91.1% at 31 December 2011, against 86% at 31 December 2010).

⁽¹⁾ Total potential rental income: rental income receipted for occupied floor area and market rent for vacant property.

g) Disposal policy

In 2011, as in previous years, Société de la Tour Eiffel continued to pursue a policy of selective disposals.

Four properties were sold in 2011:

- Buildings 15/22/23/24 in the Parc des Tanneries in Strasbourg were sold to a residential developer on 17 January 2011 for €3 million.
- A plot of land forming block K1 of the Ampère integrated development zone was ceded on 22 July 2011 for a price of €2 million to the S.E.M. Massy.
- The Viséo building in Grenoble was sold on 9 September 2011 for €19.3m (an isolated unit in the province)
- 98 rue de Charonne - Paris was sold on 7 November 2011 for residential redevelopment at a price of €14.4 million.

The overall sale proceeds of these assets amounts to €38.7 million, slightly above the appraisal value prior to disposal.

The €8.9 million of properties to be sold, appearing in the consolidated accounts at 31 December 2011, represent the Amiens property, Building E in the Parc des Tanneries, Strasbourg, the Bezons complex and a building in the Cadera Business Park, Bordeaux.

Following these events, the value of the portfolio of commitments at 31 December 2011 stood at €1,012.8 million, comprising investment property recorded in the consolidated accounts at 31 December 2011 (€990.3 million, including buildings under construction reflecting cost to date); the additional fair value of the cost to completion of developments (€13.6 million); and assets earmarked for disposal (€8.9 million).

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

In 2011, the Group adjusted its financing needs upwards to meet the requirements of development projects launched and/or completed as part of its organic growth, and downwards for completed disposals.

The consolidation of its financial resources and stringent management of debt also benefitted from the favourable impact of interest rates, which remained at historically low levels.

The Group thus continued the financial restructuring begun in 2008 and continued to pursue its goals of extending, splitting and staggering its relatively short term credit lines.

New financing:

- Financing of the Montrouge development

A loan was taken out on 30 June 2011 to finance the office development in Montrouge (Hauts-de-Seine department). This loan comprises two parts, one for €15 million with a seven-year term, and the other for €3.830 million with a three-year term (to finance the VAT on stage payments of the acquisition).

- Refinancing of the La Poste portfolio

The refinancing for the La Poste portfolio of twelve properties (mainly sorting centres leased to La Poste) was finalised on 15 April 2011. A new amortisable, seven-year loan for €45 million was taken out, split 50/50 between two French banks.

Extension of an existing corporate credit line:

The €35 million corporate credit line taken out on 31 March 2010 was extended for one year as from 30 September 2011. At 31 December 2011 €13.1 million had been drawn down.

Hedging arrangements:

Two new rate hedging instruments, namely collars (a 2% floor and a 3% cap), were taken out in relation to La Poste refinancing. This limited the overall cost of this new debt to a lower level than that previously (for a total notional amount of €36 million).

Furthermore, another collar (a 2% floor and a 3% cap) was taken out (€30 m), as well as three new cap contracts (at 2% and 2.5%) for a total notional amount of €43 m.

1.3 – Other highlights

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 (only 1,500 of the 11,103 options were exercised).

Plan No. 4 of the stock options granted by the Board of Directors on 14 September 2006 expired on 14 September 2011 (without being exercised).

Consequently, the total stock options exercisable at 31 December 2011 now amount to 55,941, i.e. 1% of capital (1.1% at 31 December 2010).

b) Bonus shares

On 8 December 2011, the Board of Directors decided as authorised by the Extraordinary General Shareholders' Meeting on 18 May 2011 in its nineteenth resolution, to allocate 20,000 bonus shares to certain corporate officers and / or employees of the company or of its subsidiaries of its choice.

In the case of corporate officers and directors, the definitive attribution of shares would be conditional to reaching the following two non-cumulative performances after a period of two years:

- two third of the shares would be definitively allocated on the condition that the Company's equity capital is first reinforced and that banking debt (notably expiring in 2013) has been refinanced under conditions that are favourable to the Company;
- one third of shares would be definitively allocated on the condition that the consolidated operating cash flow on a likeforlike basis, adjusted for capital gains or losses on sales, is at least 5% higher on the date of acquisition than the average of the three previous financial years.

The satisfaction of these criteria will be established by the Board of Directors at the final allocation date (i.e. 2 years after the date of initial allocation).

In addition, the recipients, in their capacity as senior executives of Société de la Tour Eiffel or of its subsidiaries, will be required to retain a third of their shares whilst in office.

The acquisition period extends to two years, as does the holding period.

c) Distribution

The General Shareholders' Meeting of 18 May 2011 moved to distribute a final dividend of 2.2 euros per share for fiscal 2010. Shareholders having the choice between payment in cash or in shares.

On 27 July 2011, the Board of Directors also decided to distribute an interim dividend of 2.10 euros per share on account of the dividend for fiscal year 2011, shareholders again having the choice between payment in cash or in shares.

d) Capital increases

Shareholders' equity was increased as follows:

- by €7,500 on 18 May 2011 (1,500 shares at €5), from €27,961,420 divided into 5,592,284 €5 shares, to €27,968,920 divided into 5,593,784 €5 shares. 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.
- by €690,965 on 20 June 2011 (138,193 shares at €5), thus going from €27,968,920 divided into 5,593,784 €5 shares, to €28,659,885 divided into 5,731,977 €5 shares. The capital increase was due to shareholders exercising the option to receive the dividend in shares, their distribution being decided by the Ordinary General Shareholders' Meeting of 18 May 2011.
- by €21,475 on 19 September 2011 (4,295 shares at €5), from €28,659,885 divided into 5,731,977 €5 shares, to €28,681,360 divided into 5,736,272 €5 shares. The capital increase was due to shareholders exercising the option to receive the 2011 interim dividend in shares, their distribution being decided by the Board of Directors on 27 July 2011.

e) Share buyback programme - liquidity contract

The Board of Directors, by reason of the authority granted it by the General Shareholders' 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 said Meeting for a maximum term of eighteen months as from the date of the 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 those of affiliates, under the terms and conditions allowed for by law, especially as regards stock option plans, the free attribution of 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 the buyback is authorised is equivalent to 10% of the Company's capital. This authorisation may not be used during a period of takeover bid or merger.

At 31 December 2011, Société de la Tour Eiffel held 92,594 treasury shares acquired through the share buyback programme and 1,056 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 2011 financial period.

f) Governance

The composition of the Board of Directors was modified by the General Shareholders' Meeting of 18 May 2011 as certain directorships could not be renewed due to age limit constraints. Two new independent directors were appointed: Mrs Mercedes Erra and Mr Richard Nottage.

In 2011 the Board adopted a succession plan for its current founding directors, Messrs Mark Inch (Chairman and Managing Director) and Robert Waterland (Deputy Managing Director), to ensure a gradual and sustainable succession. They will become respectively non-executive Chairman of the Board and Group Real Estate Consultant for at least two years as from 1 September 2012, the role of Chief Executive Officer being entrusted on that date to Mr. Renaud Haberkorn, currently a non-executive director of the Company.

Finally, Mr. Frédéric Maman was appointed Deputy Managing Director with effect from 1 September 2012; his appointment as a member of the Board will be proposed at the next General Shareholders' Meeting. Mr. Jérôme Descamps, Deputy Managing Director and Board member, will continue to act as Chief Financial Officer for the Group.

Membership of the committees was also modified during fiscal 2011 and is now as follows:

Audit committee:

- Chairman: Philippe Prouillac
- Member: Richard Nottage.

Appointments and Remunerations Committee:

- Chairman: Aimery Langlois-Meurinne
- Member: Mercedes Erra.

Furthermore, an initial self-assessment was carried out by the Board in December 2010 / January 2011. A summary conclusion of this exercise was included in the Chairman's internal control report for fiscal 2010.

g) Internal reorganisation

The SCI Lyon Genlis and the SCI Malakoff Valette, which no longer held assets, were dissolved without liquidation in 2011.

h) Tax audits

Two tax inspections took place in 2011, one on Société de la Tour Eiffel, the other on SNC Tour Eiffel Asset Management, covering the years 2008, 2009 and 2010.

The tax inspection of Société de la Tour Eiffel continued in early 2012. That on the SNC Tour Eiffel Asset Management was completed in late 2011 without any reassessment.

2 – ECONOMIC AND FINANCIAL RESULTS

2.1 – Consolidated financial statements

2.1.1 – Principles and accounting methods

The consolidated financial statements of the Société de la Tour Eiffel Group have been prepared at 31 December 2011 in accordance with IFRS standards as adopted by the European Union and applicable on the date of preparation.

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

At financial year end, the scope of consolidation included 24 companies, on a global consolidation basis, against 25 as at 31 December 2010, further to:

- The full transfer of assets and liabilities by SCI Lyon Genlis in favour of Société de la Tour Eiffel on 30 June 2011;
- The full transfer of assets and liabilities by SCI Malakoff Valette in favour of Société de la Tour Eiffel on 29 September 2011;
- The creation of SCI Montrouge Arnoux on 15 February 2011.

2.1.2 – Analysis of Consolidated Results

a) Consolidated income statement

Consolidated turnover, which comprises rental and service charges income from investment properties, decreased 4% between 2010 and 2011, from €85.8m to €82.3 m, of which €72.2 and €69.4m respectively were represented by rents.

The net decrease in rental income is essentially due to:

- On the downside, the disposals of buildings posted in 2011 (€3.4 million reduction in rents) and the adjustment for an exceptional temporary occupation indemnity received during the first quarter of 2010 (less €0.7 million, on a property pending redevelopment).

- On the upside, deliveries of pre-leased new buildings (+€0.7 million), net re-lettings (+€0.1 million), and positive indexing of existing rents (+€0.5 million).

Excluding disposals and adjustments, rents rose by 1.4% due to positive indexing.

The decrease in turnover was also due to the reduction in other rental income (- €0.7m), namely property service charges correlated to that of rental income as a result of completed disposals.

Operating expenses, which amounted to €28.1m in 2011 against €29.2m in 2010, decreased €1.1 million during the year (-3.8%). They mainly consist of the following:

- net rental charges (€8.2m against €8.7m at year-end 2010), a decrease which parallels that in rental income (included in turnover);
- fiscal charges and local property taxes (€9.3 m at year-end 2011), a slight rise of €0.3 million compared with 31 December 2010, but a substantial increase on a like-for-like basis related to tax hikes in respect of offices and property, as well as the introduction of new taxes such as the Corporate Property Tax (Cotisation Foncière des Entreprises, CFE), and the Corporate Value Added Contribution (*Cotisation sur la Valeur Ajoutée des Entreprises, CVAE*);
- staff expenses (€4m against €3.9m);
- overheads and operating costs of the Société de la Tour Eiffel Group.

The net balance of adjustments in value (-€3.1 m) corresponds to the change in fair value of existing assets, after taking into account the cost of capital expenditure ("Capex") undertaken during the year (€4.4m).

After incorporating the result of asset sales which show a net gain of €1.5 million, operating income on ordinary activities stood at €51.8 million at 31 December 2011 against €62.5 million at 31 December 2010. The change in fair value of investment property amounted to +€8.1 million at end December 2010, impacting somewhat the operating income on ordinary activities at 31 December 2010.

The change in financial result during the year, from -€19.7 million to -€22.3 million was mainly due to:

- the significant decrease in other financial income and charges (+€0.3m at year-end 2011 against €5.1m at year-end 2010), resulting from a depreciation of the revaluation of hedging instruments in a context of low interest rates but also by the renewal of the hedging instruments which matured in 2011, which were replaced by new instruments with more favourable characteristics.
- the 8% reduction in gross finance costs (down from €24.8 million to €22.8 million), mainly due to lower loans outstanding, and conversely, to a lesser extent, offset by the increase in interest rates in the first half of 2011.

Taking the above into account along with income tax in the amount of 0.1 million euros, the net consolidated result Group share stood at €29.4m at 31 December 2011 versus €42.5m at 31 December 2010.

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

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

In €m	31/12/2011			31/12/2010		
	Recurring business	Fair value and disposals	Net profit (loss)	Recurring business	Fair value and disposals	Net profit (loss)
Gross rental income	69.4		69.4	72.2		72.2
Property operating expenses	-10.3		-10.3	-10.9		-10.9
Net rental income	59.1	0.0	59.1	61.3	0.0	61.3
Operating expenses	-4.8	-0.1	-4.9	-4.7	-0.1	-4.8
Operating profit	54.3	-0.1	54.2	56.6	-0.1	56.5
Income from disposals		1.5	1.5		-1.7	-1.7
Charge in fair value of buildings		-3.1	-3.1		8.1	8.1
Other operating income and expenses		-0.8	-0.8		-0.4	-0.4
Operating income on ordinary activities	54.3	-2.5	51.8	56.6	5.9	62.5
Net cost of indebtedness	-22.6		-22.6	-24.8		-24.8
Other financial income and expense		0.3	0.3		5.1	5.1
Net financial profit (loss)	-22.6	0.3	-22.3	-24.8	5.1	-19.7
Net pre-tax earnings	31.7	-2.2	29.5	31.8	11.0	42.8
Tax	-0.1		-0.1	-0.3		-0.3
Net profit (loss)	31.6	-2.2	29.4	31.5	11.0	42.5
Minority interests				0		0
Net profit (loss) (Group share)	31.6	-2.2	29.4	31.5	11.0	42.5

After adjusting for the valuation of assets and liabilities as well as the divestment of assets and non-recurring items, operating income on ordinary activities stood at €54.3m for 2011 and net profit at €31.6 m, compared with €56.6 m and €31.5 m respectively in 2010 for the reasons

indicated above.

EPRA earnings

In €m	31/12/2011	31/12/2010
Net recurring profit (loss) (Group share)	31.56	31.49
Restatement for costs of bonus shares	-0.10	-0.08
Restatement for other operating income and expenses	-0.82	-0.44
EPRA earnings	30.64	30.97

b) Consolidated Balance Sheet

The total balance sheet at 31 December 2011 amounted to €1,043.3m versus €1,065.3m at 31 December 2010.

The main changes are summarised below:

- Assets:
 - The €22.9 million net decrease of investment properties and of assets for disposal (from €1,022.1m to 999.2m) is mainly due to the €37.4 million of disposals, €3.1 million negative variation in fair value of investment properties, partially offset by €13.5 million of acquisitions made in the buildings under construction (mainly in the Montrouge building and in the Parc du Moulin à Vent in Lyon), and €4.4 million of work and investment on the existing portfolio assets;
 - the €7.2m net increase in cash flow.
- Liabilities:
 - The €13.8m improvement in shareholders' equity linked to the increase of consolidated reserves (2010 appropriation of net consolidated result) as well as the June 2011 and September 2011 capital increases following the allocation of the remaining 2010 dividend in shares and the interim 2011 dividend;
 - The reduction in net bank borrowing (-€36m), i.e. -5.8%;
 - The stagnation in other operating liabilities (€64.4m) mainly consisting of tax and social security (€8.2 million), costs remaining to be committed on buildings under construction (€5.3m), as well as deferred income from rents for the first quarter of 2012 receipted before 31 December 2011.

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 reduction from €60.1m to €56.6 million at the end of 2011 is mainly due to a decrease in rents, taxes paid during the year (-€1.2 million), and a lesser change in the WCR (-€1.1m);
- Cash flow linked to investment transactions: the change between 2010 and 2011 (+€7.5m) from +€17.3 million to +€24.8 million is mainly due to the substantial lessening of Group property investments during the year (+€22.1 million) partially offset by the decrease in disposals (-€13 million);
- Cash flow linked to financing transactions: these flows stand at -€74.2 million in 2011 against -€89.1 million in 2010 mainly due to net repayments of loans made during the year for a net balance of €36m in 2011 against €49 million in 2010, as well as a decrease in the net interest paid of €2.4 million.

Thus the net total cash of the Group increased from €9.2 m at 1 January to €16.4 m at 31 December 2011, i.e. a positive variation of €7.2 m over the financial period.

d) Current cash flow

In €m	31/12/2011	31/12/2010	Variation
Gross rental income	69.4	72.2	-3.8%
Property operating expenses	10.3	10.9	-5.5%
Overheads	4.8	4.7	+2.1%
Net financial interest paid	21.3	23.2	-8.2%
Current cash flow	33.0	33.4	-1.2 %
Per share in €			
Cash flow from current operations after dilution ⁽¹⁾	5.8	6.0	-3.6%
Cash flow from current operations before dilution ⁽¹⁾	5.9	6.0	-1.5%

(1) Dilution further to the capital increases as a result of the distribution of the remaining dividend for 2010 and the interim dividend for 2011 (creation of 143,988 new shares).

The current cash flow amounted to €33 m at year-end 2011 against €33.4 m at year-end 2010, representing a slight decrease of 1% under the combined effect of lower net rental income and reduced cost of financing.

2.2 – Financial resources

During 2011 the financial markets remained particularly sensitive to macroeconomic sensibilities, in terms of liquidity, security margins and interest rate volatility.

2.2.1 – Liquidity

The Group significantly reduced its outstanding loans (-€36.1 million), in particular through the disposals. The Group continued to adjust its outstanding loans by refinancing the credit line earmarked for the La Poste portfolio (which expired 15 April 2011) by taking out 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 and was the subject of an addendum extending the deadline until 30 September 2012 with an increased security margin. Outstandings totalled €12.9 million at 31 December 2011.

At 31 December 2011, €591.6 m had been drawn down from bank borrowings. The Group also has €26.4 million of unused credit lines, specifically in relation to the Montrouge development project (€18.8 million) and the New Money facility made available to the Locafimo subsidiary in 2010 (€7.6m).

2.2.2 – Debt structure at 31 December 2011

Global gross debt as at 31 December 2011 stood at €591.6 m, as against €627.7m at 31 December 2010.

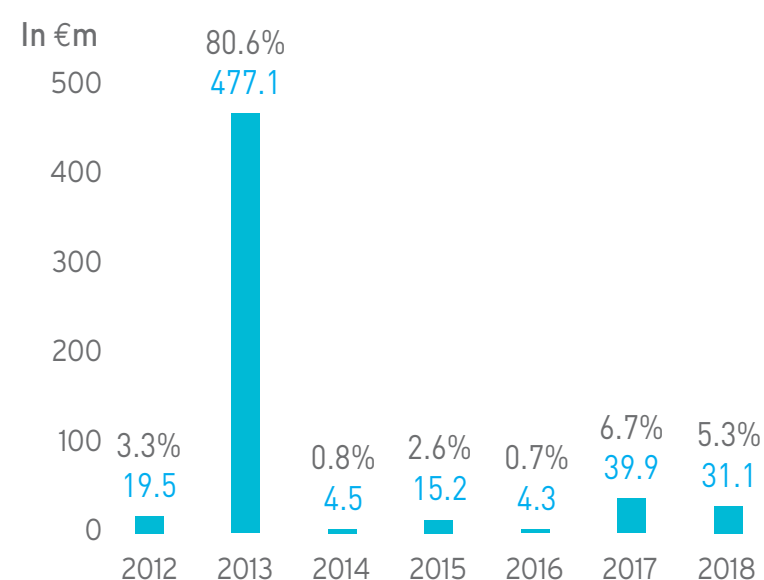
Net debt recorded on the balance sheet, obtained by deducting from the global debt all invested cash reserves, the available cash of the Group's subsidiaries, and financial investments in the form of cash pledges, amounted to €575.2m at year-end 2011 versus €617.4m at year-end 2010.

In €m	31/12/2011	31/12/2010
Gross financing debt	591.6	627.7
Invested cash reserves	-8.9	-0.1
Cash and cash equivalents	-7.5	-9.1
Financial investments (pledged cash)	0	-1.1
Net debt on balance sheet	575.2	617.4

Thus, the LTV ratio at 31 December 2011 represents 57.6% of property assets, valued at €999.2m, against 60.4% at year-end 2010.

Debt by maturity date

The bank financing drawn by Société de la Tour Eiffel at 31 December 2011 of €591.6m is shown, per maturity date, in the chart below:



The Company's average term of debt stood at 2.2 years at year-end 2011 against 2.6 years at year-end 2010.

Average cost of debt

The average cost for Group refinancing was 3.5% in 2011, comparable with the 2010 figure, and 3.6% during the first half of 2011.

This stagnation in the average cost of debt results from the increase in margins on refinancing contracted in 2011 and that of the 3-month Euribor during the first months of the year, compensated by the introduction of new more favourable rate hedging instruments and a decrease in the 3-month Euribor in the second half of the year.

2.2.3 – Management of market risks

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

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

To meet these objectives, the Company usually borrows at a variable rate and employs derivative products (caps, collars 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 backed with a suitable rate hedging instrument, chosen as a result of consultation with several competing banks in terms of maturity and cost according to market conditions and the nature of the underlying asset to be financed.

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

To optimise management of the interest rate risk and take advantage of the low rates, in 2011 the Group signed new contracts for hedging instruments worth a notional amount of €111 million. Their characteristics are summarised in the table below:

Type of contract	Company	Initial notional value (€ m)	Starting date	Expiration 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	02/05/2011	15/04/2016	2.0%	3.0%
Sub-total of Collars		66				
Cap	SAS Locafimo	15	30/06/2011	30/06/2013		2.5%
Cap	SAS Locafimo	15	13/07/2011	30/06/2013		2%
Cap	SA STE	15	30/09/2011	30/09/2012		2%
Cap sub-total		45				
TOTAL		111				

Evaluation of interest rate risk

At 31 December 2011, the Group's consolidated gross bank indebtedness was €591.6m, comprising €279.6m of fixed rate debt hedged with swaps, and €312 m of variable rate debt, hedged by interest rate caps for €271.1m. Hence, at year-end 2011, the debt was hedged overall to a total ratio of 93%.

On the basis of the outstanding debt as at 31 December 2011, an average rise in the Euribor 3-month interest rates of 100 basis points in 2012 would have a negative impact (on an annual basis) on recurring net income and current cash flow, estimated at €2.8 million.

Conversely, a 100 basis-point drop in interest rates would reduce the finance cost by an estimated €2.8m, resulting in an equivalent positive impact on the recurring net income and current cash flow for 2012.

2.2.4 – Financial structure ratios

Indebtedness ratios	2011	2010	2009
Consolidated equity (€m)	387.2	373.4	345.6
Net financial debt (€m)	575.2	617.4	650.8
Net financial debt/Consolidated equity	149%	165%	188%
Net banking debt/Total property assets (Loan to Value)	57.6%	60.4%	62.3%

Financing ratios	2011	2010	2009
Average cost of debt	3.5%	3.5%	3.9%
Fixed or capped rate borrowings	93%	99%	98%
Debt maturity	2.2 years	2.6 years	3.3 years
Hedging of financing costs by GOP ⁽¹⁾	2.4	2.2	2.4

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

Loan covenant ratios

The status relative to financial ratios that the Group has committed to respect as part of its bank financings is summarised in the table below, for amounts posted at 31 December 2011 per bank.

quarter of 2011 and projected over the first three quarters of 2012 by the net rents of the fourth quarter of 2011 and those projected over the first three quarters of 2012] with those the Group committed to respect in accordance with its main financing contracts.

The table compares the latest ratios communicated to the banks at 31 December 2011 to the company's contractual obligations (LTV, i.e. amount of financings compared with the value of financed properties; ICR, i.e. coverage of finance costs incurred during the fourth

Banking financing and main covenants at 31/12/2011

In €m	Bank rating ⁽¹⁾	31/12/2011	Bank covenants		Last published ratios		
		Consolidated financial debt	Maximum LTV	Minimum ICR	LTV	ICR	Maturity date
RBS / AXA / Calyon / Crédit Foncier	A+	123	75.0%	170%	53.4%	308%	15/06/2013
Société Générale / BECM	A+	43.2	65%	145%	48.5%	189%	15/04/2018
Société Générale (50%) - Crédit Foncier (50%)	A+	47.9	65%	110%	49.1%	134%	28/03/2017
Société Générale	A+	12.4	NA	110%	NA	179%	14/01/2015
PBB (formerly HRE)	BBB-	352.2	72.5%	140%	65.5%	344%	30/06/2013
Natixis	A+	12.9	72.5%	225%	61.6%	295%	30/09/2012
TOTAL		591.6					

(1) Rating assigned to the banks on 1 March 2012.

The level of the loan covenants at 31 December 2011 complies with all the commitments of the Group as established by each of its financing contracts.

Risks on treasury shares

The share buyback programme authorised by the General Shareholders' Meeting of 18 May 2011, subjects the company to a risk on the value of the shares held.

Based on the number of shares held at 31 December 2011 (93,650), the sensitivity on results to a 10% decrease or increase in the Société de la Tour Eiffel share price is estimated to be €0.4m.

2.3 – Asset Appraisal and NAV

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

2.3.1 – Presentation of the Group's property assets

OFFICES	Location	Total floor space in sq. m	Held Share	Purchase Date	Valuer	Type of appraisal	Report type	Completion date
Saint-Cloud	Paris/IDF	4,104	100%	2008	Crédit Foncier Expertise	Update	detailed	
Le Plessis Robinson	Paris/IDF	16,597	100%	2004	BNP Paribas Real Estate	Update	detailed	
Massy / Ampère	Paris/IDF	16,339	100%	2004	BNP Paribas Real Estate	Update	detailed	2009
Paris Porte des Lilas	Paris/IDF	12,341	100%	2006	BNP Paribas Real Estate	Update	detailed	2008
Asnières Quai Dervaux	Paris/IDF	10,391	100%	2005	BNP Paribas Real Estate	Update	detailed	
Montigny-le-Bretonneux	Paris/IDF	7,641	100%	2005	Savills	Update	detailed	
Bobigny	Regions	6,405	100%	2004	Savills	Update	detailed	
Caen Colombelles	Regions	17,525	100%	2005	BNP Paribas Real Estate	Update	detailed	2008
Nantes Einstein	Paris/IDF	7,658	100%	2005	Crédit Foncier Expertise	Update	detailed	
Vélizy Energy II	Regions	5,444	100%	2006	BNP Paribas Real Estate	Full valuation	detailed	2008
Grenoble - Polytech	Paris/IDF	5,133	100%	2006	Cushman & Wakefield	Full valuation	detailed	2007
Vélizy - Topaz	Paris/IDF	14,106	100%	2006	BNP Paribas Real Estate	Full valuation	detailed	2010
Champigny Carnot	Paris/IDF	14,153	100%	2005	BNP Paribas Real Estate	Update	detailed	
Chatenay Central Parc ⁽¹⁾	Paris/IDF	4,758	35%	2005	Savills	Update	detailed	
Rueil - City Zen	Paris/IDF	6,829	100%	2006	Cushman & Wakefield	Full valuation	detailed	2007
Herblay Langevin 12	Paris/IDF	4,778	100%	2005	Savills	Update	detailed	
Roissy Fret ⁽¹⁾	Regions	454	50%	2005	Savills	Update	detailed	
Orléans Université	Regions	6,470	100%	2004	Savills	Update	detailed	
Nancy Lobau	Paris/IDF	2,187	100%	2004	Savills	Update	detailed	
Montrouge Arnoux (VEFA)	Paris/IDF	5,100	100%	under development	Savills	Update	detailed	
Sub total Offices		168,413						
Value excl. Tax in €M		507.0						
Value incl. Tax in €M		526.7						

(1) Company share of property.

BUSINESS PARKS	Location	Total floor space in sq. m	Held Share	Purchase Date	Valuer	Type of appraisal	Report type	Completion date
Orsay Parc de l'Université	Paris/IDF	17,211	100%	2005/2007	BNP Paribas Real Estate	Update	detailed	
Le Bourget Parc de l'Espace	Paris/IDF	9,692	100%	2007	Savills	Update	detailed	2008
Strasbourg Parc des Tanneries	Regions	36,726	100%	2005	BNP Paribas Real Estate	Update	detailed	
Lyon Parc du Moulin à Vent	Regions	33,884	100%	2005	BNP Paribas Real Estate	Update	detailed	
<i>of which development</i>		2,157						
Lille Parc des Prés	Regions	24,740	100%	2005/2007	BNP Paribas Real Estate	Update	detailed	
Montpellier Parc du Millénaire	Regions	23,597	100%	2005/2007	BNP Paribas Real Estate	Update	detailed	
Aix-en-Provence Parc du Golf	Regions	23,089	100%	2005/2007	BNP Paribas Real Estate	Update	detailed	
Marseille Parc des Ayalades	Regions	20,049	100%	2005	BNP Paribas Real Estate	Update	detailed	
Bordeaux Parc Cadera	Regions	17,443	100%	2007	BNP Paribas Real Estate	Update	detailed	
Nantes Parc du Perray	Regions	14,541	100%	2005/2007	BNP Paribas Real Estate	Update	detailed	
Chartres Business Park	Regions	11,530	100%	2008	Crédit Foncier Expertise	Update	summary	2010
Sous-total Business parks		234,659						
Value excl. Tax in €M		305.1						
Value incl. Tax in €M		319.3						

LIGHT INDUSTRIAL	Location	Total floor space in sq. m	Held Share	Purchase Date	Valuer	Type of appraisal	Report type	Completion date
Aubervilliers	Paris/IDF	21,692	100%	2003	Cushman & Wakefield	Update	detailed	
Bezons	Paris/IDF	7,580	100%	2004	Crédit Foncier Expertise	Update	summary	
Montpellier Areva	Regions	12,003	100%	2004	BNP Paribas Real Estate	Update	detailed	
Nancy Ludres	Regions	8,096	100%	2004	BNP Paribas Real Estate	Update	detailed	
Herblay	Paris/IDF	4,721	100%	2005	Savills	Update	detailed	
Sub total Light industrial		54,092						
Value excl. Tax in €M		42.9						
Value incl. Tax in €M		45.5						

WAREHOUSES / PARCEL DEPOTS	Location	Total floor space in sq. m	Held Share	Purchase Date	Valuer	Type of appraisal	Report type	Completion date
Amiens	Regions	18,244	100%	2008	Crédit Foncier Expertise	Update	summary	
Gennevilliers	Paris/IDF	20,569	100%	2004	Savills	Update	detailed	
Mitry-Mory	Paris/IDF	9,756	100%	2004	Savills	Update	detailed	
Sochaux	Regions	27,571	100%	2005	Savills	Update	detailed	2005
Toulouse Capitols	Regions	13 814	100%	2004	Savills	Update	detailed	
Marseille Provence Vitrolles	Regions	15,084	100%	2004	Savills	Update	detailed	2010
Saint-Gibrien	Regions	11,350	100%	2004	Savills	Update	detailed	2008
Les Souhesmes 1 & 2 Verdun	Regions	9,958	100%	2004	Savills	Update	detailed	
Caen Mondeville	Regions	13,230	100%	2004	Savills	Update	detailed	2010
Vannes	Regions	7,750	100%	2004	Savills	Update	detailed	
La Roche-sur-Yon	Regions	5,980	100%	2004	Savills	Update	detailed	
Orléans/Ingré	Regions	4,436	100%	2004	Savills	Update	detailed	
Sub total Warehouses/ parcel depots		157,742						
Value excl. Tax in €M		99.8						
Value incl. Tax in €M		105.9						

NURSING HOMES	Location	Total floor space in sq. m	Held Share	Purchase Date	Valuer	Type of appraisal	Report type	Completion date
La Crau	Regions	3,331	100%	2006	BNP Paribas Real Estate	Update	detailed	
Bourg-en-Bresse	Regions	4,418	100%	2006	BNP Paribas Real Estate	Update	detailed	2010
Lyon	Regions	2,710	100%	2006	BNP Paribas Real Estate	Update	detailed	
Cogolin	Regions	2,430	100%	2006	BNP Paribas Real Estate	Update	detailed	
Sub total Nursing homes		12,889						
Value excl. Tax in €M		44.4						
Value incl. Tax in €M		46.9						

2.3.2 – Group property assets

All the property assets of the Société de la Tour Eiffel Group were appraised at 31 December 2011 by one or the other of the following independent valuers: BNP Paribas Real Estate Valuation, Savills, Cushman & Wakefield Expertise and Crédit Foncier Expertise.

During the financial period, the Group rotated two valuers for one part of its portfolio. Attributions between firms are determined by the geographical location and nature of the properties appraised.

The Group's property assets stand at €999.2m, excluding transfer duties and expenses, of which €990.3m represent investment properties and €8.9m represent assets intended for sale.

In compliance with the recommendations of the Barthes de Ruyter Report (COB Report of the Working Group on the valuation of publicly held company properties). These appraisals, which also meet the standards of the charter of the French Real Estate Appraisal Institute (IFEI) guidelines, are undertaken annually in a uniform manner based on net selling prices, i.e. excluding transfer costs.

Change in property assets excluding taxes

	31/12/2011		31/12/2010		Change	
	In €m	In %	In €m	In %	In €m	In %
Offices	507.0	50.7%	534.1	52.3%	-27.1	-5.1%
Parcs Eiffel	305.1	30.5%	305.0	29.8%	0.1	0.0%
Warehouses	99.8	10.0%	95.8	9.4%	4.0	4.2%
Light industrial	42.9	4.3%	44.0	4.3%	-1.1	-2.6%
Nursing homes	44.4	4.4%	43.2	4.2%	1.2	2.8%
TOTAL	999.2	100.0%	1 022.1	100.0%	-22.9	-2.2%

As at 31 December 2011, the value of the Group's property assets including taxes amounted to €1,044.3 million against €1,066.6 million at year-end 2010.

Effective rates of return at 31 December 2011

	31/12/2011	31/12/2010	Change
Offices	7.2%	7.1%	+10 pb
Parcs Eiffel	8.2%	8.1%	+10 pb
Warehouses	9.0%	9.5%	-50 pb
Light industrial	9.0%	8.8%	+20 pb
Nursing homes	6.7%	6.7%	-
TOTAL AVERAGE RATE OF RETURN	7.8%	7.7%	+10 pb

Methodology retained by the valuers

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

The results obtained are also cross-checked by appreciation of 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 ⁽¹⁾ of the building over gross market value, including taxes) is determined by comparing the rates of return arising from 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.

(1) In the case of vacancies, the net revenue is augmented by the market rental value of the space (adjusted for nonrecoverable outgoings).

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 leadtime for marketing the premises as assessed by the valuers, and after deducting any commercial incentives that may be granted to potential tenants.

Within the framework of the appraisals at 31 December 2011, the rates of return applied by the valuers range from 6% to 10.5% being determined according to the risk posed by a particular asset class and include the impact of vacant premises.

For assets with residual land value, a breakdown in value is given. For assets with no residual land value, the overall property value includes the site.

2.3.3 – 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 31 December 2011, plus the unrealised gains on goodwill value of Tour Eiffel Asset Management (formerly Awon Asset Management).

The Net Asset Value including costs (replacement NAV) stood at €77.6 per share at 31 December 2011 compared with €77.0 per share at 31 December 2010, an increase of 0.8%.

Liquidation NAV

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

Transfer charges are estimated by the Company at 5% (taxes payable on the sale of the shares in a company) of the net value of the 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 31 December 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 €23m.

The Net Asset Value excluding taxes stood at €73.7 per share at 31 December 2011 compared with €73.0 per share at 31 December 2010, an increase of 1%.

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

In thousands of euros	31/12/2011	31/12/2010
Consolidated shareholders' equity	387,211	373,430
Appreciation on intangible assets	5,598	4,870
Appreciation on buildings under construction	0	0
Net adjustment of the transfer taxes:	23,002	23,027
+ Taxes deducted from the value of assets on the balance sheet	45,090	44,644
- Estimated divestment taxes and fees	22,088	21,617
NAV excluding taxes	415,811	401,327
Number of shares (excluding treasury shares)	5,642,622	5,496,243
NAV EXCLUDING TAXES PER SHARE AFTER DILUTION (IN €)⁽¹⁾	73.7	73.0
Change compared with 31/12/2010	1%	
NAV EXCLUDING TAXES PER SHARE BEFORE DILUTION (IN €)⁽¹⁾	75.7	75.2
Change compared with 31/12/2010	0.7%	

(1) Dilution further to the capital increases as a result of the distribution of the remaining dividend for 2010 and the interim dividend for 2011 (creation of 143,988 new shares).

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

	In €m	Per share in €
NAV excluding taxes at 31/12/2010	401.3	73.0
Impact of the change in number of shares		-1.9
Recurring net income	31.6	5.6
Distribution of 2010 dividends	-15.8	-2.8
Capital gains & losses from disposals	1.5	0.3
Valuation of property assets	-3.1	-0.5
Valuation of hedging instruments	1.3	0.2
Other	-1.0	-0.2
NAV EXCLUDING TAXES AT 31/12/2011	415.8	73.7

NAV in accordance with EPRA recommendations

In million of euros	31/12/11	31/12/10
Liquidation NAV - Net of Taxes	415.8	401.3
Net adjustment of taxes	- 23.0	-23.0
Adjustment for hedging instruments fair value	11.8	13.1
<i>Assets</i>	-0.3	-1.5
<i>Liabilities</i>	12.1	14.6
Adjustment for taxes	-0.3	-0.3
EPRA NAV	404.3	391.0
Adjustment for hedging instruments fair value	-11.8	-13.1
Adjustment for taxes	0.3	0.3
EPRA NNNAV	392.8	378.3
Number of shares at year-en (net of treasury shares)	5,642,622	5,496,243
Diluted number of shares at year-end	5,678,114	5,511,160
Per share (€)		
Replacement NAV per share	77.6	77.0
Liquidation NAV per share	73.7	73.0
EPRA NAV per share	71.2	71.0
EPRA NNNAV per share	69.2	68.6

The triple net NAV (adjusted in accordance with EPRA recommendations) stood at €69.2 per share at 31 December 2011 compared with €68.6 per share at 31 December 2010, an increase of 0.8%.

2.4 – Corporate financial statements

The total balance sheet of Société de la Tour Eiffel at 31 December 2011 amounted to €369.8m versus €376.7m at 31 December 2010.

On the assets side

Fixed assets include, on the one hand, the Vélizy buildings acquired at year-end 2006 and the Amiens and Saint-Cloud buildings (acquired in early 2008) (total net book value of €26.1m at 31 December 2011) and, on the other hand, the equity interests in subsidiaries (€250.8m) and related receivables (€54.2m).

At the end of 2011, a write off of €1.7 million was made to the value of the Amiens property following a significant drop in the professional valuation.

The decline in the value of equity investments held by Société de la Tour Eiffel is mainly due to the cancellation of the shares in the SCI Malakoff Vallette and SCI Lyon Génlis subsidiaries, following the transfer of all their business assets in 2011.

A write off of €1 million was made on the value of the shares of the SCI Marceau Bezons.

In July 2011 following the dissolution of the SCI Malakoff Vallette, Société de la Tour Eiffel acquired a share of the SCI du 153 Avenue Jean Jaures for €40K.

