



Strength and constancy

2011 ANNUAL REPORT

SOCIÉTÉ DE LA TOUR EIFFEL

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Key figures

627,795 sq. m

OF OFFICES, BUSINESS PARKS,
LIGHT INDUSTRIAL,
PARCEL DEPOTS,
NURSING HOMES

A PORTFOLIO OF
COMMITMENTS VALUED AT

€1,013 M

€54.2 M

OPERATING INCOME ON
ORDINARY ACTIVITIES

€33.0 M

CURRENT CASH FLOW

91.1%

FINANCIAL OCCUPANCY
RATE

€69.4 M

RENTAL INCOME

€29.4 M

NET PROFIT
(GROUP SHARE)

€4.20

DISTRIBUTION PER SHARE



Profile

Founded in 1889 by Gustave Eiffel in order to construct the celebrated Parisian landmark, Société de la Tour Eiffel managed the tower until 1979, when it became a dormant listed company.

Taken over in 2003 by Mark Inch and Robert Waterland, the company became the first new SIIC (listed property investment company) in January 2004, focusing on the construction and management of commercial property, primarily suburban offices and business parks around Paris and France's other major economic zones.

Its quality assets are valued at €1,013 million, comprising 627,795 sq. m of floor space and 110,000 sq. m of land reserves. Two thirds of its buildings were constructed or renovated within the last ten years and a significant proportion meets sustainable development standards. Some 400 tenants (including numerous quality covenants) generate rents, approximately 54% of which are secured on average until the end of November 2016. The overall occupancy rate exceeds 91%.

Since its launch in 2004 under SIIC status, Société de la Tour Eiffel has offered investors secure "bricks and mortar" income and returns through dynamic management and an active dividend distribution policy.

Background

- 1889** Creation of Société de la Tour Eiffel by Gustave Eiffel.
- 1979** The City of Paris assumes management of the Eiffel Tower. Société de la Tour Eiffel becomes a dormant listed company.
- 2003** The Company is taken over by Awon Group, backed by the Soros Real Estate Investors fund.
- 2004** Mark Inch and Robert Waterland transform Société de la Tour Eiffel into the first new SIIC to be listed on the Paris Stock Exchange with assets of €277 million as of year end.
- 2005** Acquisition of Locafimo, a property company valued at €285 million for a total of 300,000 sq. m.
- 2006** The company is continuously listed on Euronext Paris (Eurolist compartment B) and integrates the EPRA index (European Public Real Estate Association).
- 2007-2008** Acquisition of the Parcoval portfolio for €110 million, increasing the company's presence in business parks and raising its commitment portfolio to €1.2 billion. Parallel activity, focused on the conception and development of certified office buildings, continues despite the end of the current growth cycle.
- 2009-2010** Stabilisation phase and rationalisation of the portfolio in the face of adverse market conditions. Delivery of certified buildings: Domino (Porte des Lilas, Paris), Topaz (Vélizy) and Massy Ampère (totalling 42,000 sq. m).
- 2011** Continued portfolio rationalisation and forward purchase of an office building in Montrouge. Resilient operational performance including the renting of Topaz to large, prestigious companies. Selective disposals. Renewal of the board of directors and September 2012 management succession plan announced.





Our vision

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Robert WATERLAND,
Managing Director

Mark INCH,
Chairman



Interview

What is your assessment of 2011?

Mark Inch: 2011 was another very difficult year in macroeconomic terms, set against an extremely harsh, uncertain international background. At the same time, the debt crisis demonstrated the genuine value of property. Major investors are fully aware of this and are actively investing.

Robert Wateland: In fact, nothing went as planned. During the first part of the year, there was a breeze of optimism bordering on the euphoric. We even witnessed the return of purely speculative developments, including that committed by ourselves in Montrouge, and equity calls appeared feasible. However, the August financial crisis that followed the U.S. credit rating downgrade and resurgent fears about sovereign debt in the euro zone soon put pay to such exuberance! Those predicting the year's latter months would be calm were also mistaken. Investments surged to more than €16 billion for the year, a fairly high transaction level if we exclude the real estate bubble years. Financing suffered, however, since amid the credit crunch, bank lending margins increased substantially, even doubling in some cases.

If it was such a year for consolidation, why not for Société de la Tour Eiffel as well?

Mark Inch: Not participating in market consolidation isn't itself a problem, despite the financing and stock market difficulties faced by listed property companies. A number of deals struggled to go through or were considered for the wrong reasons. Market conditions were not favourable to our shareholders' interests; while we're fully prepared to study consolidation proposals, our sole purpose in doing so is to create value.

Robert Wateland: To the extent that the long-expected market consolidation took place, it was at the initiative of major shareholders, for reasons mainly

related to their solvency, not for any apparent business rationale. Inevitably minority shareholders interests took second place, which is not an attitude consistent with our vision of undertaking a merger or external growth activity.

Mark Inch: About one thing we're certain: our real estate strategy is pertinent and we are not prepared to consider any outcome that doesn't create value. There is room for an independent, well-managed listed company in our sphere, which conviction will continue to prevail under Renaud Haberkorn's leadership, supported by one of the most dynamic teams on the French market. We fully subscribe to Winston Churchill's statement that, "*A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.*" Of course, we do not adhere to the former point of view.

What is your strategy for facing the current economic situation?

Robert Wateland: The financial crisis has obviously affected the demand for office space but we have not observed any serious deterioration in the situation, nor have we had any problems with our existing tenants. A more fundamental trend, which we have anticipated for a few years, is the migration by companies towards the Paris suburbs seeking rational campus-style premises at affordable rents with good access to public transport services. Topaz in Vélizy, which was fully leased at proforma rental rates in 2011, is symbolic of the strategy paying-off. We will see more of the trend in coming years, as the supply of new buildings declines in the wake of the financing problems experienced since Lehman Brothers' collapse in 2008. Projects such as the Montrouge forward purchase we signed early in 2011, and the Massy site, which shows great development potential and is attracting increasing interest, represent solid future sources of organic growth.

“A pessimist sees difficulty in every opportunity; **an optimist sees the opportunity in every difficulty.**”

Winston Churchill

Mark Inch: I would add that our portfolio's performance in relation to our real estate strategy has been flawless. The proof is the portfolio's quality assets, rented or sold at their fair market value, with no discount. This reality should cause those who focus solely on debt and asset value to take a closer look at our core business of generating cash flow and value from rental income.

Robert Waterland: From an operational perspective, we achieved our highest occupancy rate ever in 2011: above 95% for the core market and an overall average of 91%. Disposals and rentals were achieved on satisfactory conditions given the economic context. Our operational plan is therefore most positive, driven by the quality of buildings in our portfolio, two thirds of which are newly built or less than 10 years old -nearly one-third being HQE (High Environmental Quality standard)! This level of performance also reflects the rewarding work carried out by Tour Eiffel Asset Management.

Is your debt a problem?

Mark Inch: It is an issue on which we of course have worked a great deal, because a listed property company must manage the balance between its equity and debt in relation to its portfolio and the markets. We secured refinancing of nearly €60 million and financing of €20 million in 2011 after renegotiating a €100 million credit line in 2010. There is a notable difference, however, between the levels of debt in the listed property sector, and the excessive leverage employed by opportunity funds of 2007-2008 the unfolding of which should create market opportunities in the future.

