MANAGEMENT REPORT

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MESSAGE FROM THE MANAGEMENT

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

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

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

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

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

1 – BUSINESS AND HIGHLIGHTS

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

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

1.1 – Group real estate highlights

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

a) Investment policy

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

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

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

b) Valuation of the Group's land reserves

Redevelopment operations on the Massy Ampère site

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

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

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

c) Business parks

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

d) Non-business park development

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

e) Change in value of property assets

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

The net decrease in value is the combined result of:

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

f) Business activity

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

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

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

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

g) Disposal policy

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

Four properties were sold in 2011:

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

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

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

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

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

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

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

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

New financing:

- Financing of the Montrouge development

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

- Refinancing of the La Poste portfolio

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

Extension of an existing corporate credit line:

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

Hedging arrangements:

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

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

1.3 – Other highlights

a) Stock options

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

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

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

b) Bonus shares

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

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

- two third of the shares would be definitively allocated on the condition that the Company's equity capital is first reinforced and that banking debt (notably expiring in 2013) has been refinanced under conditions that are favourable to the Company;

- one third of shares would be definitively allocated on the condition that the consolidated operating cash flow on a likeforlike basis, adjusted for capital gains or losses on sales, is at least 5% higher on the date of acquisition than the average of the three previous financial years.

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

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

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

c) Distribution

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

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

d) Capital increases

Shareholders' equity was increased as follows:

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

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

- by €21,475 on 19 September 2011 (4,295 shares at €5), from €28,659,885 divided into 5,731,977 €5 shares, to €28,681,360 divided into 5,736,272 €5 shares. The capital increase was due to shareholders exercising the option to receive the 2011 interim dividend in shares, their distribution being decided by the Board of Directors on 27 July 2011.

e) Share buyback programme - liquidity contract

The Board of Directors, by reason of the authority granted it by the General Shareholders' Meeting of 18 May 2011, in its tenth resolution, moved on 16 June 2011 to implement a new share buyback programme under the conditions set by the said Meeting for a maximum term of eighteen months as from the date of the Meeting. The purpose is to:

- stimulate the market or share liquidity through a liquidity agreement with an investment services firm;

- cancel the shares bought back, wholly or in part, in accordance with the conditions laid out in Article L. 225-209 of the Commercial Code, and subject to approval of the share capital reduction authorised by the General Shareholders' Meeting;

- have shares on hand which it may issue to its corporate officers and employees as well as those of affiliates, under the terms and conditions allowed for by law, especially as regards stock option plans, the free attribution of shares, and corporate or inter-company savings plans (plan d'épargne d'entreprise/ interentreprises).

The maximum purchase price is set at €90 per share. The maximum number of shares for which the buyback is authorised is equivalent to 10% of the Company's capital. This authorisation may not be used during a period of takeover bid or merger.

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

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

f) Governance

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

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

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

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

Audit committee:

- Chairman: Philippe Prouillac
- Member: Richard Nottage.

Appointments and Remunerations Committee:

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

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

g) Internal reorganisation

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

h) Tax audits

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

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

2 – ECONOMIC AND FINANCIAL RESULTS

2.1 – Consolidated financial statements

2.1.1 – Principles and accounting methods

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

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

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

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

2.1.2 – Analysis of Consolidated Results

a) Consolidated income statement

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

The net decrease in rental income is essentially due to:

- On the downside, the disposals of buildings posted in 2011 (€3.4 million reduction in rents) and the adjustment for an exceptional temporary occupation indemnity received during the first quarter of 2010 (less €0.7 million, on a property pending redevelopment).
- On the upside, deliveries of pre-leased new buildings (+€0.7 million), net re-lettings (+€0.1 million), and positive indexing of existing rents (+€0.5 million).

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

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

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

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

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

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

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

- the significant decrease in other financial income and charges (+€0.3m at year-end 2011 against €5.1m at year-end 2010), resulting from a depreciation of the revaluation of hedging instruments in a context of low interest rates but also by the renewal of the hedging instruments which matured in 2011, which were replaced by new instruments with more favourable characteristics.

- the 8% reduction in gross finance costs (down from €24.8 million to €22.8 million), mainly due to lower loans outstanding, and conversely, to a lesser extent, offset by the increase in interest rates in the first half of 2011.

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

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

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

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

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

EPRA earnings

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

b) Consolidated Balance Sheet

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

The main changes are summarised below:

• Assets:

- The €22.9 million net decrease of investment properties and of assets for disposal (from €1,022.1m to 999.2m) is mainly due to the €37.4 million of disposals, €3.1 million negative variation in fair value of investment properties, partially offset by €13.5 million of acquisitions made in the buildings under construction (mainly in the Montrouge building and in the Parc du Moulin à Vent in Lyon), and €4.4 million of work and investment on the existing portfolio assets;

- the €7.2m net increase in cash flow.

• Liabilities:

- The €13.8m improvement in shareholders' equity linked to the increase of consolidated reserves (2010 appropriation of net consolidated result) as well as the June 2011 and September 2011 capital increases following the allocation of the remaining 2010 dividend in shares and the interim 2011 dividend;

- The reduction in net bank borrowing (-€36m), i.e. -5.8%;

- The stagnation in other operating liabilities (€64.4m) mainly consisting of tax and social security (€8.2 million), costs remaining to be committed on buildings under construction (€5.3m), as well as deferred income from rents for the first quarter of 2012 receipted before 31 December 2011.

c) Cash flow statement

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

- Cash flow from operations: the overall reduction from €60.1m to €56.6 million at the end of 2011 is mainly due to a decrease in rents, taxes paid during the year (-€1.2 million), and a lesser change in the WCR (- €1.1m);

- Cash flow linked to investment transactions: the change between 2010 and 2011 (+€7.5m) from +€17.3 million to +€24.8 million is mainly due to the substantial lessening of Group property investments during the year (+€22.1 million) partially offset by the decrease in disposals (-€13 million);

- Cash flow linked to financing transactions: these flows stand at -€74.2 million in 2011 against -€89.1 million in 2010 mainly due to net repayments of loans made during the year for a net balance of €36m in 2011 against €49 million in 2010, as well as a decrease in the net interest paid of €2.4 million.