Furthermore, the receivables related to equity interests, representing stable financing from the parent company to the subsidiaries, decreased from €62.9m in 2011 to €54.2m, mainly due to the receipt of dividends from subsidiaries.

Current assets amounted to €38.5 million at 31 December 2011 against €34.6 million at the end of 2010. This change is mainly due to the cash balances of its subsidiaries (+€5.3 m).

In 2011, the treasury shares obtained through the share buyback programme and the prevailing liquidity contract (93,650 shares at 31 December 2011 versus 96,041 at 31 December 2010) posted a net decrease of €2.1m, related to the decrease of the share price in 2011.

Liabilities

The equity of the company amounted to €303 million at year-end 2011 against €307.1 million at year-end 2010.

In accordance with the resolutions of the General Shareholders' Meeting of 18 May 2011, the result for fiscal 2010, i.e. a profit of €36.7 million was allocated to the statutory reserve for €80K, the distribution of an interim dividend (€2 per share, or €10.6 million) approved by the Board of Directors on 28 July 2010 and the remaining 2010 dividend (€2.2 per share, or €12.3 million) and €13.7 million was allocated to the retained earnings account.

On 18 May 2011, the Board of Directors recorded a capital increase of €7.5K resulting from the exercising of 1,500 stock options authorised by the Extraordinary General Shareholders' Meeting of 29 March 2007.

Furthermore, the decision by the same General Shareholders' Meeting to distribute a remaining dividend of €2.2 per share, with an option of payment in shares or in cash resulted in a capital increase of €691K (i.e. 138,193 shares), recorded on 20 June 2011.

On 27 July 2011, the Board of Directors proposed to distribute an interim dividend of €2.10 per share, in the light of the interim accounts drawn up 30 June 2011, with an option of payment in shares or cash in accordance with the 3rd resolution adopted at the General Shareholders' Meeting of 18 May 2011. A capital increase of €22K (4,295 shares) was recorded on 19 September 2011.

During fiscal 2011, the issue premium increased by €7.5 million following the distribution of the interim and remaining dividend as indicated above, as well as €42K through the exercise of stock options in 2011.

Consequently, as at 31 December 2011 the company's share capital was €28.7m against €28 million at year-end 2010.

In 2011, Société de la Tour Eiffel repaid €10.3 million of three bank loans, including €9.9 million of its Natixis loan. The initial loan of €35 million which was taken out on 31 March 2010 matured in March 2011, but was extended until 30 September 2011 and was then subject of an addendum on 26 September 2011, extending the deadline until 30 September 2012 with an increased security margin. Outstandings totalled €13.1 million at 31 December 2011.

The changes in other liabilities primarily relate to the current accounts of its subsidiaries (+€6.7 m).

Income statement

Company turnover amounted to €6.3m (compared with €7.7m at year-end 2010), comprising re invoicing to subsidiaries (€4.7m) of various investment, financing and administrative costs, and asset management services (according to the terms of the asset management master agreement entered into with Tour Eiffel Asset Management and paid on their behalf) as well as rental income from the Vélizy, Saint-Cloud and Amiens buildings (€1.6m).

Operating charges (€11.2m) are made up of the costs relating to the Tour Eiffel Asset Management master asset management agreement, certain financing and investment charges, allocations to depreciation of buildings, and Société de la Tour Eiffel's general overheads.

The net operating loss for Société de la Tour Eiffel at 31 December 2011 amounted to - €4.6m versus - €3.8m at 31 December 2010.

The financial profit, which stood at €16.2m at year-end 2011 compared with €40.4m at year-end 2010, mainly comprises dividend income (€26.4m against €40.0m at year-end 2010) and related receivables, net cash reserve income and financial charges on intra-Group debt and corporate bank financing.

The significant change recorded during the year is also due to the absence of recaptured provisions on equity securities, compared with €12m recorded in 2010.

Given the above and an extraordinary loss of -€37K, this results in a net profit of €11.6m against a profit of €36.7m at the close of fiscal 2010.

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

Expenditure on luxuries and non tax-deductible charges

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

2.5 – Activities of the main subsidiaries

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

A table of subsidiaries and holdings, presented as an appendix to the balance sheet, shows the key indicators for sales turnover and earnings in 2011.

We hereby inform you that during the financial period, our Company acquired a 99% stake in the SCI Montrouge Arnoux (i.e. 99 shares out of 100).

At 31 December 2011, the consolidation of the Société de la Tour Eiffel Group encompassed 23 companies (not including Société de la Tour Eiffel), all of which are wholly-owned as per the list appended to the consolidated accounts. One of these 23 subsidiaries provides consultancy services (SNC Tour Eiffel Asset Management, formerly known Awon Asset Management), the 22 other subsidiaries being property companies.

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

2.6 – Research and development

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

2.7 – Payment delay periods

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

2011 financial year - Trade payables (in €)

2011 financial year	Invoices within 30 days	Invoices within 45 days	Invoices within 60 days	Other lead-times	Total
2011 Invoices	511,790.83				511,790.83
Accounts payable not received				1,557,371.89	1,557,371.89
Trade notes and accounts payable	511,790.83			1,557,371.89	2,069,162.72

2010 financial period - Trade payables (in €)

2010 financial year	Invoices within 30 days	Invoices within 45 days	Invoices within 60 days	Other lead-times	Total
2010 Invoices	134,439.88				134,439.88
Accounts payable not received				1,790,058.02	1,790,058.02
Trade notes and accounts payable	134,439.88			1,790,058.02	1,924,497.90

3 - CORPORATE GOVERNANCE

3.1 – Composition of the Board of directors and senior management

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

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

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

Philippe Prouillac, Board member
Adresse personnelle : 6 Villa Pauline, 92100 Boulogne

Renaud Haberkorn, Board member
Adresse personnelle : 53 avenue Bosquet, 75007 Paris

Aimery Langlois-Meurinne, Board member
Adresse personnelle : 8 rue de l'Hôtel de Ville, 1204 Genève, Suisse

Mercedes Erra, Board member
Adresse personnelle : 7 avenue André Guillaume, 92380 Garches

Richard Nottage, Board member
Adresse personnelle : 3 rue Eugène Delacroix, 75116 Paris

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

Furthermore, the Board adopted a succession plan for its current founding directors, Messrs Mark Inch (Chairman and Managing Director) and Robert Waterland (Deputy Managing Director), to ensure the succession is gradual and sustainable. They will become respectively Chairman of the Board and Group Real Estate Consultant for at least two years from 1 September 2012, the Group's senior management being entrusted on that date to Mr. Renaud Haberkorn, who is currently a director of the Company.

Finally, Mr. Frédéric Maman was appointed Deputy Managing Director with effect from 1 September 2012; his appointment as a member of the Board will be proposed at the next General Shareholders' Meeting. Mr. Jérôme Descamps, Deputy Managing Director and Board member, will continue to act as Chief Financial Officer for the Group.

3.2 – Role and operation of the Board of Directors

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

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

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

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

Out of a total of eight directors, the Board has four members who have no link of dependence with the Company, from which they do not receive any direct or indirect remuneration apart from the attendance fees mentioned in paragraph 3.5 below.

Given the size of the enterprise and the fact that its business is concentrated in a single sector, all the strategic issues and decisions are dealt with by the board of directors.

Nevertheless, the Board of Directors has appointed an audit committee and a remunerations committee to act in an advisory role.

3.3 – Mandates held by the management in 2011

MARK INCH

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

Main function held in the Company:

Chairman and Managing Director

Dates of appointment:

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

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

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

Expiry of term of office: 2013

Other offices and mandates held within

the Société de la Tour Eiffel Group at 31 December 2011:

Board member, Société de la Tour Eiffel Foundation

Other offices and mandates held outside the Company at 31 December 2011:

Manager, Bluebird Investissements SARL

Board member, Fédération des Sociétés Immobilières et Foncières

Director, Emirates REIT Management (Private) Limited, foreign company

Director, Eiffel Holding Limited, foreign company

Other effective mandates and functions having expired during the past five years:

Manager, Bluebird Holding SARL (until 29/12/09)

Manager, SNC Albion (until 14/01/09)

Chairman of the Board of Osiris Gestion de Entidades S.L.U. (until 15/09/08)

Director, Douglasshire International Holding BV (until 1/07/07), foreign company

Number of shares held as at 31 December 2011: 18,652

ROBERT GUY WATERLAND

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

Main function held in the Company:

Deputy Managing Director

Dates of appointment:

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

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

Expiry of term of office: 2013

**Other offices and mandates held within
the Société de la Tour Eiffel Group at 31 December 2011:**

Chairman of the Société de la Tour Eiffel Foundation

Chairman, SAS Locafimo

Manager, SCI du 153, avenue Jean-Jaurès

Manager, SCI Arman F02

Manager, SCI Arman Ampère

Manager, SCI Caen Colombelles

Manager, SCI Cogolin Gaou

Manager, SCI Comète

Manager, SCI de Brou

Manager, SCI de la Crau

Manager, SCI des Berges de l'Ourcq

Manager, SCI Etupes de l'Allan

Manager, SCI Grenoble Pont d'Oxford

Manager, SCI Marceau Bezons

Manager, SCI Montrouge Arnoux

Manager, SCI Nowa

Manager, SCI Porte des Lilas

Manager, SCI Rueil National

Manager, SCI Vélizy Topaz

**Other offices and mandates held outside the Company
at 31 December 2011:**

Manager, SNC Awon Participations – SNTP

Manager, SC Layla

**Other effective mandates and functions having expired
during the past five years:**

Manager, SCI Malakoff Valette (until 21/07/11)

Manager, SCI Lyon Genlis (until 23/05/11)

Manager, SCI Duranne Sud (until 25/05/10)

Manager, SCI Massy Campus 2 (until 19/10/09)

Manager, SNC Foncière Eiffel Développement (until 9/03/09)

Manager, SNC Albion (until 14/01/09)

Managing Director, Osiris Gestion de Entidades S.L.U.
(until 15/09/08), foreign company

Chairman, SAS Parcoval (until 21/07/08)

Board member, ORIE (mandate expired in 2007)

Manager, SNC Awon Asset Management (until 31/12/07)

Manager, SNC Awon Gestion (until 9/07/07)

Director, Douglasshire International Holding BV

(until 1/07/07), foreign company

Number of shares held as at 31 December 2011: 16,084

PHILIPPE PROUILLAC

Born 6 April 1953 in Dakar (Senegal)

Address: 6 Villa Pauline, 92100 Boulogne

Main function held in the Company:

Board member

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

Expiry of term of office: 2013

**Other offices and mandates held within
the Société de la Tour Eiffel Group at 31 December 2011:**
Chairman of the Société de la Tour Eiffel audit committee

**Other offices and mandates held outside the Company
at 31 December 2011:**

Acting Manager, CIPA company

**Other effective mandates and functions having expired
during the past five years:**

Member of the Société de la Tour Eiffel Appointments and
Remunerations Committee (mandate expired in 2011)

Chairman of Atisreal Expertise (mandate expired in 2008)

Chairman of Atisreal Consult (mandate expired in 2008)

Number of shares held as at 31 December 2011: 89

JÉRÔME DESCAMPS

Born 11 June 1967 in Saint-Amand-les-Eaux (France)

Address: 15, rue de Dantzig, 75015 Paris

Main function held in the Company:

Deputy Managing Director

Dates of appointment:

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

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

Expiry of term of office: 2013

Other offices and mandates held outside the Company at 31 December 2011:

Chief Financial Officer, SNC Tour Eiffel Asset Management (formerly Awon Asset Management)

Other effective mandates and functions having expired during the past five years:

Manager, SNC Albion (until 20/06/07)

Number of shares held as at 31 December 2011: 3,386

RENAUD HABERKORN

Born on 23 February 1971 in Neuilly-sur-Seine

Address: 53 av. Bosquet, 75007 Paris

Main function held in the Company:

Board member

Date of appointment: 14 May 2009

Expiry of term of office: 2012

Other offices and mandates held outside the Company at 31 December 2011:

Member of the Investment Committee, Redwood Grove International, foreign company

Board member, Polish Investments Real Estate Holding II B.V., foreign company

Board member, Polish Investments Real Estate Holding II B.V., foreign company

Other effective mandates and functions having expired during the past five years:

Board member, Grove International Partners (UK) Limited, foreign company (mandate expired in 2011)

Member of the Investment Committee, Captiva 2 SCA and Captiva SCA, foreign companies (mandate expired in 2011)

Member of the Supervisory Board, Event Hospitality Group BV, foreign company (mandate expired in 2011)

Member of the Supervisory Board, Coöperatieve Redwood Grove International U.A., foreign company (mandate expired in 2011)

Board member, Nowe Ogrody 5 Sp., foreign company (mandate expired in 2011)

Board member, Newswanlake BV, foreign company (mandate expired in 2011)

Board member, Stichting Administratiekantoor Douglasshire International Holding, foreign company (mandate expired in 2011)

Board member / Chairman, SI Real Estate Holding B.V., foreign company (mandate expired in 2011)

Member of the Société de la Tour Eiffel audit committee (mandate expired in 2011)

Board Member, Cypress Grove International.D Coöperatief U.A. (until 12/11/10)

Board Member, Cypress Grove International.D Coöperatief U.A. (until 12/11/10)

Board member, Hellenic Land Holding BV (until 9/11/10)

Board member, Progetto Magnolia Srl (until 9/02/2009)

Chairman, Nowe Ogrody 5 Sp. (until 28/01/09)

Board Member, Med Group Leisure Investment BV (until 22/12/08)

Board member, Induxia Srl (until 3/11/08)

Board Member, IXIS Capital Partners Ltd (until 11/10/07)

Board Member, Douglasshire International Holding (until 1/07/07), foreign company

Number of shares held as at 31 December 2011: 4,419

AIMERY LANGLOIS-MEURINNE

Born 27 May 1943 in Paris

Address: 8, rue de l'Hôtel de Ville, 1204 Geneva, Switzerland

Main function held in the Company:

Board member

Date of appointment: 15 October 2009

Expiry of term of office: 2012

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2011:

Chairman of the Société de la Tour Eiffel Appointments and Remunerations Committee

Other offices and mandates held outside the Company at 31 December 2011:

Member of the Supervisory Board, PAI PARTNERS SAS, Member of Supervisory Board, Louis Dreyfus

Commodities Holding BV, foreign company,

Board member and Vice-Chairman, IMERYS SA, listed company

Board member, IDI, listed company

Board member, PARGESA NETHERLANDS, foreign company

Other effective mandates and functions having expired during the past five years:

Chairman, IMERYS SA, listed company (mandate expired in 2011)

Board member and General Manager, PARGESA HOLDING SA (mandate expired in 2010)

Board member, GROUPE BRUXELLES LAMBERT (mandate expired in 2010)

Board member, PARGESA LUXEMBOURG SA (mandate expired in 2010)

Board Member, CLUB MEDITERRANEE (mandate expired in 2009)

Board Member, Eiffage (mandate expired in 2008)

Board Member, Sagard (mandate expired in 2007)

Board Member, PAI PARTNERS (mandate expired in 2007)

Board Member, PASCAL INVESTMENT ADVISERS (mandate expired in 2007)

Number of shares held as at 31 December 2011: 53,277

MERCEDES ERRA

Born on 23 September 1954 in Sabadell (Spain)

Address: 7 avenue André Guillaume, 92380 Garches

Main function held in the Company: Board member

Date of appointment: 18 May 2011

Expiry of term of office: 2014

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2011:

Member of the Société de la Tour Eiffel Appointments and Remunerations Committee

Other offices and mandates held outside the Company at 31 December 2011:

Managing Director and board member of BETC Euro RSCG

Executive President, Euro RSCG Worldwide, foreign company

Managing Director & Board Member, Havas, listed company,

Chairwoman, Euro RSCG 4D

Board member, Euro RSCG C&O

Board member, BETC London Ltd

Board member, Accor, listed company

Board member, France Télévisions, listed company

Other effective mandates and functions having expired during the past five years:

Chairwoman of the Board, Euro RSCG, until 29 May 2011,

Number of shares held as at 31 December 2011: 52

RICHARD NOTTAGE

Born on 10 February 1959 in Wellington, Great Britain

Address: 3 rue Eugène Delacroix, 75116 Paris

Main function held in the Company:

Board member

Date of appointment: 18 May 2011

Expiry of term of office: 2014

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2011:

Member of the Société de la Tour Eiffel audit committee

Other offices and mandates held outside the Company at 31 December 2011:

Manager, Genviva Capital SARL,

Chairman, Société Hôtelière Paris les Halles SAS,

Board member, WBA Saint Honoré SA,

Board member, Société Hôtelière Toulouse Centre SA,

Manager, Elorac SARL,

Chairman, Hôtel La Falaise Dinard SAS,

Chairman, The Grand Real Estate B.V. (Netherlands),

foreign company,

Chairman, St James Hotel Limited (United Kingdom),

foreign company,

Chairman, Samorais Ltée (Canada), foreign company,

Chairman, 9007-2521 Québec Inc (Canada),

foreign company,

Chairman, 1180 GP Inc (Canada), foreign company

Other effective mandates and functions having expired during the past five years:

Société Hôtelière Nice Centre SA, Board member (resigned in 2007)

Number of shares held as at 31 December 2011: 1,108

3.4 – Specialised Committees

The Board of Directors has appointed an audit committee and an Appointment and Remunerations Committee to act in an advisory role.

The Audit Committee's main role is:

- i) to monitor the conditions in which the annual and consolidated accounts are prepared,
- ii) to verify that the company has suitable means (audit, accounting and legal) to prevent risks and anomalies in managing the company's affairs,
- iii) to track the financial reporting process,
- iv) to track the effectiveness of the internal control and risk management systems.

The Audit Committee currently consists of two members, both independent directors: Mr. Philippe Prouillac (Chairman) and Mr. Richard Nottage.

During 2011, the Audit Committee met five times to discuss the following:

- 7 February: meeting with the independent valuers of the property portfolio at 31 December 2010,
- 28 February: meeting with the auditors on the 2010 accounts,
- 7 July: meeting with the independent valuers of the property portfolio,
- 27 July: meeting with the auditors on the halfyearly financial statements,
- 8 December: meeting on the internal control, the reappointment of the auditors, the recommendations of EPRA on key performance indicators, as well as the profitability of the portfolio.

The attendance rate of the members was 95%.

The Appointment and Remuneration Committee's main role is:

- i) to ensure that the remunerations of corporate officers and changes to these remunerations are consistent with the interests of the shareholders and the performance of the company;
- ii) regarding the selection of new board members, the Committee is responsible for making proposals to the Board after reviewing in detail all the items that must be taken into account in its deliberations, in particular, it must organise a procedure for the selection of the future independent directors and carry out its own studies on potential candidates;
- iii) regarding the succession of executives: establishing an executive succession plan in order to submit to the Board alternative solutions in the event of an unforeseen vacancy.

This Committee currently consists of two members, also independent directors: Mr. Aimery Langlois-Meurinne, Chairman, and Mrs. Mercedes Erra.

During 2011, the Appointments and Remunerations Committee met three times to discuss the following:

- 7 and 28 February: the performance criteria to be applied to the grants of stock options and bonus shares, on the possibility of including in the tables of the remuneration of company directors that of Mr. Frédéric Maman, and the executive succession plan,
- 7 December, on a proposed bonus share issue.

The attendance rate of the members was 83%.

3.5 – Remunerations, allowances and benefits of corporate officers

TABLE 1

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

Mark Inch, Chairman and Managing Director ⁽¹⁾	2010	2011
Remunerations due for the financial period (detailed in table 2)	€120,000	€120,000
Valuation of options granted during the financial period (detailed in table 4)	€0	€0
Valuation of performance-based shares granted during the financial period (detailed in table 6)	€0	€210,299
TOTAL	€120,000	€330,299

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

Robert Waterland, Deputy Managing Director	2010	2011
Remunerations due for the financial period (detailed in table 2)	€619,469	€619,816
Valuation of options granted during the financial period (detailed in table 4)	€0	€0
Valuation of performance-based shares granted during the financial period (detailed in table 6)	€0	€210,299
TOTAL	€619,469	€830,115

Jérôme Descamps, Deputy Managing Director	2010	2011
Remunerations due for the financial period (detailed in table 2)	€235,133	€255,933
Valuation of options granted during the financial period (detailed in table 4)	€0	€0
Valuation of performance-based shares granted during the financial period (detailed in table 6)	€0	€60,086
TOTAL	€235,133	€316,019

TABLE 2

Summary table of the remunerations of each corporate officer

	Allocated for 2010		Allocated for 2011	
Mark Inch, Chairman and Managing Director ⁽¹⁾	due	paid	due	paid
Fixed remuneration	€120,000	€120,000	€120,000	€120,000
Variable remuneration	NA	NA	NA	NA
Exceptional remuneration	NA	NA	NA	NA
Directors' fees	0	0	0	0
Allowances and benefits	NA	NA	NA	NA
TOTAL	€120,000	€120,000	€120,000	€120,000

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

TABLE 2 (CONT'D)

Summary table of the remunerations of each corporate officer

Robert Waterland, Deputy Managing Director ⁽²⁾	Allocated for 2010		Allocated for 2011	
	due	paid	due	paid
Fixed remuneration				
- as Deputy Managing Director	€100,000	€100,000	€100,000	100,000
- as Director of Property	€500,000	€500,000	€500,000	500,000
Variable remuneration	NA	NA	NA	NA
Exceptional remuneration	NA	NA	NA	NA
Directors' fees	0	0	0	0
Allowances and benefits	€19,469	€19,469	€19,816	€19,816
Including:				
<i>GAN insurance</i>	€17,840	€17,840	€18,198	€18,198
<i>Car</i>	€1,595	€1,595	€1,577	€1,577
<i>mobile phone</i>	€34	€41	€41	€41
TOTAL	€619,469	€619,469	€619,816	€619,816

(2) Mr. Robert Waterland is also entitled to the following severance package as property director:

- the allocation of a twelve month severance indemnity subject however for the portion of this allocation exceeding the amounts set forth in the Collective Agreement to the following performance-based conditions: an increase in the consolidated operating cash-flow on a like-for-like basis, excluding the appreciation of divestments, at least 5% higher than the average of the past three financial years.

- compensation in lieu of notice of twenty-four months in the event of dismissal, if Mr. Robert Waterland is exempted from serving said notice.

The total amount of compensation which would be paid on his departure is capped at two years of remuneration, both fixed and variable.

Jérôme Descamps, Deputy Managing Director ⁽³⁾	Allocated for 2010		Allocated for 2011	
	due	paid	due	paid
Fixed remuneration	€175,100	€175,100	€180,000	€180,000
Variable remuneration ⁽⁴⁾	€60,000	€60,000	€60,000	€60,000
Exceptional remuneration	na	na	na	na
Directors' fees	0	0	€15,900	€15,900
Allowances and benefits (mobile phone)	€33	€33	€33	€33
TOTAL	€235,133	€235,133	€255,933	€255,933

(3) Remuneration paid by Tour Eiffel Asset Management (formerly Awon Asset Management), a controlled company, for his services as chief financial officer.

(4) This variable remuneration is provided for by the employment contract signed with Tour Eiffel Asset Management prior to the appointment of Mr. Descamps as a corporate officer. It takes into account the individual performance and achievement of objectives during the previous financial period.

TABLE 3

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

Members of the Board	Allocated in 2010	Allocated in 2011
Marc Allez		
Directors' fees	€18,500	€5,500
Mercedes Erra ⁽¹⁾		
Directors' fees		€11,900
Michel Gauthier		
Directors' fees	€21,500	€7,700
Renaud Haberkorn		
Directors' fees	€16,000	€19,700
Aimery Langlois-Meurinne		
Directors' fees	€13,000	€17,000
Claude Marin		
Directors' fees	€20,000	€6,200
Richard Nottage ⁽¹⁾		
Directors' fees		€13,400
Philippe Prouillac		
Directors' fees	€21,000	€22,700
TOTAL	€110,000	€104,100

(1) Appointed as a member of the board in 2011.

TABLE 4

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

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

TABLE 5

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

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

TABLE 6**Performance-based shares granted during the financial period to each corporate officer**

Performance-based shares granted during the financial period to each corporate officer by the issuer and by all companies of the Group	Plan number and date	Number of shares granted during the financial period	Valuation of the shares according to the method selected for the consolidated financial statements	Date of acquisition	Date of availability	Performance-based conditions
Mark Inch	Plan no. 6 8/12/11	7,000	€210,299	8/12/13	8/12/15	(1)
Robert Waterland	Plan no. 6 8/12/11	7,000	€210,299	8/12/13	8/12/15	(1)
Jérôme Descamps	Plan no. 6 8/12/11	2,000	€60,086	8/12/13	8/12/15	(1)

(1) Performance-based conditions:

- two third of the shares would be definitively allocated on the condition that the Company's equity capital is first reinforced and that banking debt (notably expiring in 2013) has been refinanced under conditions that are favourable to the Company;
- one third of shares would be definitively allocated on the condition that the consolidated operating cash flow on a likeforlike basis, adjusted to capital gains or losses on sales, is at least 5% higher than the average of the three previous financial years on the date of acquisition.

TABLE 7**Performance-based shares which became available to each corporate officer during the financial period**

Performance-based shares newly available to managing corporate officers	Plan number and date	Number of shares available during	Conditions of acquisition
Mark Inch	Plan no. 3 12/02/07	500	
	Plan no. 4 16/10/07	3,000	
Robert Waterland	Plan no. 3 12/02/07	500	
	Plan no. 4 16/10/07	3,000	
Jérôme Descamps	Plan no. 3 12/02/07	100	
	Plan no. 4 16/10/07	800	

TABLE 8

History of allocation of share subscription or purchase options

Information on unexpired share subscription or purchase options			
	Plan no. 5	Plan no. 7	Plan no. 8
Date of shareholders' meeting	17/05/06	29/03/07	29/03/07
Board of Directors meeting date	29/03/07	11/12/08	15/10/09
Total number of shares available for subscription or purchase	816 ⁽¹⁾ ⁽²⁾	28,198 ⁽²⁾	28,427 ⁽²⁾
<i>number available for subscription or purchase by corporate officers</i>		28,198 ⁽²⁾	28,427 ⁽²⁾
<i>Mark Inch</i>		9,231 ⁽²⁾	8,982 ⁽²⁾
<i>Robert Waterland</i>		9,231 ⁽²⁾	8,981 ⁽²⁾
<i>Jérôme Descamps</i>		4,867 ⁽²⁾	5,232 ⁽²⁾
<i>Frédéric Maman</i>		4,869 ⁽²⁾	5,232 ⁽²⁾
Starting date of the exercise of options			
<i>Mark Inch</i>		11/12/08	15/10/09
<i>Robert Waterland</i>		11/12/08	15/10/09
<i>Jérôme Descamps</i>		11/12/08	15/10/09
<i>Frédéric Maman, SCI Champigny Carnot</i>		11/12/08	15/10/09
<i>executive personnel</i>			
<i>non-executive personnel</i>	29/03/07		
Expiry date	29/03/12	11/12/13	15/10/14
Price of subscription or purchase	€114.64 ⁽²⁾	€32.87 ⁽²⁾	€45.95 ⁽²⁾
Number of shares subscribed as of 31 December 2011	0	1,500	0
Number of share subscription or purchase options remaining at the end of the financial period	816 ⁽²⁾	26,698 ⁽²⁾	28,427 ⁽²⁾

(1) After waiver by certain beneficiaries.

(2) Readjusted on 27 October 2009 and 28 May 2010.

(3) i.e. 80% of the average of the opening stock prices over the twenty trading sessions previous to the day when the shares were granted.

(4) i.e. 95% of the average of the opening stock prices over the twenty trading sessions previous to the day when the shares were granted.

For the record:

Plan No. 3 of the stock options granted by the Board of Directors on 17 May 2006 expired on 17 May 2011 (only 1,500 of the 11,103 options were exercised).

Plan No. 4 of the stock options granted by the Board of Directors on 14 September 2006 expired on 14 September 2011 (without being exercised).

TABLE 9

Share subscription or purchase options granted to the top ten non-corporate officer employees and options exercised by these individuals	Total number of options allotted/ of subscribed or bought shares	Weighted average price	Plan no.
Options granted during the financial period by the issuer and all companies included within the scope of option allocation, to the ten employees of this issuer and all companies included within this perimeter, of which the number of options granted is the highest (overall information)	none	none	none
Options held on the issuer and the previously noted companies, exercised during the financial period by the ten employees of the issuer of these companies, of which the number of options granted is the highest (overall information)	1,500	€32.87	7

TABLE 10

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

(1) Mr. Robert Waterland is also entitled to the following severance package as property director:

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

(2) with a subsidiary.

4 – FUTURE PROSPECTS AND RISK MANAGEMENT

4.1 – Events since closing of year-end accounts

The following events occurred between 1 January 2012 and the meeting of the Board adopting this document:

- 16 January 2012, decision to extend the Société de la Tour Eiffel Foundation for five years;
- commitment to sell of two buildings located in Bezons signed on 25 January 2012;
- delivery on 26 January 2012 of the LEB building with 2,200 sq.m in the Parc du Moulin à Vent in Venissieux and handover of the premises to the tenant for nine years. The building has an energy efficiency over 50%, above the RT 2005, foreshadowing the performance of RT 2012. It is the first step in the development of the Parc du Moulin à Vent, and anchors one of its long-standing tenants;
- commitment to sell Building A in the Parc Cadera in Bordeaux signed on 1 February 2012;.

Otherwise, to the best of the Company's knowledge, there has been no significant change in the financial or commercial standing of the company since the end of the 2011 financial year.

4.2 – Outlook

The identified and secured rental income of Société de la Tour Eiffel, for the property assets held at 31 December 2011, based on an assumption of a rental index of 3.5%, will be at least €73.0 million in 2012.

The company will strive to continue to sustain and secure its existing rental income, optimising revenue by finalising the marketing of space that has been recently delivered.

With a constantly expanding portfolio of quality properties, Société de la Tour Eiffel has solid assets with which to boost its growth in the coming quarters and benefit from the next growth cycle, which will inevitably be conditioned by the financial and credit markets.

In terms of funding, its teams will strive to continue negotiations to refinance by anticipation the two major mortgage loan maturities of 2013; other sources of funding are also being considered. The medium-term objective is to reduce the LTV to 50%, which could be facilitated by continuing strategic disposals.

Disposals actioned in 2011 (€8.9m), but not yet completed at 31 December 2011, will be finalised in 2012 and other less strategic assets will be marketed, the policy of portfolio turnover being designed to both maintain significant returns and facilitate refinancing (refocusing on a core business of new offices in the outskirts of Paris).

In particular, the company intends to continue its organic growth through development of land reserves, primarily located in business parks and on the high potential site of Massy Ampère, and by collaborating with major tenants in their property investment and management strategies, thereby making full use of the know-how of its teams in the development of new buildings with latest-generation environmental features.

In response to market expectations, the company will seek to further upgrade the property portfolio which already comprises a majority of new or recent buildings.

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

4.3 – Risk factors and insurance

Risk factors

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

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

Management of market risks

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

Against a global backdrop of volatile financial markets, the Group's interest rate management policy is intended to limit the impact from changing interest rates on its income and cash flow, as well as to minimise the overall cost of its debt. To achieve these objectives, the Group's companies generally borrow at a variable rate and use derivatives (caps and swaps) to cover their risk of exposure to rate changes. They do not perform market transactions for any 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. This is because the investment vehicles used are liquid, secure and with low volatility, and can therefore be classified as "Cash and cash equivalents".

At 31 December 2011, the Group's consolidated gross indebtedness to banks was €591.6m, comprising €279.6m of fixed rate debt hedged with swaps, and €312 m of variable rate debt, hedged by interest rate caps for €271.1m. Hence, at year-end 2011, the debt was hedged overall to a total ratio of 93%.

At year-end 2011, the fair value adjustment of hedging instruments is reflected in the consolidated income statement by a positive financial impact of €1,285K, -€724 K is CAP-related, €3,384 K is SWAP-related and - €1,375 K is related to the tunnels (see Notes 5 and 12 of the consolidated financial statements).

On the basis of the debt recorded at 31 December 2011, an average 100 basis point increase in 3-month Euribor rates over 2012 would have an estimated negative impact of €2.8m on net recurring income. Conversely, a drop in the interest rates of 100 basis points would reduce the finance cost by an estimated €2.8m, resulting in an equivalent positive impact on the recurring net income for 2012.

Risks on treasury shares

As part of the share buyback programme authorised by the General Shareholders' Meeting of 20 May 2010, the characteristics of which are described in paragraph 1.3 above and 5.1.2 below, the company is subject to a risk on the value of the shares it is liable to hold.

Based on the number of shares held the end of the 2011 financial year, i.e. 93,650 shares, the sensitivity of results to a decrease or increase of 10% of the Société de la Tour Eiffel share price is estimated to be €0.4m.

Counterparty risk

The company only enters into hedging agreements with world-class banking institutions.

Currency risk

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

Liquidity risk

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

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

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

These cases are, in particular, the failure to pay an amount due, the breach of certain financial ratios, the failure to honour various commitments taken by the Company or its subsidiaries, the imprecision of various declarations and guarantees made; the occurrence of an event having a significant unfavourable effect on the Group's activity, its financial, legal or tax position or on properties owned by the Group; commitments proving invalid or unenforceable, the failure to record a mortgage surety bond at the agreed-to credit grade, the realization of

a security interest by the Company's creditor on assets financed by money drawn on the blanket agreement; the existence of class action suits; dissolution; a merger not authorized by the lender; the assignment of a portion of a subsidiary's securities whose real estate property was financed through a blanket agreement; the existence of proceedings to requisition / expropriate a building financed by the blanket agreement if the compensation is insufficient to pay down the financed portion, the assessment of a tax following an uncontested tax adjustment with a significant unfavourable effect; the loss of eligibility for the SIIC tax scheme which does not follow a change in the law; and the statutory auditors' opinions as soon as they have a material unfavourable effect or the total loss of a building financed through the blanket 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 blanket agreements, the lender banks may cancel their commitments in respect of credit lines, declare the credit outstanding and their related costs to be due and immediately payable, and realise all or part of the guarantees granted in the context of these contracts.

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

- LTV ratio: amount of committed financings over that of the fixed assets financed;
- ICR ratio: interest coverage for the 4th quarter of 2011 and projections of interest expense over the following 3 first quarters of 2012 over net rentals for the 4th quarter of 2011 and those projected over the first 3 quarters of 2012.

Banking financing and main covenants at 31/12/2011

In €m	31/12/2011		Bank covenants		Last published ratios		
	Bank rating ⁽¹⁾	Consolidated financial debt	Maximum LTV	Minimum ICR	LTV	ICR	Maturity date
RBS / AXA / Calyon / Crédit Foncier	A+	123	75.0%	170%	53.4%	308%	15/06/2013
Société Générale / BECM	A+	43.2	65%	145%	48.5%	189%	15/04/2018
Société Générale (50%) Crédit Foncier (50%)	A+	47.9	65%	110%	49.1%	134%	28/03/2017
Société Générale	A+	12.4	NA	110%	NA	179%	14/01/2015
PBB (ex HRE)	BBB-	352.2	72.5%	140%	65.5%	344%	30/06/2013
Natixis	A+	12.9	72.5%	225%	61.6%	295%	30/09/2012
TOTAL		591.6					

(1) Rating assigned to the banks on 1 March 2012.

The level of the loan covenants at 31 December 2011 complies with all the commitments of the Group as established by each of its financing contracts.

Risks related to the change in the economic environment

Since the property assets of the Group mainly consist of office property and industrial premises located in France, changes in the principal French macro-economic indicators are liable to affect the level of activity of the Group, its rental income, the value of its property portfolio, as well as its policy for investment and development of new assets, and thus its prospects for growth. The activity of the Group can be influenced in particular by

the economic situation, the level of interest rates, and that of the national cost of construction index ("ICC"), and any index applicable to changes in effective rental income.

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

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

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

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

The vacancy rate of operated assets at 31 December 2011, for example, stands at 8.9%. Given the economic forecast for 2012, the vacancy rate should stabilise.

Risks related to the competitive environment

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

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

Against a background marked by the financial crisis and the scarcity of financing on acceptable terms, to face the multi-faceted competition, the Group had voluntarily decided to mark time in 2008, 2009 and 2010 on its short-term development strategy. Since the 4th quarter of 2010, the financial markets, although still volatile, have stabilised, and the Group decided to explore investment opportunities in line with its property strategy. The Group also plans to make some disposals in order to focus on its core business, office real estate on the outskirts of Paris.

Risks related to the office and industrial property markets

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

Risks related to valuation of the property portfolio

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

Furthermore, in the valuation process, the in-house experts of Tour Eiffel Asset Management are in constant contact with external valuers, not only to define the assignment and provide the basic elements concerning the assets, but also to confront their approaches and valuation criteria. The company never modifies externally prepared valuations.

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

The sensitivity analysis of our portfolio consists in calculating, based on the appraisal values at 31 December 2011, their change using only the net income capitalisation method, according to the assumption of a positive and negative variation of 25 bp and 50 bp in the rates of return used by the experts, i.e. -0.50%, -0.25%, +0.25% and +0.50%.

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

- 1) For an increase of 25 and 50 bp, the value of the portfolio at 31 December 2011 would decrease respectively by 4% and 7.4%, which, all other things being equal, would result in an overall adjustment in consolidated income of -€39.8 million and -€73.8 million respectively.

2) For a decrease of 25 and 50 bp, the value of the portfolio at 31 December 2011 would increase respectively by 4% and 9.2%, which, all other things being equal, would result in an overall adjustment in consolidated income of +€40.1 million and +€92.1 million respectively.

In addition, applying these assumptions could have an impact on the Company's cost of financial debt, compliance with its financial ratios and its borrowing capacity, which depend in particular on the ratio between the Company's debt and the overall value of its portfolio; by applying the results in market value of the two assumptions of increases in interest rates (as indicated above) in order to calculate banking covenants at 31 December 2011, the level of these new ratios of banking covenants would still comply with all the obligations of the Company concerning each of its financing agreements.

Risks related to the failure of information systems

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

Legal risks

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

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

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

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

Dependence on patents or licenses

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

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

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

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

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

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

Under the terms of the directive issued on 25 September 2003, 4 H-5-03 no. 55, the breach of the conditions on which SIIC status is granted during any subsequent financial years shall result in exclusion from the SIIC regime affecting both the parent company and any subsidiaries having opted for the status. This exclusion is retroactive as of the first day of the financial year in which the Company is excluded. Income recorded by the Company and its subsidiaries is therefore not entitled to an exemption even if income for the financial year in question is duly distributed.

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

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

The Loi de Finances Rectificative 2006 introduced new provisions entitled "SIIC 4", effective as of 1 January 2007.