Robert Waterland: We have incorporated this into our strategy and the resilient performance achieved in recent years through rigorous management has enabled a reduction in LTV (loan to value) from 62.3% in 2009 to 57.6% in 2011. Similarly, our average cost of debt remains a reasonable 3.5%. However, make no mistake: debt is critical to assembling a property portfolio.

While the market sometimes has a tendency to perform an about face, without taking into account the effort required to adjust.

Our operating performance and portfolio's intrinsic quality clearly demonstrate the legitimacy of our business model.

Mark Inch: While there are worldwide tensions today concerning sovereign debt, there also are vast quantities of cash seeking a return. Few assets are capable of providing the security and profitability of real estate. Having the ability to respond to this requirement, we need to find ways of attracting some of this capital.

What is your company's outlook?

Mark Inch: Real estate has gone through many crises, and market statistics show that the current downturn is not so severe for our business activity.

The critical aspect is that demand for offices in Paris should hold up for, with 55 million sq. m, this market remains by far the most attractive in Europe.

Robert Waterland: Studies show that international investors see France in general and the Ile-de-France region in particular as a key European market. This is promising, even though the government have put real estate under pressure by reducing tax benefits for SIIcs, charging a new business tax and hiking occupational and development levies, etc. With 110,000 sq. m of land reserves, Société de la Tour Eiffel has no shortage of projects, whether developing the Parcs Eiffel or creating value in zones like Massy, which is proving increasingly attractive to large companies.

Mark Inch: We also are focusing more on partnerships: Tour Eiffel Asset Management is regularly approached by investors seeking expert management to drive their real estate investments. Société de la Tour Eiffel needs to continue efficient management of its in-house assets and land reserves, but we also intend to explore relationships with other major real estate investors. Structured partnerships could help generate a value-added dimension to our portfolio.

Robert Waterland: Renaud Haberkorn also has extensive experience in overseeing these types of developments. Opportunist funds that remain active are often unstructured and need to rely on local property expertise.

This could take the form of NPL activity through a partnership, for example, in which the underlying real estate assets would be analysed and managed by Tour Eiffel Asset Management...

... This type of initiative could provide market openings such as enabling us to raise undilutive equity capital and consolidate the company's development.

What about your dividend policy?

Mark Inch: We have a fairly clear vision of the real estate market and the financial income expected by our shareholders, ensuring returns and duration. From the outset, we have remained true to the objective of SIICs: to distribute a dividend aligned as closely as possible to the property result.

As we have achieved our operating performance objectives, we are maintaining our dividend policy. For an investor looking for a listed property company in France that offers a high return, Société de la Tour Eiffel is one of the few remaining opportunities.

Succession plan

Giving the company
the means to create
a new phase of growth



Renaud Haberkorn
› Director and future
Managing Director

How will the succession plan modify Société de la Tour Eiffel's development?

Mark Inch: The management succession plan has been defined in order to be gradual and sustainable. When Renaud Haberkorn becomes CEO in September, we shall still be here to support the company's development for at least two more years. I shall remain Chairman of the board and Robert Waterland will serve as real estate advisor, contributing his extensive knowledge and expertise.

Robert Waterland: We created this SIIC in 2004 and have accompanied its development through the years. It was important to us to prepare Société de la Tour Eiffel for the next property cycle, which will last several years, under optimal conditions to ensure the continuity. The current team have performed admirably and

Renaud Haberkorn is well acquainted with the company since he helped us in the initial takeover of what was then an empty shell, and the subsequent transformation into a major player in listed property. He has also been a board member for several years.

Mark Inch: We intend to remain part of the property company in a non-executive capacity but also continue to have a vested interest since we remain shareholders with a 10% stake.

Robert Waterland: The succession plan has only one purpose: to give the company the means to create a new phase of growth in an increasingly complex market. The long-standing expertise of its employees combined with the experience of the new CEO should allow the company to write a bright new chapter in its history.

2011 Highlights

Leasing

The company was again active in leasing during the year placing over 60,000 sq. m (18,000 sq. m of renewals) for €7.7 million in rental income. The year's major leasing success was Topaz, a new 14,000 sq. m office building taken up by major tenants, General Mills and Altran. Parcs Eiffel and regional properties also saw sustained activity. Construction was initiated of a 2,300 sq. m office building in the Parc du Moulin à Vent, Lyon, which will house SPIE's southeast regional headquarters.

Governance / Human Resources

To ensure its on-going development, Société de la Tour Eiffel made several organisational changes in 2011. Two new highly-qualified nonexecutive directors were appointed at the AGM: Mercedes Erra, Executive President of Euro RSCG Worldwide, Euro RSCG France and Founder of BETC Euro RSCG, and Richard Nottage, founder and director of Genviva, investment advisors. The company also initiated plans for the gradual succession of Mark Inch and Robert Waterland, announcing the appointment of Renaud Haberkorn (already a non-executive director of the company) as CEO in September 2012. Finally, the management team (renamed Tour Eiffel Asset Management in 2010) was reinforced with the arrival of three professionals: an investment manager, an asset/disposal manager and a financial controller.

Investments

Reinvestment was initiated early in the year with the forward purchase of a 5,100 sq. m office project (with an underground car park) in Montrouge adjacent to the new campus-style head offices of Crédit Agricole. With delivery scheduled for the first quarter of 2013, this project responds ideally to the Paris region's office market requirements. The €24 million investment is expected to generate a return of 7.5%.

Disposals

At close to €40 million, non-strategic assets disposals were all achieved in line with valuation. These disposals included in particular the Viseo Montbonnot-Grenoble property (an isolated regional asset), sold for €19.5 million to the Caisse d'Epargne Midi Pyrénées. Another significant disposal was an obsolete vacant office property in rue de Charonne Paris sold to Nexity for residential redevelopment. The company also made disposals in the Parc des Tanneries in Strasbourg and 5,500 sq. m of land in Massy for the construction of public amenities.

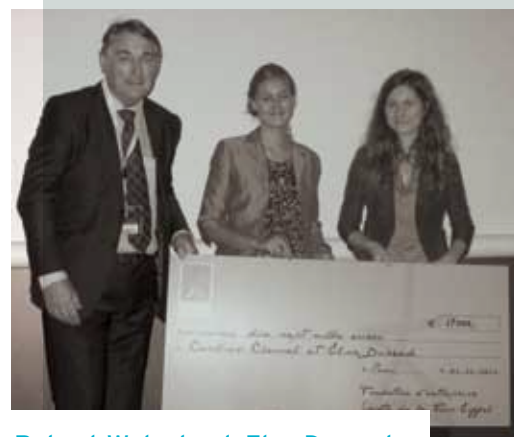


Financing

Following on from the refinancing of its sole corporate credit line in 2010, Société de la Tour Eiffel undertook the refinancing of its La Poste portfolio (a dozen buildings, mostly leased sorting centres) valued at €90 million. Comprehensive renegotiation of leases with an extension of terms (average six years) and an adjustment of rents to market value was completed following which a new credit line of €45 million amortisable over seven years was secured with Société Générale (SIG) and BECM (Crédit Mutuel). This enabled the reimbursement of an existing securitised loan dating from 2006, demonstrating the company's intention and ability to continue spreading and splitting credit lines to adapt to financial market changes while improving portfolio performance. Overall refinancing for the year totalled nearly €60 million. The Montrouge forward purchase was financed earlier in the year.