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

d) Current cash flow

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

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

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

2.2 – Financial resources

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

2.2.1 – Liquidity

The Group significantly reduced its outstanding loans (-€36.1 million), in particular through the disposals. The Group continued to adjust its outstanding loans by refinancing the credit line earmarked for the La Poste portfolio (which expired 15 April 2011) by taking out a new loan of €45m from a consortium of two French banks. Additionally, the Natixis corporate credit line, for an initial amount of €35m, was extended until 30 September 2011 and was the subject of an addendum extending the deadline until 30 September 2012 with an increased security margin. Outstandings totalled €12.9 million at 31 December 2011.

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

2.2.2 – Debt structure at 31 December 2011

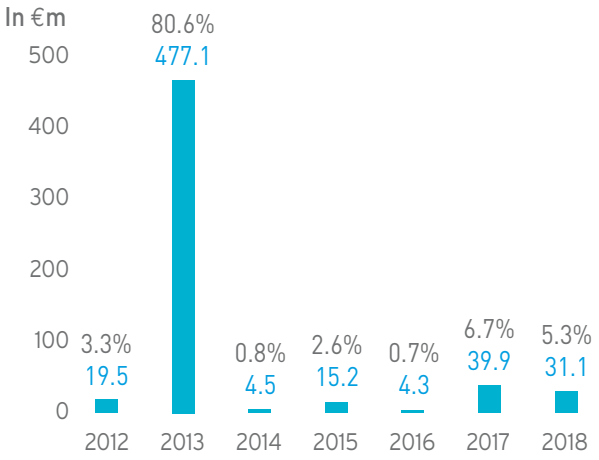
Global gross debt as at 31 December 2011 stood at €591.6 m, as against €627.7m at 31 December 2010.

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

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

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

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



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

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

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

2.2.3 – Management of market risks

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

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

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

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

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

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

Type of contract	Company	Initial notional value (€ m)	Starting date	Expiration date	Floor	Cap
Collar	SAS Locafimo	30	01/07/2011	28/06/2013	2.0%	3.0%
Collar	SCI Nowa	18	28/04/2011	15/04/2016	2.0%	3.0%
Collar	SCI Nowa	18	02/05/2011	15/04/2016	2.0%	3.0%
Sub-total of Collars		**66**				
Cap	SAS Locafimo	15	30/06/2011	30/06/2013		2.5%
Cap	SAS Locafimo	15	13/07/2011	30/06/2013		2%
Cap	SA STE	15	30/09/2011	30/09/2012		2%
Cap sub-total		**45**				
TOTAL		**111**				

Evaluation of interest rate risk

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

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

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

2.2.4 – Financial structure ratios

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

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

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

Loan covenant ratios

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

The table compares the latest ratios communicated to the banks at 31 December 2011 to the company's contractual obligations (LTV, i.e. amount of financings compared with the value of financed properties; ICR, i.e. coverage of finance costs incurred during the fourth quarter of 2011 and projected over the first three quarters of 2012 by the net rents of the fourth quarter of 2011 and those projected over the first three quarters of 2012) with those the Group committed to respect in accordance with its main financing contracts.

Banking financing and main covenants at 31/12/2011

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

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

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

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

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

2.3 – Asset Appraisal and NAV

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

2.3.1 – Presentation of the Group's property assets

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

Value excl. Tax in €M	507.0
Value incl. Tax in €M	526.7

(1) Company share of property.

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

Value excl. Tax in €M	305.1
Value incl. Tax in €M	319.3

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

Value excl. Tax in €M	42.9
Value incl. Tax in €M	45.5

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

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

2.3.2 – Group property assets

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

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

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

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

Change in property assets excluding taxes

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

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

Effective rates of return at 31 December 2011

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

Methodology retained by the valuers

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

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

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

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

The adopted rate of return (net income [1] of the building over gross market value, including taxes) is determined by comparing the rates of return arising from other transactions occurring on the market. If the net rent is appreciably higher or lower than the rental value, the difference is capitalised on a discounted basis up until the next lease break date and added or subtracted from the core result.

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

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

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

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

2.3.3 – Net asset value

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

The Net Asset Value corresponds to the consolidated shareholders' equity at 31 December 2011, plus the unrealised gains on goodwill value of Tour Eiffel Asset Management (formerly Awon Asset Management).

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

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

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

As at 31 December 2011, the transfer taxes and other disposal expenses estimated by the Company, compared with the taxes already deducted from the value of the assets, issued by independent property experts and represented in the consolidated balance sheet (pursuant to IFRS standards), result in an adjustment of €23m.

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

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

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

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

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

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

NAV in accordance with EPRA recommendations

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

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

2.4 – Corporate financial statements

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

On the assets side

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

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

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

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

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

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

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

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

Liabilities

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

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

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

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

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

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

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

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

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

Income statement

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

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

The net operating loss for Société de la Tour Eiffel at 31 December 2011 amounted to - €4.6m versus - €3.8m at31 December 2010.

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

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

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

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

Expenditure on luxuries and non tax-deductible charges

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

2.5 – Activities of the main subsidiaries

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

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

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

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

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

2.6 – Research and development

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

2.7 – Payment delay periods

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

2011 financial year - Trade payables (in €)

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

2010 financial period - Trade payables (in €)

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

3 - CORPORATE GOVERNANCE

3.1 – Composition of the Board of directors and senior management

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

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

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

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

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

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

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

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

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

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

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

3.2 – Role and operation of the Board of Directors

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

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

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

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

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

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

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

3.3 – Mandates held by the management in 2011

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

Main function held in the Company:
Chairman and Managing Director

Dates of appointment:
Board member: Board member: appointed 10 July 2003, last renewed 20 May 2010
The Chairman of the Board of Directors: appointed 22 July 2003, last renewed 20 May 2010
Managing Director: appointed 10 July 2003, last renewed 20 May 2010

Expiry of term of office: 2013

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

Other offices and mandates held outside the Company at 31 December 2011:
Manager, Bluebird Investissements SARL
Board member, Fédération des Sociétés Immobilières et Foncières
Director, Emirates REIT Management (Private) Limited, foreign company
Director, Eiffel Holding Limited, foreign company

