FINANCIAL REPORT 2012

SOCIETE
DE LA
TOUR EIFFEL

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MESSAGE FROM THE CFO

2012 represents an important step in the development of Société de la Tour Eiffel. With the repayment of €490 million of bank debt through the disposal of assets and advance refinancing of its main mortgage financing lines for a total cost of debt of less than 4% and an average maturity postponed for more than 5 years, the company is well positioned to resume growth. It is based on a new strategy, developed by the new Chief Executive Officer, Renaud Haberkorn, and consists in refocusing the property portfolio and the investments of the company on Paris and the Paris region, where the group has had many achievements over the last 10 years.

Our overall expertise has resulted in excellent operational performance, with an EPRA occupancy rate among our highest ever at 91.6% and rents that have increased by 4.5% on a like-for-like basis. As a consequence of the efficient management of our rental portfolio, our current cash flow and EPRA recurring net income, key performance indicators for a property company have increased by more than 5% over the year to €35.7 million and €34 million respectively, despite asset disposals in 2012 (€70 million) and in 2011 (€40 million).

The NAV has however declined from 69.2 euros to 62.2 euros per share over the year, mainly due to the fall of certain property values relating to our non-core portfolio. The divestments involving such properties, however, were satisfactorily completed, thanks to a considerable amount of asset management work upstream.

2013 will therefore see the acceleration of our policy of refocusing on offices in the outskirts of Paris, a major source of creating value. This strategy is also designed to continue to decrease our LTV ratio, which was reduced to 55.9% at 31 December 2012, to be in line with market expectations. Société de la Tour Eiffel really is well positioned to resume growth.

Jérôme Descamps, Deputy Managing Director (Finance)

MANAGEMENT REPORT

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1 – BUSINESS AND HIGHLIGHTS

Marked by on-going uncertainty, the macroeconomic situation further deteriorated in 2012, in particular due to the Eurozone crisis and the growing nervousness of certain sovereign debt ratings, the election period, the continuous increase in unemployment and a near stagnation of GDP.

Against this background, interest rates reached historically low levels and the real estate market fared relatively well; the office rental market showed some resistance and the investment market saw an upswing influenced by some sizeable transactions in which sovereign funds dominated.

1.1 – GROUP REAL ESTATE HIGHLIGHTS

The commercial real estate market, despite the bleak macroeconomic conditions, continued to perform, and **Société de la Tour Eiffel was able to benefit from this and produce good operating results**. Sustained leasing activity was once again recorded in 2012 on the property portfolio which, being modern, with low rents, high occupancy rates, solid cash flow and liquid properties of reasonable size, confirming that it is tailored to rental demand.

a) Investment policy

The Group focused its investment activities in 2012 on the development and expansion needs of its tenants, and continued the construction of developments in hand. Delivery of the LEB building of 2,200 sq.m in the Parc du Moulin à Vent in Lyon Vénissieux, the construction of which was launched in early 2011, took place in January 2012. As for the Montrouge project, also initiated in 2011, overall construction progress on the 5,000 square meters office building (with an underground car park) stood at 87% at 31 December 2012. The delivery of this building is scheduled for the second quarter of 2013.

b) Valuation of group land reserves

Redevelopment of the Massy Ampère site

For several years, the land reserves in Massy-Ampère integrated development zone (ZAC) have been the subject of reconversion and development, in conjunction with the concerted urban redevelopment promoted by the Massy local authority.

These reserves represent a development potential of 70,000 sq. m on which the Group has been planning for several years to construct a turnkey building once prelet. The Local Architecture Network firm of architects (architect: Umberto Napolitano) has been invited to design the next phase comprising an office complex divisible into two independent blocks each with approximately 17,500 sq. m, accommodating a total of 2,400 people, compliant with 2012 thermal regulations, HQE 2012 certification, and a BREEAM Very Good energy performance certificate.

The Group intends to submit for the requisite planning permission in 2013; the construction, however, will only be launched after pre-letting.

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 and Nantes.
The LEB building with 2,200 sq. m in the Parc du Moulin à Vent in Vénissieux, accompanied with a 9-year firm lease, was delivered on 26 January 2012. The building has an energy efficiency of over 50%, higher than that of the RT 2005, thus prefiguring the performance of the 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.

d) Non-business park development

The group has extended the feasibility studies of its land reserves (excluding business parks) and/or redevelopment of its properties, taking into account the needs of occupants, in particular in Massy Ampère (see "b Valuation of group land reserves - Redevelopment of the Massy Ampère site" above).

e) Change in value of property assets

61% of the Group's property assets, valued at €915 million in the consolidated accounts dated 31 December 2012 compared with €999 million at year-end 2011, **are either new or less than 10 years old, and almost 20% 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 2012, and works expenditures on the existing portfolio (€17 million);
- On the downside, of disposals made in 2012 (€71 million) and the adjustment of portfolio values on a like-for-like basis (-€30 million).

f) Business activity

The company maintained a sustained level of leasing activity in 2012 in terms of both new lettings and lease renewals on its existing portfolio, representing more than €5.8 million in annual rent for a total floor area of nearly 56,500 sq. m.

As a result of this consolidation of the rental portfolio, the overall tenancy situation at 31 December 2012 further improved. Nearly 70% of total rental income is secured by fifteen major tenants, whose average lease term extends to the second quarter of 2016. The balance of rental income is from multi-tenant properties (350 leases), which enjoy a geographic spread, and competitive moderate rents.

Given this highly satisfactory operational performance in 2012, the EPRA financial occupancy rate at 31 December 2012 stood at 91.6% against 91.3% at 31 December 2011.

g) Divestment policy

As part of the group's active management of the portfolio, and in line with the strategy to refocus on recent office buildings with moderate rents in the Paris region, Société de la Tour Eiffel divested properties worth some €70 million in 2012.

These disposals also helped consolidate the group's financial structure:

- On 5 April, a complex consisting of a mixed office/light industrial buildings located in Bezons,
- On 12 April, Building A, located in the Parc Cadéra Sud in Merignac,
- On 11 June, three nursing homes, located in La Crau, Cogolin and Bourg-en-Bresse, sold to a real estate collective investment scheme (OPCI) specialising in the health sector,
- On 12 June, two office buildings located in Nantes, in the Parc de la Rivière,
- On 12 July and 19 September, two buildings (F and J) located in the Parc des Tanneries in Strasbourg,
- On 27 July, the last nursing home owned by the Group, located in Lyon,
- On 16 October, the minority share of the group in the Parc d'affaires de Chatenay Malabry,
- On 4 December 2012, one of the NXP campus buildings in Caen Colombelles.