Sponsorship

The Société de la Tour Eiffel Foundation awarded a grant in 2011 to two architecture students, Caroline Chauvel and Elsa Durand (both studying in Bordeaux and on exchange programmes in Quebec and Santiago, Chile, respectively), for their project highlighting Gustave Eiffel's legacy in South America. They presented their research results to an audience of 80 real estate professionals at the SIMI Construction & Real Estate trade show in December. Their documentary, filmed in the summer of 2011, features a series of interviews with architects, historians and citizens in Peru, Bolivia and Chile, where numerous traces of the French engineer remain, some tangible, some legendary!



Robert Waterland, Elsa Durand and Caroline Chauvel

Key figures



Frédéric Maman
 > *Managing Director,*
Tour Eiffel Asset Management

"The 2011 portfolio performance enhancement is due to the disposal of non-strategic assets (€40 m for 20,000 sq. m lettable), an ability to retain tenants and our concentration on new offices (notably the acquisition of a development in Montrouge). These guidelines have resulted in a robust and durable cash flow for 2010 and 2011 (€33 m)."



RENTAL IN COME
 IN MILLIONS OF EUROS



VALUE OF PROPERTY ASSETS
 IN MILLIONS OF EUROS



DIVIDEND PER SHARE
 IN EUROS



Jérôme Descamps

> Deputy Managing Director (Finance) and Member of the Board of Directors, Société de la Tour Eiffel

"Société de la Tour Eiffel again demonstrated its sound business model, notably thanks to a strong operating performance, contained finance costs and a reduction in LTV of nearly 5%. The future improvement of rental flows on a like-for-like basis should continue to underwrite a recurring and durable distribution to shareholders."

2011  91.1%

2010  86.0%

FINANCIAL OCCUPANCY RATE

69.2 euros

EPRA NNAV PER SHARE

PORTFOLIO OF COMMITMENTS

VALUE



€1,013 m

81% Offices 10% Warehouses
4% Light industrial
5% Nursing homes

SECURED RENTS



€73 m

78% Offices 13% Warehouses
5% Light industrial
4% Nursing homes

FLOOR AREA



627,795 sq. m

64% Offices 25% Warehouses
9% Light industrial
2% Nursing homes

Renewal of the Board of Directors

2011 was a landmark year in the development and governance of Société de la Tour Eiffel.

The board of directors, which has been continually strengthened in recent years, was partly renewed with the arrival of high profile new members, Mercedes Erra and Richard Nottage.

The new directors were elected during the AGM replacing Claude Marin, Michel Gauthier and Marc Allez who had attained retirement age. Société de la Tour Eiffel would like to thank them for their commitment and contribution to the growth of the company over many years.

The company also announced in September 2011 the succession plan for its current executive directors, Mark Inch and Robert Waterland, which will occur gradually through a smooth transition period with the arrival of Renaud Haberkorn as CEO in September 2012. The two directors have committed to continue supporting the company's development following the management change, with Mark Inch

serving as non-executive Chairman of the board and Robert Waterland as real estate consultant to the company.

The fully transparent initiative forms an integral part of a long-term strategy, based on certain principles to which its top executives are particularly sensitive: professional integrity, investment sustainability, information transparency, respect for shareholders within the overall business environment, and management stability.

Such principles of governance have been further developed over recent years through the establishment of supervisory bodies, with audit or nomination and remuneration committees headed by independent directors.

The seven male and one female board members, all of who have international market experience, convened six times during 2011, with an average attendance of 98%.



a. MARK INCH**> Chairman**

A graduate of Oxford and Sciences Po Paris, Mark Inch, 61, began his career in 1973 with Jean-Claude Aaron, one of France's leading property developers in the 1970s, before joining the Banque Arabe et Internationale d'Investissement (BAII) in 1979. Between 1985 and 1990, he served as Director of the Bank and President of its real estate subsidiary, where he initiated numerous operations combining financial engineering and property including restructuring companies by developing their real estate assets (Felix Potin, Les Trois Quartiers, etc.). He founded the Franconor firm of consultants (specifically for Anglo-Saxon property investors) in the early 1990s before creating the Awon Group in 1999 with Robert Waterland. Together they rapidly grew the new company into one of the leading independent French property asset management firms. In July 2003, they joined with one of George Soros' real estate investment funds to take over Société de la Tour Eiffel.

b. ROBERT WATERLAND**> Managing Director**

A graduate of Kings School Rochester and College of Estate Management, Robert Waterland (FRICS, 63), joined the specialist real estate advisory partnership Jones Lang Wootton in London in 1971, before moving to Paris in 1973, to take part in the opening of the firm's French office. He was appointed a partner in 1977, becoming President of the French business in 1985, a position he held for 10 years. He steered the firm towards a leading position on the French market, undertaking at the same time a global role as a member of the international board. In 1995, he joined Mark Inch at the head of Franconor. The pair subsequently founded Awon Group together in 1999. In July 2003, they combined with one of George Soros real estate investment funds to take over Société de la Tour Eiffel. As one of the leading recognised experts in the French real estate market, he has twice been awarded the Pierre d'Or as asset manager of the year in 2001 and as investor of the year in 2003.

c. JÉRÔME DESCAMPS**> Deputy Managing Director (finance) and Director**

Before joining Awon Asset Management in 2000, Jérôme Descamps, 44, and a graduate of ESG, began his career with the ISM group, subsequently joining Bail Investissement. His responsibilities cover financial management in the broad sense embracing the legal and administrative issues and financial communication. He operates in close liaison with the various investment, asset management and property management teams.

d. PHILIPPE PROUILLAC**> Independent Director**

President of Atisreal Expertise and Atisreal Consult until February 2008, Philippe Prouillac (MRICS) previously held senior positions at Immobilail and Caisse Centrale des Banques Populaires (in charge of property financing and investment) as well as France Telecom's real estate department up until the outsourcing of its property assets, prior to serving as Managing Director of Aareal Bank France.

e. AIMERY LANGLOIS-MEURINNE**> Independent Director**

Vice-Chairman and Senior Director of Imerys, Aimery Langlois-Meurinne, a graduate of ENA, began his career at Paribas Bank in France before becoming Senior Managing Director of Merrill Lynch in New York. From 1990 to 2010 he was the CEO of Pargesa Holding S.A in Geneva.

f. RENAUD HABERKORN**> Director**

He has over 15 years of experience in real estate and international finance having previously held positions with Goldman Sachs and Soros Real Estate Partners. He represented the latter in the takeover of Société de la Tour Eiffel by Awon

in 2003 serving as a director between 2004 and 2006. Again nominated Director as from 2009 as he was managing Partner with real estate private equity firm Grove International Partners, he has been appointed Managing Director as from 1 September 2012.

g. MERCEDES ERRA**> Independent Director**

Executive President of Euro RSCG Worldwide, President of Euro RSCG France, Founder of BETC Euro RSCG, the leading French advertising agency, and Managing Director of Havas.

She is also President of the National City of immigration history and serves on the Board of Directors of Havas, Accor, Forces Femmes and the Elle Foundation.

Mercedes Erra is also Honorary President of the HEC Association, an Officer of the French Order of Merit (*Ordre national du Mérite*) and was nominated in 2012 Chevalier de la Légion d'Honneur.

h. RICHARD NOTTAGE**> Independent Director**

Founder (in 2006) and director of Genviva, consultants specialising in the supervision of investment and operating performance of assets in areas such as up market hotels, real estate and airlines. He began his career in 1980 in an investment bank in London, transferring to the Kuwaiti subsidiary for two years.

In 1984 he was appointed director of Ifabanque Paris, where he concentrated on private banking, mainly for Middle Eastern clients.