Other effective mandates and functions having expired during the past five years:
Manager, Bluebird Holding SARL (until 29/12/09)
Manager, SNC Albion (until 14/01/09)
Chairman of the Board of Osiris Gestion de Entidades S.L.U. (until 15/09/08)
Director, Douglasshire International Holding BV (until 1/07/07), foreign company

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

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

Main function held in the Company:
Deputy Managing Director

Dates of appointment:
Board member: Board member: appointed 22 July 2003, last renewed 20 May 2010
Deputy Managing Director: appointed 14 March 2005, last renewed 20 May 2010

Expiry of term of office: 2013

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2011:
Chairman of the Société de la Tour Eiffel Foundation
Chairman, SAS Locafimo
Manager, SCI du 153, avenue Jean-Jaurès
Manager, SCI Arman F02
Manager, SCI Arman Ampère
Manager, SCI Caen Colombelles
Manager, SCI Cogolin Gaou
Manager, SCI Comète
Manager, SCI de Brou
Manager, SCI de la Crau
Manager, SCI des Berges de l'Ourcq
Manager, SCI Etupes de l'Allan
Manager, SCI Grenoble Pont d'Oxford
Manager, SCI Marceau Bezons
Manager, SCI Montrouge Arnoux
Manager, SCI Nowa
Manager, SCI Porte des Lilas
Manager, SCI Rueil National
Manager, SCI Vélizy Topaz

Other offices and mandates held outside the Company at 31 December 2011:
Manager, SNC Awon Participations – SNTP
Manager, SC Layla

Other effective mandates and functions having expired during the past five years:
Manager, SCI Malakoff Valette (until 21/07/11)
Manager, SCI Lyon Genlis (until 23/05/11)
Manager, SCI Duranne Sud (until 25/05/10)
Manager, SCI Massy Campus 2 (until 19/10/09)
Manager, SNC Foncière Eiffel Développement (until 9/03/09)
Manager, SNC Albion (until 14/01/09)
Managing Director, Osiris Gestion de Entidades S.L.U. (until 15/09/08), foreign company
Chairman, SAS Parcoval (until 21/07/08)
Board member, ORIE (mandate expired in 2007)
Manager, SNC Awon Asset Management (until 31/12/07)
Manager, SNC Awon Gestion (until 9/07/07)
Director, Douglasshire International Holding BV (until 1/07/07), foreign company

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

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

Main function held in the Company:
Board member

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

Expiry of term of office: 2013

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

Other offices and mandates held outside the Company at 31 December 2011:
Acting Manager, CIPA company

Other effective mandates and functions having expired during the past five years:
Member of the Société de la Tour Eiffel Appointments and Remunerations Committee (mandate expired in 2011)
Chairman of Atisreal Expertise (mandate expired in 2008)
Chairman of Atisreal Consult (mandate expired in 2008)

Number of shares held as at 31 December 2011: 89

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

Main function held in the Company:
Deputy Managing Director

Dates of appointment:
Board member: appointed 14 November 2003, last renewed 20 May 2010
Deputy Managing Director appointed: 30 September 2003, last renewed 20 May 2010

Expiry of term of office: 2013

Other offices and mandates held outside the Company at 31 December 2011:
Chief Financial Officer, SNC Tour Eiffel Asset Management (formerly Awon Asset Management)

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

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

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

Main function held in the Company:
Board member

Date of appointment: 14 May 2009

Expiry of term of office: 2012

Other offices and mandates held outside the Company at 31 December 2011:
Member of the Investment Committee, Redwood Grove International, foreign company
Board member, Polish Investments Real Estate Holding II B.V., foreign company
Board member, Polish Investments Real Estate Holding II B.V., foreign company

Other effective mandates and functions having expired during the past five years:
Board member, Grove International Partners (UK) Limited, foreign company (mandate expired in 2011)
Member of the Investment Committee, Captiva 2 SCA and Captiva SCA, foreign companies (mandate expired in 2011)
Member of the Supervisory Board, Event Hospitality Group BV, foreign company (mandate expired in 2011)
Member of the Supervisory Board, Coöperatieve Redwood Grove International U.A., foreign company (mandate expired in 2011)
Board member, Nowe Ogrody 5 Sp., foreign company (mandate expired in 2011)
Board member, Newswanlake BV, foreign company (mandate expired in 2011)
Board member, Stichting Administratiekantoor Douglasshire International Holding, foreign company (mandate expired in 2011)
Board member / Chairman, SI Real Estate Holding B.V., foreign company (mandate expired in 2011)
Member of the Société de la Tour Eiffel audit committee (mandate expired in 2011)
Board Member, Cypress Grove International.D Coöperatief U.A. (until 12/11/10)
Board Member, Cypress Grove International.D Coöperatief U.A. (until 12/11/10)
Board member, Hellenic Land Holding BV (until 9/11/10)
Board member, Progetto Magnolia Srl (until 9/02/2009)
Chairman, Nowe Ogrody 5 Sp. (until 28/01/09)
Board Member, Med Group Leisure Investment BV (until 22/12/08)
Board member, Induxia Srl (until 3/11/08)
Board Member, IXIS Capital Partners Ltd (until 11/10/07)
Board Member, Douglasshire International Holding (until 1/07/07), foreign company

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

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

Main function held in the Company:
Board member

Date of appointment: 15 October 2009

Expiry of term of office: 2012

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2011:
Chairman of the Société de la Tour Eiffel Appointments and Remunerations Committee

Other offices and mandates held outside the Company at 31 December 2011:
Member of the Supervisory Board, PAI PARTNERS SAS,
Member of Supervisory Board, Louis Dreyfus Commodities Holding BV, foreign company,
Board member and Vice-Chairman, IMERYS SA, listed company
Board member, IDI, listed company
Board member, PARGESA NETHERLANDS, foreign company