The total sales proceeds of these assets, including an additional €1.6 million relative to a residential site at Massy sold in 2009, is broadly in line with recent independent appraisal values.

The €42.6 million of properties scheduled to be sold, appearing in the financial statements at 31 December 2012 represent the properties in Amiens and at 12 rue Paul Langevin in Herblay (Val d'Oise), building E of the Parc des Tanneries in Strasbourg, buildings C, E, F, G, H and I of the Parc Cadera Sud in Merignac, two properties in the La Poste portfolio (Orléans and Vitrolles), the Parc de l'Espace in Le Bourget (93) and the complex in Ludres (54), all of which are under contract to sell.

Taking theses disposals into account, the value of the portfolio of commitments at 31 December 2012 stood at €917.4 million, comprising investment property recorded in the consolidated accounts at 31 December 2011 (€872.8 million, including buildings under construction at cost to date); the additional fair value of the cost to completion of developments (€2 million); and assets earmarked for disposal (€42.6 million).

1.2 – HIGHLIGHTS IN COMPANY AND GROUP FINANCING

The Group completed its ambitious programme to restructure and spread out its bank financing maturity dates launched in early 2012. It has refinanced its two main lines of credit in advance and under satisfactory conditions, which confirms the relevance of its business model and the quality of its assets.

In total, the Group repaid €490 million of debt during fiscal 2012, thanks to the disposals of assets and new mortgage financings. After setting up these refinancing lines, the Group posted a particularly competitive total cost of debt (less than 4% per year) and an average life of 5.3 years. All the significant maturities have thus been extended to 2017.

The company is also actively pursuing further discussions to strengthen its financial structure, and intends to continue its policy of debt reduction in order to take full advantage of future growth opportunities.

New financing:

The two main lines of credit of the Group were repaid and refinanced in advance in 2012 (€116.9 million and €287 million).

New competitive mortgage financing (€116.9 million) agreed in June with the German bank SAAR LB was established on the basis of redeemable loans granted to eight subsidiaries for a period of seven years. Its total cost is less than that of the previous reimbursed debt and its LTV ratio of 52% reflects the target for debt reduction announced by the group. These loans are secured against eight properties (five in the Paris region, the other three in Caen, Sochaux and Grenoble) all of which are recent or renovated with a total floor area of 116,000 sq. m, fully leased primarily to companies listed in the CAC 40 and to a local authority.

A second mortgage financing (€287 million) for a period of five years was granted in November by a syndicate of banks led by pbb Deutsche Pfandbriefbank, together with Crédit Foncier de France, Société Générale and Crédit Agricole Corporate and Investment Bank. Its overall cost stood around 3.9% per year after factoring in new interest rate hedging instruments. This transaction, with leading financial partners on a competitive basis, concluded the programme to restructure and spread out its bank financing maturity dates launched at the beginning of the year.

In addition to setting up these two refinancing lines, in June Société de la Tour Eiffel repaid in advance the corporate credit line maturing on 30 September 2012. This refinancing was achieved through:

- Firstly, a new mortgage loan of €8 million divided into two tranches, one redeemable for €5.2 million over 15 years, the other repayable in fine for €2.8 m over 10 years.
- And secondly, by an equity contribution of €3.4 million.

After taking into account hedging instruments, the overall cost of the new mortgage finance is lower than previously.

Hedging arrangements:

During fiscal 2012, various interest rate hedging contracts were entered into, for the refinancing in particular:

- As part of the aforementioned refinancing of €116.9 million with a German bank, eight SWAP contracts and one CAP contract were concluded on 26 June 2012, thus limiting the overall cost of the new debt to a level lower than that of the previous debt.
- The aforementioned mortgage of €8 million on 29 June 2012 included a SWAP contract. After taking into account hedging instruments, the overall cost of the new mortgage is lower than the previous one.
- As part of the aforementioned refinancing of €287 million on 14 November 2012, a SWAP contract was entered into. Two other SWAPs and one CAP will take effect on 28 June 2013, replacing the current contracts expiring on that date. The overall cost of the debt stands around 3.9% per year after factoring in these new interest rate hedging instruments.

In addition, in 2012, a new SWAP was entered into as part of the financing of the Montrouge project, with one SWAP being extended to 2017, and another SWAP being restructured.

1.3 – OTHER HIGHLIGHTS

a) Stock options

Plan No. 5 of the stock options granted by the Board of Directors on 29 March 2007 expired on 29 March 2012 (without being exercised).

The Extraordinary General Meeting of 24 May 2012, in its sixteenth resolution, delegated to the Board the authority to grant options to subscribe for or purchase shares to certain corporate officers and/or employees of the Company or its subsidiaries, within the limit of 2% of the capital.

Making use of this delegation of authority, the Board of Directors granted to certain corporate officers:

- On 4 September, 85,000 options to subscribe for shares,
- And on 11 October 2012, 14,862 options to subscribe for shares.

The performance criteria, which allow the options to be exercised, are as follows:

- Qualitative criteria: 2/3 of the share options may be exercised provided that:
  - The Company's equity capital first be reinforced and that banking debt (notably expiring in 2013) be refinanced under conditions that are favourable to the Company;
  - The management team present a strategic plan for the Company following the refinancing.
- Quantitative criteria: 1/3 of the shares would be definitively allocated on the condition that the increase in the consolidated operating cash flow on a like-for-like basis, adjusted for capital gains or losses on disposals during the last financial year, is at least 5% higher than the average of the cash flow for the three previous financial years on the date of strike.

Recipients are also subject to an obligation to purchase shares in order to receive all of the options to which they would be entitled.

The total stock options exercisable at 31 December 2012 now amount to 156 487, i.e. 2.56 % of capital (1% at 31 December 2011).

b) Bonus shares

During 2012, on three occasions the Board used the authorisation granted to it by the Extraordinary General Meeting of 18 May 2011, in its nineteenth resolution, in order to allocate bonus shares to certain corporate officers and/or employees of the Company or its subsidiaries, within the limit of 1% of the capital: on 4 September (30,000 shares), 11 October (1,900 shares) and December 5 (2,100 shares).