Advisory committees

The composition of the advisory committees was modified during 2011 following the partial renewal of the board.

The **Audit Committee** now consists of two members, both independent directors: Philippe Prouillac (Chair) and Richard Nottage. The main role of the audit committee is to i) oversee the conditions under which the corporate and consolidated financial statements are established, ii) verify that the company is equipped with the requisite means (audit, accounting and legal) to prevent risks and anomalies related to the management of the company's business, iii) monitor the development of the financial reporting process, and the effectiveness of internal controls and risk management.

During 2011, the audit committee met five times with a 95% attendance rate.

The Appointment and Remuneration Committee consists of two members, who are also independent directors: Aimery Langlois-Meurinne (Chair) and Mercedes Erra. Its main tasks are to ensure that the remuneration of executives are consistent with the interests of shareholders and the company's performance, to participate actively in the selection procedure for non-executive directors, as well as establishing an executive succession plan in the event of unforeseen vacancies for submission to the Board.

The committee met three times in 2011 with an attendance rate of 83.1%.

Succession of executives

In 2011 the board adopted a succession plan for its current founding directors, Mark Inch (Chairman) and Robert Waterland (Managing Director), to ensure a gradual and seamless management transition. They will become respectively non-executive Chairman of the Board and Group Real Estate Consultant, beginning September 1, 2012 at which date, Renaud Haberkorn will assume executive responsibility for the company's management.

Finally, Frédéric Maman was appointed Deputy Managing Director, effective September 1, 2012; his appointment as a member of the board will be proposed at the next General Shareholders Meeting.

Jérôme Descamps, Deputy Managing Director and board member, will continue to act as Chief Financial Officer.

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

Financial transparency

Since 2007, Société de la Tour Eiffel has applied the Transparency Directive, which calls for the dissemination of real estate and financial information that is as comprehensive and clear as possible. The initiative is fully respected through the company's policy of information and dialogue with individual and institutional shareholders, financial analysts, journalists and other opinion leaders in France and abroad.

In 2011, the company took part in 11 road shows.

All of the company's financial documents, press releases and other relevant business-related information are also available on its website www.societetoureiffel.com

Communications

In addition to its annual report and reference document, Société de la Tour Eiffel issued 11 press releases in 2011, reflecting the high level of activity throughout the year.

A third edition of its widely distributed newsletter highlighting the company's strategy and development was published for the SIMI, French commercial real estate exhibition in December.

Human Resources

Tour Eiffel Asset Management (TEAM) is the Group operating company responsible for property investment and on-going value enhancement as well as financial and administrative management.

TEAM comprises some 20 professionals headed by Frédéric Maman, 44, (Institut Supérieur du Commerce, Barclays Bank, Consortium de Réalisation), who has been with the Company since 1999. Three new recruitments were made in late 2011: an investment manager, an asset/disposal manager and a financial controller. TEAM is organised into three operational departments:

- **Investments and disposals** (Nicolas Ingueneau),
- **Asset management** (Odile Batsère),
- **Development projects and sustainability** (Nicolas de Saint-Maurice).

The quoted holding company is administrated by the finance department under the responsibility of Jérôme Descamps.



QUESTIONS FOR...

FRÉDÉRIC MAMAN

> Managing Director, Tour Eiffel Asset Management

What was the focus for TEAM in 2011?

The outcome for the year was satisfactory despite the difficult economic climate. Our asset management model featuring notably the outsourcing of day-to-day property management or bookkeeping/accounting to specialist firms enables us to concentrate on value creation. 2011 is a record year for the Company in terms of occupation rate, tenant demand being particularly attracted to rational and economic properties such as those comprised in our portfolio. There were fewer new initiatives than we would have liked, for the market, after showing initial signs of revival early in the year, rapidly reverted to a "wait and see" stance.

What services do you intend to propose?

We are able to offer comprehensive services related to real estate asset management, covering finding new investments, financing, strategic disposals, marketing, tenant relations or the development of land reserves, etc. Following the crisis, there are few teams with this range of expertise, and we also are very international. Our intention is to harness and, as may be appropriate, share this know-how with the various international investors entering the market. This spectre therefore offers a promising source of new partnerships and alternative financial resources for Société de la Tour Eiffel, any potential conflict of interests being fully accounted for.



> Left to right, from bottom:
Nicolas Ingueneau, Frédéric Maman, Nicolas de Saint-Maurice,
Sophie Gay-Perret, Odile Batsère, Thibaud Demant,
Cindy Drieu and Dominique Gros.





Our responsibility

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2011, a pivotal year

2011 marked the implementation of certain major provisions of the Grenelle II environmental legislation, specifically focusing on commercial property, our core business.

The new 2012 Thermal Regulations took effect October 26, with application to both new and existing buildings, with objectives to improve energy performance defined by the Maurice Gauchot commission working groups, whose recommendations are expected to form the basis of legislation in the second quarter of 2012.

In late 2011, the decree implementing the green riders on new leases and lease renewals was published, paving the way for a new sphere of dialogue with tenants.

Renowned among listed property companies for its capacity to develop and manage a portfolio of quality real estate assets, Société de la Tour Eiffel committed to producing its first Corporate Sustainability report in 2011.

The report, initiated voluntarily prior to the statutory requirement, has enabled the company to:

- detail environmental knowledge concerning the portfolio (definitive consumption levels, the intrinsic qualities of the assets, their environmental impact, greenhouse gases emissions and generated wastes);
- establish a reliable, sustainable and interactive method for collecting the data over several years;

- implement synergies with tenants and align our mutual economic interests by “mapping our portfolio’s green indicators” and engaging in an open exchange of technical information and best practices.

Société de la Tour Eiffel asked Sinteo to coordinate the mapping and produce the Corporate Sustainability report through a process involving all interested parties in the management of the assets and their occupants.

In order to meet our social, societal and environmental commitments, we have invested in a strategy of continuous improvement based on a detailed list of indicators and performance targets.

A first in 2011: A CORPORATE SUSTAINABILITY REPORT available on the CD attached at the end of this report.

Environmental footprint

INNOVATIVE ENVIRONMENTAL MANAGEMENT OF PROPERTY ASSETS

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.



Nicolas de Saint-Maurice
 > Development Director
 Tour Eiffel Asset Management

“Our approach: improve the knowledge of our buildings’ environmental indicators so as to target effective corrective action and create sustainable green value.”

**10,000 DATA
POINTS FOR 33 BUILDINGS**

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 an energy-environment rating tool. 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 thus addresses both our portfolio needs knowledge and the definition of improvement routes.

**300,000 sq. m
COVERED BY MAPPING IN 2011**

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, far above the average for this type of study. Data collected included intrinsic building characteristics, energy consumption and waste removal rates.

**OVER 100
TENANTS INVOLVED**

All property managers participated efficiently 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.



AN INTRINSICALLY EFFICIENT PORTFOLIO

All mapped assets were positioned on the CarbonScreen®, Sinto's property energy-environment calculation tool.

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 majority of company assets having been recently constructed or renovated is a major advantage, given the challenges of improving existing building energy performance. For example, more than 50% of offices, in terms of floor space, meet the RT 2005 thermal regulation while flagship buildings reach levels close to RT 2012 requirements.

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 appropriate 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)**.

"The near unanimous response from tenants to the mapping is a very encouraging sign for continued positive dialogue on optimising the portfolio environmental performance."

Nicolas de Saint-Maurice
Development Director
Tour Eiffel Asset Management

WATER AND WASTE

Additional indicators measured by the process include emissions of air pollutants (R22, Nox), water consumption and waste generation.