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

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

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

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

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

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

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

Given the aforementioned provisions, introduced by article 208 C II ter of the General Tax Code, the articles of association of the Company were modified by decision of the special general shareholders' meeting held on 27 March 2008, on the one hand in order to oblige shareholders affected by these provisions to register their shares under penalty of having their maximum voting rights reduced to a tenth of the number of shares

held (article 8) and, on the other hand, to transfer liability to the aforementioned shareholders for the sum due by the Company as a result of the situation of the said shareholders (article 33).

The modifications to the SIIC regime which occurred in 2011, i.e. expiry pursuant to section 201 E of the CGI (SIIC 3) and elimination of the 40% rebate on dividends paid by SIIC to individuals, does not create any additional risk for the Company.

Risks associated with tax regulations

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

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

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

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

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

In addition to insurance coverage of its assets, the Company also systematically verifies, prior to an acquisition, the conformity of technical facilities which could have impact on the environment or the safety of individuals (in particular fire-fighting equipment, ventilation, air conditioning systems, electrical installations, lifts). These verifications are performed by independent inspection authorities. Observations by these inspection authorities are then taken into account by the technical managers appointed by the Company in order to respond as appropriate to the observations made by inspection authorities.

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

Risks related to changes in sustainable development

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

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

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

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

As part of its anticipation and control of these risks, for several years the Company has adopted a policy of regular property upkeep and upgrading work ("Capex") in order to maintain the quality of its portfolio and meet environmental regulations.

During fiscal 2011, the company implemented a strategy primarily to gain more detailed knowledge about its assets in terms of energy and environmental issues, and then to structure a methodology for collecting the data to ensure the reliability and sustainability of the information obtained, and invited Sinto, a specialised firm, to do so. In this way, the Group can more efficiently focus operations involving the maintenance, renovation and renewal of its portfolio.

To further that initiative, during fiscal 2011 Société de la Tour Eiffel also undertook to produce its first Social And Environmental Responsibility Report, which is included in paragraph 6.3 of this Report.

That initiative will be continued in support of its social, societal and environmental commitments, Société de la Tour Eiffel having adopted a strategy of continuous improvement based on a detailed list of indicators and performance targets.

Rental risks

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

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

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

Nevertheless, as part of its development, the Group has acquired companies whose rental portfolio is not based on the same selection criteria in particular with regard to the profile of the tenants or the guarantees or sureties they provide, which is the case for the rental portfolio of the Locafimo Group in particular. Such a situation could have an impact on the exposure of the Group concerning the insolvency of its tenants and more generally on the profitability, growth, business and future earnings of the Group.

The invoicing of financial items relating to lease agreements is carried out by the outside property management companies exclusively mandated by the Company. The organisation and monitoring of the invoicing and recovery of rents and charges are centralised.

Certain operating costs of the assets held by the Group are billed to tenants. These consist mainly of services provided within the framework of annual contracts.

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

At 31 December 2011, the dependence of the Group with regard to its tenants was as follows:

N°	Tenants	Buildings	% of total rental income 2011
1	La Poste	12 buildings + Millénaire Locafimo building + Cadéra Sud building (Merignac) + Parc des Tanneries (Strasbourg)	13%
2	Alstom	Massy + Nancy + Parc du Perray (Nantes) + Parc des Tanneries (Strasbourg)	7%
3	C&S Communication	Le Plessis-Robinson	5%
4	NXP	Caen	5%
5	Medica	4 Nursing homes	4%
6	Air Liquide	Champigny + Parc du Perray (Nantes)	4%
7	Ministry of the Interior	Asnières	4%
8	Soletanche (Vinci)	Rueil-Malmaison	4%
9	Altran	Vélizy Topaz	3%
10	Atos	Aubervilliers	3%
11	Gefco	Sochaux	2%
12	DRASS DDASS	Parc du Millénaire (Montpellier)	2%
13	Seine-Saint-Denis General Council	Bobigny	2%
14	CMN (Centre des Monuments nationaux)	Paris – Porte des Lilas	2%
15	Pôle Emploi	Paris – Porte des Lilas + Parc des Tanneries (Strasbourg)	2%
16	EURO MEDIA France	STE – Saint-Cloud	2%
17	ANTALIS	Paris – Porte des Lilas	1%
18	Others	Other business (<1% per tenant)	35%
TOTAL			100%

The tenancy status at 31 December 2011 demonstrates that 55% of overall rents are secured by some fifteen quality covenants, with an average lease term extending to 4Q 2016. The remainder of the rents are represented by a multiplicity of tenants (400 leases, 3/6/9).

Finally, in general, in France the legislation on commercial leases imposes a number of constraints on lessors. In particular, the contractual provisions related to the term, termination, renewal or indexation of rents of buildings regulated by law, limit rental increases by de-correlating them from the market evolutions. It should also be noted that the tenant is entitled to vacate the premises on expiry of the lease.

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

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

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

Risks related to the dependence with respect to certain key directors

These risks were greatly mitigated by the adoption in 2011 by the Board of a succession plan, under which the Group's Managing Director from 1 September 2012 will be Mr. Renaud Haberkorn, who is currently a board member of Société de la Tour Eiffel. To ensure the succession is gradual and sustainable, on that date the current founding

directors, Messrs Mark Inch (President and Managing Director) and Robert Waterland (Deputy Managing Director), will become respectively Chairman of the Board and Group Real Estate Consultant.

Mr. Renaud Haberkorn has 15 years of international experience in real estate and finance and is familiar with the company, having been a board member from 2003 to 2006. He will also be assisted by two Deputy Managing Directors, Mr. Jérôme Descamps and Mr. Frederic Maman (appointed with effect from 1 September 2012), who have respectively been in charge of finance and asset management for the Group since 2003.

Risks related to the dependence on asset management and consultancy contracts

The Group depends on the Tour Eiffel Asset Management company with which it signed an asset management contract for a period of five years from 1 January 2007 until 31 December 2011. The contract was automatically renewed for a period of five years.

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

Service contracts result in compensation in accordance with market conditions, comparatively assessed by the Company.

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

As for the contract with Bluebird Investissements, it includes a notice period of two years so that Société de la Tour Eiffel can organise an alternative solution.

Risks related to the dependence upon property managers

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

Insurance and risk coverage

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

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

The construction and renovation works of the Group's property assets are covered by comprehensive site insurance and structural damage insurance. Management of these policies is centralised by the Company's asset manager who coordinates operations with insurance brokers at Group level. A significant portion of insurance premiums is re-invoiced to tenants in service charges. The Group benefits from the expertise of the Tour Eiffel Asset Management team which include specialists in property insurance.

The total amount of insurance premiums paid in 2011 stands at €1,167,000. The breakdown of this overall figure is as follows:

- "Multi-risk Building": €964K,
- "Civil Liability" insurance: €195K,
- Other insurance: €8K.

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

Legal procedures and arbitration

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

5 - SOCIÉTÉ DE LA TOUR EIFFEL'S SHAREHOLDERS

5.1 – Information relating to the share capital

5.1.1 – Changes in the share capital over 5 years

Date	Transaction	Changes in the amount of share capital		Resulting share capital	Number of shares created	Number of shares after the transaction	Nominal value of the share
		Nominal value	Issuance premium				
Position on 31 December 2007	–	–	–	€249,264,144	–	5,193,003	€48
Position on 31 December 2008	–	–	–	€249,264,144	–	5,193,003	€48
10 June 2009	Reduction in capital	€223,299,129	–	€25,965,015	–	5,193,003	€5
10 June 2009 ⁽²⁾	Capital increase	€1,200,165	€3,922,139	€27,165,180	240,033	5,433,036	€5
27 October 2009	Distribution of part of the share premium	–	€-10,677,220	€27,165,180	–	5,433,036	€5
Position on 31 December 2009	–	–	–	€27,165,180	–	5,433,036	€5
20 May 2010	Distribution of part of the share premium	–	€-7,318,611	€27,165,180	–	5,433,036	€5
30 September 2010 ⁽²⁾	Capital increase	€796,240	€5,898,545.92	€27,961,420	159,248	5,592,284	€5
Position on 31 December 2010	–	–	–	€27,961,420	–	5,592,284	€5
18 May 2011 ⁽¹⁾	Capital increase	€7,500	€41,805.00	€27,968,920	1,500	5,593,784	€5
20 June 2011 ⁽²⁾	Capital increase	€690,965	€7,215,056.53	€28,659,885	138,193	5,731,977	€5
19 September 2011 ⁽²⁾	Capital increase	€21,475	€212,387.75	€28,681,360	4,295	5,736,272	€5
Position on 31 December 2011	–	–	–	€28,681,360	–	5,736,272	€5

(1) After exercising the share subscription options.

(2) After exercising the dividend payment in shares option.

5.1.2 – Share purchasing options

During fiscal 2011, two share buyback programmes were used, the first being introduced on 28 July 2010, and the second by the Board of Directors on 16 June 2011 by delegation from the Ordinary Shareholders' Meeting on 18 May 2011.

2011 Buy-back programme summary			
	Quantity	Average price	Total
Purchases	85,080	€55.38	€4,711,704.29
Sale	87,471	€54.99	€4,810,135.73
Transfers			
Trading fees			

Number of shares registered in the name of the Company on the year end accounts: 93,650

Total value of these shares valued at purchase cost: €5,498,191.50 (value per share: €58.71)

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

Number of shares used: 0

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

Forthcoming share buyback programme

At the next General Shareholders' Meeting to be held on 24 May 2012, it will be proposed that the Board of Directors be authorised to implement a new share buyback program of the Company's own shares, in order to:

- stimulate the market or share liquidity through a liquidity agreement with an investment services firm;
- cancel the shares bought back, wholly or in part, in accordance with the conditions laid out in Article L. 225-209 of the Commercial Code, and subject to approval of the share capital reduction authorised by the General Shareholders' Meeting;

- have shares on hand which it may issue to its corporate officers and employees as well as to 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 (Fr. *plan d'épargne d'entreprise/interentreprises*);

- hold and subsequently remit shares as payment or exchange as part of external growth, merger, demerger or contribution operations within the limit of 5% of the capital,

- acquire and hold shares for financial and asset management purposes.

The conditions for the new share buyback programme proposed to the General Shareholders' Meeting on 24 May 2012 will be as follows:

- The maximum number of shares for which buyback is authorised will be equivalent to 10% of the capital of Société de la Tour Eiffel.
- The maximum purchase price will be set at €85 per share.
- The duration of the programme will be eighteen months from the date of the General Shareholders' Assembly on 24 May 2012, i.e. until 24 November 2013.

Breakdown by objective of equity securities held at 29 February 2012:

- Liquidity contract: 2,619 shares.
- Share purchase or subscription plans and bonus share plans: 92,594 shares.
- External growth operations: none.

5.2 – Group ownership structure

Statutory thresholds

There is no statutory threshold requiring a crossing declaration.

Double voting rights

No double voting right exist.

Changes in the ownership structure over 2011

- BNP Paribas Asset Management (1, boulevard Haussmann, 75009 Paris), acting on behalf of funds it manages, declared that it crossed the 5% threshold of capital and voting rights
 - on the upside on 2 June 2011,
 - on the downside on 14 June 2011,
 - on the upside on 16 June 2011,
 - on the downside on 21 June 2011,
 - on the upside on 27 July 2011.

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

Ownership structure on 31 December 2011

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

Material changes in the ownership structure over the three past years

Management is aware of the following changes over the 2009, 2010 and 2011 financial years:

- Sumitomo Mitsui Asset Management Co Ltd

This company declared that it crossed downside on the 5% threshold of capital and voting rights in our company on 16 September 2009.

- Nomura Asset Management Co. Ltd

The company, acting on behalf of funds it manages, declared that it crossed the 5% threshold of capital and voting rights in our company on the downside on 20 October 2010.

- DLIBJ Asset Management Co. Ltd / DIAM Co.

The company, acting on behalf of funds it manages, declared that it crossed the 5% threshold of capital and voting rights in our company on the downside on 16 December 2010.

- Fortis Investment Management France / BNP Paribas Asset Management

Fortis Investment Management France, acting on behalf of clients under its management, declared that it crossed the 10% threshold of Société de la Tour Eiffel's capital and voting rights on the upside on 1 April 2008, then on the downside on 15 May 2009.

BNP Paribas Asset Management, acting on behalf of funds it manages, declared that it crossed the 5% threshold of capital and voting rights on the downside on 22 November 2010, and that the shareholding in our company was due to the resumption of the management activities of Fortis Investment Management SA which occurred further to the merger/absorption on 3 May 2010.

BNP Paribas Asset Management declared that during the 2011 fiscal year it crossed the thresholds of 5% of capital and voting rights:

- on the upside on 2 June 2011,
- on the downside on 14 June 2011,
- on the upside on 16 June 2011,
- on the downside on 21 June 2011,
- on the upside on 27 July 2011.

- Eiffel Holding Ltd

Eiffel Holding, in which a majority stake is held by Mr.Mark Inch, Chairman and Managing Director, and Mr.Robert Waterland, Deputy Managing Director, declared that it crossed the 10% threshold of capital and voting rights in our company on the downside on 22 May 2009, then on the upside on 12 June 2009 (including shares held by persons acting in concert).

Distribution of capital by shareholder groups over 3 years - Shareholders owning more than 5% of capital and/or voting rights

Ownership structure	Balance at 31.12.2011			Balance at 31.12.2010			Balance at 31.12.2009		
	Number of shares	% of capital	% of voting rights ⁽¹⁾	Number of shares	% of capital	% of voting rights ⁽¹⁾	Number of shares	% of capital	% of voting rights ⁽¹⁾
Directors and companies controlled by directors									
Mr. and Mrs Mark Inch (direct and indirect) <i>residents</i>	39,362	0.69	0.69	37,408	0.67	0.67	28,113	0.52	0.52
Mr. and Mrs Robert Waterland <i>residents</i>	17,780	0.31	0.31	17,268	0.31	0.31	16,277	0.3	0.3
Jérôme Descamps <i>resident</i>	3,386	0.06	0.06	3,164	0.06	0.06	3,034	0.06	0.06
Eiffel Holding Ltd ⁽²⁾ <i>non resident</i> ⁽³⁾	516,567	9.51	9.51	516,567	9.51	9.51	516,567	9.51	9.51
Total corporate officers and wholly-owned companies	577,095	10.06	10.06	574,407	10.27	10.27	563,991	10.38	10.38
Other shareholders owning more than 5% of capital ⁽³⁾									
BNP Paribas Asset Management SAS	402,778	7.03	7.03						
ING Clarion	165,800	6.53	6.53	165,800	6.53	6.53	165,800	6.53	6.53
Fortis Investment Management SA	NA ⁽⁴⁾	NA ⁽⁴⁾	NA ⁽⁴⁾	NA ⁽⁴⁾	NA ⁽⁴⁾	NA ⁽⁴⁾	506,882	9.76	9.76
Nomura Asset Management Co Ltd	NA ⁽⁴⁾	NA ⁽⁴⁾	NA ⁽⁴⁾	NA ⁽⁴⁾	NA ⁽⁴⁾	NA ⁽⁴⁾	306,399	5.9	5.9
DLIBJ Asset Management Co Ltd	NA ⁽⁴⁾	NA ⁽⁴⁾	NA ⁽⁴⁾	NA ⁽⁴⁾	NA ⁽⁴⁾	NA ⁽⁴⁾	329,392	6.35	6.35
Treasury shares	93,650	1.63	1.63	96,041	1.72	1.72	95,524	1.76	1.76

(1) Percentage calculated on the basis of all shares to which voting rights are attached.

(2) Company controlled by Mark Inch and Robert Waterland.

(3) on the basis of the latest statement of threshold crossing.

(4) NA: shareholders who have crossed the 5% threshold on the downside.

For the record, number of shares forming the capital:

- at 31 December 2011: 5,736,272,

- at 31 December 2010: 5,592,284,

- at 31 December 2009: 5,433,036.

5.3 – Dividends paid out over the past five years

Dividends over five years

Financial year	Dividend	Number of shares	Nominal value
2007	Interim €3.00	5,192,933	€48
2007	€3.00	5,193,003	€48
2008	Interim €3.50	5,193,003	€48
2008	€1.50	5,433,036	€5
2009 ⁽¹⁾	0	5,433,036	€5
2009	€0.62 ⁽²⁾	5,433,036	€5
2010	Interim €2.00	5,433,036	€5
2010	Balance €2.20	5,593,784	€5
2011	Interim €2.10	5,731,977	€5

(1) Distribution of 2 € per share paid out of the share premium further to the approval of the Ordinary General Shareholders' Meeting of 15 October 2009.

(2) Levied on the "other reserves" and "legal reserve" items, plus an amount of €1.38 per share paid out of the share premium.

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

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

Distribution of dividends

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

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

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

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

5.4 – Transactions involving the Company's shares

5.4.1 – Share buyback programmes

During the 2011 financial period, two share buyback programmes were implemented.

The first one, introduced on 28 July 2010 by the Board of Directors as delegated by the Ordinary General Meeting held on 20 May 2010, was to:

- Cancel all or part of the shares thus purchased,
- cover the stock option plans, the free attribution of existing shares, and corporate or inter-company savings plans,
- have shares on hand in order to provide shares if securities holders redeem or trade their securities or exercise the rights attached to convertibles, warrants, or any other security;
- carry out external growth operations,
- proceed, under the terms of a liquidity agreement, to stimulate the market for the company's shares.

The second one, adopted on 16 June 2011 by the Board as delegated by the Ordinary General Meeting held on 18 May 2011, was 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 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.

The liquidity contract associated with the first share buy-back programme continued in 2011.

5.4.2 – Share subscription or purchase options

No share subscription or purchase options were granted during fiscal 2011.

Plan No. 3 of the stock options granted by the Board of Directors on 17 May 2006 expired on 17 May 2011 (only 1,500 of the 11,103 options were exercised).

Plan No. 4 of the stock options granted by the Board of Directors on 14 September 2006 expired on 14 September 2011 (without being exercised).

Accordingly, all stock option plans now represent approximately 1% of capital.

Table of outstanding share subscription options

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

Board of Directors meeting date	26.12.2005	22.03.2006	17.05.2006
Plan number	Plan no. 1	Plan no. 2	Plan no. 3
Total number of shares which can be subscribed	121,001	29,594	11,103
<i>by corporate officers of the company or subsidiary</i>	121,001	29,594	0
<i>By the top ten employees with the most options</i>			10,023
Expiry date	26/12/2010	22/03/2011	17/05/2011
Subscription Price	€63.03	€80.73	€80.84
Number of shares exercised and sold	1,250	0	1,500
Share options cancelled or expired during the year	119,751	29,594	9,603
Remaining share options	0	0	0

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

Board of Directors meeting date	14.09.2006	29.03.2007
Plan number	Plan no. 4	Plan no. 5
Total number of shares which can be subscribed	137,314	24,182
<i>By corporate officers of the company or subsidiary</i>	119,336	22,624
<i>By the top ten employees with the most options</i>	16,005	1,558
Expiry date	14/09/2011	29/03/2012
Subscription Price	€92.13	€114.64
Number of shares exercised and sold	0	0
Share options cancelled or expired during the year	137,314	23,366
Remaining share options	0	816

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

Board of Directors meeting date	16.10.2007	11.12.2008	15.10.2009
Plan number	Plan no. 6	Plan no. 7	Plan no. 8
Total number of shares available for subscription or purchase	26,931	28,198	28,427
<i>By corporate officers of the company or subsidiary</i>	26,931	28,198	28,427
<i>By the top ten employees with the most options</i>			
Expiry date	16/10/2012	11/12/2013	15/10/2014
Price of subscription or purchase	€111.15	€32.87	€45.95
Number of shares exercised and sold	0	1,500	0
Share subscription or purchase options cancelled or expired	26,931	0	0
Remaining share subscription or purchase options	0	26,698	28,427

5.4.3 –Transactions conducted by company officers and directors

Transactions done in 2011

Start	Type of transaction	Person	Number of shares	Price	Value of transaction
06/10/2010	subscription	Marc Allez, Board member	411	€42.04	€17,278.44
31/05/2011	sale	Eiffel Limited Holding, legal entity linked to Mr.Mark Inch, Chairman and Managing Director, and Mr.Robert Waterland, Deputy Managing Director	7,000	€65.708	€459,956.00
01/06/2011	sale	Eiffel Limited Holding, legal entity linked to Mr.Mark Inch, Chairman and Managing Director, and Mr.Robert Waterland, Deputy Managing Director	2,555	€66.069	€168,806.30
02/06/2011	sale	Eiffel Limited Holding, legal entity linked to Mr.Mark Inch, Chairman and Managing Director, and Mr.Robert Waterland, Deputy Managing Director	716	€66.106	€47,331.89
03/06/2011	sale	Eiffel Limited Holding, legal entity linked to Mr.Mark Inch, Chairman and Managing Director, and Mr.Robert Waterland, Deputy Managing Director	9,729	€66.145	€643,524.70
21/06/2011	subscription	Person related to Robert Guy Waterland, Deputy Managing Director	62	€57.21	€3,547.02
21/06/2011	subscription	Robert Waterland, Deputy Managing Director	450	€57.21	€25,744.50
21/06/2011	subscription	Mark Inch, Chairman and Managing Director	529	€57.21	€30,264.09
21/06/2011	subscription	Bluebird Investissements SARL, legal entity linked to Mr.Mark Inch, Chairman and Managing Director	479	€57.21	€27,403.59
21/06/2011	subscription	Person related to Mark Inch, Chairman and Managing Director	109	€57.21	€6,235.89
21/06/2011	subscription	Person related to Mark Inch, Chairman and Managing Director	86	€57.21	€4,920.06
21/06/2011	subscription	Person related to Mark Inch, Chairman and Managing Director	81	€57.21	€4,634.01
21/06/2011	subscription	Eiffel Limited Holding, legal entity linked to Mr.Mark Inch, Chairman and Managing Director, and Mr.Robert Waterland, Deputy Managing Director	20,348	€57.21	€1,164,109.08
21/06/2011	subscription	Jérôme Descamps, Deputy Managing Director and Board member	109	€57.21	€6,235.89
23/09/2011	subscription	Jérôme Descamps, Deputy Managing Director and Board member	113	€54.45,	€6,152.85
28/09/2011	acquisition	Person related to Mark Inch, Chairman and Managing Director	295	€42.9379	€12,666.66
28/09/2011	acquisition	Mark Inch, Chairman and Managing Director	375	€43.00	€16,125.00

5.5 – Factors which could affect a take-over bid

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

- the services contract entered into with Tour Eiffel Asset Management (previously named “Awon Asset Management”) on 26 April 2004 as amended beginning on 1 January 2007 for a 5-year renewable term stipulates a rescission penalty equal to two times the remuneration received over the year previous to the rescission,
- the services contract entered into with Bluebird Investissements on 17 January 2004 as amended on 10 June 2009 beginning on 1 January 2007 for an indefinite period stipulates a two-year prior notice in the event of rescission,
- a bank borrowing agreement includes a cancellation clause should there be a change in control,
- Mr. Robert Waterland’s employment contract stipulates a maximum two years of severance pay in the event of termination.

6 – EMPLOYMENT AND SUSTAINABLE DEVELOPMENT INFORMATION

6.1 – Social organisation

At 31 December 2011, Société de la Tour Eiffel had one employee.

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

An asset management master agreement was entered into on 26 April 2004 with Awon Asset Management. The Board of Directors authorized the agreement as a regulated convention on 2 April 2004 and the shareholders ratified it at their General Shareholders’ Meeting of 18 May 2004. Under the terms of the contract, the company, which originally had no connection with the capital of Société de la Tour Eiffel, has the following functions: advising in the acquisition of buildings, management of properties held by the Group in order to optimise rental income and valuation of the property. It also administers Société de la Tour Eiffel.

The contract was amended by amendment no. 1 signed on 30 November 2006 with effect on 1 January 2007 to modify the term by raising it to five years starting on 1 January 2007. It can then be extended by tacit renewal.

The amended contract conferred more comprehensive responsibilities and simplified the financial terms owing to the consolidation of Tour Eiffel Asset Management into the Société de la Tour Eiffel Group.

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

At 31 December 2011, the Group had 25 employees.

At 31 December 2010 it has 23 employees and 24 employees at 31 December 2009 and 31 December 2008 . The staff comprises 15 women and 10 men, 17 of whom are executives and 8 are non-executives. The average age is 42 years. In 2011, 4 people were hired, and 2 left the Group. The expenditure carried out in 2011 for training activities stands at 27,018 euros. For informational purposes, the personnel do not hold any company shares on a collective basis.

Furthermore, management of the Group’s assets is assigned to the following companies: Savills Gestion, CB Richard Ellis Property Management, Avelim, Telmma and Parcomie.

6.2 – The Company’s foundation

The Société de la Tour Eiffel Foundation, initiated by the SIIC’s managers with the support of the Board of Directors, commits the Company to a socially oriented approach in line with its business and heritage. The foundation’s mission is to offer an early career opportunity through a firsttime professional project in the areas of city planning, architecture or regional development.

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

The French Law of 1 August 2003 provided for a tax incentive that favours the creation of company foundations. 60% of the donations of legal entities can be deducted from the company income tax if they are spent on an action programme spanning several years. To be sure, these provisions overlay those of the special tax treatment for SIICs. It is nevertheless true that company foundations now rate as a strategic tool enabling companies to act on their commitments and issues of concern as a good corporate citizen through clearly identified initiatives.

After the first two competitions, the first in 2008 on the design of a high-rise building on the Champ de Mars in Paris, the second in 2010 on the redevelopment of the former railway gantry spanning the River Garonne in Bordeaux engineered in 1860 by Gustave Eiffel, the Foundation offered a scholarship open to winners of both competitions. The theme was the little-known or forgotten constructions designed by Gustave Eiffel in a foreign country or geographical area. Two students from Bordeaux University on exchange programmes, one in Canada and the other in Chile, won the award. The students received an endowment of €17,000 for a study tour in South America. They made a film and a book, reflecting the presence of Gustave Eiffel in this region of the world, which were presented at the 2011 SIMI Construction & Real Estate trade show held at the Palais des Congrès in Paris in December.



Durable commitment

2011 CORPORATE
SUSTAINABILITY REPORT



S O C I É T É D E L A T O U R E I F F E L

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Editorial

BY FRÉDÉRIC MAMAN

> *Managing Director, Tour Eiffel Asset Management*

Committed to anticipating trends, and backed by a young and dynamic team, Société de la Tour Eiffel seeks compliance with the environmental code of conduct for listed property companies. That code is constantly changing, in accordance with international regulations (Kyoto, Copenhagen, Durban, etc.) and national legislation related to the Second Grenelle Act. Against this background, our attention to environmental and social responsibility is essential to ensure the sustainability of our performance, both in the structure of Société de la Tour Eiffel and in terms of its real estate assets.

There are three main motives for our action: securing rental income, obtaining a “green” label – the critical business argument in the eyes of users, and above all the ethic that has led Société de la Tour Eiffel to participate in its own way and at its own level in the efforts to protect the environment and natural resources. As such, we focus on initiatives that have genuine environmental and commercial legitimacy. For example, we seek to systematically brand all new projects since the emergence of the HEQ certificate in 2006-2007 with the more recent certificates such as those for Low Energy Buildings (LEB) or the Building Research Establishment Environmental Assessment Method (BREEAM). A portfolio audit was commissioned in 2011 in order to develop relevant eco-responsible actions founded on in-depth energy audits.

This reflects the objective of Société de la Tour Eiffel to gradually build its credibility on environmental issues, in a structured and methodical manner.

For this reason, given a difficult economic situation to say the least, we are particularly proud of our speculative development of the EIFFEL O₂ building under construction in Montrouge which will be LEB certified and targets the BREEAM Very Good rating, and which will also include an energy performance label once the building is operational.

“The objective of Société de la Tour Eiffel is to gradually build its credibility on environmental issues, in a structured and methodical manner.”

Our initiative

In 2011 Société de la Tour Eiffel produced its first Corporate Sustainability Report, based on a policy, since inception, of regular property maintenance and upgrading work (“Capex”) in order to maintain portfolio quality. The report, initiated voluntarily, presents the group's response to changes in the regulatory environment of the real estate markets.

Three years after the launch of the Grenelle Environment Forum, the first implementing decrees on energy and environmental performance for new and existing buildings have been issued at a steady pace. Over and above the regulations, however, Société de la Tour Eiffel intends to continue the process on which its reputation among listed property companies is based: its capacity to develop and maintain a portfolio of quality real estate assets.

The strategy pursued by the group aims primarily to gain more detailed knowledge about its assets in terms of energy and environmental issues, and then to blueprint a process for collecting the data to ensure the reliability and sustainability of the information obtained. With this in mind, Sinteo were requested to conceive a methodology and to implement the mechanisms for reliable and sustainable data collection. In this way, the group can more efficiently focus

operations involving the maintenance, renovation and renewal of its portfolio. This focus on eco-citizenship will stimulate new synergies both with its partners (property managers, facility managers) and with its tenants.

The CarbonScreen® energy and environmental mapping carried out in 2011 covers half of the assets under management, representing more than 300,000 sq. m of business premises. In all, four Parcs Eiffel and 17 office assets were audited.

All the various stakeholders in the financial and technical management of its assets and the occupants – representing over 100 tenant companies, SMEs and quality covenants – were coerced into data collection resulting in the compilation of more than 10,000 entries.

In order to pursue its social, societal and environmental commitments, Société de la Tour Eiffel has committed to a strategy of continuous improvement in sustainability based on a detailed list of indicators and performance targets.

Key figures

Société de la Tour Eiffel enjoys a high profile identity in the world of listed real estate investment companies. Created in 1889 by Gustave Eiffel, it became the first new property company to adopt the SIIC status in 2004. Backed by a team of seasoned real estate professionals, the company is renowned for the exemplary management of its portfolio of offices and business parks, including the establishment of the "Parcs Eiffel" brand. The portfolio was valued at nearly 1 billion Euros at year-end 2011.



THE AVERAGE ENERGY CONSUMPTION OF THE HOLDINGS OF THE SOCIÉTÉ DE LA TOUR EIFFEL GROUP

Société de la Tour Eiffel (-11%)
Average for France

371 KWH_{EP}/SQ. M YEAR

THE AVERAGE ENERGY CONSUMPTION OF THE SOCIÉTÉ DE LA TOUR EIFFEL GROUP

THE BILAN CARBONE® (CARBON FOOTPRINT) FOR THE SOCIÉTÉ DE LA TOUR EIFFEL GROUP IN 2011



71% Business trips 7% Commuting
8% Fixed assets 11% Energy
1% Waste 2% Incoming materials

5.9 METRIC TONS OF CO₂ EQUIVALENT

PER EMPLOYEE IN 2011: A GENERALLY SATISFACTORY ASSESSMENT, CONSISTENT WITH INDUSTRY NORMS



CHANGE IN THE NUMBER OF EMPLOYEES 2010/2011

96%

OF EMPLOYEES HAVE PERMANENT CONTRACTS

A commitment to corporate citizenship

Our social values

As of December 31, 2011, Société de la Tour Eiffel employed **25 PEOPLE**, mainly senior executives (average **AGE 42**). The 40% male / 60% female split reflects a proportion of women higher than the average for French companies. The complement remains stable, with a voluntary turnover rate of **8%**.

9%

GROWTH IN STAFF

60%

OF WOMEN

96%

OF EMPLOYEES HAVE PERMANENT CONTRACTS

96%

OF EMPLOYEES HAVE TAKEN AT LEAST ONE TRAINING COURSE

SYLVIANE BEAUMONT
> *Human Resources
and Utilities Manager*

“We believe that training is a key staff performance factor, in the fast-moving world of real estate.

It is also a means of advancing careers internally.

In 2011, the vocational training enjoyed by most employees amounted to nearly 450 hours in various fields (financial management, environment, health / safety, property law, office automation, communications, etc.). As a result, for the last two years the group has surpassed its legal obligations in terms of financial commitment on vocational training.

For 2012, we are targeting increased training of our asset managers focused on issues related to the energy and environmental performance of buildings.”

2011 SOCIAL DATA

Staff	at 31/12/2011
Number of employees	25
<i>including men</i>	<i>10</i>
<i>including women</i>	<i>15</i>
Average age of employees	42
Staff movements	
External recruitment	4
Departures	2
Voluntary turnover rate (%)	8
Remuneration	
Total payroll (in € thousands)	2,387
Employee shareholders of the company (%)	90
Training	
Total hours of training	445
% of employees taking at least one training course	96
Working time - absence	
Absenteeism rate (%)	2.8
<i>including work accidents</i>	<i>0%</i>

Corporate Governance and social responsibility

COMMITMENT TO TRANSPARENCY

Société de la Tour Eiffel prides itself in **one of the highest levels of governance transparency among listed property companies**. Nearly two-thirds of the directors are independent and no major shareholder, other than the founding directors, is represented on the Board. In broader terms, it has a **simple, comprehensible long-term strategy compliant with the highest industry standards**. Société de la Tour Eiffel has a reputation for being true to itself and to its commitments.

Almost 2/3

OF THE DIRECTORS ARE INDEPENDENT

The announcement of the arrival

OF A NEW CEO IN 2012

Consulting assignments in Corporate Governance

ENTRUSTED TO AN OUTSIDE SPECIALIST

Société de la Tour Eiffel Foundation



FOCUS ON... ACTION DURING THE YEAR

Established in 2007, the Société de la Tour Eiffel Foundation embodies the company's social commitment. In 2011, it offered grants to the winners of architectural competitions previously organised in 2008 and 2010. The theme was little known or forgotten structures undertaken by Gustave Eiffel overseas. The jury of board members, chaired by Robert Waterland, awarded the prize to two Bordeaux University students on exchange programmes, one in Canada and the other in Chile. The students received an endowment of €17,000 for a study tour in South America undertaken that summer. They produced a film and a book, reflecting the presence of Gustave Eiffel in the region, which were presented at the 2011 SIMI Construction & Real Estate trade show held at the Palais des Congrès in Paris in December. www.fondationsocietetoureiffel.org.

CAROLINE CHAUVEL & ELSA DURAND > *Winners of Eiffel 2011 Scholarship*

"Backed by the Société de la Tour Eiffel Foundation, "Eiffel Stories" is a research project on the presence of the celebrated engineer in South America. Chile, Peru and Bolivia are the three countries in which our initial research indicated that he is best known. So we decided to focus on seven cities to assess Eiffel's heritage on the continent.

The patronage of Société de la Tour Eiffel helped us undertake this study tour, to assess the work of the French engineer in each location. Equipped with a camera, we conducted interviews and filmed the locations so that we could appreciate the impact of Eiffel and portray the personage. It is that presence which can be seen on the film. In the end, very few works are directly related to the engineer and his company: we found only three still in place. Yet from the Andes to the Amazon, there are bridges, stations, churches or markets which form the basis for the folklore celebrated by a long-standing oral tradition, spreading the name of Eiffel everywhere."

Customs House (Aduana) in Arica, Chile, built from a plan drafted by the Eiffel company, today used for exhibitions.

Corporate greenhouse gas accounting

BILAN CARBONE® (CARBON FOOTPRINT) UNDER CONTROL

At year-end 2011, Société de la Tour Eiffel carried out the first comprehensive assessment of its carbon footprint using the French Environment and Energy Management Agency's (ADEME) Bilan Carbone® method. The study analysed the emissions of greenhouse gases associated with the operation of the company, including the consumption of energy, fuel, water and even paper.

The decision to carry out **an environmental assessment goes well beyond the regulatory framework**, reflecting the company's commitment to continuously improving the working conditions of its employees and their business interlocutors.

The study reveals a corporate profile dominated by business trips. Approximately **55% of the emissions, or 84 metric tons of CO₂ equivalent are linked to the long-haul flights** made during business trips: they represented two and a half times the earth's circumference, or **one hundred thousand kilometres a year**. They include nine trips to North America, the Middle East or Asia, essential to maintaining business relationships or seeking out investors. Furthermore, an internal transport control policy is designed to limit emissions due to other business travel.

WHAT IS A TON OF CO₂ EQUIVALENT?

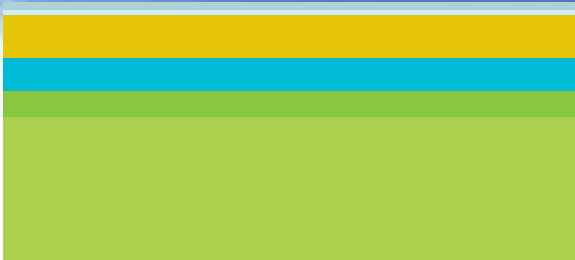
The unit used in a Carbone® footprint is one ton of CO₂ equivalent (**tCO₂e**), which represents the emissions of greenhouse gases for each workstation studied, reduced to an equivalent quantity of CO₂. In a Carbone® footprint, **six different greenhouse gases are assessed**, and then related to a common unit for ease of understanding and communication.