The bonus shares allocated to employees of the Tour Eiffel Asset Management subsidiary are not subject to performance criteria.

In the case of corporate officers and directors, the definitive attribution of shares is conditional to satisfying the following two performance criteria after a period of two years:

- Qualitative criteria: 1/3 of the shares will be definitively granted provided that:
  - The Company's equity capital first be reinforced and that banking debt (notably expiring in 2013) be refinanced under conditions that are favourable to the Company;
  - The management team present a strategic plan for the Company following the refinancing.
- Quantitative criteria: 1/3 of the shares would be definitively allocated on the condition that the increase in the consolidated operating cash flow on a like-for-like basis, adjusted for capital gains or losses on disposals during the last financial year, is at least 5% higher than the average of the cash flow for the three previous financial years.

Corporate officers and senior executives who are recipients are also subject to an obligation to purchase shares in order to receive all the shares to which they would be entitled.

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 24 May 2012 moved to distribute a final dividend of 2.1 euros per share, shareholders having the choice between payment in cash or in shares.

On 4 September 2012, 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 2012, shareholders again having the choice between payment in cash or in shares.

d) Capital increase

The share capital was increased twice during 2012, after the partial scrip issues:

- The 2011 dividend decided by the Annual General Meeting of 24 May 2012
- The interim 2012 dividend as approved by the Board of Directors on 4 September 2012.As a result, the share capital was initially increased on 21 June 2012 by €917,080 (or 183,416 shares of €5), thus increasing from €28,681,360 divided into 5,736,272 shares of €5 to €29,598,440 divided into 5,919,688 shares of €5, and secondly on 3 October 2012 by €954,615 (190,923 shares) of €5, thus increasing from €29,598,440 divided into 5,919,688 shares of €5 to €30,553,055 divided into 6,110,611 shares of €5.

e) Share buyback programme - liquidity contract

The Board of Directors, by reason of the authority granted it by the General Shareholders' Meeting of 24 May 2012, in its fifteenth resolution, moved on 21 June 2012 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 to the same of affiliated companies, under the terms and conditions allowed for by law, especially as regards stock option plans, free attribution of existing shares, and corporate or inter-company savings plans (Fr. plan d'épargne d'entreprise/interentreprises);
- Hold and subsequently remit shares as payment or exchange as part of external growth, merger, demerger or contribution operations within the limit of 5% of the capital;
- Acquire and hold shares for financial and asset management purposes.

The maximum purchase price is set at €85 per share. The maximum number of shares for which buyback is authorised is equivalent to 10% of the capital of Société de la Tour Eiffel. This authorisation may not be used during a period of takeover bid or swap.
At 31 December 2012, Société de la Tour Eiffel held 92,594 treasury shares acquired through the share buyback programme and 2,003 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 2012 financial period.

f) Governance

The directorships of Messrs. Renaud Haberkorn and Aimery Langlois-Meurinne being due to expire were renewed for three years by the General Shareholders' Meeting of 24 May 2012, during which Frédéric Maman was also appointed as a director .
The executive succession plan set up in 2011 by the Board of Directors entered into effect on 1 September 2012. The roles of Chairman and Managing Director were separated. Mr Mark Inch, while retaining his position as Chairman of the Board of Directors, has resigned from his position as Managing Director and was replaced in that position by Mr Renaud Haberkorn. Mr Robert Waterland has resigned from his position as Deputy Managing Director and remains a Board Member and Chairman of the Investment Committee (committee related to the executive management). Mr Frédéric Maman has been appointed Deputy Managing Director.
In addition, Mr Jérôme Descamps resigned as Deputy Managing Director and Board Member in December 2012.

g) Internal reorganisation

The following companies, which no longer held assets, were wound up during the 2012 financial year:

- SCI Paris Charonne,
- SCI Marceau Bezons,
- SCI La Rivière Giraudière,
- SCI Botardière,
- SCI de la Crau,
- SCI Cogolin Gaou.

h) Tax audits

The tax audit of Société de la Tour Eiffel, which began in 2011, was completed during fiscal 2012. Another tax audit was conducted in 2012 on the Locafimo Company. The reassessments by the tax authorities are not significant.

i) Strategic plan

On 5 December 2012, the Board of Directors approved the strategic plan proposed by senior management aimed at projecting Société de la Tour Eiffel as the benchmark listed company for investment in Paris offices.
The strategy is based on the shift towards a targeted real estate portfolio consisting of modern, efficient office buildings that are sustainable development-certified or qualify for certification at moderate rents in the Paris region. Greater emphasis will be placed upon value creation by the teams' real estate expertise together with the adoption of a measured risk profile.
This should result in a debt level of some 45%, a target that the Company is expected to reach by year-end 2014. The medium-term outlooks assume renewed investment in 2014 to restore the company's asset base to a size similar to that of today and more if market conditions allow.

j) Société de la Tour Eiffel foundation

On 6 January 2012 Société de la Tour Eiffel decided upon an extension the Société de la Tour Eiffel Foundation for five years with a new multiannual budget of €150,000.

2 – ECONOMIC AND FINANCIAL RESULTS

2.1 – CORPORATE 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 2012 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 2011.

At financial year end, the scope of consolidation included 18 companies, on a global consolidation basis, against 24 as at 31 December 2011, further to the dissolution and tabsorption of the assets and liabilities of the following companies:

- SCI Paris Charonne, to SAS Locafimo as of 30 June 2012;
- SCI Marceau Bezons, to Société de la Tour Eiffel as of 29 October 2012;
- SCI La Rivière Giraudière, to SAS Locafimo as of 29 October 2012;
- SCI Botardière, to SAS Locafimo as of 30 November 2012;
- SCI de la Crau, to SAS Locafimo as of 30 November 2012;
- SCI Cogolin Gaou, to SAS Locafimo as of 30 November 2012.

2.1.2 – ANALYSIS OF CONSOLIDATED RESULTS

a) Consolidated income statement

The consolidated turnover of Société de la Tour Eiffel, consisting of rents and service charges on investment properties amounted to €82.4 million in 2012, compared with €82.3 million in 2011, including respectively €69.5 and 69.4 million in rents, demonstrating the stability despite the disposal of nearly €110 million of real estate over the 2011/2012 period.