Excluding nursing homes, **average water consumption per occupant is relatively low, just under 11 m³ per year or 50 litres per day**; by comparison, the average annual consumption for an office building occupant is close to 14 m³ (IPD / Sinteo Benchmark).

Assessing waste generation is often complicated by 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 average for offices (1.5 kg per day*).

Most large, single-tenant buildings sort waste to facilitate materials recycling.

* Benchmark IPD/Sinteo

The company's energy and social footprint

CARBON FOOTPRINT® UNDER CONTROL

To go further in improving energy management, the company also applied the environmental impact analysis to its own operations at the end of 2011. Using the Bilan Carbone® greenhouse gas accounting method of the French Environment and Energy Management Agency (ADEME), the Company analysed greenhouse gas emissions, including energy, fuel, water and paper consumption.

The decision **to go beyond minimum statutory requirements** reflects the company's commitment to continuously improving the working conditions of its employees and their business interlocutors.

1st

CORPORATE CARBON FOOTPRINT
ESTIMATED BY THE COMPANY

5.9 tons of
CO₂ equivalent
PER EMPLOYEE

70%

OF THE FOOTPRINT RELATED
TO BUSINESS TRAVEL

Societal issues

Founded in 2007, the Société de la Tour Eiffel Foundation embodies the company's social commitment.

SOCIÉTÉ DE LA TOUR EIFFEL FOUNDATION

In 2011, it offered grants to the winners of the architectural competition organised in 2008 and 2010.

The theme was little known or forgotten structures undertaken by Gustave Eiffel in a particular foreign country or geographical area. 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.

The two students conducted research in Chile, Peru and Bolivia that led to unexpected results: in addition to the structures built by Gustave Eiffel's company, a number of emblematic works were incorrectly attributed to the famed engineer, whose presence in the

collective memory is reflected in the number of hotels and streets that bear his name. The two students reported on facts and folklore in a well documented, fully illustrated book complete including interviews with historians and local personalities. They also created a 20-minute video to convey their impressions of Gustave Eiffel's presence.

The Foundation hosted an event at the 2011 SIMI Construction & Real Estate trade show held in December in Paris at which the winners presented their work to an enthusiastic audience of 80 real estate professionals and received their award. Their presentations are available on the Foundation's website:
www.fondationsocietetoureiffel.org

This action concludes the Foundation's initial five-year plan. During the year, the board of directors considered renewing the company's commitment to the Foundation,

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%.

60%

OF WOMEN

96%

OF EMPLOYEES HAD PERMANENT CONTRACTS (ONLY THE REPLACEMENT OF AN ASSISTANT ON MATERNITY LEAVE HAD A FIXED-TERM CONTRACT)

96%

OF EMPLOYEES (I.E., ALL STAFF WITH PERMANENT CONTRACTS) PARTICIPATED IN AT LEAST ONE TRAINING COURSE, A KEY PERFORMANCE INDICATOR

taking into account the experience gained, the new economic context and the upcoming management succession to prepare the coming years...



MYTH:
*Central rail station,
Santiago, Chile,
no association
with Eiffel.*



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

Caroline Chauvel & Elsa Durand › Winners of Eiffel 2011 Scholarship

"Société de la Tour Eiffel's support enabled us to make this study tour to assess the work of Gustave Eiffel in South America. Equipped with a camera, we conducted interviews and filmed the locations to provide an appreciation of the mark left by Eiffel and to offer a portrayal of the man. It is this presence that emerges in the film. In fact, very few surviving works are directly related to Monsieur Eiffel or his company – we only found three still in place. Yet from the Andes to the Amazon, bridges, stations, churches and markets form the basis for the folklore celebrated through a long-standing oral tradition that continues to spread the Eiffel name everywhere."





Our expertise

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PARCS EIFFEL DEVELOPMENTS 36

Market and strategy

Contrary to expectations, the French commercial property market confirmed its status in 2011 as a safe haven for the sector in Europe.

PROVEN STRENGTH

Investment volumes for the year increased 50% to 16 billion euros (source: *Cushman & Wakefield*), an excellent level compared to the last decade's average. A number of substantial transactions were recorded at year-end, despite the autumn debt crisis. Of 446 identified transactions, 35 exceeded €100 million, a significant step up from the previous two years.

A combination of two factors, one structural, the other market driven, spurred the renewed activity. Structurally, the anticipated expiration of certain capital gain tax benefits incited vendors to complete disposals before year end (6.5 billion euros of transactions occurred in the fourth quarter alone). Economically, there was a return of investor demand for real estate as a hedge against the depreciation of alternative assets.

These purchasers, notably the insurance companies, dominated the market late in the year acquiring either directly or through OCPIs, with little or no recourse to debt. SCPIs also benefited from large capital inflows. Institutional investors, mainly French, accounted for three quarters of the year's transactions, main purchasers being split as follows:

- Insurers (18.5%),
- Investment funds (15.5%),
- SCPIs (13.5%),
- "Other institutionals" (13.5%),
- SIICs (10%).

The Paris region attracted over 80% of the year's investment activity, slightly more than 12 billion euros. Office investments increased 50% for the year to 12 billion euros. Forward purchase projects also made a tentative recovery before stalling somewhat in the second half because of the debt crisis, but still accounted for over one billion euros in transactions, 80% of which was speculative.

2011 commercial real estate figures:

- 16 billion euros invested,
- 446 transactions,
- 81% invested in the Ile-de-France region,
- 81% invested in offices,
- 75% of volume invested by institutional investors.

Commercial real estate market trends in 2011 tended to reflect Société de la Tour Eiffel's strategy. By providing functional, quality buildings at low rental rates on the outskirts of Paris, the company is well positioned to meet increasing demand for campus-style projects located in the inner and outer suburbs. The company's opportunistic approach enabled it to dispose of non-strategic assets, implement value-creating developments, and negotiate financing on favourable terms given the circumstances.

Nicolas Ingueneau
 > *Investments Director,
 Tour Eiffel Asset Management*



"Contrary to expectations, the investment market rebounded in 2011, in particular with the return of large-scale transactions. The market was partly driven by tax considerations, namely the extinction of temporary relief of certain capital gains from property disposals. In addition however, investors, possessing substantial liquidity, recognised the intrinsic qualities of real estate. Société de la Tour Eiffel manoeuvred skilfully in this environment, selling non-core assets at their NAV and initiating developments that correspond to emerging user trends."

DISPOSALS - €40 MILLION OF ASSETS

The company took advantage of market demand to off-load non-strategic assets. All disposals were made on a satisfactory basis for at least the NAV valuation. Viseo, an 11,500 sq. m office complex near Grenoble delivered in late 2007, with an impressive tenant roster (Cegelec, Eaton Power, Thales and Mentor Graphics), was sold for over 19 million euros to Caisse d'Epargne Midi-Pyrénées. The disposal decision was taken because of the geographic isolation of the property and the high prevailing occupancy. The company also sold an office property in rue de Charonne / Paris for 14.4 million euros to the Nexity group for residential redevelopment. This disposal of an obsolete asset in an off-pitch location demonstrated the company's ability to keep pace with market changes as it took advantage of the sharp increase in Paris residential values.