Other effective mandates and functions having expired during the past five years:
Chairman, IMERYS SA, listed company (mandate expired in 2011)
Board member and General Manager, PARGESA HOLDING SA (mandate expired in 2010)
Board member, GROUPE BRUXELLES LAMBERT (mandate expired in 2010)
Board member, PARGESA LUXEMBOURG SA (mandate expired in 2010)
Board Member, CLUB MEDITERRANEE (mandate expired in 2009)
Board Member, Eiffage (mandate expired in 2008)
Board Member, Sagard (mandate expired in 2007)
Board Member, PAI PARTNERS (mandate expired in 2007)
Board Member, PASCAL INVESTMENT ADVISERS (mandate expired in 2007)

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

MERCEDES ERRA
Born on 23 September 1954 in Sabadell (Spain)
Address: 7 avenue André Guillaume, 92380 Garches

Main function held in the Company: Board member

Date of appointment: 18 May 2011

Expiry of term of office: 2014

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2011:
Member of the Société de la Tour Eiffel Appointments and Remunerations Committee

Other offices and mandates held outside the Company at 31 December 2011:
Managing Director and board member of BETC Euro RSCG
Executive President, Euro RSCG Worldwide, foreign company
Managing Director & Board Member, Havas, listed company,
Chairwoman, Euro RSCG 4D
Board member, Euro RSCG C&O
Board member, BETC London Ltd
Board member, Accor, listed company
Board member, France Télévisions, listed company

Other effective mandates and functions having expired during the past five years:
Chairwoman of the Board, Euro RSCG, until 29 May 2011,

Number of shares held as at 31 December 2011: 52

RICHARD NOTTAGE
Born on 10 February 1959 in Wellington, Great Britain
Address: 3 rue Eugène Delacroix, 75116 Paris

Main function held in the Company:
Board member

Date of appointment: 18 May 2011

Expiry of term of office: 2014

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

Other offices and mandates held outside the Company at 31 December 2011:
Manager, Genviva Capital SARL,
Chairman, Société Hôtelière Paris les Halles SAS,
Board member, WBA Saint Honoré SA,
Board member, Société Hôtelière Toulouse Centre SA,
Manager, Elorac SARL,
Chairman, Hôtel La Falaise Dinard SAS,
Chairman, The Grand Real Estate B.V. (Netherlands), foreign company,
Chairman, St James Hotel Limited (United Kingdom), foreign company,
Chairman, Samorais Ltée (Canada), foreign company,
Chairman, 9007-2521 Québec Inc (Canada), foreign company,
Chairman, 1180 GP Inc (Canada), foreign company

Other effective mandates and functions having expired during the past five years:
Société Hôtelière Nice Centre SA, Board member (resigned in 2007)

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

3.4 – Specialised Committees

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

The Audit Committee's main role is:

i) to monitor the conditions in which the annual and consolidated accounts are prepared,

ii) to verify that the company has suitable means (audit, accounting and legal) to prevent risks and anomalies in managing the company's affairs,

iii) to track the financial reporting process,

iv) to track the effectiveness of the internal control and risk management systems.

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

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

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

The attendance rate of the members was 95%.

The Appointment and Remuneration Committee's main role is:

i) to ensure that the remunerations of corporate officers and changes to these remunerations are consistent with the interests of the shareholders and the performance of the company;

ii) regarding the selection of new board members, the Committee is responsible for making proposals to the Board after reviewing in detail all the items that must be taken into account in its deliberations, in particular, it must organise a procedure for the selection of the future independent directors and carry out its own studies on potential candidates;

iii) regarding the succession of executives: establishing an executive succession plan in order to submit to the Board alternative solutions in the event of an unforeseen vacancy.

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

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

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

The attendance rate of the members was 83%.

3.5 – Remunerations, allowances and benefits of corporate officers

TABLE 1

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

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

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

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

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

TABLE 2

Summary table of the remunerations of each corporate officer

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

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

TABLE 2 (CONT'D)

Summary table of the remunerations of each corporate officer

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

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

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

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

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

TABLE 3

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

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

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

TABLE 4

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

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

TABLE 5

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

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

TABLE 6

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

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

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

TABLE 7

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

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

TABLE 8

History of allocation of share subscription or purchase options

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

(1) After waiver by certain beneficiaries.
(2) Readjusted on 27 October 2009 and 28 May 2010.
(3) i.e. 80% of the average of the opening stock prices over the twenty trading sessions previous to the day when the shares were granted.
(4) i.e. 95% of the average of the opening stock prices over the twenty trading sessions previous to the day when the shares were granted.

For the record:

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

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

TABLE 9

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

TABLE 10

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

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

(2) with a subsidiary.

4 – FUTURE PROSPECTS AND RISK MANAGEMENT

4.1 – Events since closing of year-end accounts

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

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

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

4.2 – Outlook

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

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

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

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

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

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

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

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

4.3 – Risk factors and insurance

Risk factors

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

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

Management of market risks

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

Against a global backdrop of volatile financial markets, the Group's interest rate management policy is intended to limit the impact from changing interest rates on its income and cash flow, as well as to minimise the overall cost of its debt. To achieve these objectives, the Group's companies generally borrow at a variable rate and use derivatives (caps and swaps) to cover their risk of exposure to rate changes. They do not perform market transactions for any purpose other than to hedge their interest rate risk, and they personally centralise and manage all transactions performed.

Société de la Tour Eiffel did not record any losses on its open-end fund investments. This is because the investment vehicles used are liquid, secure and with low volatility, and can therefore be classified as "Cash and cash equivalents".

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

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

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

Risks on treasury shares

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

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

Counterparty risk

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

Currency risk

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

Liquidity risk

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

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

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

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

a security interest by the Company's creditor on assets financed by money drawn on the blanket agreement; the existence of class action suits; dissolution; a merger not authorized by the lender; the assignment of a portion of a subsidiary's securities whose real estate property was financed through a blanket agreement; the existence of proceedings to requisition / expropriate a building financed by the blanket agreement if the compensation is insufficient to pay down the financed portion, the assessment of a tax following an uncontested tax adjustment with a significant unfavourable effect; the loss of eligibility for the SIIC tax scheme which does not follow a change in the law; and the statutory auditors' opinions as soon as they have a material unfavourable effect or the total loss of a building financed through the blanket agreement.