The change in rental income is due to disposals of property recorded in the period (-€3 million in rent), offset by net re-lettings (+€0.6 million), the indexation of existing rents (+€2.4 million) and the handover of one building (+€0.1 million).

On a like-for-like basis, rental income rose by 4.5%.

Other income, namely service charges reinvoiced to tenants, remained stable between 2011 and 2012 (€12.9 million).

Operating expenses, which amounted to €30.1m at year-end 2012 against €28.1m in 2011, increased during the year (+7.1%). They mainly consist of the following:

- Net rental charges (€10.9 million against €11.1 million at year-end 2011);
- Taxes and property taxes (€9.5 million against €9.3 million at year-end 2011);
- Staff expenses (€5.8 million against €4 million at year-end 2011), including €1.3 K in 2012 of charges related to the allocation of bonus shares;
- Overheads and operating costs of the Société de la Tour Eiffel Group.

The net balance of adjustments in value (-€30m) corresponds to the change in fair value of properties in 2012, together with the cost of capital expenditure ("Capex") undertaken during the year (€17.3m).

Given the result of asset disposals (€1.2 million) and other operating income and expenses (€1.2m), operating income amounted to €22.7 million in 2012 against €51.8 million in 2011.

The reduction in financial charges during the period of -€22.4 million to - €28.8 million, is mainly due to:

- The significant decrease in other net financial income and expenses (-€8.6 million at the end of 2012 against €0.3 million at year-end 2011), mainly resulting from a loss in value of hedging instruments in a context of declining interest rates (-€8.3 million);
- The decrease in cost of the gross financial debt of 13.3% (from €22.8 million to €19.8 million), resulting from the combined effect of the decrease in loans outstanding, and lower interest rates;

Given these factors, consolidated net income (Group share) posted a loss of €6.1 million at 31 December 2012 against a profit of €29.4 million at 31 December 2011.

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 from disposals, as well as non-operating and/or non-recurring income and expenses.

In € m	EPRA recurring net income 31/12/2012	Non-recurring income 31/12/2012	Net profit (loss) 31/12/2012	EPRA recurring net income 31/12/2011	Non-recurring income 31/12/2011	Net profit (loss) 31/12/2011
Gross rental income	69.5		69.5	69.4		69.4
Property expenses	-10.7	-0.4	-11.1	-10.3		-10.3
Net rental income	**58.8**	**-0.4**	**58.4**	**59.1**	**0.0**	**59.1**
Operating expenses	-5.1	-1.0	-6.1	-4.9		-4.9
Current operating profit	**53.7**	**-1.4**	**52.3**	**54.2**	**0.0**	**54.2**
Income from disposals		-1.2	-1.2		1.5	1.5
Change in fair value of properties		-30.0	-30.0		-3.1	-3.1
Other operating income and expenses	0.2	1.4	1.6	-0.8		-0.8
Net operating profit	**53.9**	**-31.2**	**22.7**	**53.4**	**-1.6**	**51.8**
Net cost of debt	-19.7		-19.7	-22.6		-22.6
Other financial income and charges		-8.6	-8.6		0.3	0.3
Net financial income	**-19.7**	**-8.6**	**-28.3**	**-22.6**	**0.3**	**-22.3**
Net income before tax	**34.2**	**-39.8**	**-5.6**	**30.8**	**-1.3**	**29.5**
Tax	-0.2	-0.3	-0.5	-0.1		-0.1
Net profit	**34.0**	**-40.1**	**-6.1**	**30.7**	**-1.3**	**29.4**
Minority interests	0.0		0.0	0.0		0.0
Net profit (loss) (Group share)	**34.0**	**-40.1**	**-6.1**	**30.7**	**-1.3**	**29.4**
Net income (Group share) per share(*)	**5.6**	**-6.6**	**-1.0**	**5.3**	**-0.2**	**5.1**

(*) Number of shares: 6,110,611 as at 31/12/2012 against 5,736,272 as at 31/12/2011.

After adjusting for the valuation of assets and liabilities as well as the divestment of assets and non-recurring items, operating income on recurring activities stood at €53.7 m for 2012 and EPRA recurring net profit at €34 m, compared with €54.2 m and €30.7 m respectively in 2011.

b) Consolidated financial statements

At 31 December 2012, the balance sheet total stood at €954.7 million against €1,043.3 million at 31 December 2011. The main changes are summarised below:

• **On the assets side:**

-The net decrease in the amount of €83.8 m of investment properties and assets selected for disposal (from €999.2 m to €915.4 m) is mainly due to the substraction of €71 million in the value for divested assets, a negative change of €30 million in fair value of property, partially offset by €11.8 million of investment expenditure made on the Montrouge development, and €5.5 million of work and investments on existing assets:

Fair value of portfolio at 31/12/2011	999.2
investment property	990.3
assets earmarked for disposal	8.9
Acquisitions and expenditures subsequent to acquisition[1]	17.3
Divestments[2]	-71.0
Abandoned projects	-0.1
Fair value effect (profit and loss)	-30
Fair value of portfolio at 31/12/2012	915.4
investment property	872.8
assets selected for disposal	42.6

(1) *Including €11.8 million in construction of the office building in Montrouge including €5.5 million of CAPital EXpenditure (mainly €3 million on Locafimo).*

(2) *4 nursing homes (€44.4 m), Nantes (€8 million), Marceau Bezons (€3.7 million), Chatenay (€9.5 m) "Shared Building" in Caen Colombelles (€3.4 million) buildings F and J of the Parc des tanneries in Strasbourg (€1.6 million), Building A of the parc Cadéra in Merignac (€0.4 million).*

- The net decrease in cash of €13.2 million.