INVESTMENT / DEVELOPMENT - OVER €25 MILLION INVESTED

Société de la Tour Eiffel took advantage on the early 2011 market lull and limited demand for forward purchases to complete its first speculative transaction since the crisis, acquiring a 5,100 sq. m office project (with an underground car park) located in Montrouge, opposite Crédit Agricole's vast new Evergreen campus headquarters. The €24 million investment has an expected return of 7.5%, with scheduled delivery in spring 2013. The project's location and nature (LEB certified and "OXYGEN" compliant) are fully in line with the company's strategy, as is the turn-key development of 2,300 sq. m, labelled office building for SPIE, on a long-term lease in the Parc du Moulin à Vent, Lyon. An investment of 3.3 million euros.

Market analysis: marketing

QUESTIONS FOR...

HERVÉ DE LAFFOREST

> *Director, Senior Advisor,
CBRE Global Corporate Services*

The publicly listed engineering group Altran, advised by CBRE Corporate Services, chose the Topaz building for a major regrouping of personnel. Conceived for Société de la Tour Eiffel by architect Jean-Marie Charpentier, the 13,000 sq. m office building is located in the Vélizy trading estate in western Paris, home to numerous prestigious corporate names.



How did Altran choose the Topaz building?

After a meticulous analysis of its business sources, Altran chose Topaz because Vélizy was at the epicentre of its Parisian client base, including Alcatel, Bouygues Telecom, Peugeot and Safran. They moved their employees serving major accounts from Levallois and Porte Maillot to the unified Vélizy site, saving more than 40% in leasing costs. The holding company head office remains in Neuilly-sur-Seine. Altran also very much appreciated the Société de la Tour Eiffel team's approach and professionalism during the negotiations.

What are the property's qualities?

It is rational, efficient and well conceived without being "flashy", exactly what many large companies seek today: flexibility and functionality have become important selection criteria. Topaz is a perfect illustration of Société de la Tour Eiffel's strategy of offering quality properties near Paris at reasonable rents. It responds to a fundamental trend that we see on a daily basis both on the part of service companies and national or international corporations.

What motivates companies in their decisions to move?

Their primary motivation is undoubtedly to achieve economies through lower operating costs, including optimal use of floor space, without sacrificing employee comfort or environmental compliance. Reorganisation or mergers and acquisitions are also important triggers to moving.

What kinds of properties do they look for?

The need to economise and streamline inevitably implies new or fully renovated properties that are, above all, rational.

They systematically seek properties that facilitate the improvement of space management and optimise the cost per workstation. A simple workstation layout study can save 10 to 30% of office space, depending on the configuration.

While a "green" building is no more expensive to rent, environment-friendly initiatives undertaken by owners or developers are increasingly appreciated and an important factor for major tenants. Campus-style projects with good access to public transport are becoming increasingly attractive to large space users.

What is the secret to successful marketing?

The marketing phase is decisive in many ways. First, it helps to enhance short-, medium- and long-term asset value. A marketing strategy must anticipate market trends and user needs and be reviewed regularly until delivery.

In addition to analysing the asset technical aspects, use and services, price sensitive is critical.

Deciding to divide the building is also an important step. It has to be studied upstream from the technical point of view, because we know it can condition the building long-term performance. The choice of leasing agents and the ensuing client relationship can also contribute to the success of the marketing.

In the end, it is the satisfaction of tenants and their employees that assures the long-term commitment to remaining in a property that is the true measure of marketing performance.

Portfolio key facts and figures

MODERN PORTFOLIO



38% Buildings over 10 years old
22% Buildings less than 10 years old
18% HEQ buildings 22% New buildings

AVERAGE LEASE TERM



54% Single tenant buildings (15 tenants)
46% Multi-tenant buildings (374 tenants)

Geographical spread

REGIONS

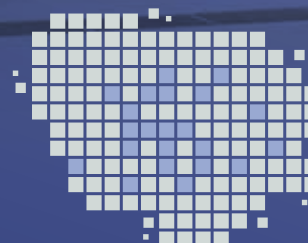
RENTAL INCOME €36.5 m i.e. 50%

VALUE €469 m i.e. 46%

ÎLE-DE-FRANCE / PARIS REGION

RENTAL INCOME €36.5 m i.e. 50%

VALUE €544 m i.e. 54%



Major tenants

Tenants	Rental income/ % total
La Poste	12.7%
Alstom	7.3%
C&S	5.3%
NXP	4.8%
Medica	4.3%
Air Liquide	4.0%
Ministère de l'Intérieur	4.0%
Solétanche	3.7%
Altran	3.3%
Atos	2.7%
Gefco	2.0%
ARS Languedoc-Roussillon	2.0%
Conseil Général de Seine St Denis	1.9%
Centre des Monuments Nationaux	1.9%
Pôle emploi	1.7%
Euro Media France	1.6%
Antalis	1.4%
Multi-tenant	35.4%
Total	100.0%

Offices

TOTAL FLOOR AREA **168,413 sq. m**

NUMBER OF ASSETS: 20

Offices	Location	Floor area sq. m
Le Plessis	Paris/IDF	16,597
Massy/Ampère	Paris/IDF	16,339
Champigny Carnot	Paris/IDF	14,153
Vélizy/Topaz	Paris/IDF	14,106
Paris Porte des Lilas	Paris/IDF	12,341
Asnières Quai Dervaux	Paris/IDF	10,391
Montigny le Bretonneux	Paris/IDF	7,641
Rueil	Paris/IDF	6,829
Bobigny	Paris/IDF	6,405
Vélizy Energy II	Paris/IDF	5,444
Herblay Langevin	Paris/IDF	4,778
Châtenay Central Parc*	Paris/IDF	4,758
Saint-Cloud	Paris/IDF	4,104
Roissy Fret*	Paris/IDF	454
Caen Colombelles	Regions	17,525
Nantes Einstein	Regions	7,658
Orléans Université	Regions	6,470
Grenoble Polytec	Regions	5,133
Nancy Lobau	Regions	2,187
		163,313
Developments		
Montrouge / Eiffel O ₂	Paris/IDF	5,100
Sub-total		168,413

Assets owned 100% except *: Company's share of property.

Business parks

TOTAL FLOOR AREA **234,659 sq. m**

NUMBER OF ASSETS: 11

Parcs Eiffel	Location	Floor area sq. m
Orsay - Université	Paris/IDF	17,211
Le Bourget - Espace	Paris/IDF	9,692
Strasbourg - Tanneries	Regions	36,726
Vénissieux / Lyon - Moulin à Vent	Regions	33,884
Lille - Les prés	Regions	24,740
Montpellier - Millénaire	Regions	23,597
Aix-en-Provence - Golf	Regions	23,089
Marseille - Aygalades	Regions	20,049
Mérignac / Bordeaux - Cadera	Regions	17,443
Nantes - Perray	Regions	14,541
Chartres - Business Park	Regions	11,530
		232,502
Developments		
Vénissieux / Lyon - Moulin à Vent Building "Air"		2,157
Sub-total		234,659

Assets owned 100%.

Warehouses / Sorting centers

TOTAL FLOOR AREA **157,742 sq. m**

NUMBER OF ASSETS: 12

Warehouses / Sorting centers	Location	Floor area sq. m
Gennevilliers	Paris/IDF	20,569
Mitry-Mory	Paris/IDF	9,756
Sochaux	Regions	27,571
Amiens	Regions	18,244
Toulouse Capitols	Regions	13,814
Marseille Provence Vitrolles	Regions	15,084
Saint-Gibrien	Regions	11,350
Les Souhesmes 1 & 2 Verdun	Regions	9,958
Caen Mondeville	Regions	13,230
Vannes	Regions	7,750
La Roche-sur-Yon	Regions	5,980
Orléans/Ingré	Regions	4,436
Sub-total		157,742

Asstes owned 100%.