Ist CORPORATE GREENHOUSE GAS ACCOUNTING CARRIED OUT BY THE GROUP

5.9 metric tons of CO₂ equivalent
PER EMPLOYEE

70%
OF THE FOOTPRINT IS RELATED TO BUSINESS TRAVEL

BILAN CARBONE® (CARBON FOOTPRINT) FOR SOCIÉTÉ DE LA TOUR EIFFEL IN 2011



108 tCO₂ Business trips (71%) 10 tCO₂ Commuting (7%)
13 tCO₂ Fixed assets (8%) 17 tCO₂ Energy (11%)
2 tCO₂ Waste (1%) 3 tCO₂ Incoming materials (2%)

CORPORATE ENVIRONMENTAL DATA

EMISSIONS OF GREENHOUSE GASES		in 2011
Société de la Tour Eiffel		153 tCO₂
for business trips		108 tCO ₂
for energy		17 tCO ₂
Total per employee		5.9 tCO₂
Consumption		
Energy		179,591 kWh
Water		383 m³
Paper		2.16 tons
Travel		
Commuting		129,000 km
By car and two-wheeled vehicles		35,000 km
By public transport		94,000 km
Business trips		306,000 km
By air		156,000 km
By rail		115,000 km
By Company vehicle		35,000 km

Innovative property management

10,000
DATA CONSOLIDATED
ON 33 BUILDINGS

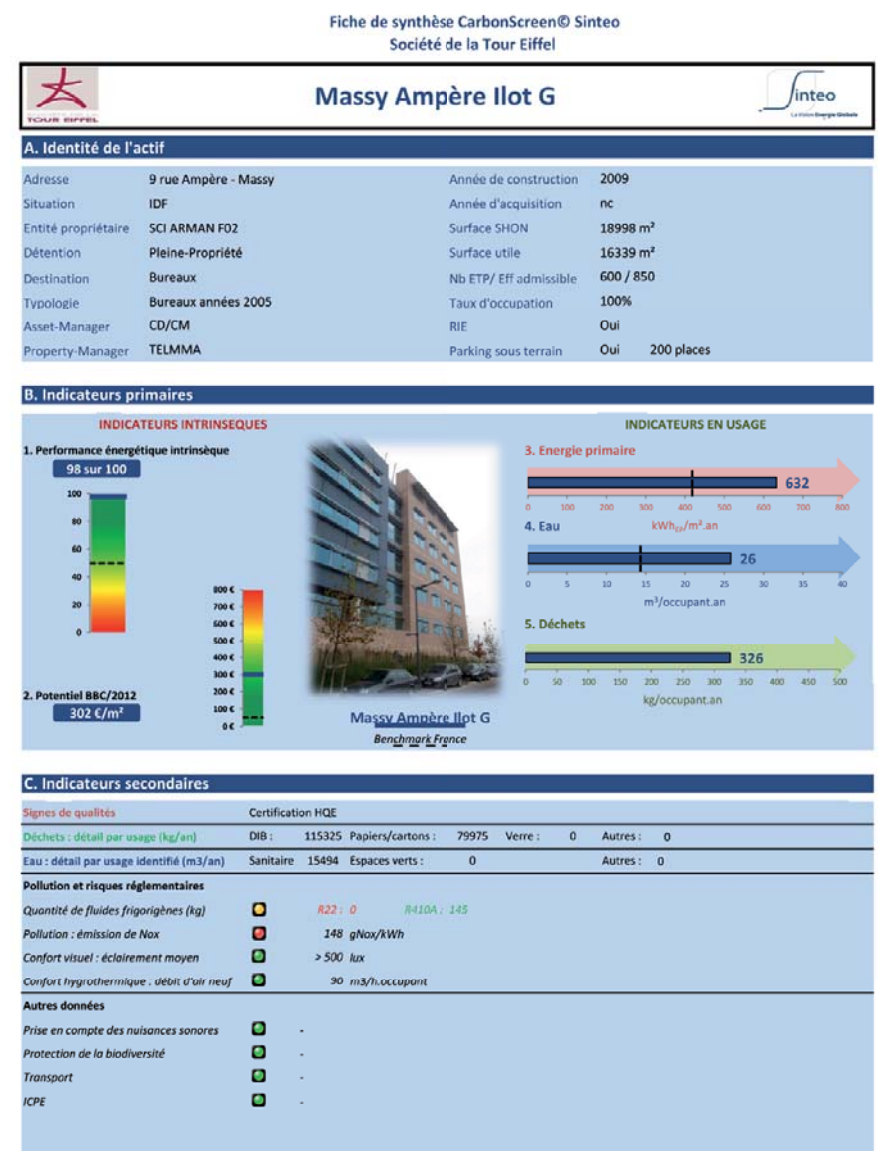
The Grenelle II legislation has had a significant impact on the environmental management of property assets, particular regarding the energy consumption of new and existing buildings. For example, nearly 850 million square metres of existing office space in France require upgrading between now and 2015 in order to advance at least one or two levels on the energy performance diagnostics scale of the French Energy Performance Certificates (DPE) and achieve an average overall reduction of 25% in actual consumption (*Source: Grenelle Building Plan working group*).

Société de la Tour Eiffel has adopted a highly pro-active approach: the mapping carried out in 2011 on over 300,000 sq. m of commercial space provides information on building energy consumption and the potential for energy recovery and consequently value enhancement through the implementation of a gradual, targeted campaign to reduce consumption.

In addition to the energy implications, the company believes that the **“green value” of an asset must be analysed from a spectrum broader than the statutory minimum.** The 2011 reporting also provided information on indicators of water consumption, waste generation and the impact on ecology and local biodiversity.

The vast map is based on approximately 300 data points for each asset, provided by managers and occupants or identified during systematic audits. The information is then processed and consolidated using the CarbonScreen® rating process. A summary report analyses each asset's energy and environmental performance and identifies the most relevant short-, medium- and long-term improvement actions.

This approach heightens awareness both as to portfolio requirements and appropriate remedial action.



QUESTIONS FOR...

JEAN-FRANÇOIS MECHAIN

> *Government Certified Architect (DPLG),*

Associate Director of the ARTE CHARPENTIER architectural consultancy firm

What were the architectural requirements in the design of the TOPAZ building?

The TOPAZ building is a demolition / reconstruction project, in which we retained the existing basements and redesigned the whole of the superstructure. The building is compact, extending to 15,000 sq. m on 5 floors. Each floor of 2,500 sq. m is divided into 4 lots, offering great potential for interior design.

Société de la Tour Eiffel also wanted TOPAZ to be a landmark building with a strong, innovative identity to break with the uniform architecture of the surrounding buildings in Vélizy. The curved form of the building espouses the structural orientation of the site: in particular, it accentuates the stem formed by the tip of the triangular plot on which the building is constructed. In addition, sun-shields follow the curved shape of the building and help control solar-generated heat gain while avoiding a break in the building's aesthetics.

What was the focus for your attention in the HEQ (High Environmental Quality) design of the building?

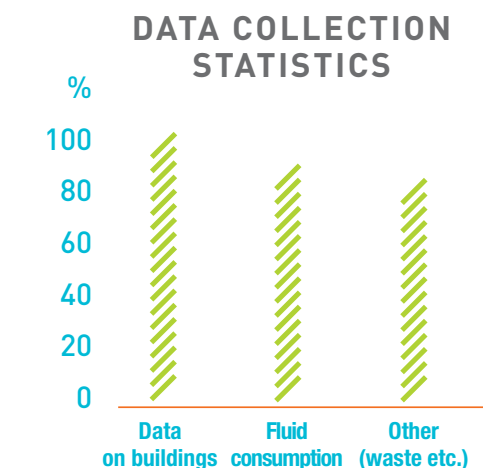
TOPAZ is certified to be compliant with the NF High Environmental Quality Standard for Commercial Buildings. Obtaining this certification was a major requirement for Société de la Tour Eiffel. In particular attention was concentrated on the integration of the demolition aspect, through 100% recycling of the waste produced and enhancing the performance of the new construction. That pro-active undertaking greatly improved the HEQ profile of the building and the "Energy Savings" target in particular. In 2011 this earned a "VERY GOOD" level of the CERTIVEA Passport for sustainable construction, and the award of a 5-star rating under the Environment theme.

Partners

Producing a map of this scope and scale would never have been possible without the full cooperation of all interested parties. The active involvement of tenants, property managers, developers and other partners resulted in a nearly 98% average rate of data collection, much in excess of the usual response for this type of study. Data collected included intrinsic building characteristics, energy consumption and waste removal efficiency.

In particular, all property managers participated willingly in collecting the data provided to Sinteo for mapping, ensuring the credibility of the analyses.

In addition, 100% of single-tenant building occupants provided the information and documentation requested for their building. While there was less data collection feedback from occupants of multi-tenant assets, mainly small businesses, all occupants generally participated in the initiative to the best of their abilities.



300,000 SQ. M

SURVEYED IN 2011

OVER 100

TENANTS IMPLICATED

TWO GREEN LEASES

SIGNED IN 2011, REPRESENTING OVER 13,000 SQ. M

FOCUS ON ... THE ENVIRONMENTAL RIDER

Since 30 November 2011, leases for premises used as offices or for a trade with a floor space of over 2000 square meters, let or relet since 1 January 2012, must include an environmental rider, in France often referred to as a "green lease". The rider sets out the obligations of the Lessor and the Lessee in improving the energy efficiency of the rented premises.

FOCUS ON... THE TRIPLE CERTIFICATION OF THE MONTROUGE BUILDING: EIFFEL O₂

The EIFFEL O₂ building under construction in Montrouge will have a dual LEB and BREEAM certification and target the Very Good rating of the latter. It will also be the first building in France to obtain "Oxygen" accreditation, developed by Vinci Construction. The building will thus serve as a benchmark for the development of the initiative. In addition to its excellent energy performance, EIFFEL O₂ will incorporate a number of innovative social and environmental criteria. In particular the worksite is subject to CO₂ footprint assessment, continuous monitoring of the constructor's compliance with social commitments on site, and communication with the neighbourhood on potential noise. 4,000 hours of professional training have been scheduled for temporary employees.

QUESTIONS FOR...

JULIEN AUDET

> EIFFEL O₂ Programme Manager, Vinci Construction France

What are the characteristics of the EIFFEL O₂ building in Montrouge?

It is a 5-storey building with a concrete frame structure and hollow-core slabs, above 3 basement levels. With a depth of 25 meters, EIFFEL O₂ is particularly compact. From the design stage onwards, Société de la Tour Eiffel required us to design an innovative structure consisting of a single column per level, to create a wide range of possibilities for interior design.

What is the "Oxygen initiative"?

The Oxygen initiative was developed in-house by Vinci Construction France. It is an accreditation based on three commitments. First, the eco-performance of the project must be designed to achieve a level of energy consumption that meets the highest industry standards. With a target primary energy consumption of 65 kWh/m², EIFFEL O₂ will attain "Silver" status on the benchmark. In terms of eco-production, the site is audited on the basis of its integration and compliance with social criteria in the selection of subcontractors and suppliers. Finally, the Oxygen initiative includes occupier support, providing specific information on the characteristics of the construction and on how to operate the building's management and monitoring facilities.

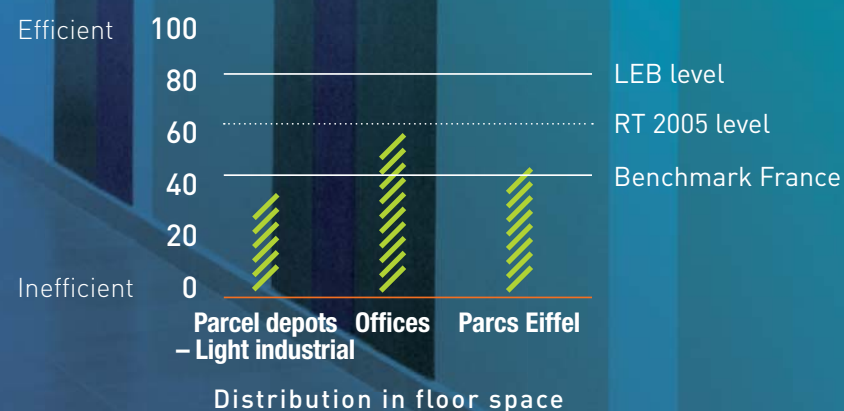
An intrinsically efficient portfolio

All mapped assets were positioned and benchmarked on Sinteo's CarbonScreen®, energy-environment assessment system. Scoring ranges from 0, inefficient, to 100, highly efficient. The overall average score for the audited portfolio was 50 out of 100, four points higher than the French benchmark average (covering 5.2 million sq. m of commercial property).

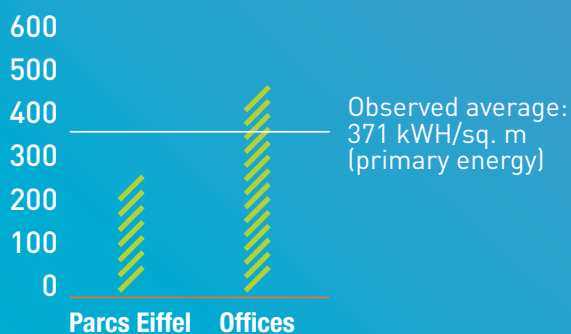
The company's office buildings (excluding business parks), which represent more than 40% of total floor space and which are generally of recent, quality construction, demonstrate the most efficient performance.

The nature of the assets held by the company, most of which are recent or renovated, is a major advantage, given the issues involved in improving the energy performance of existing buildings. For example, over 50% of the offices in terms of floor space meet the RT 2005 thermal regulations and the flagship buildings reach levels close to the requirement of RT 2012.

POSITIONING OF THE SOCIÉTÉ DE LA TOUR EIFFEL PORTFOLIO ON THE CARBONSCREEN® SCALE



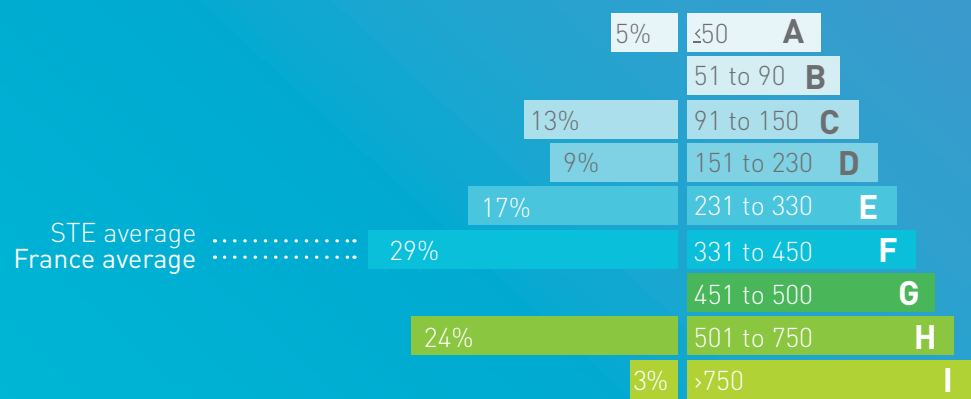
ANNUAL AVERAGE CONSUMPTION OF AUDITED ASSETS IN KWH_{EP}/SQ. M



Average overall energy consumption for the audited portfolio is 371 kWh/sq. m/year (primary energy), about 11% less than the French average of 417 kWh /sq. m/year* (primary energy). For 80% of the assets, actual performance is consistent with their intrinsic qualities thanks to suitable occupant use. Sources of energy savings have been identified for the remaining 20% of buildings in service and will be the subject of tenant consultation with the view to being detailed in lease riders as environmental objectives.

Parcs Eiffel tenants, including small or very small businesses, generally occupy premises in an appropriately rational manner, thus helping to maintain low consumption levels, slightly below 300 kWh / sq. m/year (primary energy).

PORTFOLIO ENERGY PERFORMANCE



Breakdown of assets per class of energy performance diagnostics as a percentage of floor area

Rating on the French regulatory energy performance diagnostics scale (ECD) expressed in kWh

THE PURPOSE OF CARBONSCREEN®

In order to evaluate the energy and environmental impact of its portfolio, Société de la Tour Eiffel relies on CarbonScreen®, a mapping and reporting solution for real estate portfolios. Designed and implemented by Sinto, CarbonScreen® is the first benchmarking system for the energy performance of commercial buildings in France with nearly 1,000 sites and 5.2 million sq.m. of gross floor area audited.

The mapping system evaluates buildings on three major criteria: their intrinsic performance, the quality of operation, and energy recovery potential. It helps to highlight the strengths and weaknesses of real estate assets and thus build a roadmap for aligning them with the highest Société de la Tour Eiffel standards, such as the High Environmental Quality label.

With the CarbonScreen® solution, Société de la Tour Eiffel has a broad base of comparison for measuring the environmental performance of its assets. Mapping is a prerequisite for the definition of a management plan for the portfolio: what should be renovated? Where are the sources of energy efficiency? What are the accreditation possibilities? These questions help to define an effective investment and redevelopment policy.

* Sinto-CarbonScreen® barometer for the energy performance of commercial premises, December 2011

The environmental impact of the portfolio

The environmental footprint of Société de la Tour Eiffel exceeds beyond the daily activities of the company and mainly relates to its core business. The majority of greenhouse gas emissions by Société de la Tour Eiffel (96%) result from building energy consumption, as indicated in the chart below (the results are shown for 50% of the portfolio, corresponding to the assets audited with Carbon Screen®).

For this reason, most of the levers for acting on the environmental footprint of Société de la Tour Eiffel stem from its portfolio. A drop of only a few percent in energy consumption would be enough to offset an increase of one hundred percent of the emissions associated with the company's intrinsic activity. Analysis is obviously focused, therefore, on improving building energy performance.

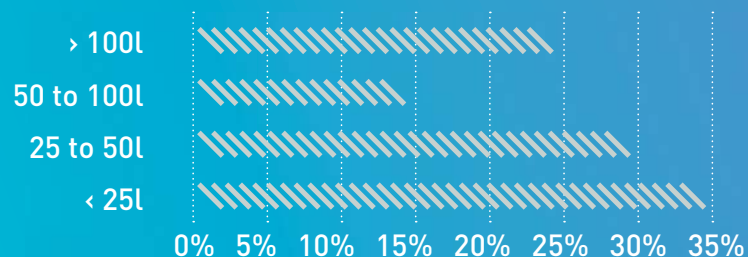
CARBON FOOTPRINT FOR SOCIÉTÉ DE LA TOUR EIFFEL COMPARED WITH THE ENERGY CONSUMPTION OF THE ASSETS AUDITED

96% Activity of the audited assets 3,671 tCO₂e
4% Intrinsic activity 153 tCO₂e

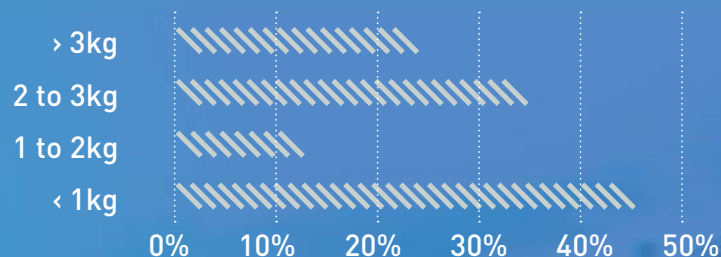
FOCUS ON... PROTECTING BIODIVERSITY

Integrating the Parcs Eiffel in a green environment is a strategic option adopted by Société de la Tour Eiffel in order to offer occupants a pleasant working environment. But opening on to nature in this way also helps maintain local biodiversity thanks to the extensive landscaping and the existence of hedges. The contiguous green areas also enable the migration of wildlife, unlike areas of denser urbanisation which tend to fragment their territory.

During development work, Société de la Tour Eiffel regularly solicits the involvement of ecologists, in order to assess the number and nature of on-site species and to advise on layout. In the case of Montrouge, Société de la Tour Eiffel integrated biodiversity issues upstream of the project. A preliminary study identified fifty living species for which specific measures of biodiversity safeguard will be set up, such as planting fruit trees and native plant species, planting prairie grass and designing an "insect hotel" and nesting boxes for birds.



BREAKDOWN OF DAILY WATER CONSUMPTION PER OCCUPANT



BREAKDOWN OF DAILY WASTE PRODUCTION PER OCCUPANT

WATER AND WASTE

The initiative adopted by Société de la Tour Eiffel includes the analysis of a number of indicators that go beyond standard energy performance, including air pollutant emissions, actions to protect biodiversity, the consumption of water and the production of waste.

Excluding special assets such as nursing homes, **the average water consumption of an occupant is slightly less than 11 m³ per year or 50 litres per day**, which is a relatively low figure: the average annual consumption for an office occupant is close to 14 m³*.

Assessing waste generation is often complicated in the absence of a consolidation process by the waste collection service provider, when not a municipality. Nevertheless, 80% of waste streams have been assessed with an average of 1.3 kg of waste per day, per occupant, slightly below the national average for offices (1.5 kg per day*). Most large, single-tenant buildings sort waste to facilitate materials recycling.

*IPD/Sinteo Benchmark



POINT OF VIEW...

PATRICK FAURE

› *Utilities Manager, Air Liquide Engineering,
single-tenant in Champigny*

"Air Liquide has been committed to an environmental policy for many years: we work closely with our partners to maintain and operate the buildings leased from Société de la Tour Eiffel, with particular respect to the equipment we use on our premises and the materials selected for the furniture, both of which are based on environmental criteria, as well as reducing paper consumption, or the purchase of low CO₂ emission vehicles. Société de la Tour Eiffel has also been highly receptive to and supportive of our proposals to improve the buildings plant and equipment, such as when replacing cooling units.

Air Liquide has a reporting system to continuously monitor energy and water consumption and waste production. It is only natural therefore that we should provide our landlord with the data required as part of the environmental reporting project for its portfolio."



Conclusion

Société de la Tour Eiffel believes that CSR issues should be examined from a strategic angle. For example, in 2007 – well before the Grenelle Environment Forum – the group recruited an officer in charge of developing the portfolio from the specific point of view of environmental and biodiversity issues.

With respect to health and safety, this pro-active approach resulted in 2011 in the comprehensive survey of buildings using R22 gas cooling facilities, which will be phased out as from 2015, and on the energy consumption of the assets in the portfolio.

Over time, that strategy has helped build a portfolio of quality, sought after real estate assets, 62% of which have been renovated or are less than 10 years old, and 18% are compliant with HQE (High Environmental Quality) standards.



Société de la Tour Eiffel

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7 – APPENDICES TO THE MANAGEMENT REPORT

7.1 – Special report on share subscription or purchase options

Pursuant to Article L.225184 of the French Commercial Code, we are providing information on the share subscription and purchase options transactions conducted during the financial year ended 31 December 2011 (articles L. 225-177 to L. 225-186 of the French Commercial Code).

1) Number, maturity dates and prices of share subscription or purchase options which, during fiscal 2011 and for the mandates and functions exercised in the company, were granted to each of these corporate officers by the company and those associated with it in accordance with Article L. 225-180:

NONE

2) Number, maturity dates and prices of share subscription or purchase options that were granted during fiscal 2011 to each of these officers for the mandates and functions they perform by the companies controlled within the meaning of Article L. 233-16:

NONE

3) Number and prices of shares subscribed or purchased during the 2011 financial period by officers of the company by exercising one or more of the options held in the company, or companies related to it in accordance with Article L. 225-180 as well as in controlled companies within the meaning of Article L. 233-16:

NONE

4) Number, price and maturity dates of share subscription or purchase options granted during the year by the company and by the companies or groups linked to it in accordance with Article L. 225-180, to each of the ten employees of the company who are not corporate officers and with the highest number of options granted:

NONE

5) Number and price of shares which, during the year were subscribed or purchased, by exercising one or more of the options held in the company and in the companies or groups related to it in accordance with Article L. 225-180, for each of the ten employees of the company who are not corporate officers and with the highest number of shares purchased or subscribed:

NONE

6) Number, price and maturity dates of share subscription or purchase options granted during the year by the company and by the companies or groups related to it in accordance with Article L. 225-180, to all employee beneficiaries and the number thereof and the distribution of the options granted between the categories of beneficiaries:

NONE

The Board of Directors

7.2 – Special report to the annual shareholders' meeting of 24 May 2012 on bonus share attributions (article L. 225-197-4 of the French Commercial Code)

Pursuant to Article L. 225-197-4 of the French Commercial Code, under the terms of this report, we are providing information on the bonus share attributions which took place during the financial year ended on 31 December 2011 (articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code).

On 8 December 2011, the Board of Directors decided as authorised by the Extraordinary General Meeting on 18 May 2011 in its nineteenth resolution, to allocate 20,000 bonus shares to certain corporate officers of the Société de la Tour Eiffel Group and to certain employees of its subsidiary Tour Eiffel Asset Management, as follows.

- Mr. Mark Inch, Chairman and Managing Director of Société de la Tour Eiffel: 7,000 bonus shares;
- Mr. Robert Waterland, Deputy Managing Director of Société de la Tour Eiffel: 7,000 bonus shares;

- Mr. Jérôme Descamps, Deputy Managing Director of Société de la Tour Eiffel: 2,000 bonus shares;
- Mr. Frédéric Maman, Manager, SCI Champigny Carnot: 2,000 bonus shares;
- Certain employees of the Tour Eiffel Asset Management company: 2,000 bonus shares (13.5% to employees and 86.5% to executives).

In the case of corporate officers and directors, the definitive attribution of shares is conditional to reaching two non-cumulative performances after a period of two years. The beneficiaries must ensure that a third of their shares remain registered until the end of their functions.

The valuation method adopted for the consolidated accounts shows a value per share of 30.04 euros.

The Board of Directors

7.3 – Table of results for the last five years

	2007 financial year	2008 financial year	2009 financial year	2010 financial year	2011 financial year
INDICATORS					
SHARE CAPITAL AT YEAR-END					
Share capital	249,264,144	249,264,144	27,165,180	27,961,420	28,681,360
Number of shares issued	5,193,003	5,193,003	5,433,036	5,592,284	5,736,272
Number of shares issued	48	48	5	5	5
OPERATIONS AND RESULTS FOR THE YEAR					
Turnover	6,047,457	6,537,292	7,409,723	7,747,826	6,344,139
Current pre-tax earnings before amortisation and provisions	31,891,065	32,246,005	384,981	31,356,625	14,948,918
Company income tax refund owed	314,906	-90,000	-18,000	-48,000	-18,000
Employee profit sharing due for the year	-	-	-	-	-
Earnings after taxes, employee profit sharing and charges	31,576,159	28,180,742	-10,666,955	36,739,798	11,557,457
Dividend paid	31,033,971	25,448,857	21,348,934	22,781,030	23,879,159
EARNINGS PER SHARE					
Earnings after taxes and before amortisation and provisions ⁽¹⁾	6.19	6.23	0.07	5.62	2.61
Earnings after taxes, amortisation and provisions ⁽¹⁾	6.08	5.43	-1.96	6.57	2.01
Dividend paid per share (net) ⁽³⁾	6.00	5.00	4.00	4.20	4.20
PERSONNEL					
Average headcount during the year	1	1	1	1	1
Payroll for the financial year ⁽²⁾	720,000	3,695,685	720,000	720,000	1,482,400
Amount of social security benefits paid during the year (social security, community enterprises) ⁽²⁾	392,751	238,323	217,400	221,280	298,239

(1) The earnings per share are computed based on a weighted average number of shares during the year.

(2) The payroll figure includes remuneration paid to the company officers and directors and cost of bonus share attributions.

(3) Of which during FY 2011: €2.1 of interim dividends paid and €2.1 of proposed balance.

7.4 – Authorisation to assume sureties, guarantees and other warranties

Pursuant to Articles L. 225-35 and R 225-28 of the French Commercial Code, the Board of Directors authorised the Managing Director at its meeting held on 2 March 2011 to give sureties, guarantees and other warranties up to a total cap of €200m.

This authorisation was given for a one-year term.

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

Authorisation granted	Use
<p>I - Delegation of powers granted to the Board of Directors to increase the share capital by the issue of any marketable securities giving access, immediately or in the long term, to Company shares while maintaining pre-emptive subscription rights.</p> <p>On 18 May 2011, the extraordinary general meeting of shareholders, in its 11th resolution, delegated to the Board of Directors the full powers required to proceed with the capital increase, in one or several instalments, while maintaining pre-emptive subscription rights, to the extent and at that time that it sees fit, through the issue of shares, warrants and/or marketable securities issued with or without cost, in euros or foreign currencies, regulated by Articles L. 228-91 et seq. of the Commercial Code, giving immediate or delayed access, at any moment or a precise date, to ordinary shares of the company through subscription, conversion, trade, redemption, presentation of a warrant, or any other means.</p> <p><u>Limits of the authorised issue amounts:</u></p> <p>(i) the total nominal amount of the capital increases, immediate or future, which may be performed in application of this resolution may not exceed the overall ceiling for all capital increases performed under resolutions 11, 12, 13, 14, 15, 16, and 17, namely, thirteen million five hundred thousand (13,500,000) euros, to which must be added, if applicable, the additional nominal amount of shares issued, as required by law, to guarantee the rights of bearers of marketable securities giving the right to shares;</p> <p>(ii) the total nominal value of marketable securities representing borrowings giving access to capital which may be issued under resolutions 11, 12, 13, and 14, in accordance with Articles L. 228-91 and L. 228-92 of the Commercial Code is limited to one hundred and fifty (150) million euros or its equivalent in foreign currency.</p> <p><u>Term of the delegation:</u> twenty-six months as of the date of the aforementioned meeting.</p>	<p>This authorisation has not been used.</p>

Authorisation granted	Use
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II - Delegation of powers granted to the Board of Directors to increase the share capital by the issue of any marketable securities giving access, immediately or in the long term, to Company shares, while eliminating pre-emptive subscription rights but introducing a period of right of priority for shareholders totalling at least five trading days.

This authorisation has not been used.

On 18 May 2011, the extraordinary general meeting of shareholders, in its 12th resolution, delegated to the Board of Directors the full powers required to proceed with the capital increase by issuing shares, warrants and/or marketable securities giving immediate or delayed access to ordinary shares of the company, at one time or in several instalments, at any time or on a specific date, to the extent and at that time that it sees fit, on the French or international stock markets, through a public offering, in euros or in a foreign currency, or giving access to equity of another company in which it directly or indirectly holds more than half of the share capital, through subscription, conversion, trade, redemption, presentation of a warrant, or any other means.

The General Meeting eliminated the pre-emptive subscription rights, provided that the Board gives shareholders a right of subscription priority for at least 5 trading days.

Limits of the authorised issue amounts:

(i) the total nominal amount of the capital increases, immediate or future, which may be performed in application of the 12th resolution may exceed neither (a) the overall ceiling for all capital increases without pre-emptive subscription rights performed under resolutions 12, 13, 14, 15, and 16, namely, six million five hundred thousand (6,500,000) euros, nor (b) the overall ceiling of thirteen million five hundred thousand euros (13,500,000) provided for by resolution 11, to which must be added, if applicable, the additional nominal amount of shares issued, as required by law, to guarantee the rights of bearers of marketable securities giving the right to shares;

(ii) the nominal value of marketable securities representing borrowings giving access to capital which may be issued by virtue of this delegation of power in accordance with Articles L. 228-91 and L. 228-92 of the Commercial Code is limited to seventy five (75) million euros or its equivalent in foreign currency.

Term of the delegation: twenty-six months as of the date of the aforementioned meeting.

Authorisation granted	Use
<p>III - Delegation of power granted to the Board of Directors to increase the share capital, while eliminating pre-emptive subscription rights, by the issue of any marketable securities giving access, immediately or in the long term, to Company shares.</p> <p>On 18 May 2011, the extraordinary general meeting of shareholders, in its 13th resolution, delegated to the Board of Directors the full powers required to proceed with the capital increase by issuing shares, warrants and/or marketable securities giving immediate or delayed access to ordinary shares of the company, at one time or in several instalments, at any time or on a specific date, to the extent and at that time that it sees fit, on the French or international stock markets, through a public offering, in euros or in a foreign currency, or giving access to equity of another company in which it directly or indirectly holds more than half of the share capital, through subscription, conversion, trade, redemption, presentation of a warrant, or any other means.</p> <p>The General Meeting eliminated the pre-emptive subscription rights, but the Board is entitled to give shareholders a right of subscription priority.</p> <p><u>Limits of the authorised issue amounts:</u></p> <p>(i) the total nominal amount of the capital increases, immediate or future, which may be performed in application of the 13th resolution may exceed neither (a) the overall ceiling for all capital increases without pre-emptive subscription rights and without a compulsory period of priority performed under resolutions 13, 14, 15, and 16, namely, four million (4,000,000) euros, nor (b) the overall ceiling of thirteen million five hundred thousand euros (13,500,000) provided for by resolution 11, to which must be added, if applicable, the additional nominal amount of shares issued, as required by law, to guarantee the rights of bearers of marketable securities giving the right to shares;</p> <p>(ii) the nominal value of marketable securities representing immediate and/or long-term borrowings which may be issued under this delegation of power in accordance with Articles L. 228-91 and L. 228-92 of the Commercial Code is limited to fifty (50) million euros or its equivalent in foreign currency.</p> <p><u>Term of the delegation:</u> twenty-six months as of the date of the aforementioned meeting.</p>	<p>This authorisation has not been used.</p>

Authorisation granted	Use
<p>IV - Delegation of power granted to the Board of Directors in order to increase share capital through an issue, while eliminating pre-emptive subscription rights, through offers of any marketable securities giving access to Company shares immediately or in the long term, reserved to qualified investors and/or a limited circle of investors.</p>	<p>This authorisation has not been used.</p>
<p>On 18 May 2011, the extraordinary general meeting of shareholders, in its 14th resolution, delegated to the Board of Directors the full powers required to proceed with the capital increase by issuing shares, warrants and/or marketable securities giving immediate or delayed access to ordinary shares of the company for qualified investors and/or a limited circle of investors, at one time or in several instalments, to the extent and at that time that it sees fit, on the French or international stock markets, in euros or in a foreign currency, through subscription, conversion, trade, redemption, presentation of a warrant, or any other means.</p>	
<p>The General Meeting eliminated the pre-emptive subscription rights of shareholders in securities to the benefit of qualified investors and / or a limited circle of investors.</p>	
<p><u>Limits of the authorised issue amounts:</u></p>	
<p>(i) the total nominal amount of the capital increases, immediate or future, which may be performed in application of this resolution are to be deducted from the ceiling provisions indicated in the eleventh and thirteenth resolution, to which must be added, if applicable, the additional nominal amount of shares issued, as required by law, to guarantee the rights of bearers of marketable securities giving the right to shares;</p>	
<p>(ii) the nominal value of marketable securities representing immediate and/or long-term borrowings which may be issued under this delegation of power in accordance with Articles L. 228-91 and L. 228-92 of the Commercial Code is limited to fifty (50) million euros or its equivalent in foreign currency.</p>	
<p><u>Term of the delegation:</u> twenty-six months as of the date of the aforementioned meeting.</p>	

Authorisation granted	Use
<p>V - Delegation of power granted to the Board of Directors to increase the number of shares to issue in the event of a capital increase with or without pre-emptive subscription rights within the framework of a greenshoe option.</p> <p>On 18 May 2011, the extraordinary general meeting of shareholders, in its 15th resolution, authorized the Board of Directors, which may further delegate to any person authorized by law, to decide for each of the issues decided under the 11th, 12th, 13th and 14th resolutions, that the number of ordinary shares and marketable securities to be issued may be increased by the Board of Directors, with authority to delegate to any person authorized by law, when it has noted an excess demand, within thirty days of the close of the subscription, up to a limit of 15% of the initial issue and at the same price as for the initial issue, and up to the ceilings set out in the 11th, 12th and 13th resolutions.</p> <p><u>Term of the delegation:</u> twenty-six months as of the date of the aforementioned meeting.</p>	<p>This authorisation has not been used.</p>
<p>VI - Delegation of power granted to the Board of Directors to increase the share capital, while eliminating pre-emptive subscription rights, by the issue of any marketable securities giving access, immediately or in the long term, to Company shares for the purpose of remunerating contributions in kind of equity securities or marketable securities giving access to capital, up to a limit of 10% of capital.</p> <p>On 18 May 2011, the extraordinary general meeting of shareholders, in its 16th resolution, delegated to the Board of Directors the powers necessary to increase share capital by the issue of shares, warrants and/or marketable securities giving immediate or future access to ordinary securities in the Company, at any time or on a set date, in one or several instalments, in such proportion and at such time as it may deem fit, said issues being intended to remunerate share contributions made to the Company limited to 10% of the share capital for the purpose of remunerating contributions in kind made to the Company that comprise rights in share capital or marketable securities giving access to share capital provided the provisions of article L. 225-148 of the French Commercial Code do not apply.</p> <p><u>Limits of the authorised issue amounts:</u></p> <p>The share issues performed in execution of this delegation of power will be deducted from the ceilings described in resolutions 11 to 13.</p> <p><u>Term of the delegation:</u> twenty-six months as of the date of the aforementioned meeting.</p>	<p>This authorisation has not been used.</p>

Authorisation granted	Use
<p>VII - Delegation of power granted to the Board of Directors to increase shareholders' capital by incorporation of profits, premiums and reserves.</p> <p>On 18 May 2011, the Extraordinary General Meeting of shareholders, in its 17th resolution, delegated to the Board of Directors the full powers required to proceed, at one time or in several instalments, to the extent and at that time that it sees fit, with the incorporation of profits, premiums, reserves or other funds, the capitalisation of which is legally possible in the form of attribution of free shares and/or raising the nominal value of existing shares.</p> <p><u>Limits of the authorised issue amounts:</u></p> <p>The maximum nominal amount of capital increases likely to be performed may not exceed 13,500,000 euros.</p> <p><u>Term of the delegation: twenty-six months as of the date of the aforementioned meeting.</u></p>	<p>This authorisation has not been used.</p>
<p>VIII - Authorisation granted to the Board of Directors in order to increase capital while eliminating pre-emptive subscription rights for corporate officers and employees, as per the provisions of Articles L. 225-129-6 of the Commercial Code and L. 3332-18 and seq. of the Labour Code.</p> <p>On 18 May 2011, the extraordinary general meeting of shareholders, in its 18th resolution, delegated to the Board the powers required to proceed, under the provisions of Articles L. 225-129, L. 225-129-2, L. 225-138, L. 225-138-1 of the French Commercial Code and L. 3332-18 and L. 3332-19 of the Labour Code, to capital increases reserved for corporate officers and employees of the company and its related companies as currently defined by law, joining a company savings plan or a voluntary employee savings partnership plan, subject to a maximum of one (1,000,000) million euros of nominal amount</p> <p><u>Term of the delegation: twenty-six months as of the date of the aforementioned meeting.</u></p>	<p>This authorisation has not been used.</p>

Authorisation granted	Use
<p>IX - Authorisation granted to the Board of Directors to award free shares up to a percentage of 1% of share capital.</p> <p>On 18 May 2011, the Extraordinary General Meeting of shareholders, in its 19th resolution, authorised the Board of Directors, to the benefit of certain directors and / or employees of the Company or its subsidiaries, of its choice, provided that the legal conditions f or the award are met, to allocate bonus shares existing or to be issued up to a limit of 1% of shareholders' capital of the Company as recorded at the end of the aforesaid Meeting.</p> <p><u>Term of the delegation:</u> thirty-eight months as from the above Meeting.</p>	<p>At its meeting of 8 December 2011, the Board decided to allocate the following bonus shares:</p> <ul style="list-style-type: none">• to Mr. Mark Inch 7,000 shares,• to Mr. Robert Waterland 7,000 shares,• to Mr. Jérôme Descamps 2,000 shares,• to Mr. Frédéric Maman 2,000 shares,• to employees of the Tour Eiffel Asset Management company, 2,000 shares. <p>In the case of corporate officers and directors, the definitive attribution of shares would be conditional to reaching two≈non-cumulative performance conditions after a period of two years.</p>

CONSOLIDATED FINANCIAL STATEMENTS

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*This text is a free translation from the French language and is provided solely for information purposes.
Only the original version in the French language has legal force.*

1 – BALANCE SHEET – ASSETS

	Notes	31 December 2011	31 December 2010
Euros, in thousands		Net	Net
Non current assets			
Tangible fixed assets	1	410	369
Investment property	2	990,296	1,004,809
Goodwill on acquisitions	3	-	-
Intangible fixed assets	4	19	764
Financial assets	5	466	3,093
Deferred tax assets	14	322	322
TOTAL NON-CURRENT ASSETS (I)		991,513	1,009,357
Current assets			
Trade and related receivables	7	18,686	22,327
Other receivables and accrual accounts	8	7,559	7,060
Other current assets	5	240	-
Cash and cash equivalents	9	16,363	9,192
TOTAL CURRENT ASSETS (II)		42,848	38,579
Assets for disposal (III)	6	8,916	17,320
ASSETS FOR DISPOSAL (III)		1,043,277	1,065,256