• **On the liabilities side:**

- The decrease in equity of €16.5 million is mainly due to:
  - o The increase in share capital of Société de la Tour Eiffel of €1.9 million resulting from the partial exercise of the option for payment of the final dividend for 2011 and the interim dividend for 2012 by scrip issue;
  - o The increase in the issue premium of Société de la Tour Eiffel of €10.9 million for the same reasons;
  - o The increase of €6 million in consolidated reserves (appropriation of net consolidated income in 2011 amounting to €29.3 million less dividends paid in 2012 for €24.1 million);
  - o The decrease in income for the financial period from a profit of €29.4 million to a loss of €6.1 million.
- The net reduction in bank debt (-€78 million), or 13.2%;
- The increase in other operating liabilities (€68 million at year-end 2012 against €61.9 million at year-end 2011) mainly consisting of the negative fair value of hedging instruments (-€20.3 m at year-end 2012 against -€12.3 million at year-end 2011), rental deposits received from tenants (a slight decrease), tax and social security related debts (€9.1 million at the end of 2012 against €8.2 million at the end of 2011), as well as of deferred revenue from rents invoiced for the first quarter of 2013 and received before 31 December 2012.

c) Cash flow statement

A distinction must be made between three categories of flow in the definition of the Group's cash flow statement:

- Cash flow from operations: its overall drop from €56.6 million to €50.1 million at year-end 2012 is mainly due to increased expenses related to real estate (property tax, sales fees, etc.), the increase in "corporate" charges (salaries and bonus share plans, bank fees, etc.)
- Cash flow linked to investment transactions: the change between 2011 and 2012 (€21.9 m) from €24.8 m to €46.7 m is mainly due to the increase in the disposals of buildings (€66.7 million in 2012 against €38.9 million in 2011), partially offset by increased investment (construction of the Montrouge building and upgrading work ("Capex") on Group property during the year (€3.7 m);
- Cash outflow linked to financing transactions: these flows totalled -€110 million in 2012 against -€74.2 million in 2011, mainly due to net repayments of loans made during the year for a net balance of €78.7 million in 2012 against €36 million in 2011, as well as dividends paid in cash, down €4.5 million, and net interest paid down by €2.7 million.

As a result, the Group's total net cash dropped from €16.4 million at 1 January, to €3.1 million at 31 December 2012, representing a decrease of -€13.2 m for the year.

d) Cash flow courant

In € m	31/12/2012	31/12/2011	Change
Gross rental income	69.5	69.4	0.0%
Property expenses	-10.7	-10.3	-1.6%
Overheads	-5.1	-4.8	17.8%
Net financial interest paid	-18.0	-21.3	-15.3%
Current cash flow	**35.7**	**33.0**	**8.2 %**

Per share in €			
Current cash flow after dilution(*)	5.8	5.8	0%
Current cash flow before dilution(*)	6.2		8.2%

(*) Dilution further to the capital increases as a result of the distribution of the remaining dividend for 2011 and the interim dividend for 2012 (creation of 374,339 new shares).

Current cash flow amounted to €35.7 million at year-end 2012 against €33 million at year-end 2011, an increase of 8.2% under the combined effect of increased overheads and reduced financing cost.

2.2 – FINANCIAL RESOURCES

2.2.1 – LIQUID ASSETS

During fiscal 2012, the Group continued to restructure its debt and adjust its outstanding loans with:

- Reimbursement through new mortgage financing of €116.9 million from the German bank SAAR LB, of all of one of the Group's main credit lines, one year before maturity;
- The early repayment of the corporate credit line set up in March 2010 and maturing on 30 September 2012. This refinancing was achieved through:
    - Firstly, the establishment of a mortgage of €8 million divided into two tranches, one depreciable for €5.2 million over 15 years, the other repayable in full for €2.8 million upon its 10 year maturity date
    - And secondly, €3.4 million out of the company's cash.
- The refinancing in advance of its main line of credit. A renewed, 5-year mortgage financing for €287 million was granted by a syndicate of banks led by pbb Deutsche Pfandbriefbank ("pbb"), together with Crédit Foncier de France, Société Générale and Crédit Agricole Corporate and Investment Bank.

This transaction, with leading financial partners and under excellent conditions, concluded the programme to restructure and spread out its bank financing maturity dates launched at the beginning of the year. In total, the Group repaid €490 million of debt during fiscal 2012, thanks to the disposal of assets and the establishment of new mortgages. After this refinancing, the Group posted a particularly competitive total cost of debt (less than 4% per year) and an average term of 5.3 years.

As at 31 December 2012, the Group's debt under IFRS stood at €514.6 million. The Group also has €5 million of undrawn credit lines, corresponding to the €15 million loan contracted on 30 June 2011, to finance the Montrouge development project.

Consequently, the Group is capable of meeting its financial commitments and disbursements in the course of its business for the next 12 months.

2.2.2 – STRUCTURE OF DEBT AT 31 DECEMBER2012

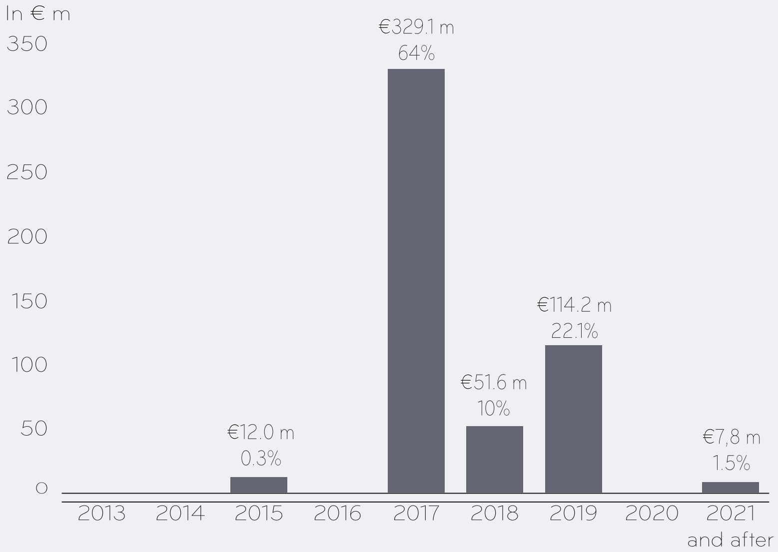
Gross bank debt amounted to €514.6 million at 31 December 2012 against €591.6 million at 31 December 2011. The amount of net bank debt, obtained by deducting from gross bank debt the Group's cash investments and cash from its various subsidiaries, amounted to €511.5 million at the end of 2012 against €575.3 million at year-end 2011.