Light industrial

TOTAL FLOOR AREA **54,092 sq. m**

NUMBER OF ASSETS: 5

Light industrial	Location
Aubervilliers	Paris/IDF
Bezons	Paris/IDF
Herblay	Paris/IDF
Montpellier	Regions
Nancy Ludres	Regions
Total	

Assets owned 100%.

Nursing homes

TOTAL FLOOR AREA **12,889 sq. m**

NUMBER OF ASSETS: 4

Nursing homes	Location
La Crau	Regions
Bourg-en-Bresse	Regions
Lyon	Regions
Cogolin	Regions
Total	

Assets owned 100%.

Parcs Eiffel Developments

Located in France's key regional business areas, Parcs Eiffel has comprised an integral part of Société de la Tour Eiffel's portfolio since 2008. The campus-style business parks, with one-third buildings, one-third landscaping and one-third on-site parking, are designed to offer an attractive working environment for employees. With 248,000 sq. m of floor space, (including 13,000 sq. m under development) and 30,000 sq. m of land reserves, the 11 Parcs Eiffel are characterised by their ease of access and two-story maximum construction, but also an increasing number of complementary services.

The Société de la Tour Eiffel team pays particular attention to meeting the individual needs of the business parks' 320 highly diverse tenants, which include subsidiaries of large companies or local administrations, small and medium-sized companies. Priorities include asset management based on proximity and support, renegotiating rents in return for longer leases, and improving building technical management.

This endeavour has helped maintain occupancy rates at 81% overall with some business parks, such as in Aix-en-Provence, Lille and Orsay, enjoying occupancy rates close to 100%.

CONTINUING TO LAY THE GROUNDWORK

While there were few vacations and no litigation in 2011, leasing activity slowed at year-end, after an active first half. Some 23,000 sq. m were leased or renewed, with many businesses adopting a wait-and-see approach.

There were some noteworthy successes nonetheless such as the successful marketing of the new park in Chartres, located in the "Cosmetic Valley": companies such as NNE Pharmaplan and Emerson Francel inaugurated the 11,600 sq. m mixed-use development, signing 6-9 year leases for more than 2,000 sq. m, while interest by a new occupant expressed in late 2011 could raise the occupancy to 60%.

Similarly, at Parc Eiffel Moulin à Vent in Lyon, electronic components specialist Avnet signed an extension, increasing its rented floor space from 400 sq. m to 1,000 sq. m.

Parcs Eiffel's modernisation program, with new buildings for occupiers, is central to the asset development strategy: as an example in the Parc du Moulin à Vent/Lyon, a new regional head office is under construction for SPIE (delivery April 2012). This turnkey project of 2,300 sq. m is the subject of a 9-year lease and will boast a LEB (low energy building) label.

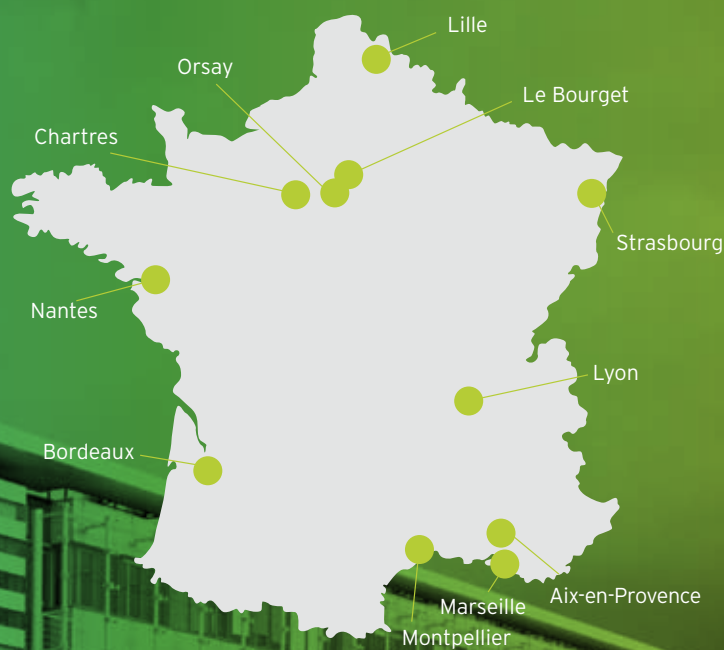
Studies are in hand on renovation projects to improve energy performance, including possible creation of additional floor space to offset the cost of investment.

Control of service charges for both common and private areas is another aspect of asset management requiring substantive attention, including raising tenant awareness of their responsibility for energy consumption.

In addition to physical restructuring, Société de la Tour Eiffel maintains ongoing efforts to improve business park services such as through creation of common signage and intranet sites. Special attention is given to shared company catering facilities, a central quality of life issue for the business park community. A change in the caterer, services and business mode at the park in Lyon has proven most successful. A plan to introduce collective catering facilities within other parks is also under consideration.

Certain business parks are poised for further extension in coming years as a result of their geographical location and the arrival of new public transport services. For example, the Parcs Eiffel at Orsay and Le Bourget are expected to benefit from the proximity of new public transport interchangers under the Greater Paris major urban development scheme. Elsewhere, the Marseille city centre will soon be only minutes away from Parc des Aigalades via a new tram service.

Parcs Eiffel locations



PARCS EIFFEL IN FIGURES

11 business parks

235,000 sq. m combined
floor space of which 2,000 under
construction

13,000 sq. m under development

30,000 sq. m of site reserves

€21.9 million in rental income

320 tenants

171 buildings



Odile Batsère

> *Asset Management Director, Tour Eiffel Asset Management*

Sophie Gay-Perret

> *Asset Manager, Tour Eiffel Asset Management*

"Despite market scepticism and a client base in the Parcs Eiffel consisting mainly of SMEs, a continuous focus on asset management has helped maintain occupancy. Our 'service, proximity and price' offer remains particularly attractive to businesses, which also explains the relatively numerous refurbishments and capex commitments regardless of the unfavourable economic environment."



The background of the entire page is a photograph of a modern building's exterior. It features a mix of glass, metal, and brickwork. A balcony with a metal railing is visible in the upper left. The lower part of the image shows a glass entrance with a man walking past. The text is overlaid on a semi-transparent purple band across the middle.

Our performance

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Financial information

	2011	2010	2009
Average cost of debt	3.5%	3.5%	3.9%
Hedging	93%	99%	98%
Of which fixed rate and SWAPs	51%	61%	54%
Of which CAPs	49%	39%	46%

SOUND OPERATING OUTCOME

Despite the economic downturn, the operational activity has remained satisfactory. Leasing successes helped raise occupancy to 91.1%, compared with 86% in 2010. The property portfolio overall is well leased with two-thirds of the terms extending to 2016. Disposals of mature properties or non-strategic assets contributed to optimising portfolio performance and, while having an immediate downward impact on revenue and results, reduced the company's financial debt.

ACTIVE MANAGEMENT OF THE FINANCIAL STRUCTURE

Funding the portfolio and development projects is a company priority. Two debt maturities totalling €60 million were renegotiated during the year, creating new relationships with banking partners such as Crédit Mutuel. Disposals during the year reduced debt by €33 million, including a short-term credit line with Natixis which decreased from €35 million to €13 million. The company is continuing to negotiate its two main credit lines maturing in 2013, for €352 million and €124 million. Planned 2012 disposals will also contribute to reducing overall group debt.