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

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

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

Banking financing and main covenants at 31/12/2011

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

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

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

Risks related to the change in the economic environment

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

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

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

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

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

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

Risks related to the competitive environment

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

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

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

Risks related to the office and industrial property markets

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

Risks related to valuation of the property portfolio

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

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

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

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

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

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

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

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

Risks related to the failure of information systems

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

Legal risks

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

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

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

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

Dependence on patents or licenses

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks associated with tax regulations

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

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

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

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

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

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

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

Risks related to changes in sustainable development

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

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

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

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

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

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

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

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

Rental risks

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks related to the dependence with respect to certain key directors

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

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

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

Risks related to the dependence on asset management and consultancy contracts

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

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

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

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

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

Risks related to the dependence upon property managers

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

Insurance and risk coverage

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

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

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

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

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

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

Legal procedures and arbitration

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

5 - SOCIÉTÉ DE LA TOUR EIFFEL'S SHAREHOLDERS

5.1 – Information relating to the share capital

5.1.1 – Changes in the share capital over 5 years

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

(1) After exercising the share subscription options.
(2) After exercising the dividend payment in shares option.

5.1.2 – Share purchasing options

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

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

Number of shares registered in the name of the Company on the year end accounts: 93,650
Total value of these shares valued at purchase cost: €5,498,191.50 (value per share: €58.71)

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

Number of shares used: 0

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

Forthcoming share buyback programme

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

- stimulate the market or share liquidity through a liquidity agreement with an investment services firm;
- cancel the shares bought back, wholly or in part, in accordance with the conditions laid out in Article L. 225-209 of the Commercial Code, and subject to approval of the share capital reduction authorised by the General Shareholders' Meeting;
- have shares on hand which it may issue to its corporate officers and employees as well as to companies with ties to Société de la Tour Eiffel, under the terms and conditions allowed for by law, especially as regards stock option plans, the free attribution of existing shares, and corporate or inter-company savings plans Fr. *plan d'épargne d'entreprise/interentreprises*);
- hold and subsequently remit shares as payment or exchange as part of external growth, merger, demerger or contribution operations within the limit of 5% of the capital,
- acquire and hold shares for financial and asset management purposes.

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

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

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

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

5.2 – Group ownership structure

Statutory thresholds

There is no statutory threshold requiring a crossing declaration.

Double voting rights

No double voting right exist.

Changes in the ownership structure over 2011

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

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

Ownership structure on 31 December 2011

- Entities owning, directly or indirectly, more than 1/20th of the capital or voting rights:
  ING Clarion, BNP Paribas Asset Management,

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

Material changes in the ownership structure over the three past years

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

- Sumitomo Mitsui Asset Management Co Ltd

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

- Nomura Asset Management Co. Ltd

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

- DLIBJ Asset Management Co. Ltd / DIAM Co.

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

- Fortis Investment Management France / BNP Paribas Asset Management

Fortis Investment Management France, acting on behalf of clients under its management, declared that it crossed the 10% threshold of Société de la Tour Eiffel's capital and voting rights on the upside on 1 April 2008, then on the downside on 15 May 2009.
BNP Paribas Asset Management, acting on behalf of funds it manages, declared that it crossed the 5% threshold of capital and voting rights on the downside on 22 November 2010, and that the shareholding in our company was due to the resumption of the management activities of Fortis Investment Management SA which occurred further to the merger/absorption on 3 May 2010.
BNP Paribas Asset Management declared that during the 2011 fiscal year it crossed the thresholds of 5% of capital and voting rights:
  - on the upside on 2 June 2011,
  - on the downside on 14 June 2011,
  - on the upside on 16 June 2011,
  - on the downside on 21 June 2011,
  - on the upside on 27 July 2011.

- Eiffel Holding Ltd

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

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

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

(1) Percentage calculated on the basis of all shares to which voting rights are attached.
(2) Company controlled by Mark Inch and Robert Waterland.
(3) on the basis of the latest statement of threshold crossing.
(4) NA: shareholders who have crossed the 5% threshold on the downside.
For the record, number of shares forming the capital:
- at 31 December 2011: 5,736,272,
- at 31 December 2010: 5,592,284,
- at 31 December 2009: 5,433,036.

5.3 – Dividends paid out over the past five years

Dividends over five years

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

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

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

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

Distribution of dividends

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

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

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

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

5.4 – Transactions involving the Company's shares

5.4.1 – Share buyback programmes

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

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

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

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

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

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

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

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

5.4.2 – Share subscription or purchase options

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

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

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

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

Table of outstanding share subscription options

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

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

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

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

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

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

5.4.3 –Transactions conducted by company officers and directors

Transactions done in 2011

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

5.5 – Factors which could affect a take-over bid

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

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

6 – EMPLOYMENT AND SUSTAINABLE DEVELOPMENT INFORMATION

6.1 – Social organisation

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

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

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

The contract was amended by amendment no. 1 signed on 30 November 2006 with effect on 1 January 2007 to modify the term by raising it to five years starting on 1 January 2007. It can then be extended by tacit renewal.
The amended contract conferred more comprehensive responsibilities and simplified the financial terms owing to the consolidation of Tour Eiffel Asset Management into the Société de la Tour Eiffel Group.

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

At 31 December 2011, the Group had 25 employees. At 31 December 2010 it has 23 employees and 24 employees at 31 December 2009 and 31 December 2008 . The staff comprises 15 women and 10 men, 17 of whom are executives and 8 are non-executives. The average age is 42 years. In 2011, 4 people were hired, and 2 left the Group. The expenditure carried out in 2011 for training activities stands at 27,018 euros. For informational purposes, the personnel do not hold any company shares on a collective basis.

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

6.2 – The Company's foundation

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

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

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

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

Durable commitment

2011 CORPORATE SUSTAINABILITY REPORT

SOCIÉTÉ DE LA TOUR EIFFEL

Contents

Editorial

BY FRÉDÉRIC MAMAN
> *Managing Director, Tour Eiffel Asset Management*

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

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

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

For this reason, given a difficult economic situation to say the least, we are particularly proud of our speculative development of the EIFFEL O_2 building under construction in Montrouge which will be LEB certified and targets the BREEAM Very Good rating, and which will also include an energy performance label once the building is operational.