2 – BALANCE SHEET – LIABILITIES

Euros, in thousands	Notes	31 December 2011	31 December 2010
Shareholder's equity (Group share)			
Share capital	10	28,681	27,961
Premiums linked to capital	10	41,947	34,478
Legal reserve		2,796	2,717
Consolidated reserves		284,437	265,787
Consolidated income for the financial year		29,350	42,487
Shareholders' equity (Group share) (A)		387,211	373,430
Minority interests (B)		-	-
SHAREHOLDERS' EQUITY (I) = (A + B)		387,211	373,430
Non-current liabilities			
Long-term borrowings	11	572,131	560,563
Other financial liabilities	11	21,594	23,008
Long-term provisions	12	294	233
Tax liabilities	13	-	-
Deferred tax liabilities	14	-	-
Other long-term liabilities	15	290	327
TOTAL NON-CURRENT LIABILITIES (II)		594,309	584,131
Current liabilities			
Borrowings and financial debt (less than one year)	11	22,018	69,710
Other financial liabilities	11	864	1,824
Provisions (less than one year)	12	-	-
Tax and social security liabilities	13	8,245	8,448
Trade accounts payable and other debts	15	30,630	27,713
TOTAL CURRENT LIABILITIES (III)		61,757	107,695
TOTAL LIABILITIES (I + II + III)		1,043,277	1,065,256

3 – STATEMENT OF COMPREHENSIVE INCOME

Euros, in thousands	Notes	31 December 2011	31 December 2010
Turnover	16	82,314	85,752
Consumed purchases	17	(171)	(387)
Staff expense	18	(3,966)	(3,852)
External expenses	18	(14,636)	(15,998)
Taxes and Duties	18	(9,327)	(8,983)
Allowances for depreciation	19	(839)	(824)
Net allowances for provisions	19	394	(395)
Net value adjustment balance	20	(3,109)	8,052
Other operating revenues	21	39,620	53,035
Other operating expenses	21	(38,519)	(53,962)
Operating income on ordinary activities		51,761	62,439
Income from cash and cash equivalents		152	61
Gross cost of financial indebtedness		(22,790)	(24,818)
Net financial costs	22	(22,638)	(24,757)
Other financial income	23	2,366	6,776
Other financial expenses	23	(2,043)	(1,705)
Corporate income tax	24	(96)	(266)
NET PROFIT (LOSS)		29,350	42,487
Minority interests		-	-
NET PROFIT (LOSS) (GROUP SHARE)		29,350	42,487
Profit per share	25	5,27	7,90
Diluted profit per share	25	5,25	7,88
Net profit (loss)		29,350	42,487
Gains and losses recorded directly in shareholder's equity		-	-
Comprehensive income		29,350	42,487
Including: - Group share		29,350	42,487
- minority interests share		-	-

4 – CASH FLOW STATEMENT

Euros, in thousands	31 December 2011	31 December 2010
CASH FLOW FROM OPERATIONS		
Consolidated net profit	29,350	42,487
<i>Restatement:</i>		
Net financial allowances for depreciation and provisions	839	900
Net balance from value adjustments of investment properties	3,109	(8,052)
Profits/losses on value adjustments on the other assets and liabilities	(1,142)	(4,929)
Capital gains & losses from disposals	(1,349)	1,686
= Cash flow from operations after net cost of financial indebtedness and income tax	30,807	32,092
Income tax expense	96	265
Net financial costs	22,638	24,757
= Cash flow from operations before net cost of financial indebtedness and income tax	53,541	57,114
Taxes paid	(489)	(1,647)
Change in working capital requirement linked to operations	3,564	4,670
= Net cash flow from (for) operations	56,616	60,137
CASH FLOW LINKED TO INVESTMENT TRANSACTIONS		
Acquisition of capital assets		
<i>Intangible and tangible</i>	(15,266)	(37,402)
<i>Financial</i>	-	-
Disposal of fixed assets	38,895	51,878
Change in loans and financial receivables agreed	1,162	2,827
Impact of changes in the consolidation scope	-	-
= Net cash flow linked to investment transactions	24,791	17,303
CASH FLOW LINKED TO FINANCING TRANSACTIONS		
Dividends paid to parent company shareholders	(15,744)	(14,657)
Dividends paid to minority interests	-	-
Capital increase	-	-
(Purchase) / sale of treasury shares	98	(68)
Borrowings issued	51,204	84,600
Repayment of borrowings	(87,086)	(133,862)
Net financial interest paid	(22,705)	(25,122)
Change in other financial debt	-	-
= Net cash flow from financing activities	(74,233)	(89,109)
CASH FLOW	7,174	(11,669)
Cash flow at opening	9,189	20,858
Cash flow at closing	16,363	9,189
Cash flow variation	7,174	(11,669)

5 – STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Euros, in thousands	Share capital	Premiums	Legal reserve	Consolidated reserves	Year-end net profit (loss)	Total Group share	Minority interests	Total Shareholders' equity
BALANCE 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	-	75
Other movements	-	-	-	-	-	-	-	-
Share buy-back	-	-	-	(68)	-	(68)	-	(68)
BALANCE AT 31/12/2010	27,961	34,478	2,717	265,787	42,487	373,430	-	373,430
Appropriation of net profit/loss	-	-	79	42,408	(42,487)	-	-	-
Dividends paid	-	-	-	(23,933)	-	(23,933)	-	(23,933)
Capital increase (Note 10)	720	7,469	-	-	-	8,189	-	8,189
Cost of capital increase	-	-	-	-	-	-	-	-
Profit/loss for current year	-	-	-	-	29,350	29,350	-	29,350
Share subscription warrants	-	-	-	-	-	-	-	-
Stock option plans	-	-	-	77	-	77	-	77
Other movements	-	-	-	-	-	-	-	-
Share buy-back	-	-	-	97	-	97	-	97
BALANCE AT 31/12/2011	28,681	41,947	2,796	284,437	29,350	387,211	-	387,211

6 – APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1. – General information

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

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

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

The consolidated financial statements for the year ended 31 December 2011 were adopted by the Board of Directors on 14 March 2012. They are presented in thousands of euros unless otherwise indicated.

6.2. – Accounting methods

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

6.2.1 – Basis for preparation of the financial statements

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

The Group's consolidated financial statements are consistent with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

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 were applicable on 1 January 2011:

- IAS 24R "Related Party Disclosures";
- Amendments to IAS 32 "Classification of Rights Issues";
- 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 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 as of 31 December 2011 and were not adopted in advance.

- IFRS 9* "Financial instruments", applicable starting 1 January 2015;
- Amendments to IFRS 7 "Disclosures - Transfers of Financial Assets" applicable from 1 July 2011. This standard was adopted by the European Union on 23 November 2011;

- Amendments to IAS 12* “Deferred Tax: Recovery of Underlying Assets”. These amendments are effective for financial periods beginning on or after 1 January 2012;
- IAS 27* “Financial Statements” applicable from 1 January 2013;
- IAS 28* “Investments in associates and joint ventures”. The effective date has been set at 1 January 2013;
- 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”. The effective date has been set at 1 January 2013.
- IFRS 12* “Disclosure of Interests in Other 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.
- Amendments to IFRS 1* “Severe hyperinflation and elimination of firm implementation dates for early adopters” applicable for financial years beginning on or after 1 July 2011;
- Amendments to IAS 1* “Presentation of other comprehensive income items” applicable from 1 July 2012;
- Amendments to IAS 19 “Defined benefit plans” applicable from 1 January 2013.

* Standards not yet 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.

6.2.2 – Consolidation method

Subsidiaries

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

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

The surplus of the acquisition price over the fair value of the pro-rata share to the Group in the net identifiable assets acquired is entered into accounts as goodwill. When the cost of acquisition is lower than the fair value of the Group’s pro-rata share in the net assets of the subsidiary acquired, the difference is posted directly to the income statement (cf. Note 3).

6.2.3 – Business combinations and asset acquisitions

6.2.3.1 – Business combinations

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

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

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

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

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

Goodwill is posted to units generating cash flow, which are expected to benefit from the business combination, in order to carry out impairment tests. Depreciation 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.

Negative goodwill is recorded on the income statement in the "net value adjustment balance".

6.2.3.2 – Asset acquisitions

When the Group acquires an entity that represents a group of assets and liabilities without any economic activity as the term is defined in IFRS 3, these acquisitions are not business combinations as the term is defined in the same standard, and are booked as an acquisition of assets and liabilities, making no statement of goodwill.

Any difference between the purchase price and the fair value of assets and liabilities acquired is allocated on the basis of the relative fair values of the individual assets and liabilities which can be identified as a group at the time of acquisition.

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

6.2.4 – Information per sector

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

6.2.5 – Tangible fixed assets

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

Amortisation is calculated on the following basis:

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

6.2.6 – Investment property

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

Pursuant to the method put forth by IAS 40 and in accordance with the recommendations of EPRA, the Group has opted for the fair value method as the permanent method and appraises the investment properties at their fair value. The consideration for the change in fair value is recognised in the income statement in the line “net result of adjustments in value.” Investment properties are not depreciated.

The market value used for all of 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 real estate properties under construction or fitting 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. Financial expenses included are interest on short-term and long-term borrowings in relation to the period of construction only and until the date of final reception of the asset. The interest rate is that determined 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, building management expenses, 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 administrative 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.

Investment properties whose restructuring is subject to significant unknown factors are assessed according to their state on closing the accounts.

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

Market value N - (market value N-1 + amount of capitalisable works and expenses during the financial year).

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

6.2.7 – Intangible fixed assets

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

Intangible fixed assets mainly involve the agreement concluded between Tour Eiffel Asset Management and Société de la Tour Eiffel valued with regard to Tour Eiffel Asset Management's acquisition (formerly Awon Asset Management) on 16 May 2006.

This agreement is depreciated over its fixed term, thus until 31 December 2011.

An impairment test will be made if any loss in value is suspected.

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

6.2.8 – Financial assets

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

Financial assets at fair market value through the income statement

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

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

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 noncurrent assets.

These assets are accounted for at cost.

6.2.9 – Trade receivables and related accounts

Trade receivables are first accounted for at fair value, less provision for impairment.

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

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

6.2.10 – Cash and cash equivalents

The item "Cash and cash equivalents" includes cash reserves, bank sight deposits, other very liquid short-term investments with a maturity not exceeding three months and bank overdrafts.

Bank overdrafts are shown in the balance sheet as current liabilities under "Borrowings".

Marketable securities are classified as cash equivalents, they meet the criteria of maturity, liquidity and the absence of volatility required by IAS 7.

They are valued at fair value through the income statement.

6.2.11 – Non-current assets and asset groups destined for disposal

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

A non-current asset is classified as “Assets held for sale” if there exists a legal commitment (commitment to sell).

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

The Company expects the sale to take place within a limit of twelve months.

Investment properties included in this category continue to be valued according to the principle of fair value.

6.2.12 – Shareholders’ equity

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

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

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

6.2.13 – Borrowings and other financial liabilities

Borrowings

Borrowings are initially entered at their fair value, net of transaction costs, and then at their depreciated cost.

Amortisation of issue costs over the lifetime of existing borrowings is done on a straight-line basis, the variation compared with an actuarial method having little significance.

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

Hedging instruments

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

Financial instruments are recognised at their settlement date. 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

Other financial liabilities mainly include outstanding premiums, CAPs, SWAPs and deposits and sureties received.

These financial liabilities are accounted for at their amortised cost. Société de la Tour Eiffel uses financial instruments (swaps and caps) to hedge itself against the risk of increasing interest rates on its debt and did not opt for hedge accounting as the term is meant under IFRS.

6.2.14 – Provisions

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

6.2.15 – Staff benefits

Retirement obligations

IAS standard 19 requires that companies book as an 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 25 employees at 31 December 2011 of which 24 were with Tour Eiffel Asset Management and 1 was with Société de la Tour Eiffel.

The Group recognises actuarial gains and losses in the income statement.

The Group made an estimation of its retirement obligations in the form of guaranteed benefits as at 31 December 2011.

This estimation was based on:

- actuarial valuations (discount rate and net annual valuation of the fund at a rate of 4.6%),
- death rate assumptions (*source INSEE 2010*),
- employee turnover,
- 3.92% salary increase,
- a retirement age ranging between 63 and 67.

This provision for pension compensation was recorded at the value of €152,000.

Payments based on shares

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

The company does not recognise any commitment when the awarding of these instruments is subject, on the awarding date, to any condition other than a market condition that will not be fulfilled.

At each closing date, the entity re-examines the number of options that are likely to become exercisable.

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

6.2.16 – Deferred payment debts

The values of these debts are discounted and a financial charge or revenue is recorded in the income statement for the deferred payment period.

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

6.2.17 – Current and deferred taxes

The Group's tax regime

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

Deferred taxes

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

Deferred tax liabilities are 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 who are not taxed on 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 2011, the company should not have to pay withholding taxes on its dividend distributions.

6.2.18 – 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 compensations for entry.

Income from ordinary activities is valued at the fair value of the exchange received.

Income from rental of investment buildings is entered into accounts over the period it is received.

6.2.18-(a) – Net balance of value adjustments

The "net balance of value adjustments" corresponds to the impairment of goodwill (see note 2.3.1) and the change in fair value of investment property (see note 2.6).

6.2.19 – Other operating income and expenses

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

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

6.2.20 – Lease-financing agreements

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

The lessor recognises its claim for an amount equal to the discounted sum of the minimum payments of the lease-financing agreement plus any unguaranteed residual value accruing to the lessor at the rate implicit in the lease. (IAS17.4).

The payments are broken down between repayment of the receivable and the financial revenue.

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

6.2.21 – Distribution of dividends

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

6.3 – Scope of consolidation

6.3.1 – List of the consolidated companies

Companies	Siren ID	Consolidation method	% of equity stake Dec. 2011	% of equity stake Dec. 2010	Date company joined Group's scope
SA SOCIÉTÉ DE LA TOUR EIFFEL	572 182 269	Parent company			
SCI DU 153 AVENUE JEAN-JAURÈS	419 127 287	F.C.*	100%	100%	December 2003
SCI NOWA	443 080 379	F.C.*	100%	100%	April 2004
SCI MARCEAU BEZONS	429 665 672	F.C.*	100%	100%	June 2004
SCI ARMAN F02	444 978 076	F.C.*	100%	100%	April 2004
SCI DES BERGES DE L'OURCQ	478 726 565	F.C.*	100%	100%	September 2004
SCI CHAMPIGNY CARNOT	479 586 893	F.C.*	100%	100%	November 2004
SCI COMÈTE	479 576 761	F.C.*	100%	100%	December 2004
		Full Asset Transfer at 30/06/2011			
SCI LYON GENLIS	480 351 576		-	100%	January 2005
SCI ÉTUPES DE L'ALLAN	480 601 038	F.C.*	100%	100%	January 2005
SCI CAEN COLOMBELLES	482 598 133	F.C.*	100%	100%	May 2005
		Full Asset Transfer at 29/09/2011			
SCI MALAKOFF VALETTE	552 138 448		-	100%	May 2004
SAS LOCAFIMO ⁽¹⁾	692 031 149	F.C.*	100%	100%	December 2005
SCI LA RIVIERE GIRAUDIÈRE ⁽¹⁾	388 323 909	F.C.*	100%	100%	December 2005
SCI BOTARDIÈRE ⁽¹⁾	397 968 207	F.C.*	100%	100%	December 2005
SCI PARIS CHARONNE ⁽¹⁾	403 104 458	F.C.*	100%	100%	December 2005
TOUR EIFFEL ASSET MANAGEMENT	380 757 807	F.C.*	100%	100%	May 2006
SCI DE BROU	351 819 966	F.C.**	100%	100%	June 2006
SCI COGOLIN GAOU	442 525 382	F.C.**	100%	100%	June 2006
SCI DE LA CRAU	447 913 278	F.C.**	100%	100%	June 2006
SCI GRENOBLE PONT D'OXFORD	490 034 063	F.C.*	100%	100%	May 2006
SCI RUEIL NATIONAL	489 900 498	F.C.*	100%	100%	May 2006
SCI PORTE DES LILAS	490 989 803	F.C.*	100%	100%	July 2006
SCI VÉLIZY TOPAZ	328 223 706	F.C.**	100%	100%	December 2006
SCI ARMAN AMPÈRE	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'Évêque, 75008 Paris.

6.3.2 – Change in the consolidation scope

Creation

The SCI Montrouge Arnoux was created on 28 February 2011 to develop an office building located in Montrouge acquired by forward purchase.

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.

A full transfer of assets and liabilities by SCI Malakoff Valette was made in favour of Société de la Tour Eiffel on 29 September 2011.

6.4. – Management of financial risks

Management of market risks

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

In a global context of stress on the financial markets, the Group's policy for managing interest rate risk aims at restricting the impact of a change in interest rates on its income and cash flow, and at keeping 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, including after the sub-prime crisis. Indeed, these investment vehicles are liquid, secure and hardly volatile. This enables them to be classified as Cash and cash equivalents.

At 31 December 2011, the Group's consolidated gross indebtedness to banks was € 591.6m, comprising € 279.6m of fixed rate debt (of which € 279.6m were hedged with swaps) and € 312m of variable rate debt, hedged by interest rate caps for € 271.1m. Thus at 31 December 2011, debt was hedged overall to a total ratio of 93.1%.

On the basis of the outstanding debt as at 31 December 2011, an average rise in the Euribor 3-month interest rates of 100 basis points would have a negative impact (on an annual basis) on recurring net income, estimated at € 2.8 million.

Conversely, a 100 basis-point drop in interest rates would reduce the financing cost by an estimated € 2.8m, resulting in an equivalent positive impact on the recurring net income.

Risks on treasury shares

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

Based on the number of shares held at 31 December 2011, or 93,650 shares, the sensitivity of results to a 10% decrease or increase in the Société de la Tour Eiffel share price is estimated to be € 0.36m.

Counterparty risk

The company only enters into hedging agreements with world-class banking institutions.

Currency risk

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

Liquidity risk

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

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

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

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

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

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

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

Banking financing and main covenants at 31/12/2011

In €m	Rating	Consolidated financial debt as at 31/12/2011	Bank covenants		Last published ratios		Maturity date
			Maximum LTV	Minimum ICR	LTV	ICR	
RBS / AXA / Calyon / Crédit Foncier	A +	123	75.0%	170%	53.4%	307.9%	15/06/2013
Société Générale / BECM	A +	43.2	65%	145%	48.5%	189%	15/04/2018
Société Générale (50%) Crédit Foncier (50%)	A +	47.9	65%	110%	49.1%	134%	28/03/2017
Société Générale	A +	12.4	NA	110%	NA	179%	14/01/2015
PBB (formerly HRE)	BBB-	352.2	72.5%	140%	65.5%	344%	30/06/2013
Natixis	A+	12.9	72.5%	225%	61.6%	295%	30/09/2012
TOTAL		591.6					

The level of the ratios under loan covenants at 31 December 2011 complies with all of the Group's commitments contained in its financing agreements.

The rating assigned to banks is dated 1 March 2012.

6.5 – Key accounting estimates and judgements

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

Accounting estimates and assumptions

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

Appraisal of the properties

The Group has its assets valued by independent appraisers who use assumptions of future flows and 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 de la Tour Eiffel is subject to an annual impairment test.

Fair value of derivatives and other financial instruments

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

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

6.6 – Notes on the balance sheet, the income statement, and the cash flow statement

NOTE 1: Tangible assets

Variance by type			
(in thousands of euros)	Property under construction	Office and Computer equipment	Total
Year ended 31/12/2010			
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 31/12/2010			
Gross	-	817	817
Total amortisation	-	(448)	(448)
NET BOOK VALUE	-	369	369
Closed at 31/12/2011			
Net opening balance	-	369	369
Changes in consolidation scope	-	-	-
Acquisitions	-	136	136
Divestments ⁽¹⁾	-	(65)	(65)
Reclassification	-	59	59
Other movements	-	-	-
Amortisation	-	(89)	(89)
NET BALANCE AT CLOSE		410	410
At 31/12/2011			
Gross	-	861	861
Total amortisation	-	(451)	(451)
NET BOOK VALUE	-	410	410

(1) The amount of € (65) K corresponds to the net book value of the fixed assets sold i.e.:
- € (151) K to the gross value of the fixed assets sold
- and € 86K to cumulative depreciation of the fixed assets sold.

NOTE 2: Investment properties

Variance by type

(in thousands of euros)	Investment property
Year ended 31/12/10	
Net opening balance	1,036,567
Acquisitions	18,953
Expenditures from completed buildings	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 31/12/11	
Net opening balance	1,004,809
Acquisitions	13,504
Expenditures from completed buildings	4,441
Divestments	(20,100)
Reclassification	-
Net transfer to buildings destined for sale	(8,916)
Changes in consolidation scope	-
Others movements ⁽¹⁾	(333)
Fair value effect (profit and loss)	(3,109)
NET BALANCE AT CLOSE	990,296

(1) The other movements mainly correspond:

- to construction projects that have been abandoned and reclassified as an expense for the amount of € 271 K,
- and reclassifications as tangible fixed assets for € 60 K.

The amount of borrowing costs included in the cost of assets over the period is € 12 K.

The capitalisation rate used to determine the amount of borrowing costs is the 3-month Euribor plus 0.25 basis point.

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 ⁽¹⁾	Arman F02	Jean-Jaurès	Locafimo	Total goodwill
Year ended 31/12/10						
Net opening balance	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Divestments	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
NET BALANCE AT CLOSE	-	-	-	-	-	-
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 31/12/11						
Net opening balance	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Divestments	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
NET BALANCE AT CLOSE	-	-	-	-	-	-
At 31/12/11						
Gross	2,350	-	1,873	262	20,014	24,499
Total provisions	(2,350)	-	(1,873)	(262)	(20,014)	(24,499)

(1) A full transfer of assets and liabilities by SCI Malakoff Valette was made in favour of Société de la Tour Eiffel on 29 September 2011.

NOTE 4: Intangible fixed assets**Variance by type**

(in thousands of euros)	Internally generated intangible assets	Acquired intangible assets	Total intangible assets
Year ended 31/12/10			
Net opening balance	-	1,510	1,510
Acquisitions	-	7	7
Divestments	-	-	-
Amortisation	-	(753)	(753)
Reclassification	-	-	-
New consolidations	-	-	-
NET BALANCE AT CLOSE	-	764	764
At 31/12/2010			
Gross	-	4,270	4,270
Total amortisation	-	(3,506)	(3,506)
NET BOOK VALUE	-	764	764
Year ended 31/12/11			
Net opening balance	-	764	764
Acquisitions	-	5	5
Divestments	-	(11)	(11)
Amortisation	-	739	739
Reclassification	-	-	-
NET BALANCE AT CLOSE	-	19	19
At 31/12/2011			
Gross	-	4,234	4,234
Total amortisation	-	(4,215)	(4,215)
NET BOOK VALUE	-	19	19

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

€ 741,000 of the value of the intangible assets derive from the net value of the Asset Management contract recorded when Awon Asset Management, renamed Tour Eiffel Asset Management on 1 September 2010, entered the scope of consolidation (in 2006) and were fully amortised at 31 December 2011.

At closing, intangible assets are comprised of the net worth of concessions, patents and similar rights held by Tour Eiffel Asset Management and Société de la Tour Eiffel.

Further to the transfer of assets of SCI Malakoff Vallette dated 29 September 2011, goodwill amounting to € 30K, fully amortised, was fully reinstated.

NOTE 5: Financial assets

Non-current 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 31/12/10						
Net opening balance	2	-	830	4,410	-	5,242
Increases	-	-	-	5,570	-	5,570
New consolidations	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Redemptions	-	-	-	(8,435)	-	(8,435)
Fair value effect (profit and loss)	-	-	716	-	-	716
Provisions	-	-	-	-	-	-
NET BALANCE AT CLOSE	2	-	1,546	1,545	-	3,093
Year ended 31/12/11						
Net opening balance	2	-	1,546	1,545	-	3,093
Increases	-	-	-	16,844	-	16,844
New consolidations	-	-	-	-	-	-
Reclassification ⁽¹⁾	-2	-	(1,027)	-	-	(1,029)
Decreases	-	-	-	-	-	-
Redemptions	-	-	-	(17,967)	-	(17,967)
Fair value effect (profit and loss)	-	-	(475)	-	-	(475)
Provisions	-	-	-	-	-	-
NET BALANCE AT CLOSE	-	-	44	422	-	466

(1) Of which € 489K in current financial instruments and € 538K in non-current debt.

Other current financial assets – Type

(in thousands of euros)	Valuation of Caps and Swaps
Year ended 31/12/11	
Net opening balance	-
Increases	-
New consolidations	-
Reclassification ⁽¹⁾	489
Decreases	-
Redemptions	-
Fair value effect (profit and loss)	(249)
Provisions	-
Solde net à la clôture	-
TOTAL	284

[illegible]

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 31/12/11	
Net opening balance	17,320
Net transfer from investment properties	8,916
Acquisitions	-
Divestments	(17,320)
NET BALANCE AT CLOSE	8,916

The following divestments were made during 2011:

- several buildings in Locafimo's Parc des Tanneries complex in Strasbourg,
- The SCI Paris Charonne building.

The balance corresponds to:

- The building in Locafimo's Tanneries complex in Strasbourg,
- Building A of Locafimo's Parc Cadéra Nord,
- the SCI Marceau Bezons building,
- Société de la Tour Eiffel's building in Amiens.

NOTE 7: Trade receivables and related accounts

(in thousands of euros)	31 December 2011	31 December 2010
Gross	19,955	24,032
Provisions	(1,269)	(1,705)
TOTAL NET TRADE RECEIVABLES AND RELATED ACCOUNTS	18,686	22,327

NOTE 8: Other receivables and accrual accounts

(in thousands of euros)	31 December 2011	31 December 2010
- Advances and deposits paid	88	76
- Personnel and related accounts	14	21
- State receivables (1)	4,689	4,058
- Current accounts (assets)	-	-
- Trade payables	52	58
- Prepaid expenses	864	1,116
- Other receivables (2)	3,868	3,747
Total gross value	9,575	9,076
- Provisions on other receivables	(2,016)	(2,016)
TOTAL	7,559	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, 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, and € 1,225,000 in calls for funds at Locafimo, Champigny, Société de la Tour Eiffel, Botardièrre and Comète.

NOTE 9: Cash and cash equivalents

The marketable securities mainly consist of monetary UCITs evaluated at their closing price.

(in thousands of euros)	31 December 2011	31 December 2010
Marketable securities	8,900	119
Cash and cash equivalents	7,463	9,073
TOTAL	16,363	9,192

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

(in thousands of euros)	31 December 2011	31 December 2010
Cash and cash equivalents	16,363	9,192
Bank credit balance (Note 12)	(1)	(3)
TOTAL NET CASH	16,362	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⁾	143,988				
Reduction in capital	-	5	720	7,469	8,189
Issue costs	-	-	-	-	-
Dividends paid	-	-	-	-	-
Appropriation to retained earnings	-	-	-	-	-
AS AT 31 DECEMBER 2011	5,736,272	5	28,681	41,947	70,628

All the issued shares have been fully paid up.

(1) The capital increase is further to the exercising of the following:

- The option to receive the balance of the 2010 dividend in shares, the distribution of which was approved by the Board of Directors on 18 May 2011 in accordance with the decision of the Chairman and Managing Director dated 20 June 2011.
- The exercising of 1,500 share subscription options decided by the Board of Directors on 18 May 2011.
- The option to receive the 2011 interim dividend in shares, the distribution of which was approved by the Board of Directors on 27 July 2011 in accordance with the decision of the Chairman and Managing Director dated 19 September 2011.

2) Issue of stock options

The Conditions

There are no performance conditions for stock options.

Allocated in 2007

There still remain 816 stock options for employees.

The exercise price is fixed at € 114.64.

All of the options may be exercised as of the date of their allocation, i.e. starting 29 March 2007. The options have a contractual term of five years.

Allocated in 2008

28,198 share subscription options were granted to the company's officers and top executives.

The exercise price is fixed at € 32.87.

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

28,427 share subscription options were granted to the company's officers and top executives.

The exercise price is fixed at € 45.95.

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.

On 18 May 2011, the Board of Directors noted the completion of a capital increase of € 7.5K resulting from the exercising of 1,500 stock options authorised by the Extraordinary General Meeting of 29 March 2007. The issue premium recognised in exercising the options is € 41,805.

Estimation of the options value

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

(in thousands of euros)	31 December 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
Elapsed	-	4,113	-	-
AT YEAR END	40.71	55,941	43,47	61,554

Of the 55,941 options in circulation at 31 December 2011, 55,941 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
29/03/2007	Valid	29/03/2012	€114.64	€108.91	47%	3%
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%

3) Allocation of Bonus Shares

The Conditions

A total of 18,000 and 2,000 free shares were granted respectively to corporate officers and employees on 8 December 2011.

The allocation of shares will be final at the end of a minimum acquisition period of two years, i.e. as of 8 December 2013. The beneficiaries must keep the shares for a minimum period of two years following the definitive allocation of these shares, i.e. until 8 December 2015.

There are no presence or performance conditions for the beneficiaries of shares granted to employees.

For those granted to corporate officers, two non-cumulative performance conditions must be met:

- Two-thirds of the shares will be definitively allocated on the condition that the Company's equity capital is first reinforced and that banking debt has been refinanced under conditions that are favourable to the Company

The number of outstanding bonus shares is detailed below:

- One third of the shares will be definitively allocated on the condition that the consolidated operating cash flow on a like-for-like basis is higher by at least 5% of the average of the three previous financial years on the date of acquisition.

The fair value of shares granted during fiscal 2011 stood at 600,855 euros.

The principal assumptions of the model are as follows: fair value of the share of € 30.04.

On 31 December 2011, rights acquired were recorded on the profit and loss account as personnel charges as a contra account to the shareholders' equity for a total amount of € 77,000.

The social security contributions of 10% for employees and 14% for managers have been taken into account in the amount of 104,203 euros.

	31 December 2011	
	Strike price (in euros per share)	Bonus shares (in units)
At 1 January	-	-
Granted	-	20,000
Allocated	-	-
AT YEAR END	-	20,000

NOTE 11: Borrowings and financial debts**Borrowings and financial debts – Variance by type**

(in thousands of euros)	Borrowings from banks	Other borrowings and related debt	Current bank support	Cap liabilities	Deposits and sureties received	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	49,328	426	-	-	1,876	53,630
Decreases	(85,374)	(2,501)	-	(268)	(1,443)	(89,586)
Fair value	-	-	-	(2,009)	-	(2,009)
Discounting/accretion	-	-	-	7	-	7
New consolidations	-	-	-	-	-	-
Other	-	-	(2)	-	-	(2)
Reclassification	-	-	-	(538)	-	(538)
BALANCE AT 31/12/2011	591,628	2,521	1	12,290	10,167	616,607

Borrowing from credit institutions – Fixed rate / Variable rate

(in thousands of euros)	Fixed rate	Variable rate	Total
Borrowings from lending institutions	279.6	312	591.6

The Group's average interest rate for financing was 3.5% at 31 December 2011.

After consideration of the fixedrate swap instruments, the total fixedrate debt comes to € 279.6 million.

Furthermore, variablerate debt, totalling € 312 million was hedged by cap instruments for € 271.1 million.

Borrowings and financial debts

(in thousands of euros)	31 December 2011	31 December 2010
Non-current		
Bank loans	572,131	560,563
Other financial liabilities	21,594	23,008
TOTAL	593,725	583,571
Current		
Bank loans	19,496	67,111
Accrued interest	2,521	2,596
Bank overdrafts	1	3
Other financial debts	-	-
Other financial liabilities	864	1,824
TOTAL	22,882	71,534
TOTAL BORROWINGS AND FINANCIAL DEBTS	616,607	655,105

The maturities of non-current bank debts are shown below

(in thousands of euros)	31 December 2011	31 December 2010
From 1 to 5 years	501,123	518,400
Over 5 years	71,008	42,163
TOTAL	572,131	560,563

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

Schedule of the extinction of total bank debt and of unmatured interest due:

(in thousands of euros)	Nominal value	Interest	Total
31 December 2012	19,496	14,407	33,903
31 December 2013	477,088	8,418	485,506
31 December 2014	4,533	2,602	7,135
31 December 2015	15,210	2,447	17,657
31 December 2016	4,291	2,107	6,398
31 December 2017	39,869	1,268	41,137
31 December 2018	31,141	241	31,382
TOTAL	591,628	31,490	623,118

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	Total
Balance at 31/12/2010	-	100	133	-	233
Allocations	-	42	19	-	61
Reversals not used	-	-	-	-	-
Reversals used	-	-	-	-	-
Changes in consolidation scope	-	-	-	-	-
BALANCE AT CLOSE 31/12/2011	-	142	152	-	294

(in thousands of euros)	31 December 2011		31 December 2010	
	Long term	Less than one year	Long term	Less than one year
Provision for employee disputes	-	-	-	-
Provision for Locafimo tenants risks	142	-	100	-
Provisions for retirement benefits	152	-	133	-
Other provisions for expenses	-	-	-	-
NET BALANCE AT CLOSE	294	-	233	-
TOTAL PER PERIOD	294	-	233	-

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

Type (in thousands of euros))	31 December 2011	31 December 2010
Taxes owed (exit tax)	-	-
Other tax indebtedness	-	-
TOTAL NON-CURRENT TAX DEBTS	0	0
Social security owed	1,100	1,091
Taxes owed (exit tax – current portion owed)	-	187
Other tax liabilities (VAT collected)	7,145	7,170
TOTAL CURRENT TAX AND SOCIAL SECURITY RELATED DEBTS	8,245	8,448
TOTAL	8,245	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 deferred tax asset of € 300,000.

NOTE 15: Trade accounts and other indebtedness

Type (in thousands of euros)	31 December 2011	31 December 2010
Trade accounts payable	4,473	4,374
Debts associated with acquisitions of tangible fixed assets ⁽¹⁾	5,261	2,080
Current account liabilities	-	-
Directors' fees ⁽⁵⁾	120	-
Advances and deposits received	448	640
Due to clients	597	1,369
Other operating debts ⁽²⁾	1,011	1,040
Prepaid income ⁽³⁾	18,720	18,210
TOTAL	30,630	27,713
Other long-term liabilities		
Prepaid income ⁽⁴⁾	290	327
TOTAL	290	327

(1) Corresponds to outstanding payments on properties owned by:

- Arman F02 (€ 277K),
- Locafimo (€ 1,763K),
- Montrouge Arnoux (€ 3,078K).

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

(3) At 31 December 2011, this account was made up mainly of prepaid rental income for Q1 2012.

(4) This account reflects the reclassification of the net subsidy received by:

- Jaurès € 39K,
- Rueil € 189K,
- Porte des Lilas € 20K,
- Champigny Carnot € 42,000 against € 3,000 at 31.12.2010.

(5) The attendance fees in 2011 were classified in Note 15: Trade payables and other liabilities on the Attendance fees line. At 31 December 2010, they appeared in Note 13: Taxes and social contributions amounting to € 110K. NOTE 16: Turnover.

NOTE 16: Turnover**Turnover – Comparative analysis by type**

(in thousands of euros)	31 December 2011	31 December 2010
Rental income	69,443	72,151
Other rental income ⁽¹⁾	12,871	13,60
TOTAL TURNOVER	82,314	85,752

(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)	31 December 2011	31 December 2010
Total minimum future payments		
Less than one year	70,255	65,243
Between 1 and 5 years	211,825	211,380
More than 5 years	67,516	77,615
TOTAL FUTURE PAYMENTS	349,596	354,238
Rental income reported as year-end income	69,443	72,151

NOTE 17: Consumed purchases

(in thousands of euros)	31 December 2011	31 December 2010
Non-stocked purchases of material and supplies	(171)	(387)
TOTAL PURCHASES CONSUMED	(171)	(387)

NOTE 18: Personnel expenses, external charges, duties and taxes**Staff expense**

(in thousands of euros)	31 December 2011	31 December 2010
Staff remuneration	(2,583)	(2,586)
Social security withholding payments	(1,306)	(1,191)
Charges on payments in shares	(77)	(75)
TOTAL STAFF EXPENSE	(3,966)	(3,852)

External expenses

(in thousands of euros)	31 December 2011	31 December 2010
- General subcontracting	(79)	(69)
- Rentals and rental expenses	(5,622)	(6,604)
- Maintenance and repairs	(1,354)	(1,298)
- Insurance premiums	(1,167)	(769)
- Miscellaneous documentation, seminars	(29)	(110)
- Staff from outside of the company	-	(3)
- Remuneration of intermediaries and fees ⁽¹⁾	(5,320)	(6,043)
- Advertising, publishing and public relations	(238)	(404)
- Goods transport, collective staff transport	(4)	(11)
- Travel, assignments and receptions	(199)	(210)
- Postal and telecommunications costs	(73)	(71)
- Banking and related services	(266)	(303)
- Other external services	(285)	(103)
TOTAL EXTERNAL EXPENSES	(14,636)	(15,998)

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

Taxes and duties

(in thousands of euros)	31 December 2011	31 December 2010
Property taxes	(6,753)	(6,860)
Other duties and taxes	(2,574)	(2,123)
TOTAL DUTIES AND TAXES	(9,327)	(8,983)

NOTE 19: Net amortisation and provisions

(in thousands of euros)	31 December 2011	31 December 2010
- Allocations / Reversals of amortisation of intangible assets	(750)	(753)
- Allocations / Reversals of amortisation of tangible assets	(89)	(71)
TOTAL AMORTISATION ALLOWANCES/REVERSALS	(839)	(824)
- Allocations / Reversals of provisions for current assets	437	(295)
- Allocations / Reversals of provisions for operating liabilities & expenses	(43)	(100)
- Allocations / Reversals of provisions for operating receivables	-	-
TOTAL PROVISIONS ALLOWANCES / REVERSALS	394	(395)

NOTE 20: Net balance of value adjustments

(in thousands of euros)	31 December 2011	31 December 2010
- Investment property	(3,109)	8,052
- Goodwill on acquisitions	-	-
TOTAL	(3,109)	8,052

NOTE 21: Other operating income and expenses

(in thousands of euros)	31 December 2011	31 December 2010
- Miscellaneous current management income	725	2,157
- Irrecoverable receivables losses	(92)	-
- Miscellaneous current management expenses	(942)	(265)
- Other net allowances for provisions	-	-
- Proceeds from disposals of investment property ⁽¹⁾	38,895	50,878
- Net book value of the property disposed of ⁽¹⁾	(37,420)	(52,563)
- Other extraordinary expenses	(65)	(1,133)
TOTAL	1,101	(926)

(1) Corresponds to the disposal of the building in the Parc des Tanneries, the SCI Paris Charonne building, a Locafimo building in Grenoble, and the Arman F02 building located in Massy.