At year-end, undrawn credit lines amounted to €18.8 million to finance the Montrouge forward purchase and to €7.6 million on Deutsche Pfandbrief Bank attributed to the SPIE turn-key development (and others); available cash was €16 million.

The reduction in outstanding loans decreased LTV from some 62.3% in 2009 to 57.6% in 2011, against an unchanged portfolio value. Despite interest rate volatility in 2011, Société de la Tour Eiffel's proactive management maintained low financing costs. Anticipating stable rates and the renegotiation of its current principal mortgage financings, the company has contracted hedging instruments under favourable conditions.

The company is actively considering the diversification of funding sources, including recourse to new financing arrangements with institutional investors interested in investing in real estate through debt rather than direct ownership.

68.6 69.2

2010 2011

EPRA NNNNAV
(€/share)

6.1 6 5.8

4

4.2

4.2

2009

2010

2011

Dividend (€/share)
Recurring cashflow (€/share)

ROBUST RESULTS AND NAV

The results for 2011 continue to demonstrate the robustness of Société de la Tour Eiffel's business model. The decline in revenues is mainly due to the immediate effect of disposals made during the year, whereas there is a delayed impact from rents of new leases. While 2011 rental income was €69.4 million, compared with €72.2 million in 2010, rental projections for 2012 amount to €73 million on a like-for-like basis.

Mechanically therefore, profit was reduced with operating income of €54.2 million (compared with €56.5 million in 2010), net profit of €29.4 million (compared with €42.5 million the previous year) and cash flow of €33 million (compared with €33.4 million in 2010).

Liquidation NAV (net asset value) excluding costs on a like-for-like basis per share however increased for the year from 73 to 73.7 euros, reflecting the company's operating performance. Société de la Tour Eiffel has decided to implement the new EPRA (European Public Real Estate Association) recommendations, already taken into account by analysts, which results in a "triple net" NAV of 69.2 euros. Cash flow of 5.8 euros per share enables the company to maintain a dividend of 4.20 euros per share.



Jérôme Descamps

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

"Our cash flow remained high in 2011, underscoring the continued success of our operational activity with the portfolio occupancy rate rising from 86 to 91%! The company reported marketing results that were more than satisfactory despite the downturn, demonstrating the relevance of the business model. Well managed disposals continued to reduce the percentage of debt. Finally, our NAV reflects the robustness of our business model and ensures our ability to maintain a high level of dividend distribution consistent with our SIIC philosophy."

Consolidated Balance Sheet

As at 31 December (in thousands of €)	2011	2010	2009
NON CURRENT ASSETS	991,513	1,009,357	1,044,068
Tangible assets	410	369	427
Investment properties	990,296	1,004,809	1,036,567
Goodwill	-	-	-
Intangible assets	19	764	1,510
Loans and receivable	422	1,547	4,412
Derivatives at fair value	44	1,546	830
Deferred tax assets	322	322	322
CURRENT ASSETS	51,764	55,899	73,562
Properties earmarked for sale	8,916	17,320	8,098
Trade receivables and related accounts	18,686	22,327	25,941
Tax receivables	4,689	4,058	11,481
Other receivables	3,110	3,002	7,150
Investment securities	8,900	119	10,750
Cash	7,463	9,073	10,142
TOTAL ASSETS	1,043,277	1,065,256	1,117,630
SHAREHOLDER'S EQUITY (GROUP SHARE)	387,211	373,430	345,593
Capital	28,681	27,961	27,165
Share premium	41,947	34,478	35,898
Legal reserve	2,796	2,717	5,551
Consolidated reserves	284,437	265,787	337,095
Consolidated net profit	29,350	42,487	-60,116
Minority interests	-	-	-
NON CURRENT LIABILITIES	594,309	584,131	620,101
Long-term borrowings	571,268	558,739	588,903
Hedging instruments at fair value	12,290	15,098	20,002
Rental deposits and guarantees received	10,167	9,734	10,738
Long-term provisions	294	233	158
Deferred tax liabilities	-	-	-
Others liabilities	290	327	300
CURRENT LIABILITIES	61,757	107,695	151,936
Borrowings and financial debts (less than one year)	22,018	69,710	87,332
Trade payables and equivalent	31,494	29,537	52,267
Tax and social security liabilities	8,245	8,448	12,337
Short-term provisions	-	-	-
TOTAL LIABILITIES	1,043,277	1,065,256	1,117,630

Consolidated Income Statement

(in thousands of €)	2011	2010	2009
Gross rental income	82,314	85,752	95,466
Property tax	-9,327	-8,983	-9,299
Other property operating expenses	-8,143	-8,671	-14,518
Net rental income	64,844	68,098	71,649
Corporate expenses	-10,630	-11,566	-12,371
CURRENT OPERATING PROFIT	54,214	56,532	59,278
Depreciation and operating provision	-445	-1,219	1,916
Net other income	-374	759	-1,062
Proceeds from disposal of investment property	38,895	50,878	44,985
Carrying value of investment property sold	-37,420	-52,563	-45,414
Net profit or loss on disposal of investment property	1,475	-1,685	-429
Fair value adjustment to investment properties	-3,109	8,052	-88,059
NET OPERATING PROFIT	51,761	62,439	-28,356
Financial income	152	61	1,100
Financial expenses	-22,790	-24,818	-26,464
Net financial costs	-22,638	-24,757	-25,364
Fair value adjustments of hedging instruments and other financial expenses and income	323	5,071	-6,586
PROFIT BEFORE TAX	29,446	42,753	-60,306
Corporation tax	-96	-266	-338
NET PROFIT	29,350	42,487	-60,644
Minority interests	-	-	-528
NET PROFIT (GROUP SHARE)	29,350	42,487	-60,116

Share price

As with the stock market overall, Société de la Tour Eiffel's share price declined through the summer of 2011, amplified by the market's negative view of the company's balance sheet profile in the wake of the European sovereign debt crisis. The share price fell 33% to 38.4 euros as of December 31, 2011, a 45% discount to EPRA NNNAV and a yield of nearly 11%.



Share data summary

	Unit	2009	2010	2011
Consolidated net profit (Group share)	€ m	-60.1	42.5	29.4
Liquidation NAV per share	€	70.0	73	73.7
Recurring cash-flow per share	€	6.1	6	5.8
Share price at 31/12	€	52.7	58	38.4
Dividend per share	€	4.0*	4.2	4.2**
Market capitalisation at 31/12	€ m	286.3	324.4	220.5

* Distribution from share premium.

** €2.10 per share paid in September 2011 and €2.10 per share proposed at the agm of 24 may 2012.

Dividend yield

	Dividend (€/share)	Dividend yield on share price*
2007	6	6.4%
2008	5	15%
2009	4**	7.6%
2010	4.2	7.2%
2011	4.2***	10.9%

* Dividend/share price as at 31st December.

** Distribution from share premium.

*** €2.10 per share paid in September 2011 and €2.10 per share proposed at the agm of 24 may 2012.

STOCK MARKET LISTING

The shares of Société de la Tour Eiffel
are listed on NYSE Euronext Paris (Eurolist B):
ISIN Code: FR 0000036816
Indexes: IEIF Immobilier France, IEIF Foncières
Reuters: TEIF.PA
Bloomberg: EIFF.FP

FINANCIAL INFORMATION

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FINANCIAL REPORTING

Press releases as well as financial and legal information
are available on the Company's website at:
www.societetoureiffel.com

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