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

Our initiative

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

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

The strategy pursued by the group aims primarily to gain more detailed knowledge about its assets in terms of energy and environmental issues, and then to blueprint a process for collecting the data to ensure the reliability and sustainability of the information obtained. With this in mind, Sinteo were requested to conceive a methodology and to implement the mechanisms for reliable and sustainable data collection. In this way, the group can more efficiently focus operations involving the maintenance, renovation and renewal of its portfolio. This focus on eco-citizenship will stimulate new synergies both with its partners (property managers, facility managers) and with its tenants.

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

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

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

Key figures

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

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

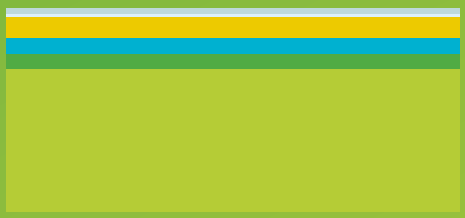
371 KWH_{EP}/SQ. M YEAR

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

5.9 METRIC TONS OF CO_2 EQUIVALENT

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

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



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

CHANGE IN THE NUMBER OF EMPLOYEES 2010/2011

96%

OF EMPLOYEES HAVE PERMANENT CONTRACTS

A commitment to corporate citizenship

Our social values

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

9%
GROWTH IN STAFF

60%
OF WOMEN

96%
OF EMPLOYEES HAVE PERMANENT CONTRACTS

96%
OF EMPLOYEES HAVE TAKEN AT LEAST ONE TRAINING COURSE

SYLVIANE BEAUMONT
> Human Resources and Utilities Manager

"We believe that training is a key staff performance factor, in the fast-moving world of real estate. It is also a means of advancing careers internally.
In 2011, the vocational training enjoyed by most employees amounted to nearly 450 hours in various fields (financial management, environment, health / safety, property law, office automation, communications, etc.). As a result, for the last two years the group has surpassed its legal obligations in terms of financial commitment on vocational training.
For 2012, we are targeting increased training of our asset managers focused on issues related to the energy and environmental performance of buildings."

2011 SOCIAL DATA

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

Corporate Governance and social responsibility

COMMITMENT TO TRANSPARENCY

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

Almost 2/3

OF THE DIRECTORS ARE INDEPENDENT

The announcement of the arrival

OF A NEW CEO IN 2012

Consulting assignments in Corporate Governance

ENTRUSTED TO AN OUTSIDE SPECIALIST

Société de la Tour Eiffel Foundation

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

FONDATION SOCIÉTÉ DE LA TOUR EIFFEL

FOCUS ON... ACTION DURING THE YEAR

Established in 2007, the Société de la Tour Eiffel Foundation embodies the company's social commitment. In 2011, it offered grants to the winners of architectural competitions previously organised in 2008 and 2010. The theme was little known or forgotten structures undertaken by Gustave Eiffel overseas. The jury of board members, chaired by Robert Waterland, awarded the prize to two Bordeaux University students on exchange programmes, one in Canada and the other in Chile. The students received an endowment of Đ17,000 for a study tour in South America undertaken that summer. They produced a film and a book, reflecting the presence of Gustave Eiffel in the region, which were presented at the 2011 SIMI Construction & Real Estate trade show held at the Palais des Congrès in Paris in December. www.fondationsocietetoureiffel.org.

CAROLINE CHAUVEL & ELSA DURAND

> Winners of Eiffel 2011 Scholarship

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

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

Corporate greenhouse gas accounting

1st CORPORATE GREENHOUSE GAS ACCOUNTING CARRIED OUT BY THE GROUP

5.9 metric tons of CO_2 equivalent

PER EMPLOYEE

70%

OF THE FOOTPRINT IS RELATED TO BUSINESS TRAVEL

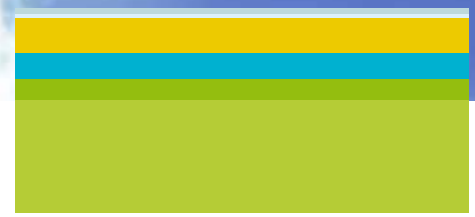
BILAN CARBONE® (CARBON FOOTPRINT) UNDER CONTROL

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

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

The study reveals a corporate profile dominated by business trips. Approximately **55% of the emissions, or 84 metric tons of CO_2 equivalent are linked to the long-haul flights** made during business trips: they represented two and a half times the earth's circumference, or **one hundred thousand kilometres a year**. They include nine trips to North America, the Middle East or Asia, essential to maintaining business relationships or seeking out investors. Furthermore, an internal transport control policy is designed to limit emissions due to other business travel.

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



108 tCO_2 Business trips (71%) 10 tCO_2 Commuting (7%)
13 tCO_2 Fixed assets (8%) 17 tCO_2 Energy (11%)
2 tCO_2 Waste (1%) 3 tCO_2 Incoming materials (2%)

CORPORATE ENVIRONMENTAL DATA

EMISSIONS OF GREENHOUSE GASES	in 2011
Société de la Tour Eiffel	**153 tCO_2**
for business trips	*108 tCO_2*
for energy	*17 tCO_2*
Total per employee	**5.9 tCO_2**
Consumption	
Energy	**179,591 kWh**
Water	**383 m^2**
Paper	**2.16 tons**
Travel	
Commuting	**129,000 km**
By car and two-wheeled vehicles	*35,000 km*
By public transport	*94,000 km*
Business trips	**306,000 km**
By air	*156,000 km*
By rail	*115,000 km*
By Company vehicle	*35,000 km*

WHAT IS A TON OF CO_2 EQUIVALENT?

The unit used in a Carbone® footprint is one ton of CO_2 equivalent **(tCO_2e)**, which represents the emissions of greenhouse gases for each workstation studied, reduced to an equivalent quantity of CO_2. In a Carbone® footprint, **six different greenhouse gases are assessed**, and then related to a common unit for ease of understanding and communication.