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	69,444	-
Direct operating expenses ⁽¹⁾	9,017	6,639

(1) Chiefly property administration costs and property tax.

NOTE 22: Net financial debt costs

(in thousands of euros)	31 December 2011	31 December 2010
- Marketable securities income	152	61
- Loan income	-	-
Total income from cash and near cash	152	61
- Interest on financing deals	(22,790)	(24,818)
Total gross financial debt costs	(22,790)	(24,818)
TOTAL NET FINANCIAL DEBT COST	(22,638)	(24,757)

NOTE 23: Other financial income and expenses

(in thousands of euros)	31 December 2011	31 December 2010
- Other financial income ⁽¹⁾	2,366	6,776
- Income from securities transfers	-	-
Total other financial income	2,366	6,776
- Write-offs of accounts receivable	-	-
- Other financial expenses ⁽²⁾	(2,043)	(1,705)
- Net book value of transferred securities	-	-
Total other financial expenses	(2,043)	(1,705)
TOTAL	323	5,071

(1) Of which €2,352K for adjustment in the value of financial instruments at 31/12/11 against €5,854K at 31/12/10.

(2) Including (1067) adjustment in value of financial instruments, (866) K € CAP premiums (95) K € for commitment fees against respectively €s(519)K, €(482)K, and €(457)K at 31/12/2010.

NOTE 24: Company income tax

(in thousands of euros)	31 December 2011	31 December 2010
Current tax	(96)	(266)
Deferred tax	-	-
TOTAL	(96)	(266)

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)	31 December 2011	31 December 2010
Year-end net profit(loss)	29,350	42,487
Average weighted outstanding shares	5,573,940	5,377,879
Basic earnings per share (€ per share)	5.27	7.90

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 subscription rights linked to the share options in circulation. The number of shares calculated in this way is compared with the number of shares which could have been issued if the options had been exercised.

(in thousands of euros)	31 December 2011	31 December 2010
Year-end net profit(loss)	29,350	42,487
Average weighted number of ordinary shares used to calculate the diluted earnings per share	5,590,207	5,392,796
Diluted earnings per share (€ per share)	5.25	7.88

Earnings-dilutive financial instruments

The number of shares at 31 December 2011 which can give access to the share capital is as follows:

	Number of securities	Giving right to number of securities
Shares	5,736,272	5,736,272
Share options	15,492	15,492
Bonus shares	20,000	20,000
Treasury shares	(93,650)	(93,650)
TOTAL	5,678,114	5,678,114

NOTE 26: Distribution

The General Meeting voted to distribute a dividend of € 2.2 per share for a total amount of € 12,100,924 of which € 7.906 million were in shares and € 4,194,902 was in cash.

This distribution was paid out on 21 June 2011.

On 27 July 2011, the Board of Directors voted to distribute an interim dividend of € 11,832,988 (€ 2.10 per share) in light of the interim balance sheet closing 30 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 Société de la Tour Eiffel, i.e.:

(in thousands of euros)	31 December 2011	31 December 2010
Salaries and other short-term benefits	720	720
Directors' fees	120	110
Payments based on shares (stock options)	77	75
TOTAL	917	905

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

Related parties

€ 670,000 in fees were paid to Bluebird Investissements, a related party, for FY 2011. The amount of the fees was identical to that paid for FY 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	31 December 2011	31 December 2010
Liability guarantee				
- on the transfer of shares in SCI Nowa	02/04/2004	-	-	10,000
- on the transfer of shares in SCI Marceau Bezons	23/06/2004	-	-	10,000
- on the transfer of shares in SCI Malakoff Valette	27/05/2004	-	-	3,000
- on the transfer of shares in SAS Parcoval	30/03/2007	15/01/2011	-	3,600
TOTAL			-	26,600

2) Off-balance sheet commitments related to the financing of the company**Commitments given:**

(in thousands of euros)	Starting date	Expiration date	31 December 2011	31 December 2010
Unused credit lines	-	-	-	13,300
Pledged securities (acquisition price of securities pledged)				
- Nowa shares	28/02/2006	15/04/2018	-	14,528
- Champigny Carnot shares	12/01/2005	15/06/2013	-	1
- Lyon Genlis shares (company absorbed by full transfer of assets in June 2011)	24/03/2005	15/06/2013	-	1
- Aubervilliers shares	07/04/2005	15/06/2013	83	5,146
- Caen shares	21/06/2005	15/06/2013	-	1
- Etupes shares	12/07/2005	15/06/2013	-	1
- Locafimo shares	27/12/2005	30/06/2013	352,935	375,948
- Bezons, Grenoble and Rueil shares	15/06/2006	15/06/2013	-	3
- Malakoff shares	14/02/2007	15/06/2013	-	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
- shares held by Jaurès	24/01/2007	15/06/2013	-	2,003
Pledges of accounts			-	-
			353,018	404,133
Money lender's lien	-	-	126,257	66,366
Surety	-	-	2,130	2,515
Master agreement				
- between STE and RBS	30/11/2004	-	123,758	127,282
- between STE and Natixis	31/03/2010	-	13,140	23,079
			136,898	150,361

Commitments received:

(in thousands of euros)	Starting date	Expiration date	31 December 2011	31 December 2010
Tenant's security deposit			2,610	1,859
Joint guarantee				
- Arman F02	22/01/2003	-	49,222	49,222
- Rueil Nationale	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
- Montrouge	04/03/2011	-	23,504	-
- other companies	-	-	997	6,635
			24,501	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	31 December 2011	31 December 2010
Mortgages (net book value)				
- Arman F02 building	28/03/2008	28/03/2017	25,250	42,500
- the Nowa buildings	15/04/2011	15/04/2018	43,480	36,270
- the Caen building	21/06/2005	15/06/2013	3,519	3,519
- the main block of the Champigny building	14/12/2004	15/06/2013	581	581
- Buildings A and B of the Champigny building	12/01/2005	15/06/2013	570	570
- the Etupes building	12/07/2005	15/06/2013	10,750	10,750
- the Montrouge building	15/04/2011	30/06/2018	18,830	-
- the Aubervilliers building	07/04/2005	15/06/2013	12,532	11,250
- the buildings of Locafimo and its subsidiaries	17/02/2009	30/06/2013	352,935	375,948
			468,447	481,388
Commitments to sell/Deeds of conveyance				
Commitment made to a builder			-	-
Rental guarantee			89	-

Commitments received:

(in thousands of euros)	Starting date	Expiration date	31 December 2011	31 December 2010
Rent guarantee	-	-	1,581	4,709
Commitment to sell – Building E at Parc des Tanneries in Strasbourg	23/06/2011	23/12/2012	1,400	
Commitment to sell – Building in Bezons	23/12/2011	2012	4,000	
Commitment to sell – Building in Amiens	03/02/2011	28/02/2013	3,410	
Commitment to sell – Paris Charonne building	21/05/2010	31/03/2012	-	14,400
			8,810	14,400

NOTE 29: Subsequent events

None

7 – STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Financial year ending 31 December 2011)

To the shareholders of:

SOCIÉTÉ DE LA TOUR EIFFEL
A French joint stock company with capital of €28,681,360

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

In carrying out the mission entrusted to us at your General Shareholders' Meeting, we present our report for the year ended 31 December 2011 on:

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

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

7.1 – Opinion on the consolidated financial statements

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

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

7.2 – Basis of our appraisals

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

- Paragraph 2.6 of the Notes specifies that the property portfolio is appraised by independent experts to estimate properties' fair value. Our mission involves reviewing the appraisal methods of these experts, evaluating the consistency of the assumptions upheld and establishing the fair value of the properties in question based on independent appraisals and ensuring that the information presented in the annex is appropriate.
- As indicated in paragraph 2.13 of the Notes, the Group uses derivatives recorded at their fair value on the consolidated balance sheet. We have assessed the data and the assumptions made to determine this fair value and reviewed the computations made as at 31 December 2011.

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

7.3 – Specific verifications

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

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

Paris and Neuilly-sur-Seine, 27 March 2012

The Statutory Auditors

Expertise & Audit SA
3, rue Scheffer
75016 Paris

Hélène Kermorgant

PricewaterhouseCoopers Audit
63, rue de Villiers
92000 Neuilly-sur-Seine

Yves Nicolas



MANAGEMENT
REPORT

CONSOLIDATED
FINANCIAL
STATEMENTS

CORPORATE
FINANCIAL
STATEMENTS

REPORT FROM THE CHAIRMAN
OF THE BOARD

RESOLUTIONS

CORPORATE FINANCIAL STATEMENTS

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*This text is a free translation from the French language and is provided solely for information purposes.
Only the original version in the French language has legal force.*

1 – BALANCE SHEET – ASSETS

(In euros)	Gross	31/12/2011 Impairments	Net	31/12/2010 Net	See notes
FIXED ASSETS					
Intangible fixed assets					
Concessions, patents, licences, software	12,005		12,005	12,005	A
Tangible fixed assets					
Land	10,966,696	1,682,481	9,284,215	9,486,726	A
Building	19,403,755	2,630,560	16,773,195	17,387,004	A
Other tangible fixed assets	11,672	7,862	3,810	1,701	A
Tangible fixed assets under development					
Long-term investments ⁽¹⁾					
Equity interests	251,764,214	993,944	250,770,270	252,102,465	A / G / H / FS 3
Receivables linked to equity interests	54,187,387		54,187,387	62,879,190	A / B / G
Other long-term investments				1,677	A
	336,345,729	5,314,847	331,030,882	341,870,768	
CURRENT ASSETS					
Inventories					
Advances and down payments on orders	80,499		80,499	25,939	
Receivables ⁽²⁾					
Trade and related receivables	2,614,318	629,959	1,984,359	2,017,955	B / G
Other receivables	31,672,001		31,672,001	26,257,940	B / G
Marketable securities					
Treasury shares	7,350,639	3,908,037	3,442,602	5,545,408	FS 4 / F
Other securities					
Cash and cash equivalents	1,133,062		1,133,062	545,841	
Prepaid expenses ⁽²⁾	158,915		158,915	219,902	B / D
	43,009,434	4,537,996	38,471,438	34,612,985	
Expenses amortised over several years	306,703		306,703	254,956	E / R
GRAND TOTAL	379,661,866	9,852,843	369,809,023	376,738,710	
<i>(1) Including those at less than one year (gross)</i>			7,055,226	15,747,028	
<i>(2) Including those at more than one year (gross)</i>					

2 – BALANCE SHEET – LIABILITIES

(In euros)	31/12/2011 Net	31/12/2010 Net	See notes
SHAREHOLDERS' EQUITY			
Share capital (Paid in: 28,681,360)	28,681,360	27,961,420	I / FS 1
Issue, merger and contribution premiums	41,947,031	34,477,782	FS 1
Reserves:			
- Legal reserve	2,796,142	2,716,518	
- Other reserves	215,933,372	215,933,372	
Retained earnings	13,879,824		IC 3
Net result for the year (profit or loss)	11,557,457	36,739,798	
Interim dividends	-11,832,988	-10,680,106	
	302,962,198	307,148,784	N
OTHER EQUITY			
PROVISIONS FOR CONTINGENCIES AND LOSSES			
Provisions for losses	762,400		J
	762,400		
DEBTS ⁽¹⁾			
Borrowings and debt owed to credit institutions ⁽²⁾	26,181,934	36,634,875	K
Borrowings and financial debts	36,808,750	30,088,299	K / M
Trade and related payables	2,069,163	1,924,498	K / M
Tax and social security liabilities	656,837	534,207	K
Payables to fixed asset suppliers and related accounts	10,066	15,987	K
Other debts	21,013	101,834	K / M
Prepaid income	336,662	290,226	P
	66,084,425	69,589,926	
GRAND TOTAL	369,809,023	376,738,710	
<i>(1) Including those at more than one year (a)</i>	12,299,765	12,634,251	
<i>(1) Including those at less than one year (a)</i>	53,784,660	56,955,675	
<i>(2) Including current bank loans and bank credit balances</i>			

(a) With the exception of down payments and advances on purchase orders.

3 – INCOME STATEMENT

(In euros)	31/12/2011			31/12/2010	See notes
	France	Abroad	Total	Total	
Operating income ⁽¹⁾					
Production sold (services)	6,344,139		6,344,139	7,747,826	
Net turnover	6,344,139		6,344,139	7,747,826	Q
Capitalised production			400	311	
Operating subsidy			400		
Reversal of provisions and expense reclassification			256,631	601,183	S
Other income			1,731	59	
			6,602,901	8,349,379	
Operating expenses ⁽²⁾					
Other purchases and external expenses (a)			7,844,203	7,507,593	T / U
Taxes, duties and similar payments			348,080	415,530	
Wages and salaries			1,482,400	720,000	
Social security withholding payments			298,239	221,280	
Allocations to amortisation and provisions:					
- On fixed assets: Allowances for amortisation			851,310	1,109,212	R
- On fixed assets: Provisions for depreciation			202,511	1,479,970	J
- On current assets: Provisions for depreciation				629,959	J
Other expenses			153,438	110,025	
			11,180,181	12,193,570	
OPERATING RESULT			(4,577,280)	(3,844,192)	
Financial income					
From equity interests ⁽³⁾			26,402,007	39,982,766	
From other marketable securities and fixed asset receivables ⁽³⁾					
Other interest and related income			141,792	748,201	
Recoveries on write-downs, provisions and expense reclassification			1,969,227	14,415,329	
Realised gains on foreign exchange					
Net proceeds from the sale of marketable securities			48,445	48,818	
			28,561,471	55,195,114	
Financial expenses					
Allocations to amortisation, impairment and provision			4,578,992	6,455,194	J
Interest and similar charges ⁽⁴⁾			7,736,906	8,282,886	
Realised losses on foreign exchange				206	
Net losses on the sale of marketable securities			92,074	71,541	
			12,407,971	14,809,827	
NET FINANCIAL INCOME			16,153,500	40,385,287	

(In euros)	31/12/2011 Total	31/12/2010 Total	See notes
Extraordinary income			
On operations		152,301	
On equity			
Reversal of amortisation, provisions and expense reclassifications	762,400		J
	762,400	152,301	
Extraordinary expenses			
On operations	34,256	560	
On equity		1,038	
Allocations to depreciation and provisions	764,907		
	799,163	1,598	
EXTRAORDINARY RESULT	(36,763)	150,704	
Company income tax refund owed	(18,000)	(48,000)	IC 6.3
Total income	35,926,772	63,696,794	
Total expenses	24,369,315	26,956,996	
NET PROFIT (LOSS)	11,557,457	36,739,798	
<i>(a) Including:</i>			
<i>- Equipment leasing instalments</i>			
<i>- Property leasing instalments</i>			
<i>(1) Including income relating to previous financial years</i>			
<i>(2) Including expenses relating to previous financial years</i>			
<i>(3) Including income relating to affiliated entities</i>	26,402,007	39,982,766	
<i>(4) Including interest relating to affiliated entities</i>	2,851,489	1,046,552	

4 – APPENDIX

4.1 – General information

The main corporate purpose of Société de la Tour Eiffel is to acquire or construct buildings to rent out, and to hold direct or indirect equity stakes in corporate bodies having the same purpose.

Choice of status as a Société d'Investissements Immobiliers Cotée (SIIC)

On 15 April 2004, the company opted for the status of Société d'Investissements Immobiliers Cotée (SIIC) effective on 1 January 2004.

4.2 – Important facts

4.2.1 – Capital transactions

4.2.1.1 – Exercise of stock options

On 18 May 2011, the Board of Directors noted the completion of a capital increase of €7.5K resulting from the exercising of 1,500 stock options authorised by the Extraordinary General Meeting of 29 March 2007. The issue premium recognised in exercising the options is €41,805.

4.2.1.2 – Remainder of the 2010 dividend and option to pay out dividend in shares

A capital increase of €690,965 (138,193 shares) and a €7,215,057 increase in the issue premium were noted, following the allocation of earnings for fiscal 2010 and in compliance with the decision of the Chairman and Managing Director of 20 June 2011. New shares were issued at the price of €57.21, corresponding to 90% of the average market value of the 20 days of trading prior to the date on which the decision to distribute was made, minus the net amount of the interim dividend rounded up to the nearest centime. Shareholders holding 3,645,333 shares opted for receiving the interim dividend in stock and a cash payment of €113,711 was made to the shareholders. Shareholders holding the balance of 1,855,087 shares opted for a cash payment amounting to €4,081,191.

4.2.1.3 – 2011 interim dividend and option for payment in shares

On 27 July 2011, the Board of Directors moved to distribute an interim dividend of €11,832,988, or €2.10 per share, in the light of the interim balance sheet closed at 30 June 2011, with an option of payment in shares or cash in accordance with the 3rd resolution adopted at the General Shareholders' Meeting of 18 May 2011.

An equity capital increase of €21,475 (4,295 shares) and a €212,388 increase in the issue premium were noted, in compliance with the decision of the Chairman and Managing Director of 19 September 2011. The new shares were issued at a price of €54.45 corresponding to 90% of the average closing price of twenty trading days preceding the date of the decision to distribute, less the net amount of interim dividend and rounded to the next higher centime. Shareholders holding 118,197 shares opted to receive the remaining interim dividend in stock and a cash payment of €14,351 was made to the shareholders. Shareholders holding the balance of 5,516,559 shares opted for a cash payment amounting to €11,584,774.

4.2.2 – Impairment of securities

On 31 December 2011, Société de la Tour Eiffel recorded an impairment on securities issued by SCI Marceau Bezons of €993,944. The depreciation of €4,162,978 relating to the securities of SCI Malakoff Valette was eliminated after the full transfer of the company's assets and liabilities to Société de la Tour Eiffel.

4.2.3 – Acquisitions and divestments of fixed assets

4.2.3.1 – Securities portfolio

On 15 February 2011, Société de la Tour Eiffel subscribed to 99% of the capital of SCI Montrouge for a value of €990.

On 23 May 2011, Société de la Tour Eiffel decided to dissolve without liquidation SCI Lyon Genlis leading to the full transfer of the company's assets and liabilities to the sole associate, with effect as of 30 June 2011. The unfavourable variance noted in the financial result was €6,471.

On 21 July 2011, Société de la Tour Eiffel decided to dissolve without liquidation SCI Malakoff Valette leading to the full transfer of the company's assets and liabilities to the sole associate, with effect as of 30 September 2011. The unfavourable variance noted in the financial result was €689,769 and corresponds to a distribution of reserves made during the 2011 financial period. Following the dissolution of the SCI Malakoff Valette, Société de la Tour Eiffel acquired a share of the SCI du 153 avenue Jean-Jaurès for €39,760.

4.2.4 – Share purchase or subscription plans and bonus share plans

The 92,594 treasury shares held can be broken down as follows:

- 72,594 unallocated treasury shares held for €5,224,900 impaired according to marked to market at their average December 2011 price, i.e. €36.39, for a total of €2,581,637.
- 20,000 allocated treasury shares held, awarded by a decision of the Board on 8 December 2011, amounting to €2,088,879, impaired according to market at the average price during the month preceding their allocation for the sum of €1,326,400 and provisioned for their residual purchase cost as a provision for charges amounting to €762,400. This provision for charges relating to the issuance of bonus shares for definitive allocation in 2013, subject to meeting the performance conditions, was recognised as staff expenses.

4.2.5 – Financing

On 26 September 2011, Société de la Tour Eiffel signed an addendum to the loan agreement of 31 March 2010 extending by one year the maturity of the credit line for an initial amount of €35 million until 30 September 2012 and revising the margin applicable to the loan. At the date of this addendum, €20,078,923 had been drawn down. The costs associated with the addendum totalled €256,631 and were transferred as deferred expenses.

At the same time, Société de la Tour Eiffel hedged its interest rates with a 2% cap for a notional amount of €15,000,000.

4.3 – Accounting policies

The Annual Accounts are established in accordance with the rules laid out by the general accounting system of 1999 and fundamental accounting principles (conservatism, consistent methods, independence of financial years, going concern).

The financial year spans a 12-month period running from 1 January to 31 December 2011.

Recognised items are valued by the historic costs method.

The main accounting methods used are as follows:

4.3.1 – Tangible fixed assets

4.3.1.1 – Land and Buildings

General rules

Fixed assets are valued at their acquisition price as per the provisions of CRC Regulation no. 2004-06. The Company has opted to capitalise acquisition expenses and the costs of borrowings, where applicable.

In accordance with the CRC Regulation no. 200210, property assets have been accounted for using the components approach.

The gross value was split into 4 main components on the basis of valuations carried out by the Technical Services of the asset management company, Tour Eiffel Asset Management.

Given the nature of the properties, a residual value was recorded under the main component (structural framing). Given the nature of the properties, the residual values recorded were as follows:

- 10% (Energy II building located in Vélizy, building located in Amiens),
- or 20% (building located in Saint-Cloud).

Amortisation was booked in compliance with rule N°2002-10 with each component being amortised over its individual useful life on the following basis:

- | | | |
|-------------------------|----------------------------|----------------------------|
| • Structural framing | • Life:
35 to 60 years | • Method:
straight-line |
| • Water-proofing | • Life:
15 and 20 years | • Method:
straight-line |
| • Equipment | • Life:
20 and 50 years | • Method:
straight-line |
| • Fixtures and fittings | • Life:
12 to 50 years | • Method:
straight-line |

At 31 December 2011, the current state of the buildings does not require the allocation of provisions for major upkeep or refurbishing.

Valuation of Assets

The company has all its property assets valued by an independent appraiser every six months. An asset impairment is recorded if the appraised value has fallen considerably below the net book value.

In the financial period ended 31 December 2010, a €1,682,481 provision for the building located in Amiens was recorded in the accounts pursuant to these valuations.

4.3.1.2 – Other tangible fixed assets

Depreciation is calculated on the following basis:

- | | | |
|--------------------|-----------------|-------------------------|
| • Office equipment | • Life: 3 years | • Method: straight-line |
| • Furniture | • Life: 5 years | • Method: straight-line |

Fixed assets are recorded at their acquisition cost (purchase price and additional expenses).

4.3.2 –Marketable securities and treasury shares

4.3.2.1 – Marketable securities

The gross value is made up of the purchase cost. When the inventory value is lower than the gross value, the difference gives rise to an impairment loss provision. The inventory value of the treasury shares consists of the average market price during the last month before accounts closing.

4.3.2.2 – Unallocated treasury shares or those connected with the liquidity agreement

Those treasury shares which are not allocated to a bonus share allotment scheme or those connected with a liquidity agreement, are written down to their market value.

4.3.2.3 –Treasury shares allocated to share subscription or purchase options and plans for granting bonus shares

In accordance with CNC Regulation 2008-15 dated 4 December 2008 relating to the accounting treatment of share subscription or purchase plans and bonus share plans, the allocated shares held which will probably be awarded to employees carry a provision based on the shares’ net book value applicable upon their allocation date for bonus share allocation plans, and based on the difference between this value and the purchase or subscription value for share purchase or subscription options. When the award is subordinated to a condition of working for the company, the purchase price is spread out over the acquisition period. Any allocations of provisions, reversals and charge-offs relating to awarding equity shares are disclosed as personnel expenses.

4.3.3 – Equity interests and other long-term investments

Equity interests are entered on the balance sheet at their acquisition cost as per the provisions of CRC Regulation no. 2004-06 pertaining to the definition, recognition and valuation of assets. The company has opted to include acquisition expenses in the value of securities. If the inventory value of these shares proved to be lower than their purchase cost, an impairment provision would be made. The inventory value is determined based on the equity interest’s value in use and takes regarding a real estate company into account the market value of the owned company’s assets, which are audited every half year.

4.3.4 – Receivables

Receivables are recorded at their nominal value. A write-down is recorded when the inventory value is lower than the book value.

The €629,959 impairment of the receivable booked in 2010 regarding the tenant of the building located in Amiens after he entered receivership was maintained at 31 December 2011. The receivable was admitted by the Amiens Commercial Court on 26 January 2012.

4.3.5 – Bond issue expenses

Bond issue expenses are transferred from operating expenses to expenses to be amortised over the term of these borrowings.

4.3.6 – Future financial instruments – interest hedging operations

Société de la Tour Eiffel took out interest rate hedging contracts (caps and swaps) for itself and its subsidiaries with bank loans. The effects of these contracts are booked at the Société de la Tour Eiffel level.

CAP

The initial premium paid and covering several periods is reported as an expense over the contract term. Any eventual unrealised gains are not recorded at period end.

SWAP

At period end, the accrued interest differential on the Swaps is recorded.

Potential losses on the financial instruments do not carry a liabilities provision inasmuch as these instruments are used in a hedging transaction.

4.4 – Additional information

4.4.1 – Staff

The company employs a Property Director.

4.4.2 – Remuneration of members of management and governing bodies

Board members' attendance fees paid in 2011 totalled €120,000. Gross remuneration paid to members of governing bodies for their director mandates totalled €220,000.

4.4.3 – Appropriation of 2010 earnings

The Combined General Meeting of 18 May 2011 decided to allocate the profit for the 2010 financial year, i.e. €36,739,798 as follows:

- allocation of €79,624 to the statutory reserve,
- distribution of an interim dividend of €10,680,106 (€2.00 per share) as approved by the Board of Directors on 28 July 2010,
- distribution of €12,303,025 as the remaining dividend (€2.2 per share) and payment of same on 21 June 2011,
- appropriation of the remaining €13,677,043 to retained earnings

4.4.4 – 2011 distribution

On 27 July 2011, the Board of Directors voted to distribute an interim dividend in light of the intermediate balance sheet closed on 30 June 2011, representing €2.10 per share. This amounted to €11,832,988.

A proposal to distribute the amount of €2.10 per share will be submitted to the General Meeting for a vote.

4.4.5 – Appropriation of the subsidiaries' 2011 earnings

Net financial income – up streaming the 2011 results

The articles of association of those subsidiaries organised as non-trading real estate investment companies (SCI) or as partnerships (SNC) contain a clause for appropriating the period-end earnings, unless the partners decide otherwise.

The subsidiaries all have the same account closing date of 31 December.

The decisions to appropriate the 2011 earnings by the various general shareholders' meetings are taken prior to that of the Société de la Tour Eiffel Board of Directors' meetings.

Consequently, as at 31 December 2011, the net financial income of Société de la Tour Eiffel includes the proportionate shares in the 2011 earnings of those subsidiaries organised as non-trading real estate investment companies or as partnerships.

4.4.6 – Taxable income – Tracking of the obligations under the SIIC regime

Société de la Tour Eiffel reported a €11,557K profit corresponding to a €9,868K profit for tax purposes.

4.4.6.1 – Tax exempt income and tracking of the distribution obligations

The 2011 tax exempt income came to €14,177,000 and breaks down as follows:

- €9,248,000 from property rentals subject to an 85% distribution rate,
- €4,928,000 from dividends received from subsidiaries which opted for and are subject to a 100% distribution rate.

The distribution rate therefore stood at €12,790,000 in 2012 for the 2011 financial period. Besides, a fiscal distribution requirement remains outstanding in 2012 from a gain on property disposals in 2010 amounting to €804K.

4.4.6.2 – Income liable to corporation Tax

The income liable to corporation tax for 2011 totalled -€ 4,309,000, mainly equalling 1) the portion of expenses which cannot be allocated to the exempted activity; 2) the fees for non-performed investments, and 3) the upstreaming of the taxable fiscal income of the non-REIT subsidiary, SNC Tour Eiffel Asset Management, and 4) the charge related to the allocation of bonus shares.

On closing the 2011 accounts, loss carry-forwards for taxable activity amounted to €16,411K.

4.4.6.3 – Income tax

The €18,000 income tax benefit corresponds to the foundation tax credit the Company has benefited from owing to payments made to the Société de la Tour Eiffel Foundation in 2011.

4.4.7 – Share subscription option plans

4.4.7.1 – Summary table of the share option plans issued, granted and expired

General Shareholders' Meeting date	Date granted by the Board of Directors	Exercise period	Subscription Price	No. of allocated options	No. of exercised options	No. of expired or cancelled options	Potential number of shares
12 May 2005	22/03/2006	from 22/03/2006 to 22/03/2011	80.73	29,594	-	29,594	0
	17/05/2006	from 17/05/2006 to 17/05/2011	80.84	11,103	1,500	9,603	0
17 May 2006	14/09/2006	from 14/09/2006 to 14/09/2011	92.13	137,314	-	137,314	0
	29/03/2007	from 29/03/2007 to 29/03/2012	114.64	24,182	-	23,366	816
29 March 2007	16/10/2007	from 16/10/2007 to 16/10/2012	111.15	26,931	-	26,931	0
	11/12/2008	from 11/12/2008 to 11/12/2013	32.87	28,198	1,500	-	26,698
	15/10/2009	from 15/10/2009 to 15/10/2014	45.95	28,427	-	-	28,427
TOTAL				285,749	3,000	226,808	55,941

4.4.7.2 – Assigning a value to the social security contributions liability

In light of the €36.39 December 2011 average share price, management monitored a risk that €42,290 of employer social security contributions would be taxed at the 45% rate should all of the subscription stock option

beneficiaries sell their shares within the four-year period from the options that will probably be exercised, i.e. those plans whose average option price in December 2011 exceeded the exercise price.

4.4.8 – Allocation of bonus shares follow-up

4.4.8.1 – Summary table of bonus shares granted

General Shareholders' Meeting date	Date granted by the Board of Directors	Final granting date	Minimum holding period	No. of bonus shares allocated
18 May 2011 ⁽¹⁾	08/12/2011	08/12/2013	2 years	20,000
TOTAL				20,000

(1) Allocation of 20,000 existing or yet-to-be issued shares.

The company will deliver the free shares to the beneficiaries, subject to meeting the performance conditions, either within the framework of a share buy-back scheme, or a capital increase paid for by a withdrawal from a reserve account.

4.4.8.2 – Employer's contribution on the allocation of free Société de la Tour Eiffel shares

An employee benefit expense in the amount of €75,088 was recognised as the social security contribution for the allocation of bonus shares and for the establishment as of 16 October 2007 of an employer contribution on the shares of 10% or 14%, depending on whether the current value of the bonus shares per beneficiary is less than or greater than half the annual ceiling for Social Security contributions.

4.4.8.3 – Theoretical dilutive effect on earnings per share

The theoretical dilutive effect on 2011 earnings per share would be:

- 2011 net result per share: €2.01
- Theoretical diluted net income per share for 2011: €1.99

The diluted net income per share stems from the effect of a possible delivery of the bonus shares granted by means of a capital increase and the probability that stock subscription plans will be exercised at financial year end.

4.4.9 – Financial commitments

4.4.9.1 – Given commitments

Commitments made are as follows:

- A guarantee for all the sums due by subsidiaries under the line of credit master agreement in the amount of €123,758 K until 15 June 2013,
- Authorisation for a personal joint and several guarantee in favour of borrowing subsidiaries as part of the Group's master financing agreement,
- Guarantee agreement issued in favour of the bank until 3 December 2012 in respect of an interest rate hedging agreement concluded on 28 November 2002 with SCI NOWA and transferred to LOCAFIMO on 24 March 2006 (for the notional amount of €55,689,500 at 31 December 2011),
- Pledge of a securities account holding SAS Locafimo shares as collateral for the financing bank, for an amount of €352,935 until 30 June 2013,
- The shares of the following nontrading property investment companies are pledged as collateral with the bank:
 - Jean-Jaurès,
 - Comète,
 - Berges de l'Ourcq,
 - Champigny Carnot,
 - Marceau Bezons,
 - Grenoble Pont d'Oxford,
 - Rueil National,
 - Caen Colombelles,
 - Étupes de l'Allan.

- On 14 January 2008, a first lien mortgage was given to the bank upon signing of a €4,000,000 loan extended by Société Générale to finance the building in Amiens,
- On 16 January 2008, a first lien mortgage was given to Société Générale when it extended a €9,700,000 loan to finance the building in Saint-Cloud.
- On 31 March 2010, in conjunction with the €35,000,000 loan granted by Natixis, a first mortgage was given to the bank on the "Energy II" building located in Vélizy until 30 September 2013. At 31 December 2011 €13,140K had been drawn down,
- The Saint-Cloud building, acquired on 16 January 2008, will be kept for a 5-year term in accordance with the requirements of Article 210 E of the General Tax Code under the "SIIC 3" tax scheme,
- The Amiens building, acquired on 14 January 2008, will be kept for a 5-year term in accordance with the requirements of Article 210 E of the General Tax Code under the "SIIC 3" tax scheme,
- The equity stake in SCI Arman F02 to be kept with an agreement not to require repayment of the subordinated loans extended to it during the term of SCI Arman F02's credit agreement entered into with Société Générale and Crédit Foncier de France,
- Keep the share it holds in SCI Arman Ampère and pledge it following amendment 1 dated 31 March 2009 as collateral for the loan extended to SCI Arman F02 on 28 March 2008 by Société Générale and Crédit Foncier de France,
- As part of the acquisition prior to completion (Fr. VEFA) concluded by SCI Montrouge Arnoux with the seller IDFIMM, Société de la Tour Eiffel issued a guarantee of payment on first request for a maximum amount of € 23.5m valid until the month following the attestation of completion and compliance of the building,
- As security for the loan granted on 15 April 2011 to SCI Nowa by Société Générale and the BECM, the shares held by Société de la Tour Eiffel in the latter were pledged until 15 April 2018,

- On 30 June 2011, as part of the loan granted to SCI Montrouge Arnoux, the Société de la Tour Eiffel pledged not to sell its shares in the aforementioned SCI and to provide it with the cash required until 30 June 2018,
- As part of the agreement to appoint a Managing Director signed on 17 October 2011, Société de la Tour Eiffel undertook to pay €1.2 m if, for reasons specific to the company, the contract could not be honoured.

4.4.9.2 – Received commitments

The following commitments were received:

- A surety bond was issued on 3 February 2011 in favour of Société de la Tour Eiffel by Linda Textile as security for the moneys owed by the tenant of the asset in Amiens (Lee Cooper) and for the whole duration of the lease and 6 months after the tenant leaves. The amount is capped at two years of rent incl. VAT as at 3 February 2011 i.e. €478,400,
- The commitments received for the cap contract totalled €13,000,000.

4.4.10 – Reciprocal commitments

- The reciprocal commitments relating to swap contracts totalled €127,311,356 at 31 December 2011,
- An indenture promise of sale relating to the Amiens building was signed on 3 February 2011. The sale price amounts to €3,225K and the sale will be effective no earlier than 31 January 2013 and no later than 28 February 2013.

4.4.11 – Financing of the subsidiaries

4.4.11.1 – Treasury agreement

The subsidiaries of Société de la Tour Eiffel acceded to the treasury agreement signed on 2 April 2004 and to its amendment of 24 June 2004. The interest rate applied within the Group is 3-month Euribor plus 25 basis points.

4.4.11.2 – Subordinated loans

Société de la Tour Eiffel, as lender, loans money to its subsidiaries under subordinated loan agreements. These loans are extended at 3-month Euribor plus 100 basis points for a term identical to the line of credit master agreement, i.e. to 15 June 2013. Repayment of these loans is subordinated to the creditors' agreement in accordance with the line of credit framework agreement signed with the bank.

4.4.12 – Retirement benefits

The Company did not set aside any retirement plan provision in the financial statements. Management had an assessment of these commitments on 31 December 2011 carried out. The study factors in the various parameters that apply to the Société de la Tour Eiffel employee as well as a range of data that pertain to Société de la Tour Eiffel. The following parameters were chosen:

- discount rate: 4.6%,
- wage increases: 3.92%,
- employer social security contributions: 50%,
- employer's contribution: 50%,
- asset mobility: average,
- voluntary retirement on average at 63.

These commitments were assessed at €22,483 as of 31 December 2011.

4.4.13 – Severance package

The total severance package which may be paid to the Real Estate Director in the event that the company requires his retirement is limited to 2 years' wages (fixed and variable).

4.4.14 – Right to professional training

The company's commitment to the sole employee as part of the French "right to professional training" (DIF) scheme totalled 126 hours at the close of the financial year.

NOTES

4.5 – ASSETS

A. Fixed assets

Framework A	Gross value	Increases	
	Beginning of year	Revaluations	Acquisitions
Intangible fixed assets			
Other intangible fixed assets	12,005		
Total I	12,005		
Tangible fixed assets			
Land	10,966,696		
Buildings on own land	19,374,309		34,567
Office equipment and furnishings	11,603		3,945
Tangible fixed assets under development			
Total II	30,352,609		38,512
Financial fixed assets			
Equity interests	256,588,432		40,750
Receivables linked to equity interests	62,879,190		2,404,605
Other long-term investments	1,677		
Total III	319,469,299		2,445,355
GRAND TOTAL (I + II + III)	349,833,912		2,483,867

Framework B	Decreases		Gross value	Revaluations
	Reclassifications	Disposals	at year end	Value of origin
Intangible fixed assets				
Other intangible fixed assets			12,005	12,005
Total I			12,005	12,005
Tangible fixed assets				
Land			10,966,696	10,966,696
Buildings on own land	5,122		19,403,755	19,403,755
Office equipment and furnishings	3,876		11,672	11,672
Tangible fixed assets under development				
Total II	8,998		30,382,123	30,382,123
Financial fixed assets				
Equity interests		4,864,968	251,764,214	251,764,214
Receivables linked to equity interests		11,096,408	54,187,387	54,187,387
Other long-term investments	1,677			
Total III	1,677	15,961,376	305,951,601	305,951,601
GRAND TOTAL (I+II + III)	10,675	15,961,376	336,345,729	336,345,729

B. Receivables and debt statements

(In euros)	Gross amount	Under 1 year	Over 1 year
Fixed assets			
Receivables linked to equity interests	54,187,387	7,055,226	47,132,161
Other long-term investments			
Current assets			
Clients' bad or contested debts	751,632	751,632	
Other trade receivables	1,862,685	1,862,685	
Personnel and related accounts	1,174	1,174	
Company income tax refund owed	174,000	174,000	
Value-added tax	512,717	512,717	
Group and partners	30,880,311	30,880,311	
Non-trade receivables	103,799	103,799	
Prepaid expenses	158,915	158,915	
TOTAL	88,632,621	41,500,460	47,132,161

C. Accrued income

(In euros)	31/12/2011	31/12/2010
Receivables linked to equity interests	312,949	266,459
Trade and related receivables	1,071,792	1,328,158
Other receivables	452,720	294,225
GRAND TOTAL	1,837,461	1,888,842

D. Prepaid expenses

(In euros)	31/12/2011	31/12/2010
Various prepaid expenses	108,410	161,034
Public relations prepaid expenses	35,880	41,618
Cap premiums prepaid expenses	14,625	17,250
GRAND TOTAL	158,915	219,902

E. Deferred expenses

(In euros)	31/12/2011	31/12/2010
Debt issuance costs	306,703	254,956
GRAND TOTAL	306,703	254,956

F. Inventory of the marketable securities portfolio (French Commercial Code Art. L. 232-7 and L. 232-8)

Equity investments

The equity investments are only composed of the shares of non-trading real estate investment companies, shares of a partnership, and shares in a simplified public limited liability company.