In € m	31/12/2012	31/12/2011
Gross bank debt	591.6	514.6
Cash deposited	-0.0	-8.9
Cash and cash equivalents	-3.1	-7.4
Net financial debt	**511.5**	**575.3**

Thus, the level of indebtedness of the Group as at 31 December 2012 represents 55.9% of assets, the value of which is €915.4 million, against 57.6% at 31 December 2011.

Debt maturity

Bank financing under IFRS of the Société de la Tour Eiffel Group at 31 December 2012 of €514.6 million is shown by maturity date, in the graph below:



Following the refinancing concluded in 2012, the average term of Group debt was 5.3 years at 31 December 2012, to be compared with 2.2 years at year-end 2011.

Average cost of debt

The average cost of funding for the Group was 3.2% in 2012, compared with 3.5% in 2011.
This decrease in the average cost of debt is due to the combined effect of a decline in interest rates and the refinancing lines set up in 2012, together with the more favourable overall costs (interest rates + margin + interest rate hedging instrument).

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.

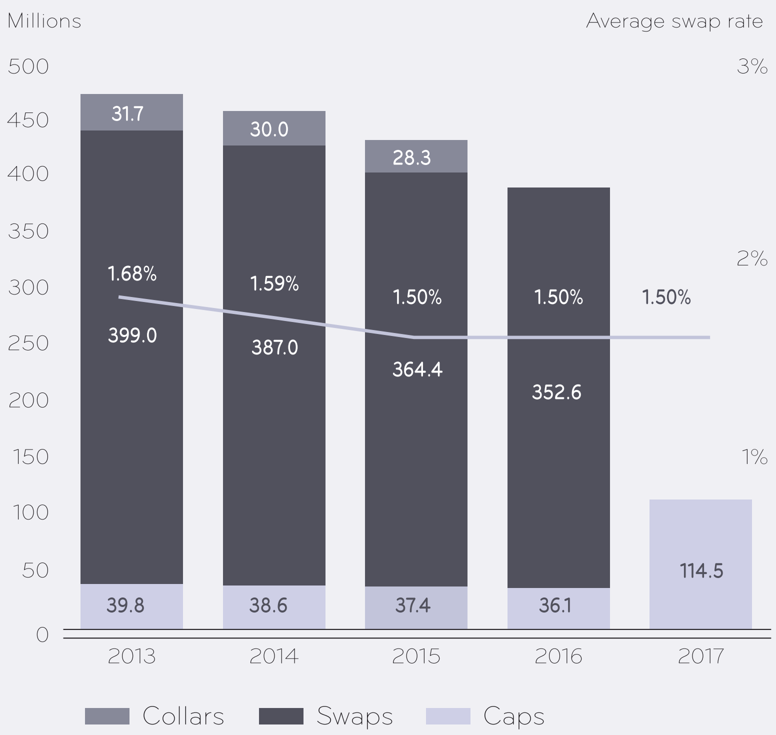
Taking out derivatives to limit the interest rate risks exposes the Company to the possible failure of a counterparty. To limit the counterparty risk, Société de la Tour Eiffel carries out hedging operations only with first-rate financial institutions.

To optimise management of the interest rate risk and given the level of interest rates and the refinancing lines set up, the Group took out or restructured new contracts for hedging instruments worth a notional amount of €429.5 million. Their characteristics are summarised in the table below:

Type of contract	Company	Notional (in millions of euros)	Starting date	Maturity date	Rate
SWAP	Société de la Tour Eiffel	8	28/09/2012	29/09/2017	1.5%(**)
SWAP	SCI Arman F02	39.6	28/06/2012	28/06/2017	2.46%(**)
SWAP	SCI Montrouge Arnoux	13.3	28/06/2013	30/06/2018	1.91%
SWAP + CAP	8 SCI(*) refinanced in June 2012	116.9	26/06/2012	26/06/2019	2.15%(***)
SWAP	SAS Locafimo	22	14/11/2012	13/11/2017	0.75%
SWAP	SAS Locafimo	189.4	28/06/2013	13/11/2017	0.94%
CAP	SAS Locafimo	40.3	28/06/2013	13/11/2017	2%
TOTAL		**429.5**			

(*) SCI Berges de l'Ourcq, SCI Comète, SCI Champigny Carnot, SCI 153 av Jean Jaurès, SCI Caen Colombelles, SCI Etupes de l'Allan, SCI Grenoble Pont d'Oxford, SCI Rueil National.
(**) Rate including the restructuring of the previous SWAP.
(***) Rates include the restructuring of the previous SWAP covering the same scope.

FORECAST HEDGING FOR THE NEXT FIVE YEARS (€ M)



Evaluation of interest rate risk

At 31 December 2012, the Group's consolidated gross indebtedness to banks totalled €514.6 million; since the rates are variable, it is hedged for an amount of €508.1 million, representing a hedging rate of approximately 99%.

Debt covered by fixed rate swaps amounted to €311.4 million or 61.3%, whereas, the debt covered by CAP instruments amounted €196.8 million, i.e. 38.7% of the hedged debt.

On the basis of the debt recorded at 31 December 2012, an average 100 basis point increase in 3-month Euribor rates over 2013 would have an estimated negative impact of €1 m on net recurring income. Conversely, a drop in the interest rates down to a 0% 3-month Euribor would reduce the finance cost by an estimated Đ0.2 m, resulting in an equivalent positive impact on the recurring net income for 2013.

2.2.4 – FINANCIAL STRUCTURE RATIOS

Indebtedness ratios	2012	2011	2010
Consolidated equity (€ m)	370.7	387.2	373.4
Net financial debt (€ m)	511.5	575.2	617.4
Net financial debt/Consolidated equity	138%	149%	165%
Net banking debt/Total property assets (Loan to Value)	55.9%	57.6%	60.4%

Financing ratios	2012	2011	2010
Average cost of debt	3.2%	3.5%	3.5%
Fixed or capped rate borrowings	99%	93%	99%
Debt maturity	5.3 years	2.2 years	2.6 years
Hedging of financing costs by GOP(*)	2.7	2.4	2.2

(*) 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 2012 per bank.

It compares the latest ratios, LTV and ICR provided to banks during the year with those that the Group has committed to respect under the main financing contracts involved.

A table describing the bank covenants for each line of financing is detailed in Section 4.3.

Risks on treasury shares

As part of the share buyback programme authorised by the General Shareholders' Meeting of 24 May 2012, 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 2012 financial year, i.e. 94,597 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.