Innovative property management

10,000

DATA CONSOLIDATED
ON 33 BUILDINGS

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

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

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

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

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

QUESTIONS FOR...

JEAN-FRANÇOIS MECHAIN
› *Government Certified Architect (DPLG),*
Associate Director of the ARTE CHARPENTIER architectural consultancy firm

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

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

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

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

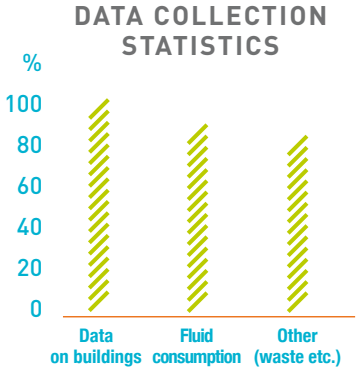
TOPAZ is certified to be compliant with the NF High Environmental Quality Standard for Commercial Buildings. Obtaining this certification was a major requirement for Société de la Tour Eiffel. In particular attention was concentrated on the integration of the demolition aspect, through 100% recycling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

Partners

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

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

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



300,000 SQ. M

SURVEYED IN 2011

OVER 100

TENANTS IMPLICATED

TWO GREEN LEASES

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

FOCUS ON ...
THE ENVIRONMENTAL RIDER

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

FOCUS ON... THE TRIPLE CERTIFICATION OF THE MONTROUGE BUILDING: EIFFEL O_2

The EIFFEL O_2 building under construction in Montrouge will have a dual LEB and BREEAM certification and target the Very Good rating of the latter. It will also be the first building in France to obtain "Oxygen" accreditation, developed by Vinci Construction. The building will thus serve as a benchmark for the development of the initiative. In addition to its excellent energy performance, EIFFEL O_2 will incorporate a number of innovative social and environmental criteria. In particular the worksite is subject to CO_2 footprint assessment, continuous monitoring of the constructor's compliance with social commitments on site, and communication with the neighbourhood on potential noise. 4,000 hours of professional training have been scheduled for temporary employees.

QUESTIONS FOR...

JULIEN AUDET
> *EIFFEL O_2 Programme Manager, Vinci Construction France*

What are the characteristics of the EIFFEL O_2 building in Montrouge?

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

What is the "Oxygen initiative"?

The Oxygen initiative was developed in-house by Vinci Construction France. It is an accreditation based on three commitments. First, the eco-performance of the project must be designed to achieve a level of energy consumption that meets the highest industry standards. With a target primary energy consumption of 65 kWhep, EIFFEL O_2 will attain "Silver" status on the benchmark. In terms of eco-production, the site is audited on the basis of its integration and compliance with social criteria in the selection of subcontractors and suppliers. Finally, the Oxygen initiative includes occupier support, providing specific information on the characteristics of the construction and on how to operate the building's management and monitoring facilities.

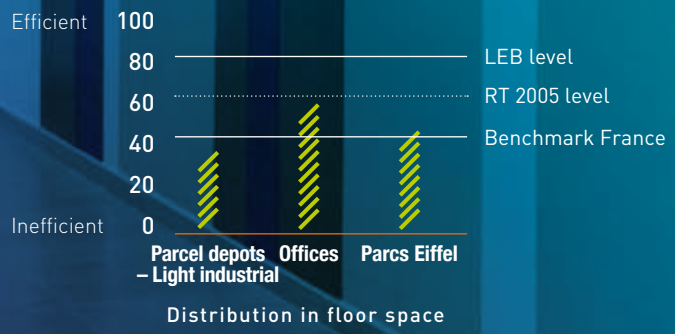
An intrinsically efficient portfolio

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

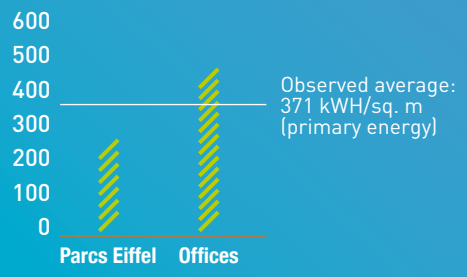
The company's office buildings (excluding business parks), which represent more than 40% of total floor space and which are generally of recent, quality construction, demonstrate the most efficient performance.

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

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



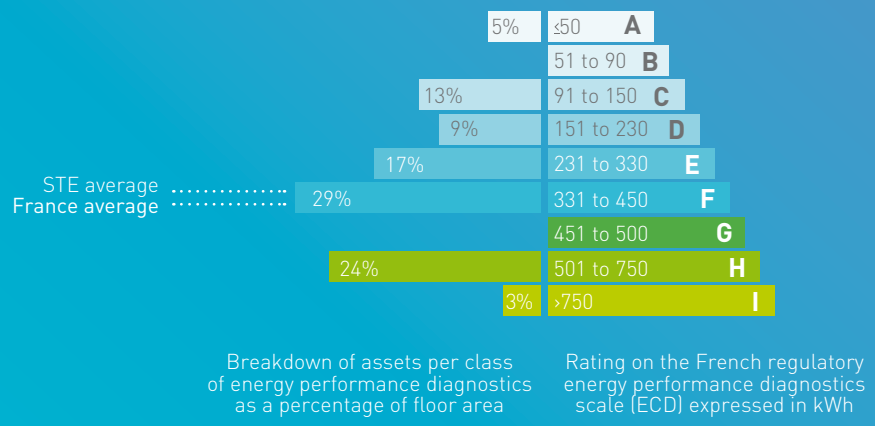
ANNUAL AVERAGE CONSUMPTION OF AUDITED ASSETS IN KWH_{EP}/SQ. M



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

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

PORTFOLIO ENERGY PERFORMANCE



THE PURPOSE OF CARBONSCREEN©

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

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

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

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

The environmental impact of the portfolio

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

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

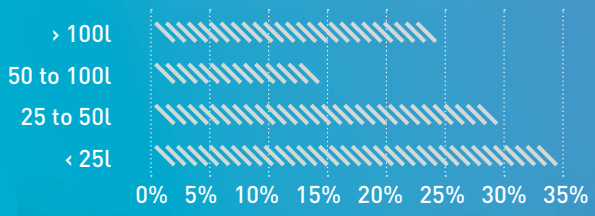
CARBON FOOTPRINT FOR SOCIÉTÉ DE LA TOUR EIFFEL COMPARED WITH THE ENERGY CONSUMPTION OF THE ASSETS AUDITED