Marketable securities

Treasury shares

At 31 December 2011, Société de la Tour Eiffel held 1,056 treasury shares for a gross amount of €36,861 under the liquidity agreement.

At 31 December 2011, Société de la Tour Eiffel held 92,594 treasury shares acquired through the share buyback programme:

- 72,594 unallocated shares for a gross amount of €5,224,901,
- 20,000 allocated shares for a gross amount of €2,088,879.

G. Items relating to several balance sheet items (Decree 83-1020 of 29-11-1983 – Articles 10 and 24-15)

Items relating to several balance sheet items (In euros)	Amount concerning companies		Total debts or receivables represented by trade bills
	that are affiliates	with which the company is linked by equity	
Financial fixed assets			
Equity interests	250,770,270		
Receivables linked to equity interests	54,187,387		
TOTAL FIXED ASSETS	304,957,657		
Receivables			
Trade and related receivables	1,409,018		
Other receivables	30,880,311		
TOTAL RECEIVABLES	32,289,329		

H. Table of subsidiaries and equity interests at 31/12/11

Subsidiaries Equity interests	Financial Information		Reserves and retained earnings before appropriation of net profit	Equity interest held as a %	Book value of the securities held		Loans and advances extended by the company which are not yet reimbursed
	Share capital				GROSS	NET	

I- DETAILED INFORMATION ON EACH SECURITY WHOSE GROSS VALUE EXCEEDS 1% OF THE AFFILIATED COMPANY'S SHARE CAPITAL AT THE TIME OF PUBLICATION**1 - Subsidiaries****(over a 50% equity interest)**

SCI JEAN-JAURÈS	152			100.00	5,145,884	5,145,884	752,943
SCI NOWA	5,293,090		6	99.99	14,526,401	14,526,401	2,600,979
SCI BERGES DE L'OURCQ	1,000			99.00	990	990	5,404,598
SCI COMÈTE	1,000			99.00	16,375,070	16,375,070	0
SCI CHAMPIGNY CARNOT	1,000			99.00	990	990	10,833,807
SCI ÉTUPES DE L'ALLAN	1,000			99.00	990	990	6,277,818
SCI CAEN COLOMBELLES	1,000			99.00	990	990	9,720,214
SCI ARMAN F02	11,192,100		4,414,616	99.99	20,254,699	20,254,699	20,095,437
SCI MARCEAU BEZONS	10,000			99.90	1,003,944	10,000	937,330
SAS LOCAFIMO	3,989,590		83,069,141	100.00	190,333,743	190,333,743	
SCI GRENOBLE PONT D'OXF.	1,000			99.00	990	990	3,864,806
SCI RUEIL NATIONAL	1,000			99.00	990	990	12,631,270
SNC TOUR EIFFEL ASSET M.	150,000			100	4,117,533	4,117,533	656,763
SCI MONTROUGE ARNOUX	1,000			99.00	990	990	8,459,620

2 - Equity interests**(from 10 to 50% of the capital held)****II - GENERAL INFORMATION ON SECURITIES WHOSE GROSS VALUE DOES NOT EXCEED 1% OF THE AFFILIATED COMPANY'S CAPITAL AT THE TIME OF PUBLICATION****1 - Subsidiaries:**

a) French (all)

b) Foreign (all)

2 - Participating interests:

a) French (all)

b) Foreign (all)

1,000

1.00

10

10

Subsidiaries Equity interests	Financial Information	Sureties and guarantees given by the Company	Turnover excluding tax from the previous financial year	Net profit or loss from the previous financial year	Dividends received by the Company during the financial year	Comments
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I – DETAILED INFORMATION ON EACH SECURITY WHOSE GROSS VALUE EXCEEDS 1% OF THE AFFILIATED COMPANY'S SHARE CAPITAL AT THE TIME OF PUBLICATION

1 - Subsidiaries (over a 50% equity interest)

SCI JEAN-JAURÈS	12,402,048	2,710,770	1,551,763	1,590,723	
SCI NOWA	44,379,939	9,026,449	2,329,029	4,678,460	
SCI BERGES DE L'OURCQ	7,648,274	1,469,777	609,366	627,822	
SCI COMÈTE	23,597,396	4,378,796	2,246,809	2,255,925	
SCI CHAMPIGNY CARNOT	17,198,747	3,354,089	1,302,484	1,419,333	
SCI ÉTUPES DE L'ALLAN	9,011,354	1,907,302	602,723	654,847	
SCI CAEN COLOMBELLES	21,368,100	3,637,052	1,676,083	1,722,872	
SCI ARMAN F02		6,202,330	815,370		
SCI MARCEAU BEZONS	4,262,094	225,055	-1,487,843		
SAS LOCAFIMO		35,320,314	8,914,324	9,689,004	
SCI GRENOBLE PONT D'OXF.	6,742,201	1,027,966	218,670	225,869	
SCI RUEIL NATIONAL	22,009,289	2,900,757	1,055,805	1,158,689	
SNC TOUR EIFFEL ASSET MANAGEMENT		4,784,241	690,474	570,531	
SCI MONTRouGE ARNOUX	23,503,066		-179,188		

2 - Equity interests (from 10 to 50% of the capital held)

II – GENERAL INFORMATION ON SECURITIES WHOSE GROSS VALUE DOES NOT EXCEED 1% OF THE AFFILIATED COMPANY'S CAPITAL AT THE TIME OF PUBLICATION:

1 - Subsidiaries:

a) French (all)

b) Foreign (all)

2 - Participating interests:

a) French (all)

-1,786,304

b) Foreign (all)

4.6 – LIABILITIES

I. Composition of share capital (Decree 83-1020 of 29-11-1983 – Article 24-12)

Different categories of securities (In euros)	Nominal value	Number of securities			At the financial year end
		At the beginning of the financial year	Created during the financial year	Repaid during the financial year	
ORDINARY SHARES	5	5,592,284	143,988		5,736,272

J. Provisions and impairments recorded on the balance sheet

(In euros)	Amount at the beginning of the financial year	Increase Allocations for the year	Reductions: Reversals		Amount at at the financial year end
			Used	Not used	
Provisions for losses					
Provisions for charges related to bonus shares		762,400			762,400
Total I		762,400			762,400
Impairments					
On tangible fixed assets	1,479,970	202,511			1,682,481
Long-term investments	4,485,967	670,955	4,162,978		993,944
On client accounts	629,959				629,959
Other impairments	1,969,227	3,908,037	1,969,227		3,908,037
Total II	8,565,123	4,781,503	6,132,205		7,214,421
GRAND TOTAL (I+II)					
	8,565,123	5,543,903	6,132,205		7,976,821
Of which allocations and reversals:	- operations	202,511			
	- financial	4,578,992	6,132,205		
	- extraordinary	762,400			

K. Indebtedness statements

(In euros)	Gross amount	Under 1 year	From 1 to 5 years	Over 5 years
Bank borrowings:				
- under one year maximum initially	542,520	542,520		
- over one year initially	25,639,414	13,620,014	12,019,400	
Loans and various financial debts	280,365			280,365
Trade and related payables	2,069,163	2,069,163		
Personnel and related accounts	2,732	2,732		
Social security and other social welfare agencies	181,385	181,385		
Value-added tax	425,253	425,253		
Other duties, taxes and comparable payments	47,467	47,467		
Payables to fixed asset suppliers and related accounts	10,066	10,066		
Group and affiliates	36,528,385	36,528,385		
Other debts	21,013	21,013		
Prepaid income	336,662	336,662		
TOTAL	66,084,425	53,784,660	12,019,400	280,365

L. Detail of accrued expenses

(In euros)	31/12/2011	31/12/2010
Bank borrowings	589,942	714,526
Miscellaneous borrowings and financial debt	444,333	226,856
Trade notes and accounts payable	1,557,372	1,790,058
Tax and social security liabilities	95,800	27,465
Payables to fixed asset suppliers and related accounts		
Other debts	10,451	71,354
GRAND TOTAL	2,697,899	2,830,258

M . Items relating to several balance sheet items (Decree 83-1020 of 29-11-1983 – Articles 10 and 24-15)

Items relating to several balance sheet items (In euros)	Amount concerning companies		Total debts or receivables represented by trade bills
	that are affiliates	with which the company is linked by equity	
Debts			
Miscellaneous borrowings and financial debt	36,408,385		
Trade notes and accounts payable	1,063,587		
Other debts	10,222		
TOTAL DEBTS	37,482,194		

N. Change in equity capital (in Euros)

	Share capital	Premiums	Legal reserve	Reserves	Special reserve	Retained earnings	Net profit (loss)	Dividends	Total
AT 31/12/2009	27,165,180	35,897,846	5,550,819	518,802	223,299,129	3,301,197	-10,666,955	0	285,066,019
GSM of 20 May 2010									
Appropriation of net profit/loss					-7,365,757	-3,301,197	10,666,955		0
Distribution		-7,318,611	-2,834,301	-518,802					-10,671,714
Board meeting at 28/07/10									
2010 interim dividend	796,240	5,898,545						-10,680,106	-3,985,321
2010 result							36,739,798		36,739,798
AT 31/12/2010	27,961,420	34,477,781	2,716,518	0	215,933,372	0	36,739,798	-10,680,106	307,148,784
Options exercised	7,500	41,805							49,305
GSM of 18 May 2011									
Appropriation of net profit/loss			79,624			13,677,043	-36,739,798	22,983,131	
Balance of 2010 dvd payment	690,965	7,215,057				202,781		-12,303,025	-4,194,222
Board meeting at 27/07/2011									
2011 interim dividend	21,475	212,388						-11,832,988	-11,599,125
2011 result							11,557,457		11,557,457
AT 31/12/2011	28,681,360	41,947,031	2,796,142	0	215,933,372	13,879,824	11,557,457	-11,832,988	302,962,198

O. Summary of interest rate hedging instruments (In Euros)**0.1. CAP**

Period	Rate	Notional at 31/12/2011
30/09/2011 to 30/09/2012	2%	13,000,000

0.2. SWAP

Period	Rate	Notional at 31/12/2011
01/08/2006 to 07/06/2013	Variable rate 3-month Euribor as against a fixed rate of 4.1%	53,909,252
02/05/2007 to 07/06/2013	Variable rate 3-month Euribor as against a fixed rate of 4.1875%	60,950,004
01/02/2008 to 16/01/2015	Variable rate 3-month Euribor as against a fixed rate of 4.36%	8,856,100
14/01/2008 to 14/01/2015	Variable rate 3-month Euribor as against a fixed rate of 4.20%	3,596,000

P. Detail of prepaid income

(In euros)	31/12/2011	31/12/2010
Operating revenues	336,662	290,226
GRAND TOTAL	336,662	290,226

4.7 – Income statement

Q. Turnover

Société de la Tour Eiffel and its subsidiaries signed a rebilling contract to specify and confirm the terms for rebilling the subsidiaries for costs borne by Société de la Tour Eiffel (management expenses paid for technical functions, financing or refinancing costs, etc.).

The turnover of Société de la Tour Eiffel is mainly produced by rebilling Group subsidiaries for real estate, administration, asset management, financing and consulting services rendered, as well as by the rents and expenses rebilled to the tenants in the “Energy II”, Saint-Cloud and Amiens properties.

R. Amortisation

POSITION AND MOVEMENTS DURING THE YEAR				
Framework A				
	Beginning value	Increases Allocations	Decreases Exits / Reversals	Value at period end
Fixed assets depreciable				
Tangible fixed assets				
Buildings on own land	1,987,306	643,877	623	2,630,560
Office equipment and furnishings	9,902	2,547	4,587	7,862
Total	1,997,208	646,425	5,211	2,638,422
GRAND TOTAL	1,997,208	646,425	5,211	2,638,422
FRAMEWORK B				
Movements of expenses amortised over several years	Net amount at beginning of year	Increases	Amortisation expense	Net amount at year end
Expenses amortised over several years	254,956	256,631	204,885	306,702

S. Reallocations of expenses

During 2011, €256,631 in debt issuance expenses were reallocated to operating expenses and €762,400 corresponding to the provision for charges related to bonus shares were reallocated to extraordinary expenses.

T. Statutory auditors' fees

During 2011, the statutory auditors' fees totalled €285,508 for the legal audit of the financial statements.

U. Transactions performed with related parties

Société de la Tour Eiffel gave Bluebird Investissements the task of notably helping the top executives to manage both the existing property portfolio and subsequent acquisitions of new buildings and assisting with the debt restructuring. In relation to this contract, Bluebird Investissements receives an annual lump sum remuneration of €670,000. This contract took indefinite effect on 17 January 2007, with a 2-year termination notice. The contract was concluded under normal market conditions between these companies with executives in common.

4.8 – Other

Cash flow statement

(In euros)	31/12/2011	31/12/2010
Net profit (loss)	11,557,457	36,739,798
Elimination of income and expenses not affecting cash:		
+ Amortisation and provisions	2,019,214	7,701,798
- Reversal of amortisation and provisions	-4,162,978	-11,993,510
- Value of disposed assets		1,038
- Disposal of long-term investments		
Change in WCR	171,111	-778,846
Cash flow from operating activities	9,584,805	31,670,277
- Acquisition of fixed tangible and intangible assets	-29,514	-27,130
- Acquisition of long-term investments and current accounts	-7,763,514	14,708,750
- Deferred expenses	206,119	-594,179
+ decrease in long-term investments and current accounts	22,683,503	22,431,597
+ decrease in tangible and intangible fixed assets		
Cash flow linked to investment transactions	15,096,595	36,519,038
- Distribution of dividends	-16,463,983	-15,453,274
+ Capital variations	719,940	796,240
- Net variation in financial debts	-10,452,941	-54,242,284
Cash flow linked to financing transactions	-26,196,984	-68,899,317
Cash flow at opening	6,091,249	6,801,252
Cash flow at closing	4,575,665	6,091,249
CASH FLOW VARIATION	-1,515,584	-710,002

The variation of the current accounts of the subsidiaries is henceforth presented in investment transactions.

5 – STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

(Financial year ending 31 December 2011)

To the shareholders of:

SOCIÉTÉ DE LA TOUR EIFFEL
A French joint stock company with capital of €28,681,360

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

In carrying out the mission entrusted to us at your General Shareholders' Meeting, we present our report for the year ended 31 December 2011 on:

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

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

5.1 – Opinion on the annual financial statements

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

We certify that, with regard to the French accounting principles and standards, the financial statements are a true and fair representation of the results of the past year's operations and of the company's financial position and assets and liabilities at the financial year end.

5.2 – Basis of our appraisals

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

- Paragraph 1.1.2 of the "Accounting Rules and Methods" in the Notes explains that the Company commissions an appraisal of its property portfolio by independent experts every six months to estimate any possible building impairments. Our work consists in examining the methodology used by the experts to determine that their assessments back the net book values of the real estate assets.
- Paragraph 3 of the "Accounting Rules and Methods" in the Notes describes the principles for assigning a value to equity securities and other long-term investment securities at period end. It states in particular that in the case of real estate investment companies, the going-concern value factors in the market value of the assets of the company held, assets which are subject to independent appraisal. Our duty consisted in assessing the methodology used by the experts and checking that any impairments required to bring the historical value of some securities down to their useful value had been booked.

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

5.3 – Specific verifications and information

In accordance with the code of professional conduct applicable in France, we also performed the specific audits required by law.

We have no comment to express regarding the fairness and consistency with the annual financial statements of the information provided in the Board of Directors' management report and in the documents sent to the shareholders on the financial position and the annual financial statements.

As for information given pursuant to Article L. 225-102-1 of the French Commercial Code, on the remuneration and benefits paid to the company officers and directors and on commitments made in their favour, we have checked their consistency with the financial statements or with data used to prepare these statements, as well as with data your company collected from companies with a stake in your company or in which your company has a stake, if applicable. On the basis of this work, we certify the accuracy and fairness of this information.

Pursuant to the law, we made sure that the various pieces of information relating to the acquisition of equity interests and controlling stakes and to the identity of the equity holders were reported to you in the management report.

Paris and Neuilly-sur-Seine, 27th March 2012

The Statutory Auditors

Expertise & Audit SA
3, rue Scheffer
75016 Paris

Hélène Kermorgant

PricewaterhouseCoopers Audit
63, rue de Villiers
92000 Neuilly-sur-Seine

Yves Nicolas

6 – STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

(Financial year ending 31 December 2011)

To the shareholders of:

SOCIÉTÉ DE LA TOUR EIFFEL
A French joint stock company with capital of €28,681,360

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

In our capacity as your company's statutory auditors, we present our report on the regulated agreements and commitments.

We are responsible for reporting on the essential characteristics and terms and conditions of the possible agreements and commitments of which we have been informed or which we may discover during the performance of our duties, without having either to render an opinion as to their utility and merit or to seek out the existence of other agreements and commitments. It is your responsibility under the terms of Article R. 225-31 of the French Commercial Code to assess the value gained from entering into these agreements and commitments so as to decide whether or not to approve them.

If applicable, we are also responsible for reporting information addressed under article R. 225-31 of the French Commercial Code relating to the performance during the previous financial year of agreements and commitments already approved by the General Shareholders' Meeting.

We performed the due diligence we deemed necessary under the professional standards of the Compagnie Nationale des Commissaires aux Comptes in respect of this mission. This due diligence consisted of verifying that the information given to us was consistent with that provided in the primary documents from which it came.

Agreements and commitments submitted to the General Shareholders' Meeting for approval

Agreements and commitments authorised during the last financial year

Pursuant to Article L.225-40 of the French Commercial Code, we have been informed of the following agreements and commitments which were previously authorised by your Board of Directors.

Naming convention of the Managing Director (Approval of the appointment and the terms of same by the Board meeting of 27 July 2011, approval of the compensation for revocation and performance criteria by the Board meeting of 23 September 2011).

On 17 October 2011, your company signed an agreement specifying the procedures for exercising the mandate of Mr. Renaud Haberkorn as Managing Director of the company with effect from 1 September 2012 and provides:

- Compensation for revocation of 1.2 million euros in case of a forced departure unrelated to any fault of Mr. Renaud Haberkorn for the first two years of his term of office, subject to the following performance criteria:
 - In the event of a forced departure in 2012 or 2013: cash flow from operations before cost of debt and taxes adjusted for nonrecurring items of €52 million for 2012,
 - In the event of a forced departure in 2014: cash flow from operations before cost of debt and taxes adjusted for nonrecurring items of €54 million for 2013.
- Special compensation in case of non-compliance by the company to observe its commitment to appoint Mr. Renaud Haberkorn as Managing Director set at 1.2 million euros.

Director involved: Mr. Renaud Haberkorn

Amendment no. 5 to the contract committing the subsidiaries to the asset management master agreement entered into with Tour Eiffel Asset Management (Board Meeting of 8 December 2011)

On 13 December 2011, your company entered into a new amendment to the master agreement of 30 November 2006. Its purpose was to determine the fees covered by Article 8.3 of the aforesaid master agreement (amount paid for by Société de la Tour Eiffel).

The fees billed by Tour Eiffel Asset Management paid for by your company in 2011 under this contract came to €150,000.

Directors involved: Mark Inch, Robert Waterland, and Jérôme Descamps

Agreements and commitments already approved by the General Shareholders' Meeting

Commitments and agreements approved during previous financial years which continued into the financial year

In accordance with Article R. 225-30 of the French Commercial Code, we were informed that the following agreements and commitments already approved by the General Shareholders' Meetings during previous financial periods continued into the financial year.

• With Tour Eiffel Asset Management

The asset management master agreement entered into on 24 April 2004 and amended on 30 November 2006 continued into the financial year.

The remuneration paid by Société de la Tour Eiffel to Tour Eiffel Asset Management during the 2011 financial year came to €4,735,089.

• With the subsidiaries

- The contract committing the subsidiaries to the asset management master agreement (dated 30 November 2006) resulted in a rebilling to the subsidiaries of €3,413,644.
- The contract for rebilling the expenses borne by SOCIÉTÉ DE LA TOUR EIFFEL to the subsidiaries (dated 30 November 2006) resulted in a rebilling of €1,299,906 for management costs.
- The standardised contract forms entered into with RBS concerning certain subsidiaries continued. The amounts committed as of 31 December 2011 were:

	Amounts committed as of 31 December 2011
SCI DES BERGES DE L'OURCQ	€7,618,220
SCI COMÈTE	€23,507,207
SCI CHAMPIGNY CARNOT	€17,131,165
SCI DU 153 AVENUE JEAAN-JAURÈS	€12,354,648
SCI CAEN COLOMBELLES	€21,284,134
SCI ÉTUPES DE L'ALLAN	€8,975,944
SCI MARCEAU BEZONS	€4,245,804
SCI GRENOBLE PONT D'OXFORD	€6,715,707
SCI RUEIL NATIONAL	€21,925,170

• With BLUEBIRD INVESTISSEMENT

This contract, which gives BLUEBIRD INVESTISSEMENTS the task of helping the top executives to manage the existing property portfolio and upon subsequent acquisitions of new buildings, searching new shareholders, negotiating with investors and advising on debt structuration, resulted in the payment of €670,000 for the 2011 financial year.

• Mr. Robert Waterland's employment contract

Mr. Robert Waterland received a gross remuneration of €500,000 for the 2011 financial year as Property Director responsible for the management and the growth of your company's property portfolio and those of its subsidiaries.

The total amount of compensation which would be paid at his departure is capped at two years of remuneration, both fixed and variable.

The performance condition required in case of a redundancy or breach of contract is the increase of consolidated operating cash flow on a like-for-like basis, excluding capital gains from disposals, above 5% of the average of the three previous financial years. This condition would not apply to redundancy payments paid in the case of Mr. Waterland being exempted from giving notice.

Commitments and agreements approved during previous financial years that were not performed during the financial year

We were also informed that the following agreements and commitments approved by the General Shareholders' Meeting during previous financial years, were not performed during the last financial year.

- With Eiffel Holding Limited
(formerly Fanar Investment Holding Limited)

The deed signed in 2007, transferring the rights and obligations linked to the "Tour Eiffel" and "Burj Eiffel" trademarks held by Société de la Tour Eiffel in the United Arab Emirates, stipulates a variable remuneration fixed at 15% of any royalties on the trademark which FANAR may receive over a 5-year period with the understanding that the amount relinquished must not exceed 30% of Fanar Investment Holding Limited's profit.

Eiffel Holding Limited did not pay any amount under this contract in 2011.

Paris and Neuilly-sur-Seine, 27th March 2012

The Statutory Auditors

Expertise & Audit SA
3, rue Scheffer
75016 Paris

Hélène Kermorgant

PricewaterhouseCoopers Audit
63, rue de Villiers
92000 Neuilly-sur-Seine

Yves Nicolas

Report of the chairman of the board of directors

Report of the Chairman of the Board of Directors on the composition of the Board of Directors, the terms and conditions for preparing and organising the undertakings of the Board of Directors and your Company's internal audit and risk management procedures

Ladies and Gentlemen,

In accordance with Article L 225-37 paragraph 6 of the Commercial Code, this report contains the following information:

- composition of the Board of Directors;
- the terms and conditions for preparing and organising the undertakings of the Board of Directors;
- your Company's internal audit and risk management procedures;
- possible limitations made by the Board of Directors to the Managing Director's powers.

Corporate Governance

On 11 December 2008 the company adopted the Afep / Medef Code of Corporate Governance for listed companies of December 2008, updated in April 2010 (available on the Site of the MEDEF www.medef.fr) and is gradually implementing its recommendations.

During the 2011 financial period, it continued to implement the recommendations of the aforementioned code:

- Proportion of independent directors: Following the changes in the Board of Directors during the 2011 financial period, the proportion of independent directors (in accordance with the qualification of independence imposed by the Afep / MEDEF code) increased and now stands at 4 out of 8 directors, the proportion required by the code for widely held company.

- Women / men parity on the Board of Directors: One of two directors appointed in 2011 is Mrs. Mercedes Erra. Notwithstanding the intrinsic interest of this nomination, it satisfies the statutory requirement concerning the balanced representation of men and women on Boards and the recommendations of the Afep / MEDEF code in its April 2010 version.
- Rules for granting bonus shares to the company executives of Société de la Tour Eiffel: the grants of bonus shares to company executives in 2011 are subject to performance. The same executives were already required to retain an interest in one third of their bonus shares or shares resulting from the exercising of stock subscription options until they relinquish their duties. Finally, most of the employees of Tour Eiffel Asset Management, a subsidiary which employs the teams in charge of the asset management of the real estate portfolio and the financial and administrative management of the company, received similar incentives.
- Self-evaluation of the Board of Directors: The first self-evaluation of the Board was carried out in December 2010 / January 2011.
- Prevention of Insider Trading: The Rules of Procedure were enhanced, in particular by the introduction of blackout periods before the publication of the annual accounts, halfyearly financial statements and quarterly information, during which members of the Board are forbidden from dealing in the shares of Société de la Tour Eiffel.

In 2012, the Board of Directors is scheduled to examine the definition of independent director and the situation of each director in this respect.

1 - COMPOSITION OF THE BOARD OF DIRECTORS

CONDITIONS FOR PREPARING AND ORGANISING THE BOARD OF DIRECTORS' WORK

Composition of the Board

Société de la Tour Eiffel's Board of Directors is composed of eight members. Three directors, Mr. Mark Inch, Mr. Jérôme Descamps and Mr. Robert Waterland, are also executives of the Company: Mr. Mark Inch is Chairman and Managing Director, Mr. Jérôme Descamps and Mr. Robert Waterland are deputy managing directors. Mr. Renaud Haberkorn, a director, has been appointed Managing Director effective from 1 September 2012.

The other four directors, Mrs. Mercedes Erra, Mr. Philippe Prouillac, Mr. Aimery Langlois-Meurinne and Mr. Richard Nottage, have no connection with the Company.

Out of a total of eight members, the Board has four independent Directors.

The directors receive attendance fees. In 2011, the allocation of these fees took into account, in addition to assiduity, the directors' attendance at Committee meetings, or the chairing of Committees.

The Board of Directors has appointed an Audit Committee and an Appointment and Remunerations Committee to act in an advisory role. No company executive is a member of either of these Committees.

Board meetings

Article 14 of the articles of association and memorandum stipulates that the Board shall meet as often as the Company's interest requires. Thus, over the past financial year, your Board of Directors met six times, with an average attendance rate of 98%:

- 2 March 2011:
 - Closed the individual and consolidated financial statements at 31 December 2010, dealt with appropriation of earnings, prepared and called the annual shareholder's meeting,
 - Authorised sureties, cautions and guarantees,
 - Extension of the credit line taken out on 31 March 2010 with Natixis,
 - Self-evaluation questionnaire of the Board of Directors: summary of replies,
 - Rotation of a statutory auditor.
- 18 May 2011:
 - Calculation of the issue price of new shares in the event of scrip issue dividend,
 - Update of article 6 - Capital in the articles of association,
 - Answers to be given to the possible written shareholders questions (no questions asked).
- 16 June 2011:
 - Composition of committees, appointment of chairpersons, renewal of mandates
 - Implementation of the new share buy-back programme
- 27 July 2011:
 - Review and closure of the consolidated and corporate financial statements at 30 June 2011, half-yearly activity report,
 - Decision to distribute an interim dividend, payment in cash or scrip, determining the issue price of new shares resulting from the scrip option,
 - Executive succession plan: appointment of Mr. Renaud Haberkorn as the new Managing Director effective as from 1 September 2012.
- 23 September 2011:
 - Conditions for allocating the compensation for revocation of Mr. Renaud Haberkorn.

- 8 December 2011:
 - Proposed bond issue
 - Amendment no. 5 to the adhesion contract dated 30 November 2006,
 - Allocation of bonus shares ,
 - Distribution of attendance fees,
 - Update of the rules of procedure (introduction of blackout periods),
 - Appointment of Frédéric Maman as Deputy Managing Director effective as from 1 September 2012.

In addition, at each meeting, the Board receives a report from senior management on business, the property portfolio, and the Group's cash position, following which the company's policy in respect of investing, financing and disposals of assets is discussed.

Convocations of Directors and statutory Auditors

The directors were called to meet several days in advance by regular post and/or electronic message.

In accordance with Article L 225-238 of the Commercial Code, the Statutory Auditors were summoned to Board meetings, which reviewed and closed the interim (half-yearly) and final financial statements. They also were invited to attend each Board meeting.

Reporting to the directors

Prior to Board meetings, each director receives appropriate documents and information, notably the detailed meeting agenda, the minutes of the previous meeting for approval, a file containing the points which/require a special report (particularly on property investment transactions) and a table showing the progress of the property transactions underway.

The directors also receive the quarterly operating reports, six-monthly corporate reports, the updated business plan together with the changes in the Group's cash position and the short and medium term financing status.

Board meetings schedule

The Board meetings are usually held at the head office. Directors are entitled to attend board meetings by teleconference. In general, the year-end Board of Directors meeting sets a schedule for the following year. Each Board meeting date is confirmed at the close of the previous meeting.

Board of Directors remit

According to the articles of association, the Board of Directors sets the course for the Company's business and monitors its execution. It deliberates on any issue affecting the Company's progress and governs its affairs through its deliberations.

It also reviews and decides the strategy for property investments and financing, reviews the financial statements, budgetary procedures and organisational orientations as well as audit and internal control.

Committees

Two specialised committees, the Audit Committee and the Appointments and Remunerations Committee, assist the Board

Audit Committee

This committee was formed by the Board on 29 July 2008.

It currently consists of two members: Mr. Philippe Prouillac (Chairman) and Mr. Richard Nottage. They were chosen by the Board for their competence and qualifications in finance and accounting.

The audit committee regularly audits the individual and consolidated financial statements and ensures the accounting methods used are permanent and appropriate. It also verifies that the internal procedures for collecting and checking information are in keeping with these objectives. It advises the Board of Directors on any accounting, financial or fiscal matters brought before it or which merit attention. It regularly informs the Board of its diligence and observations.

Its remit includes the following:

- to track the financial reporting process,
- to monitor how effective the internal control and risk management systems are, particularly to review any transaction or fact or event which could have a material impact on the company's position in terms of commitments and/or risks,
- to monitor the legal audit of the financial statements and the aspects relating to the statutory auditors' independence,
- to issue recommendations for appointing statutory auditors,
- to verify that the company has suitable means (audit, accounting and legal) to prevent risks and anomalies in managing the company's affairs.

It reports to the Board of directors.

During 2011, the Audit Committee met five times to discuss the following:

- 7 February: meeting with the independent valuers of the property portfolio at 31 December 2010,
- 28 February: meeting with the auditors on the 2010 accounts,
- 7 July: meeting with the independent valuers of the property portfolio,
- 27 July: meeting with the auditors on the halfyearly financial statements,
- 8 December: meeting on the internal control, the reappointment of the auditors, the recommendations of EPRA on key performance indicators, as well as the portfolio performance.

The attendance rate of the members was 95%.

Appointments and Remunerations Committee:

This committee was formed by the Board on 29 July 2008. It currently consists of two members: Mr. Aimery Langlois-Meurinne, Chairman, and Mrs. Mercedes Erra. They were chosen by the Board in particular because of their experience in management and human resources.

The Appointment and Remunerations Committee makes sure that the remuneration of the company senior executives, and any changes made thereto, is in keeping with the shareholders' interests and the company's performance, in particular in relation to the competition. The committee also ensures that all remunerations enable the company to recruit, motivate and retain the best executives.

It makes proposals or recommendations to the Board of Directors in the following areas:

- implementing a comprehensive remuneration policy for company officers and top executives consisting of a base salary, variable portion, share subscription or purchase options, granting free shares, miscellaneous benefits and pension plan,
- developments occurring in all of the components making up executive remuneration, exceptional remunerations and other benefits,
- the total equity remuneration package consisting of share options and bonus shares, the beneficiary parameters and a breakdown by category,
- fixing the amount of the attendance fees and their allocation,
- supervising agreements entered into with top executives,
- evaluating the financial consequences of these various items on the company's financial statements,
- establishing rules for reimbursing expenses and miscellaneous benefits,
- the performance conditions applicable for top executives receiving severance payment.

- with regard to the selection of new directors: the required balance of the composition of the Board given the structure of, and developments in the company's share ownership, search for and evaluation of potential candidates, opportunities for reappointments. In particular, the organisation of a procedure for selecting future independent directors and vetting of potential candidates.
- regarding senior management continuity: establishing an executive succession plan in order to submit to the Board solutions in the event of an unforeseen vacancy. This is one of the main responsibilities of the standing committee, but it may be entrusted by the Board to an ad hoc committee if necessary.

It reports to the Board of directors.

During 2011, the Appointments and Remunerations Committee met three times to discuss the following:

- 7 and 28 February: the performance criteria to be applied to the grant of stock options and bonus shares, the notion of including Mr. Frédéric Maman remuneration in the company director schedule, and the executive succession plan,
- 7 December, on a proposed bonus share issue.

The attendance rate of the members was 83%.

Rules of procedure

The rules of procedure are available on the company website: www.societetoureiffel.com.

Principles and rules drawn up by the Board of Directors to determine the range of remuneration and benefits granted to the company officers and directors

The remuneration paid to the top executives, Mr. Mark Inch, Chairman and Managing Director and Mr. Robert Waterland, Deputy Managing Director, are fixed and have not been reviewed since 1 January 2007.

It should be noted that Mr. Robert Waterland is remunerated under his employment contract as property manager. As Deputy Managing Director, Mr. Jérôme Descamps is remunerated exclusively under his employment contract with Tour Eiffel Asset Management.

The Directors (excluding Mark Inch and Robert Waterland) receive attendance fees, the distribution of which by the Board in 2011 took into account the following:

- part of the attendance fees was allocated to each Committee in proportion to the number of meetings and the presence of its members;
- the Chairperson of each committee received twice the amount allocated to a member;
- after deducting the amount allocated to the members of each committee, 60% of the remaining attendance fees were shared equally between the directors (except for Mark Inch and Robert Waterland);
- the remaining 40% were allocated to directors (except for Mark Inch and Robert Waterland) according to their rate of attendance at meetings of the Board of Directors.

The Board considers that the allocation of free shares encourages motivation and loyalty of executives and staff, provides an additional means of compensation that reflects the performance and development of the Company. On 8 December 2011, the Board of Directors decided to allocate bonus shares, the final allocation of which are subject to certain performance criteria for corporate officers and directors.

In respect of its executive remuneration policy, the company follows the AFEP-MEDEF corporate governance code for listed companies, the recommendations of which it is gradually implementing.

Self-evaluation of the Board of Directors

The first self-evaluation of the Board was carried out in December 2010 / January 2011. The results were included in the report of the Chairman of the Board for the 2010 financial period.

2 – INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT

Concerning the internal audit and risk management procedures, the company follows the “French Financial Markets Authority (AMF) Internal control reference framework – Implementation guide for small and midcaps”, released by the AMF on 25 February 2008.

The internal control procedures cover Société de la Tour Eiffel and its subsidiaries which are included within the scope of consolidation.

These actions were carried out across the 3 key processes identified as having priority by the company: real estate investment (acquisitions, disposals, valuation, market risk), lease management (relationship with tenants and managers, checking rent receipts, etc.) and cashflow and financing (financing and rate hedging policy, monitoring of cash, receipts, etc.).

Development of the internal control system will continue in 2012 with the implementation of the recommendations but also by carrying out new planned initiatives as scheduled and improving existing controls.

2.1 – Internal control and risk management objectives

The Company and its subsidiaries are internally managed; the control procedures set up for the Group are meant to:

- ensure that the managerial actions fall within the scope of the Company’s corporate purpose, the strategic orientations as defined by the Board of Directors based on proposals of the top management, in accordance with current laws and regulations, the company’s corporate interest and that of each of its subsidiaries;
- improve the efficiency of the Company’s operations and enable the efficient use of its resources;

- coordinate the proper dissemination of accounting, financial and management reports among outside parties and the Group’s top executives, verify that these reports are regularly sent to the legal representative of the Company and its subsidiaries, on the basis that they fairly reflect the Group’s activity and financial position,
- and lastly, foresee and control the risks relating to the Group’s activity and the risks of errors or fraud, particularly in the accounting and financial areas.

Internal control cannot provide absolute certainty that the Company’s objectives will be achieved.

2.2 – Drawing up and auditing accounting and financial reports

2.2.1 – Roles of the various parties involved

General Secretariat

Tour Eiffel Asset Management carries out the duties of the General Secretariat in addition to its asset management mission (as an Asset Manager).

The General Secretariat disseminates and coordinates financial reporting among the various service providers and other parties while taking into account strategic imperatives as defined by the owning entity (Owner).

Owing to the General Secretariat’s role as a go-between among the Owner, the Asset Manager and the Building Managers, the General Secretariat has an overall view of the Owner and of the Companies. It makes sure that legal and contractual commitments are honoured, and that financial, tax and administrative obligations are met so as to provide the Owner and the Companies with an efficient and optimal management.

To carry out its mission, the General Secretariat makes sure that it is kept informed of anything involving the Owner and the Companies. It makes sure that it takes the measures necessary to gather whatever information it needs, to validate the decisions taken and to alert the competent bodies and the Owner of any unfavourable consequences of pending decisions.

As part of the administrative follow-up of the Companies, the General Secretariat supervises the Companies' accounting which is sub-contracted out to two accounting firms, as well as the tasks involved in cash management, in operational, administrative and financial management control, and tax returns.

In its supervisory role, the General Secretariat keeps the Owner and the Asset Manager informed, forewarned and alerted of any and all legislative and case law developments which have consequences on the administration and management of the Owner or the Companies. It makes recommendations to them on their strategy and follow-up regarding the companies and buildings which could affect by these developments.

Lastly, the General Secretariat keeps the Owner aware, counselled, and informed of any major event concerning its strategy. It coordinates with the Asset Manager the preparation and presentation of the overall budget and the medium-term business plan. The General Secretariat presents the Owner's short and medium-term objectives and strategy.

Property Managers

The Property Managers maintain the bookkeeping for income and expenses relating to the properties in accordance with current French accounting regulations.

They monitor and compute all payments, follow-up actions, arrangements or legal disputes and their results so that the Owner can have clear and updated information.

At any time and whenever necessary, the Property Managers provide the Owner, the Asset Manager, or any other person designated by the General Secretariat, with the data needed to complete the tax returns.

Once a month, and within 10 days at the most after each month end, the Property Managers supply the data needed to draw up the Owner's accounts to the General Secretariat or to any persons it designates.