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 area (s. qm)	Held Share	Acquisition Date	Valuer	Valuation baiss	Report	Completion date
Saint-Cloud	Paris/IDF	4,104	100%	2008	BNP Paribas Real Estate	Desktop valuation	detailed	
Le Plessis Robinson	Paris/IDF	16,597	100%	2004	Cushman & Wakefield	Full revaluation	detailed	
Massy	Paris/IDF	16,339	100%	2004	BNP Paribas Real Estate	Desktop valuation	detailed	2009
Massy Ampère	Paris/IDF		100%	2004	BNP Paribas Real Estate	Desktop valuation	detailed	
Paris Porte des Lilas	Paris/IDF	12,341	100%	2006	BNP Paribas Real Estate	Desktop valuation	detailed	2008
Asnières Quai Dervaux	Paris/IDF	10,391	100%	2005	BNP Paribas Real Estate	Desktop valuation	detailed	
Montigny-le-Bretonneux	Paris/IDF	7,586	100%	2005	BNP Paribas Real Estate	Full revaluation	detailed	
Bobigny	Paris/IDF	6,405	100%	2004	Cushman & Wakefield	Full revaluation	detailed	
Caen-Colombelles	Regions	15,782	100%	2005	Cushman & Wakefield	Full revaluation	detailed	2008
Vélizy Energy II	Paris/IDF	5,444	100%	2006	BNP Paribas Real Estate	Desktop valuation	detailed	2008
Grenoble - Polytech	Regions	5,133	100%	2006	Cushman & Wakefield	Desktop valuation	detailed	2007
Vélizy - Topaz	Paris/IDF	14,106	100%	2006	BNP Paribas Real Estate	Desktop valuation	detailed	2010
Champigny Carnot	Paris/IDF	14,153	100%	2005	Savills	Full revaluation	detailed	
Rueil - City Zen	Paris/IDF	6,829	100%	2006	Cushman & Wakefield	Desktop valuation	detailed	2007
Herblay Langevin 12	Paris/IDF	4,778	100%	2005	Savills	Desktop valuation	detailed	
Roissy Fret*	Paris/IDF	454	50%	2005	Savills	Desktop valuation	detailed	
Orléans Université	Regions	6,470	100%	2004	Savills	Desktop valuation	detailed	
Nancy Lobau	Regions	2,187	100%	2004	Savills	Desktop valuation	detailed	
Montrouge Arnoux (VEFA)	Paris/IDF	5,200	100%	construction in hand	Savills	Desktop valuation	detailed	
Sub total Offices		**154,299**				**% of desktop valuation**		**71.2%**
						% of full revaluations		**28.8%**

Value excl transfer rights in €m	495.8
Value incl transfer rights in €m	512.8

** Compagny share of property.*

Business parks	Location	Total floor area (s. qm)	Held Share	Acquisition Date	Valuer	Valuation baiss	Report	Completion date
Orsay -Parc de l'Université	Paris/IDF	17,211	100%	2005/2007	BNP Paribas Real Estate	Desktop valuation	detailed	
Le Bourget -Parc de l'Espace	Paris/IDF	9,692	100%	2007	Savills	Desktop valuation	detailed	2008
Strasbourg -Parc des Tanneries	Regions	35,259	100%	2005	BNP Paribas Real Estate	Desktop valuation	detailed	
Lyon - Parc du Moulin à Vent	Regions	36,041	100%	2005	BNP Paribas Real Estate	Desktop valuation	detailed	
Lille - Parc des Prés	Regions	24,740	100%	2005/2007	BNP Paribas Real Estate	Desktop valuation	detailed	
Montpellier - Parc du Millénaire	Regions	23,597	100%	2005/2007	BNP Paribas Real Estate	Desktop valuation	detailed	
Aix-en-Provence - Parc du Golf	Regions	23,089	100%	2005/2007	BNP Paribas Real Estate	Desktop valuation	detailed	
Marseille - Parc des Aygalades	Regions	17,728	100%	2005	BNP Paribas Real Estate	Desktop valuation	detailed	
Bordeaux - Parc Cadera	Regions	16,809	100%	2007	BNP Paribas Real Estate	Desktop valuation	detailed	
Nantes - Parc du Perray	Regions	14,541	100%	2005/2007	BNP Paribas Real Estate	Desktop valuation	detailed	
Chartres - Business Park	Regions	11,530	100%	2008	Crédit Foncier Expertise	Desktop valuation	detailed	2010
Sub total Business parks		**230,237**						

% of desktop valuation	100%
% of full revaluations	0%

Value excl transfer rights in €m	285.9
Value incl transfer rights in €m	301.0

Light industrial	Location	Total floor area (s. qm)	Held Share	Acquisition Date	Valuer	Valuation baiss	Report	Completion date
Aubervilliers	Paris/IDF	21,802	100%	2003	Savills	Desktop valuation	detailed	
Montpellier Areva	Regions	12,003	100%	2004	BNP Paribas Real Estate	Desktop valuation	detailed	
Nancy Ludres	Regions	8,096	100%	2004	BNP Paribas Real Estate	Desktop valuation	detailed	
Herblay	Paris/IDF	4,721	100%	2005	Crédit Foncier Expertise	Full revaluation	detailed	
Sub total Light industrial		**46,622**						

% of desktop valuation	85.0%
% of full revaluations	15.0%

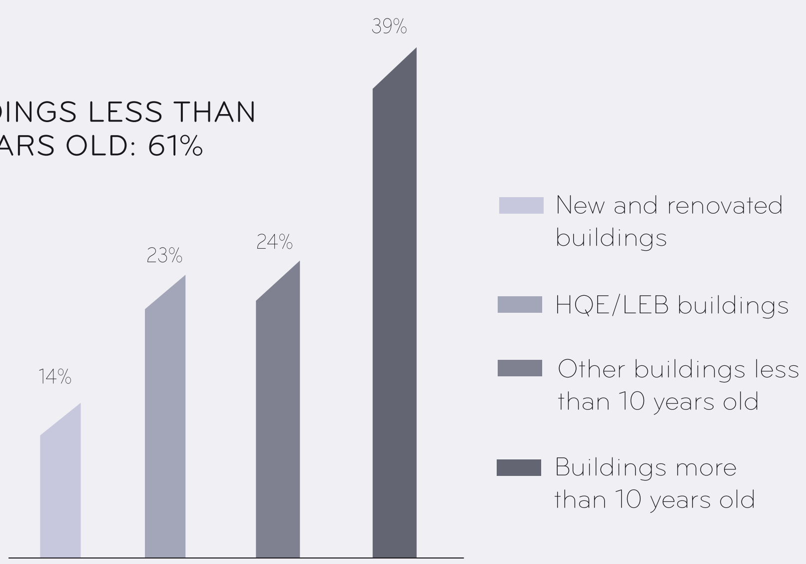
Value excl transfer rights in €m	40.5
Value incl transfer rights in €m	43.0

