CONSOLIDATED FINANCIAL STATEMENTS

Contents

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

Euros, in thousands	Notes	31 December 2011 Net	31 December 2010 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
Restatement:		
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 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		
Intangible and tangible	(15,266)	(37,402)
Financial	-	-
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 3/12/2010	**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
SCI LYON GENLIS	480 351 576	Full Asset Transfer at 30/06/2011	-	100%	January 2005
SCI ÉTUPES DE L'ALLAN	480 601 038	F.C.*	100%	100%	January 2005
SCI CAEN COLOMBELLES	482 598 133	F.C.*	100%	100%	May 2005
SCI MALAKOFF VALETTE	552 138 448	Full Asset Transfer at 29/09/2011	-	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: Maximum LTV	Bank covenants: Minimum ICR	Last published ratios: LTV	Last published ratios: ICR	Maturity date
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	-	861	861
Gross	-	(451)	(451)
Total amortisation			
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	-	-	240
TOTAL	**-**	**-**	**284**

Deposits and sureties paid

The variations observed over the period mainly concern the cash pledges allocated to SAS Locafimo as part of the Group's financing operations.

At 31 December 2011, cash pledges stood at € 6K, as against € 1,135K at 31/12/10.

Derivative instruments

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

These financial instruments were originally entered on the assets side at their fair value as a counterpart to a financial debt corresponding to the outstanding updated premiums over the duration of the financial instruments.

The fair values are provided by the issuing financial institutions.

Any changes in the value of financial instruments from one yearend to another were recorded under financial result.

The adjustment to fair value at 31 December 2011 results in an overall positive financial impact in other financial income and charges of € 1,285K:

- a negative financial impact of € 475K in financial expenses related to the change in fair value of non-current derivative assets,
- a negative financial impact of € 249K in financial expenses related to the change in fair value of current derivative assets,
- a positive financial impact of € 2,009K in financial products from derivative liabilities (see Note 11).

Main characteristics of financial instruments held at 31 December 2011

Type of contract	Subscription date	Effective date	Expiration date	Notional amount in thousands of €	Benchmark rate	Guaranteed rate	Fair value in thousands of €
CAP	25-03-2010	02-06-2010	28-06-2013	30,000	3-month Euribor	2.00%	20
CAP	02-07-2010	27-12-2010	30-06-2013	30,000	3-month Euribor	2.50%	3
CAP	30-06-2006	01-08-2007	07-06-2013	17,970	3-month Euribor	4.50%	1
CAP	30-06-2006	02-05-2007	07-06-2013	20,317	3-month Euribor	4.50%	1
CAP	18-05-2010	27-10-2010	30-06-2013	32,000	3-month Euribor	2.50%	5
CAP	30-06-2011	30-06-2011	30-06-2013	15,000	3-month Euribor	2.50%	4
CAP	13-07-2011	13-07-2011	30-06-2013	15,000	3-month Euribor	2%	10
Non-current							**44**
CAP	02-08-2011	30-09-2011	30-09-2012	13,000	3-month Euribor	2%	4
CAP	04-09-2006	04-09-2006	03-12-2012	55,670	3-month Euribor	5%	236
Current							**240**
TOTAL							**284**

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, Botardière 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:

	31 December 2011		31 December 2010	
(in thousands of euros)	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
- 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.

The number of outstanding bonus shares is detailed below:

	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**

Cap and swap liabilities

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

Principal characteristics of the liabilityside financial instruments held at 31 December 2011

Type of contract	Subscription date	Effective date	Expiration date	Notional amount in thousands of €	Benchmark rate	Guaranteed rate	Fair value in thousands of €
Swap	28/03/2008	28/03/2008	28/03/2013	2,803	3-month Euribor	4.53%	(61)
Swap	28/03/2008	28/03/2008	31/03/2013	7,504	3-month Euribor	4.57%	(142)
Swap	01/01/2010	01/01/2010	01/04/2014	38,980	3-month Euribor	4.34%	(3,122)
Swap	28/06/2006	01/08/2006	07/06/2013	53,909	3-month Euribor	4.10%	(2,573)
Swap	29/06/2006	02/05/2007	07/06/2013	60,950	3-month Euribor	4.19%	(2,995)
Swap	06/01/2008	01/02/2008	16/01/2015	8,856	3-month Euribor	4.36%	(767)
Swap	14/01/2008	14/01/2008	14/01/2015	3,596	3-month Euribor	4.20%	(333)
Swap	07/06/2010	27/12/2010	30/06/2013	50,000	3-month Euribor	1.60%	(416)
Swap	01/07/2010	27/12/2010	28/06/2013	30,000	3-month Euribor	1.65%	(272)
Collar/Tunnel	05/05/2011	01/07/2011	28/06/2013	30,000	3-month Euribor	2%/3%	(326)
Collar/Tunnel	26/04/2011	28/04/2011	15/04/2016	17,572	3-month Euribor	2%/3%	(531)
Collar/Tunnel	26/04/2011	02/05/2011	15/04/2016	17,572	3-month Euribor	2%/3%	(518)
TOTAL							**(12,056)**
Locafimo Cap debt							(234)
TOTAL							**(12,290)**

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 subscrition 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	15/06/20 13	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