Every year within nine months of year end, the Property Managers submit the annual closed accounts to the Asset Managers for checking and approval on behalf of the General Secretariat.

The Asset Manager and the Property Managers meet once a quarter to report on the past and future management of the properties. The Property Managers submit to the Asset Manager a report on the activity, the important events that occurred over the past quarter and the proposed responses for the following quarter.

The Asset Manager

The Owner, the Building Managers and the Asset Manager (the "Asset Manager's" job being performed by the same company which runs the General Secretariat) and/or their respective representatives meet at least once a year and more often if need be in accordance with the timetable established jointly at the beginning of the year in order to:

- report on the current state and forecasted trend of the markets where the properties are located,
- update the management objectives and commercial strategy and approve the rolling maintenance programme for the coming year,
- examine issues of safety and regulatory compliance,
- assess the database system and its performance,
- review the bookkeeping and management analyses.

The Asset Manager will promptly notify the Owner of any event or circumstance that has a substantial negative or positive effect on the property value.

Regular team meetings monitor and report on operational progress and the Owner's strategy.

2.2.2 – Drawing up and controlling the accounting and financial information provided to the shareholders

The individual and consolidated financial statements are drawn up by certified accountants working closely with the General Secretariat. The certified accountants, statutory auditors and top executives, and, where applicable, the Board of Directors discuss the main options as to the choice of accounting methods beforehand.

The senior executives, General Secretariat, and third parties (certified accountants and Statutory Auditors), and where applicable, the Board of Directors and in particular the Audit Committee, draw up the accounting and financial reports to be circulated to the shareholders.

The Chairman and Managing Director and the Deputy Managing Directors are responsible for drawing up and controlling the accounting and financial information submitted to the shareholders working closely with the certified accountants and under the supervision of the statutory auditors.

In terms of the monitoring procedure for contingent liabilities, any financial commitment is inherently known to the legal department because of its close collaboration with the financial management of the Company. With regard to off-balance sheet commitments related to the operating activities of the Group, the operational departments automatically communicate to the legal department any proposed act, contract, warranty, guarantee, letter of intent, etc., for analysis and identification of the off-balance sheet consequences involved and to assess the sums involved. These off-balance sheet commitments, after being identified, are monitored over time in terms of their duration and amount.

2.3 – Improving control

During fiscal 2012, the company has undertaken to continue to improve its internal control and risk management through the development of new procedures and the implementation of specific controls, especially for processes related to rental management, the Group's cash position, and evaluation of its property portfolio, in accordance with the "Internal Control Reference Framework" enacted by the AMF.

3 – MANAGING DIRECTOR'S POWERS

Société de la Tour Eiffel's top management position can be held either by the Chairman of the Board of Directors or by another individual appointed by the Board with the Managing Director's status.

On 22 July 2003 the Board of Directors appointed the Chairman of the Board, Mr. Mark Inch, as Managing Director. This structure of having the Chairman of the Board of Directors act as Managing Director has been retained by the Board of Directors at each reappointment. At its meeting on 20 May 2010, the Board of Directors moved that the combination of the two functions had proven satisfactory both operationally and in management terms relative to the Company's corporate governance.

No limitations were placed on the powers of Mr. Mark Inch as Managing Director.

The Board of Directors appointed Mr. Robert Waterland and Mr. Jérôme Descamps as Deputy Managing Directors on 30 September 2003 and 14 March 2005 respectively, conferring on them the same powers as the Managing Director. Their mandates were renewed on 29 March 2007 and then on 20 May 2010, for a three-year term.

However, as part of the succession plan for the current executives, Messrs. Mark Inch (Chairman and Managing Director) and Robert Waterland (Deputy Managing Director), the Board of Directors decided on 27 July 2011 to separate the roles of Chairman and Managing Director as of 1 September 2012, and to appoint with effect from the same date Mr. Renaud Haberkorn as Managing Director, for an unlimited period.

On that date, Mr. Mark Inch will resign as Managing Director, retaining only his position as Chairman of the Board. Mr. Robert Waterland will resign his position as Deputy Managing Director, his employment contract being amended to reflect his new role as Group Real Estate Consultant.

Furthermore, Mr. Frédéric Maman was appointed Deputy Managing Director with effect from 1 September 2012; his appointment as a member of the Board will be proposed at the next General Meeting. Mr. Jérôme Descamps, Deputy Managing Director and Board member, will continue to act as Chief Financial Officer for the Group.

4 – PARTICIPATION IN THE SHAREHOLDERS' MEETINGS

Participation in the shareholders' meetings is governed by articles 22 to 31 of the Company's articles of association, available at the Company's website, www.societetoureiffel.com. The procedures for the participation of shareholders are specified in each shareholders' meeting file on the website of the Company, www.societetoureiffel.com.

5 – FACTORS THAT COULD HAVE AN EFFECT DURING A PUBLIC OFFERING

Information regarding the capital structure of the Company is contained in paragraph 5.1 of the management report on fiscal 2011.

The factors that could have an effect in the event of a public offering are contained in paragraph 5.5, "Factors that could have an effect during a public offering" of the management report on fiscal 2011.

The Chairman of the Board of Directors

6 – STATUTORY AUDITORS’ REPORT

Drawn up pursuant to Article L. 225235 of the French Commercial Code based on the report submitted by the Chairman of the Board of Directors of Société de la Tour Eiffel (Financial year ending 31 December 2011)

To the shareholders of:

<p>SOCIÉTÉ DE LA TOUR EIFFEL</p> <p>A French joint stock company with capital of €28 681 360</p>	<p>20-22 rue de la Ville l’Evêque</p> <p>75008 PARIS</p>
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In our capacity as Statutory Auditors to Société de la Tour Eiffel and pursuant to Articles L. 225-235 of the French Commercial Code, we hereby provide our opinion on the report submitted by the Chairman of the Board of Directors pursuant to Article L. 225-37 of the French Commercial Code for the year ended 31 December 2011.

It is the Chairman’s duty to draw up a report on the internal control and risk management procedures in place at the company and to submit it for approval by the Board of Directors. The report also discloses the other information required under article L. 225-37 of the French Commercial Code relating notably to the corporate governance policy.

It is our responsibility to:

- make our observations on the information contained in the Chairman’s report on the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- certify that the report contains the information required by article L. 225-37 of the French Commercial Code, with the understanding that we are not responsible for verifying the fairness of this other information.

We carried out our work in accordance with the code of professional conduct applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The standards of professional conduct require that we practice due diligence to assess the fairness of the accounting and financial information concerning the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the Chairman’s report. This due diligence entailed the following in particular:

- familiarising ourselves with the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information underlying the information presented in the Chairman’s report plus any existing documentation;
- familiarising ourselves with the work performed to compile this information and existing documentation;
- determining whether the Chairman’s report mentions any material deficiencies in the internal control relating to the preparation and processing of the accounting and financial information we might have uncovered while performing our audit.

On the basis of our work, we have no comment regarding the information provided on the company’s internal control and risk management procedures for the preparation and processing of accounting and financial information contained in the report of the Chairman of the Board of Directors, prepared in application of article L. 225-37 of the French Commercial Code.

Other information

We attest that the Chairman of the Board’s report comprises the other information required in article L. 225-37 of the French Commercial Code.

Paris and Neuilly-sur-Seine, 27 March 2012

The Statutory Auditors

Expertise & Audit SA
3, rue Scheffer
75016 Paris

Hélène Kermorgant

PricewaterhouseCoopers Audit
63, rue de Villiers
92000 Neuilly-sur-Seine

Yves Nicolas

*This text is a free translation from the French language and is provided solely for information purposes.
Only the original version in the French language has legal force.*

PRESENTATION OF RESOLUTIONS AND DRAFT RESOLUTIONS

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Presentation of resolutions submitted to the general shareholders' meeting of 24 May 2012

1 – PRESENTATION OF RESOLUTIONS FOR THE ORDINARY SHAREHOLDERS' MEETING

First resolution – Presentation and approval of the company accounts

We submit for your approval the company financial statements for the financial year ending 31 December 2011.

These financial statements disclose a profit of 11,557,457 euros.

Second resolution – Appropriation of 2011 earnings

We propose to allocate the financial year's earnings, incremented by the Retained earnings amounting to €13,879,824 as follows:

- appropriation of €71,994 to the statutory reserve, which will be fully provisioned,
- distribution of the final dividend of €2.10 per share, for a total amount of €11,849,506 subject to adjustments, complementing the interim dividend of €2.10 per share distributed in September 2010, forming a total dividend of €4.20 per share
- appropriation of the remaining €1,682,793 to retained earnings.

The total dividend we suggest distributing to shareholders represents 72% of the consolidated underlying cash flow for the 2011 financial year. The dividend amount is greater than the minimum required distribution for French public REITs.

Reminder: the total amount of distributions was €4.20 per share for the financial year ending 31 December 2010 and €4 per share for the financial year ending 31 December 2009.

Third resolution – Option of payment of dividends and interim dividends in cash or in shares

We propose offering shareholders the choice between payment of dividends (or if applicable, interim dividends) in cash or in shares.

The share price adopted for this payment will be calculated by the Board of Directors as follows: 90% of the average market value of the 20 days of trading prior to the date on which the decision to distribute is made, minus the net amount of the dividend or the interim dividend rounded up to the nearest centime, subject to the issuing price being not less than the share's nominal value, as required by law.

This authorisation would be valid until the next Ordinary General Meeting.

Fourth resolution – Presentation and approval of the consolidated financial statements

We submit for your approval the consolidated financial statements as at 31 December 2011. The net profit (Group share) totals €29,350,000.

Fifth resolution – Regulated agreements

We request approval of the agreements drawn up in line with Articles L. 225-38 et seq. of the French Commercial Code, which are described in the Statutory Auditors' special report.

During fiscal 2011, two new agreements under Article L. 225-38 above were entered into after being authorised by the Board of Directors:

- a. an agreement with Mr. Renaud Haberkorn, appointed as Managing Director of the Company with effect from 1 September 2012, has provided for an indemnity if, for reasons specific to the Company, its officers and/or shareholders, Mr. Haberkorn is not entrusted with the duties of Managing Director under the conditions as specified. The compensation, amounting to 1.2 million euros, is designed to indemnify Mr. Haberkorn for any harm resulting from such circumstances, in particular because he would have agreed to forego the development of his current career in order to take on the aforementioned duties. This agreement also provides for an indemnity in case of revocation presented in the sixth resolution. (Board meetings of 27 July 2011 and 23 September 2011)
- b. Amendment no. 5 to the contract committing the subsidiaries to the asset management master agreement entered into with Tour Eiffel Asset Management dated 30 November 2006 set at 150,000 euros the management fees left to be borne by the Company in respect of 2011. (Board meeting of 8 December 2011)

The Statutory Auditors' Special Report on regulated agreements gives details of these agreements, as well as the agreements entered into beforehand, the execution of which continued during the 2011 financial period.

Sixth resolution – Approval of the compensation for the revocation of Mr. Renaud Haberkorn

Pursuant to Article L 225-42-1, paragraph 2, of the French Commercial Code, we hereby submit for your approval the compensation for revocation awarded to Mr. Renaud Haberkorn, the amount of which would be 1.2 million euros, or two years of fixed remuneration in case of a forced departure unrelated to personal fault.

The payment of this compensation is subject, for the first two years of office of Mr. Renaud Haberkorn, to meeting the following performance criteria, in accordance with Article L 225-42-1, paragraph 2, of the French Commercial Code:

- In the event of a forced departure in 2012 or 2013: cash flow from operations before cost of debt and taxes adjusted for non recurring items of €52 million for 2012,
- In the event of a forced departure in 2014: cash flow from operations before cost of debt and taxes adjusted for non recurring items of €54 million for 2013.

Seventh resolution – Attendance fees

We suggest allocating attendance fees to your Board of Directors, currently made up of eight directors, in the total amount of 130,000 euros. The allocation of attendance fees takes into account the following items:

- committee memberships, which give rise to an augmented attendance fee
- regularity of Board meeting attendances.

Eighth and ninth resolutions – Renewal of Board Member mandates

We propose to renew the mandates of two directors which expire at the next General Shareholders' Meeting, for the statutory period of three years.

The directors are Mr. Renaud Haberkorn, who was appointed Managing Director of the Company with effect from 1 September 2012, and Mr. Aimery Langlois-Meurinne.

These proposed renewals are submitted to you with the approval of the Appointment and Remuneration Committee.

Tenth resolution – Appointment of a new director

We propose to appoint as a new director for the statutory period of three years Mr. Frédéric Maman, who currently holds the position of Investment and Asset Management Director of Tour Eiffel Asset Management.

The appointment is submitted to you with the approval of the Appointment and Remuneration Committee.

Frédéric Maman (a graduate from ISC Paris) began his career at Barclays Bank before occupying a strategic position with the Chief Financial Officer for the real estate Consortium de Réalisation of Crédit Lyonnais.

In 1999 he joined Awon Asset Management (which was renamed Tour Eiffel Asset Management in September 2010) where he demonstrated his extensive financial training in assisting Anglo-Saxon majors such as AIG FPF, Merrill Lynch, Soros RE carry out investments in the French market.

He also participated in the Group's strategic development by restructuring the requisite operating teams for Société de la Tour Eiffel property company and heading the asset management and marketing activities of the Group. His long-standing experience after more than 15 years in the world of commercial real estate means he has maintained strong ties with key players in the market (investors, bankers, developers, agents, and so on), and in particular within the financial community through the setting up of loans for the Group.

Appointed a director of Tour Eiffel Asset Management in 2007, backed by a team of some 20 professionals, he is currently in charge of executing the Board's strategic decisions with respect to the Company's property portfolio (acquisitions, valuation, and disposals).

Eleventh to fourteenth resolutions – Renewal of the Statutory and Alternate Auditors' mandates

The mandates of the two joint statutory auditors, PricewaterhouseCoopers Audit and Expertise and Audit SA and of the two joint alternate auditors, Corevise and Mr. Christian Perrier, expire upon the General Shareholders' Meeting.

We propose to renew their mandates for a period of six years, expiring upon the General Shareholders' Meeting called in 2018 to approve the financial statements of the 2017 financial year.

Fifteenth resolution – Authorisation granted to the Board of Directors to implement a share buyback programme

We request authorisation for the Board of Directors, in accordance with the law, to purchase shares of the Company in order to meet the following objectives:

- to stimulate the market for the company's shares under the terms of a liquidity agreement,
- to cancel the shares bought back, wholly or in part, within the limits prescribed by law,
- to issue shares to corporate officers and employees as part of stock option plans, or the free attribution of existing shares
- to issue shares as part of external growth, merger, demerger or contribution operations,
- to improve asset and financial management.

This authorisation would be valid for a period of eighteen months.

It would be capped at 10% of the total number of shares making up the share capital adjusted to allow for any changes occurring during the authorised period. The maximum purchase price would be set at 85 euros per share, exclusive of fees.

This authorisation would be suspended during a public share offer.

Please note that at 31 December 2011 the number of treasury shares accounted for 1.6% of the company's capital.

2 – PRESENTATION OF RESOLUTIONS FOR THE EXTRAORDINARY SHAREHOLDERS' MEETING

Sixteenth resolution – Authorisation to be granted to the Board of directors to award options to subscribe or purchase shares up to a limit of 2% of capital

In the sixteenth resolution, we suggest that the Shareholders' Meeting authorise the Board of Directors to award options to subscribe or purchase shares in favour of all or part of the employees and / or corporate officers of the Company and its subsidiaries, in order to align the interests of employees of the Company with those of all the shareholders and thereby set up a mechanism to motivate and foster loyalty among the Group's employees and corporate officers that reflects the performance and development of the Company.

The change in governance of the Company, scheduled for September 2012, will be accompanied by the incorporation of a new management team. The allocation of stock options by the Board to the team, upon recommendation of its special committee and subject to performance conditions, should encourage motivation in the mutual interest of managers, employees and shareholders. It is to be noted that there is no other authorisation for granting options to employees and corporate officers in effect.

The number of stock subscription or stock purchase options of new shares that may be allotted by the Board of Directors for a period of 38 months is limited to 2% of the share capital on the date of the Shareholders' Meeting.

The strike price of the options would be determined in accordance with the legal provisions, but without any discount being applied in relation to the average share price prior to the allocation (the law allows a maximum discount of 20%).

With respect to corporate officers and directors, the options would be exercisable only after a minimum period of two years and fully subject to the two following non-cumulative conditions of performance:

- two thirds of the shares would be definitively allocated on the condition that the Company's equity capital is first reinforced and that banking debt (notably expiring in 2013) has been refinanced under conditions that are favourable to the Company;

- one third of shares would be definitively allocated on the condition that the consolidated operating cash flow on a like-for-like basis, adjusted to capital gains or losses on sales, is at least 5% higher than the average of the three previous financial years on the date of strike.

Those beneficiaries who are top executives of the company and/ or its subsidiaries are required to retain one third of the shares resulting from exercising the options recorded on the Company's books until they relinquish their duties.

This delegation of powers implies that shareholders express renunciation of their pre-emptive subscription right to shares which will be issued upon strike of said options in favour of beneficiaries of stock subscription options.

Seventeenth resolution – Amendment of article 23 of the articles of association regarding the representation of shareholders at General Shareholders' Meetings

The order of 9 December 2010 conferred on the shareholders of listed companies the right to be represented at Shareholders' meetings by any person of their choice. The purpose is to harmonise the articles of association with the new provisions of Article L.225-106 of the French Commercial Code.

Eighteenth resolution – Amendment of article 24 of the articles of association regarding shareholders' rights exercised by the General Shareholders' Meeting

The resolution we submit to you is designed to adapt the statutory provisions to the new provisions resulting from the decrees of 23 June 2010 and 23 December 2010 concerning the content of the notice of meeting, the publication of information on a website and the ability for shareholders to request the inclusion, under certain conditions, of items on the agenda of General Shareholders' Meetings.

Text of the resolutions submitted to the annual combined ordinary and extraordinary general meeting of 24 May 2012

I - BY DECISION OF THE ORDINARY SHAREHOLDERS' MEETING

First resolution

(Appropriation of earnings)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, and having heard and considered the Board of Directors' management report, the Chairman's report (Article L. 225-37 of the French Commercial Code) and the Statutory Auditors' general report, the shareholders vote to adopt the annual financial statements for the financial year ended 31 December 2011, which show a profit of 11,557,457 euros.

The General Meeting of Shareholders also approves the transactions reported in these financial statements or summed up in these reports.

Second resolution

(Appropriation of earnings)

The financial year profit of 11,557,457 euros

- plus retained earnings 13,879,824 euros
- minus the allocation to the statutory reserve (71,994) euros

leaves a remaining distributable profit of 25,365,287 euros

of which an interim dividend of 2.10 euros per share has already been drawn

as decided upon by the Board of Directors meeting of 27 July 2011, representing the portion paid out in cash (11,832,988) euros

leaving a remaining distributable profit of 13,532,299 euros

- distribution of the remaining dividend 11,849,506 euros^(*)

or 2.10 euros per share,

- allocation of the remaining 1,682,793 euros^(*)

- to retained earnings

(*) This amount may be adjusted as further indicated in the resolution.

The total amount of the dividends and retained earnings account may be adjusted to take into consideration the following:

- in the event that, when a dividend is being paid, new shares have been issued before the dividend payment date as a result of exercising share subscription options, these new shares would give rise to a dividend payment which would be withheld, where applicable, from the retained earnings,
- in the event that, when a dividend is being paid, the Company holds some treasury stock, the profit corresponding to the dividend not paid on the aforesaid stock would be allocated to the retained earnings account,
- payment of the dividend in shares.

The General Shareholders' Meeting officially confirms to the Board of Directors that in accordance with Article 243 of the General Tax Code, it has been notified that the dividends paid over the past three financial years were as follows:

	2008 financial year	2009 financial year	2010 financial year
Number of shares	5,193,003 ⁽¹⁾	5,433,036	5,592,284 ⁽¹⁾
Net dividend per share	5 euros ⁽²⁾	0 ⁽³⁾	4.2 euros ⁽²⁾

(1) for the company's treasury shares, the earnings corresponding to the dividends not paid on the aforesaid shares were appropriated to the Retained Earnings.

(2) amount eligible for a 40% tax deduction and for the option of an 18% withholding tax for individuals whose tax domicile is in France as stipulated in Article 158-3 of the General Tax Code.

(3) no dividend was distributed during the 2009 financial year, but reserve distributions were made totalling 4 euros per share.

For individuals domiciled in France:

- the sums distributed and paid out in 2012 from tax-exempt income are automatically subject to income tax at progressive rates, without being eligible for the 40% tax deduction under section 158, 3-2 ° of the General Tax Code and without benefitting from the fixed annual allowance under section 158, 3-5 ° of the General Tax Code, and without being eligible to opt for the flat-rate deduction at source referred to in Article 117 quater of the General Tax Code (in accordance with the new b(bis) sub-section 3, paragraph 3 of Article 158 of the General Tax Code).

The balance of the dividend paid from tax-exempt income is 1.46 euros per share.

- The sums distributed and paid out in 2012 that do not come from tax-exempt income are:
 - either taxed at the progressive rate of income tax, after reduction, on the one hand, of a 40% tax deduction (pursuant to Article 158-3-2 of the new version of the General Tax Code), on the other hand, a fixed annual allowance of €1,525 for taxpayers who are either single, divorced, widowed, or married subject to separate taxation and of €3,050 for married taxpayers subject to joint taxation or bound by a PACS subject to joint taxation (pursuant to Article 158-3-5° of the General Tax Code);

- Or may opt to have 21% withheld (in addition to social security contributions of 13.5%) on the taxable gross amounts distributed in 2012, in lieu of the progressive income tax by the terms of Article 117 "quater" of the General Tax Code.

The balance of the dividend paid that is not from tax-exempt income is 0.64 euros per share.

It is also stated that the Company's shares are no longer eligible for the Equity Savings Plan (Plan d'Epargne en Actions, PEA), the 2012 Finance Act having abolished the possibility of placing SIIC shares on a PEA as of 21 October 2011.

The shares of the Company contained in a PEA on 21 October 2011, however, may remain and continue to benefit from exemption from income tax applicable to the products of such shares in such Equity Savings Plans.

Third resolution

(Option of payment of dividends and interim dividends in cash or in shares)

The General meeting, having acknowledged that the share capital is entirely paid up and heard the reading of the Board of Directors' report and of the statutory auditors' report, resolves to offer each shareholder an option of having the 2.10 euros per share final dividend paid either in cash or in shares.

This option would apply to the entire receivable dividend per beneficiary.

In compliance with the law, the share price adopted to calculate the dividend payment will be determined as follows: 90% of the average closing market value of the 20 days of trading prior to the date on which the decision to distribute is made, minus the net amount of the dividend rounded up to the nearest centime.

If the dividend amount for which the option is exercised does not equal a whole number of shares, the shareholders may obtain the number of shares immediately below plus a cash payment.

Shareholders who request payment of the dividend in shares will be able to exercise their option from 31 May 2012 to 15 June 2012 inclusive through financial intermediaries authorised by the Company to pay out the dividend. Once this deadline has elapsed, the dividend will be paid out in cash on 25 June 2012.

The General Shareholders' Meeting, after having heard the Board of Directors' report and pursuant to article L.232-18 paragraph 1 of the French Commercial Code, authorises the Board of Directors in the event an interim dividend is paid out, to offer each shareholder the option of receiving their interim dividend payment in cash or in shares. This option would apply to the entire interim dividend.

The share price adopted for this payment of the interim dividend will be calculated by the Board of Directors as follows: 90% of the average closing market value of the 20 days of trading prior to the date on which the decision to distribute is made, minus the net amount of the interim dividend rounded up to the nearest centime, subject to the issuing price being not less than the share's nominal value, as required by law.

Shares issued as payment of the dividend or interim dividend will be entitled to dividend as of their issue.

The General Shareholders' Meeting gives full powers to the Board of Directors, which may delegate to its Chairman in order to implement this resolution, to record the capital increase resulting from shareholders having exercised their option to be paid the dividend or interim dividends in shares, to modify the articles of association as a consequence and to proceed with the required announcements.

This authorisation is valid up to the next Ordinary General Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2012.

Fourth resolution

(Approval of the consolidated financial statements)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, and having heard and considered the management report of the Board of Directors and the Statutory Auditors' report on the consolidated financial statements, the shareholders resolve to approve the consolidated financial statements as at 31 December 2011 as well as the transactions set forth in these statements or summed up in the Group management report included in the management report.

Fifth resolution

(Regulated agreements)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, and having heard and considered the Statutory Auditors' special report on the agreements regulated by Article L. 225-38 and seq. of the French Commercial Code, the shareholders resolve to approve the terms of the said report and the new agreements mentioned therein.

Sixth resolution

(Approval of the compensation for the revocation of Mr. Renaud Haberkorn)

Recognising the conditions of quorum and majority required for ordinary shareholder's meetings, the shareholders, after having heard the special report of the Statutory Auditors and considered the report of the Board, notes that the compensation for revocation allocated to Mr. Renaud Haberkorn, appointed Managing Director with effect from 1 September 2012, would amount to 1.2 million euros, i.e. two years' base salary in the event of a forced departure unrelated to personal fault.

The payment of this compensation is subject, for the first two years of office of Mr. Renaud Haberkorn, to meeting the following performance criteria, in accordance with Article L. 225-42-1, paragraph 2, of the French Commercial Code:

- In the event of a forced departure in 2012 or 2013: cash flow from operations before cost of debt and taxes adjusted for nonrecurring items of €52 million for 2012,

- In the event of a forced departure in 2014: cash flow from operations before cost of debt and taxes adjusted for nonrecurring items of €54 million for 2013.

Seventh resolution

(Attendance fees)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, the shareholders resolve that the total amount of attendance fees to be shared among the Board Members for the current financial year will amount to 130,000 euros.

The shareholders resolve that the above annual overall attendance fees will be applicable to the financial year underway and subsequent financial years until a new resolution is taken by the General Meeting. The shareholders also confirm that, pursuant to Article L. 225-45 of the French Commercial Code, it is the duty of the Board of Directors to distribute the annual overall attendance fees among its members.

Eighth resolution

(Renewal of Mr. Renaud Haberkorn's mandate as director)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, the General Shareholders' Meeting renews the term of office of Mr. Renaud Haberkorn for the statutory period of three years, until the end of the General Shareholders' Meeting to be held in 2015 to approve the financial statements for the 2014 financial year.

Ninth resolution

(Renewal of Mr. Aimery Langlois-Meurinne's mandate as director)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, the General Shareholders' Meeting renews the term of office of Mr. Aimery Langlois-Meurinne for the statutory period of three years, until the end of the General Shareholders' Meeting to be held in 2015 to approve the financial statements for the 2014 financial year.

Tenth resolution

(Appointment of Mr. Frédéric Maman to the Board of Directors)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, the General Shareholders' Meeting appoints a new Director Mr. Frédéric Maman for the statutory period of three years, until the end of the General Shareholders' Meeting to be held in 2015 to approve the financial statements for the 2014 financial year.

Eleventh resolution

(Renewal of PricewaterhouseCoopers Audit's mandate as joint statutory auditor)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, the General Shareholders' Meeting decides to renew the mandate as joint statutory auditors of PricewaterhouseCoopers Audit whose term has expired, for a period of six financial years, until the end of the General Shareholders' Meeting to be held in 2018 to approve the financial statements for the 2017 financial year.

PricewaterhouseCoopers Audit have indicated that they have accepted the reappointment.

Twelfth resolution

(Renewal of Expertise et Audit SA's mandate as joint statutory auditor)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, the General Shareholders' Meeting decides to renew the mandate as joint statutory auditors of Expertise et Audit SA whose term has expired, for a period of six financial years, until the end of the General Shareholders' Meeting to be held in 2018 to approve the financial statements for the 2017 financial year.

Expertise et Audit SA have indicated that they have accepted the reappointment.

Thirteenth resolution

(Renewal of Corevise's mandate as joint alternate Auditor)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, the General Shareholders' Meeting decides to renew the mandate as joint alternate auditor of Corevise whose term has expired, for a period of six financial periods, until the end of the General Shareholders' Meeting to be held in 2018 to approve the financial statements for the 2017 financial year.

Corevise have indicated that they have accepted the reappointment.

Fourteenth resolution

(Renewal of Mr. Christian Perrier's mandate as joint alternate Auditor)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, the General Shareholders' Meeting decides to renew the mandate as joint alternate auditor of Mr. Christian Perrier whose term has expired, for a period of six financial periods, until the end of the General Shareholders' Meeting to be held in 2018 to approve the financial statements for the 2017 financial year.

Mr. Christian Perrier has indicated that he has accepted the reappointment.

Fifteenth resolution

(Authorisation given to the Board of Directors to implement a share buyback programme)

Recognising the conditions of quorum and majority required for ordinary shareholder's meetings and acknowledging the Board of Directors' report prepared in accordance with Article L. 225-209 of the French Commercial Code, the shareholders authorise the Board of Directors, in keeping with Article L.225-209 et seq. of the French Commercial Code, to acquire the company's shares, with the authority to sub-delegate entrusted it in accordance with the law, in order to:

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

- cancel the shares bought back, wholly or in part, in accordance with the conditions laid out in Article L. 225-209 of the French 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 same of affiliated companies, under the terms and conditions allowed for by law, especially as regards stock option plans, the free attribution of existing shares, and corporate or inter-company savings plans (Fr. *plan d'épargne d'entreprise/interentreprises*);
- hold and subsequently remit shares as payment or exchange as part of external growth, merger, demerger or contribution operations within the limit of 5% of the capital,
- acquire and hold shares for financial and asset management purposes.

The maximum number of shares that may be acquired under this authorisation is set at 10% of the total share capital, adjusted by any modifications made during the authorisation period and calculated in agreement with Article L. 225-209 of the French Commercial Code.

The maximum purchase price is set at 85 euros per share exclusive of fees on the basis of a nominal value of 5 euros per share.

The Board of Directors, with the possibility of sub delegating its authorisations as allowed for by law, may adjust the aforementioned price in the event of incorporation of reserves or earnings, giving rise either to an increase in the nominal value of the shares or to the creation and attribution of free shares, in the event of a stock split or a reverse stock split, and, more generally, in the event of operations pertaining to equity capital, in order to take into account the consequences of these operations on the value of shares. The price would then be adjusted using a multiplier equal to the ratio of the number of shares making up the capital before and after the operation.

As an indication, based on the number of shares making up the capital at 31 January 2012, i.e. 5,736,272, the maximum amount that the Company may earmark for its share buyback (excluding shares already held by the Company and subject to changes that may affect the capital after 1 February 2012) may not exceed EUR 48,758,312.

The acquisition, sale or transfer of such shares may be effected by any means on the market or OTC as provided by the market authorities and in compliance with current regulations.

This authorisation is valid for a maximum term of eighteen months from this meeting date.

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

It cancels out any previous delegation of power having the same purpose.

The General Meeting confers full powers to the Board of Directors, with the authority to subdelegate entrusted it in accordance with the law, to decide and implement this authorisation; to specify its terms if necessary and decide on its modalities, with the power to delegate the implementation of the purchase programme within legal conditions, notably to place any market orders, to conclude any agreements with the purpose of keeping stock registers, to make any declarations, especially to the Autorité des Marchés Financiers, to comply with all formalities, and more generally, to take any required steps.

II – BY DECISION OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

Sixteenth resolution

(Authorisation to be granted to the Board of directors to award options to subscribe or purchase shares up to a limit of 2% of capital)

The General Shareholders' Meeting, having met the conditions of quorum and majority required for special shareholders' meetings, and having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of the French Commercial Code, notably Articles L. 225-177 et seq.:

- 1- authorises the Board of Directors to grant options, in one or several instalments, to the beneficiaries hereafter indicated, conferring the right to subscribe new company shares to be issued as part of a capital increase or conferring the right to purchase existing shares of the company arising from buybacks performed under conditions as prescribed by law,
- 2- limits the term of the authorisation to thirty-eight months from the date of the current meeting.
- 3- resolves that the beneficiaries of these options may be solely:
 - firstly, the employees, or certain among them or certain categories of staff, or
 - secondly, the Corporate Officers as defined by law, or certain among them, of either the Company itself or any French or foreign companies or economic interest groups directly or indirectly affiliated with it, under the terms of article L.225-180 of the French Commercial Code,
- 4- resolves that the total number of options granted under this authority may not entitle the above to subscribe for or purchase a number of shares exceeding two (2)% of the share capital on the date of this meeting,
- 5- resolves that, where stock purchase options are granted, the stock purchase price will be determined on the day that the options are granted by the Board of Directors and must be no less than the average of the closing stock price quotations of the former share over the twenty trading sessions previous to the day when the stock subscription options were awarded,

6- resolves that, where stock subscription options are granted, the stock subscription price will be determined on the day that the options are granted by the Board of Directors and must be neither less than the average of the closing stock price quotations of the former share over the twenty trading sessions previous to the day when the stock purchase options were awarded, nor less than 80% of the average purchase price for shares held by the Company under Articles L. 225-208 or L. 225-209 of the French Commercial Code.

However, no stock subscription or purchase option may be granted (i) fewer than 20 trading days after a coupon giving rights to a dividend or a pre-emptive subscription right to a capital increase has been detached from the shares; (ii) within the 10 trading days preceding or following the date on which the consolidated accounts, or if not applicable, the annual financial statements are publicised; or (iii) within the period of time between the date on which the corporate bodies have become aware of a piece of information which, if made public, could have a significant impact on the company share price and the 10 trading days following the date on which the information is made public.

7- agrees that pursuant to Article L. 225-178 of the Commercial Code, this authorisation implies that shareholders express renunciation of their pre-emptive subscription right to shares which will be issued as the options are exercised in favour of beneficiaries of stock subscription options,

8- resolves that the Board of Directors shall have full powers required to implement the current authorisation, under the conditions stipulated by law, notably in order to:

- establish the conditions under which options will be granted and determine the list or categories of recipients of the options as provided for above, determine the conditions under which the price and the number of shares may be adjusted, in particular in relation to the various assumptions laid down in Articles R. 225-137 to R. 225-142 of the French Commercial Code, and fix the period(s) in which the options granted may be exercised, provided that the duration of the options shall not exceed a period of eight years after the date of allocation,

- determine the quantity of shares issued from options which senior executives must keep registered until the end of their office,
- provide the option to temporarily suspend the exercise of options for a maximum period of three months for completion of financial transactions involving the exercise of rights attached to shares; perform or have performed all and any acts and formalities to finalise the capital increase(s) that may be realised under the authorisation granted by this resolution; amend the articles of association accordingly and generally do whatever is necessary; at its sole discretion and if it sees fit, deduct the costs of capital increases from the amount of the premiums related to these increases and deduct from this amount the sums required to bring the legal reserve to one-tenth of the new capital after each increase,

9- resolves that this authorisation shall cancel the unused portion of any previous authorisation relative to the Board of Directors' right to grant stock subscription options,

10- resolves that, in accordance with conditions set by law, the Board of Directors shall be able to subdelegate the powers conferred on it by virtue of this authorisation to its Chairman, or with the latter's consent, to one of the Board Members.

Seventeenth resolution

(Amendment of article 23 of the articles of association regarding the representation of shareholders at General Shareholders' Meetings)

The General Meeting, having met the conditions of quorum and majority required for special shareholders' meetings, and having heard the Board of Directors' report, decides to amend the third paragraph of Article 23 as follows:

Previous wording	New wording
Any shareholder entitled to attend General Shareholders' Meetings may be represented by another shareholder or their spouse. This restriction does not apply to legal representatives.	Any shareholder entitled to attend General Shareholders' Meetings may appoint as a proxy another shareholder, their spouse or civil partner, or any other person or institution of their choice.

Eighteenth resolution

(Amendment of article 24 of the articles of association regarding the notice of meeting for the General Shareholders' Meeting)

The General Meeting, having met the conditions of quorum and majority required for special shareholders' meetings, and having heard the Board of Directors' report, decides to amend the third and fourth paragraphs of Article 24 as follows:

Previous wording	New wording
<p>This notice must contain the following:</p> <p>1°) the corporate name followed, where applicable, by its acronym,</p> <p>2°) the form of the company,</p> <p>3°) the amount of share capital,</p> <p>4°) the address of its head office,</p> <p>5°) the agenda for the General Shareholders' Meeting,</p> <p>6°) the text of the draft resolutions to be presented to the General Shareholders' Meeting by the Board of Directors,</p> <p>7°) except in cases where the company sends to all its shareholders a voting form by correspondence, the places and conditions under which these forms can be obtained,</p> <p>8°) where applicable, the existence and address of the site referred to in Article R. 225-61, and the electronic address to which written questions can be sent.</p> <p>The notice must also inform shareholders who hold the required minimum capital and can substantiate same by means of a share registration certificate that they may request the inclusion of draft resolutions on the agenda that are sent after the date of publication of the notice of meeting and up to 25 days before the General Shareholders' Meeting. However, these requests must be sent within 20 days after the publication of the notice of meeting when it has been published more than 45 days before the General Shareholders' Meeting. The time limit is 5 days from the date of publication of the notice of meeting, when the meeting is called pursuant to the provisions of Article 233-32 of the French Commercial Code. The notice states the time limit for sending requests.</p>	<p>This notice must contain the following:</p> <p>1°) the corporate name followed, where applicable, by its acronym,</p> <p>2°) the form of the company,</p> <p>3°) the amount of share capital,</p> <p>4°) the address of its head office,</p> <p>5°) the agenda for the General Shareholders' Meeting,</p> <p>6°) the text of the draft resolutions to be presented to the General Shareholders' Meeting by the Board of Directors,</p> <p>7°) except in cases where the company sends to all its shareholders a voting form by proxy or by correspondence, the places and conditions under which these forms can be obtained,</p> <p>8°) the address of the website as provided in Article R. 210-20 where the communication rights of shareholders may be exercised and where a certain amount of information is published before the General Shareholders' Meeting, and if applicable, the existence and address of the site referred to in Article R. 225-61.</p> <p>The notice must also inform shareholders who hold the required minimum capital and can substantiate same by means of a share registration certificate that they may request the inclusion of draft resolutions on the agenda. Requests for additional draft resolutions may be sent from the date of publication of the notice of meeting and up to 25 days before the General Shareholders' Meeting. However, these requests must be sent within 20 days after the publication of the notice of meeting when it has been published more than 45 days before the General Shareholders' Meeting. The time limit is 5 days from the date of publication of the notice of meeting, when the meeting is called pursuant to the provisions of Article 233-32 of the French Commercial Code. The notice states the time limit for sending requests.</p>

Nineteenth resolution
(Powers to effect formalities)

The General Meeting gives full powers to the bearer of an original, a copy or an excerpt of the minutes of this meeting in order to carry out any and all necessary formalities.



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