96% Activity of the audited assets 3,671 tCO_2e
4% Intrinsic activity 153 tCO_2e

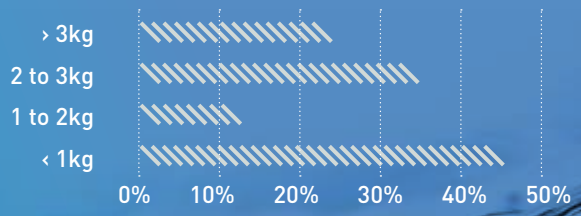
FOCUS ON...
PROTECTING BIODIVERSITY

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

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



BREAKDOWN OF DAILY WATER CONSUMPTION PER OCCUPANT



BREAKDOWN OF DAILY WASTE PRODUCTION PER OCCUPANT

WATER AND WASTE

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

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

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

*IPD/Sinteo Benchmark

POINT OF VIEW...

PATRICK FAURE

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

"Air Liquide has been committed to an environmental policy for many years: we work closely with our partners to maintain and operate the buildings leased from Société de la Tour Eiffel, with particular respect to the equipment we use on our premises and the materials selected for the furniture, both of which are based on environmental criteria, as well as reducing paper consumption, or the purchase of low CO_2 emission vehicles. Société de la Tour Eiffel has also been highly receptive to and supportive of our proposals to improve the buildings plant and equipment, such as when replacing cooling units.

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

Conclusion

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

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

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

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Perspective: Eric Haour
Text: Sinteo

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7 – APPENDICES TO THE MANAGEMENT REPORT

7.1 – Special report on share subscription or purchase options

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

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

NONE

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

NONE

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

NONE

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

NONE

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

NONE

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

NONE

The Board of Directors

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

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

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

- Mr. Mark Inch, Chairman and Managing Director of Société de la Tour Eiffel: 7,000 bonus shares;
- Mr. Robert Waterland, Deputy Managing Director of Société de la Tour Eiffel: 7,000 bonus shares;
- Mr. Jérôme Descamps, Deputy Managing Director of Société de la Tour Eiffel: 2,000 bonus shares;
- Mr. Frédéric Maman, Manager, SCI Champigny Carnot: 2,000 bonus shares;
- Certain employees of the Tour Eiffel Asset Management company: 2,000 bonus shares (13.5% to employees and 86.5% to executives).

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

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

The Board of Directors

7.3 – Table of results for the last five years

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

(1)The earnings per share are computed based on a weighted average number of shares during the year.
(2) The payroll figure includes remuneration paid to the company officers and directors and cost of bonus share attributions.
(3) Of which during FY 2011: €2.1 of interim dividends paid and €2.1 of proposed balance.

7.4 – Authorisation to assume sureties, guarantees and other warranties

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

This authorisation was given for a one-year term.

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

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

Authorisation granted	Use
II - Delegation of powers granted to the Board of Directors to increase the share capital by the issue of any marketable securities giving access, immediately or in the long term, to Company shares, while eliminating pre-emptive subscription rights but introducing a period of right of priority for shareholders totalling at least five trading days. On 18 May 2011, the extraordinary general meeting of shareholders, in its 12th resolution, delegated to the Board of Directors the full powers required to proceed with the capital increase by issuing shares, warrants and/or marketable securities giving immediate or delayed access to ordinary shares of the company, at one time or in several instalments, at any time or on a specific date, to the extent and at that time that it sees fit, on the French or international stock markets, through a public offering, in euros or in a foreign currency, or giving access to equity of another company in which it directly or indirectly holds more than half of the share capital, through subscription, conversion, trade, redemption, presentation of a warrant, or any other means. The General Meeting eliminated the pre-emptive subscription rights, provided that the Board gives shareholders a right of subscription priority for at least 5 trading days. Limits of the authorised issue amounts: (i) the total nominal amount of the capital increases, immediate or future, which may be performed in application of the 12th resolution may exceed neither (a) the overall ceiling for all capital increases without pre-emptive subscription rights performed under resolutions 12, 13, 14, 15, and 16, namely, six million five hundred thousand (6,500,000) euros, nor (b) the overall ceiling of thirteen million five hundred thousand euros (13,500,000) provided for by resolution 11, to which must be added, if applicable, the additional nominal amount of shares issued, as required by law, to guarantee the rights of bearers of marketable securities giving the right to shares; (ii) the nominal value of marketable securities representing borrowings giving access to capital which may be issued by virtue of this delegation of power in accordance with Articles L. 228-91 and L. 228-92 of the Commercial Code is limited to seventy five (75) million euros or its equivalent in foreign currency. Term of the delegation: twenty-six months as of the date of the aforementioned meeting.	This authorisation has not been used.

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

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

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

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

Authorisation granted	Use
IX - Authorisation granted to the Board of Directors to award free shares up to a percentage of 1% of share capital. On 18 May 2011, the Extraordinary General Meeting of shareholders, in its 19th resolution, authorised the Board of Directors, to the benefit of certain directors and / or employees of the Company or its subsidiaries, of its choice, provided that the legal conditions f or the award are met, to allocate bonus shares existing or to be issued up to a limit of 1% of shareholders' capital of the Company as recorded at the end of the aforesaid Meeting. Term of the delegation: thirty-eight months as from the above Meeting.	At its meeting of 8 December 2011, the Board decided to allocate the following bonus shares: • to Mr. Mark Inch 7,000 shares, • to Mr. Robert Waterland 7,000 shares, • to Mr. Jérôme Descamps 2,000 shares, • to Mr. Frédéric Maman 2,000 shares, • to employees of the Tour Eiffel Asset Management company, 2,000 shares. In the case of corporate officers and directors, the definitive attribution of shares would be conditional to reaching two≈non-cumulative performance conditions after a period of two years.