Warehouses / Sorting centres	Location	Total floor area (s. qm)	Held Share	Acquisition Date	Valuer	Valuation baiss	Report	Completion date
Amiens	Regions	18,244	100%	2008	Crédit Foncier Expertise	Desktop valuation	detailed	
Gennevilliers	Paris/IDF	20,569	100%	2004	Savills	Desktop valuation	detailed	
Mitry-Mory	Paris/IDF	9,756	100%	2004	Savills	Desktop valuation	detailed	
Sochaux	Regions	27,571	100%	2005	Savills	Desktop valuation	detailed	2005
Toulouse Capitols	Regions	13,814	100%	2004	Crédit Foncier Expertise	Full revaluation	detailed	
Marseille Provence Vitrolles	Regions	15,084	100%	2004	Savills	Desktop valuation	detailed	2010
Saint-Gibrien	Regions	11,350	100%	2004	Savills	Desktop valuation	detailed	2008
Les Souhesmes 1 & 2 Verdun	Regions	9,958	100%	2004	Savills	Desktop valuation	detailed	
Caen Mondeville	Regions	13,230	100%	2004	Crédit Foncier Expertise	Full revaluation	detailed	2010
Vannes	Regions	7,750	100%	2004	Crédit Foncier Expertise	Full revaluation	detailed	
La Roche-sur-Yon	Regions	5,980	100%	2004	Crédit Foncier Expertise	Full revaluation	detailed	
Orléans/Ingré	Regions	4,436	100%	2004	Crédit Foncier Expertise	Full revaluation	detailed	
Sub total Warehouses		**157,742**				% of desktop valuation		66.2%
						% of full revaluations		33.8%

Value excl transfer rights in €m	93.2
Value incl transfer rights in €m	98.9

80.3% of the Group's property assets were subject to an desktop appraisal in 2012, and 19.7% were subject to a full revaluation.

BUILDINGS LESS THAN
10 YEARS OLD: 61%



2.3.2 – GROUP PROPERTY ASSETS

All the property assets of the Société de la Tour Eiffel Group were appraised at 31 December 2012 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 year, the Group completed the valuers rotation for 15 properties, or 23.7% in value of its property portfolio. Attributions between firms are determined by the geographical location and nature of the properties appraised.

The Group's property assets stand at €915.4m, excluding transfer duties and expenses, of which €872.8m represent investment properties and €42.6m represent assets intended for sale.

Following the recommendations of the AMF, these appraisals were carried out according to recognized methods that are consistent from one year to the next based on net selling prices, i.e. net of fees and transfer costs.

Change in property assets 31 December 2012

Net of transfer costs	31/12/2012		31/12/2011		Change	
	In €M	In %	In €M	In %	In €M	In %
Offices	495.8	54.2%	507.0	50.7%	-11.2	-2.2%
Parcs Eiffel	285.9	31.2%	305.1	30.5%	-19.2	-6.3%
Warehouses	93.2	10.2%	99.8	10.0%	-6.6	-6.6%
Light industrial premises	40.5	4.4%	42.9	4.3%	-2.4	-5.5%
Nursing homes	0.0	0.0%	44.4	4.4%	-44.4	-100.0%
Total	**915.4**	**100.0%**	**999.2**	**100.0%**	**-83.8**	**-8.4%**

Effective rates of return at 31 December 2012

	31/12/2012	31/12/2011	Change
Offices	7.4%	7.2%	+20 pb
Parcs Eiffel	8.7%	8.2%	+50 pb
Warehouses	10.1%	9.0%	+110 pb
Light industrial premises	8.5%	9.0%	-50 pb
Nursing homes(*)	N/A	6.7%	N/A
Total average rate of return	**8.2%**	**7.8%**	**+40 pb**

(*) The 4 nursing homes held as at 31/12/2011 were sold during fiscal 2012.

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 capitalized on the basis of a market rate of return, reflecting in particular the quality of the building and the tenant, the location of the property, and the remaining term of the lease.

The effective rate of return (the ratio between the net income recognized (*) on the building and the gross market value, including taxes) is assessed by comparison with the rates of return from dealings on the market. If the net rent is appreciably higher or lower than the rental value, the difference is capitalised on a discounted basis up until the next lease break date and added or subtracted from the core result.

For 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 valuers using market rental values, after deducting the carrying costs related to the lead time for marketing the premises as assessed by the valuers, and after deducting any commercial incentives that may be granted to potential tenants.

Within the framework of the appraisals at 31 December 2012, the rates of return applied by the valuers range from 6% (for a Paris office property) to 9.75% (for light industrial premises in the provinces) 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.

(*) In the case of vacancies, the net revenue is augmented by the market rental value of the space.

2.3.3 – NET ASSET VALUE

Net asset value according to EPRA recommendations

• EPRA Triple NAV

The EPRA Triple Net Asset Value corresponds to the consolidated shareholders' equity of the Group at 31 December 2012, plus:

- the unrealised gains after tax on intangible assets (corresponding to the goodwill value of Tour Eiffel Asset Management);
- divestment costs deducted from the fair value for assets for disposal.

The EPRA triple Net Asset Value amounted to €62.2 per share at 31 December 2012, against €69.2 at 31 December 2011, i.e. a decrease of 10.1%. Excluding the effect of dilution, this NAV amounts to €66.6 per share at 31 December 2012 representing a decrease of 3.7% compared with 31 December 2011.

• EPRA Net Asset Value

The EPRA Net Asset Value corresponds to the consolidated equity of the Group at 31 December 2012, plus:

- Plus the unrealised gains after tax on intangible assets corresponding to the goodwill value of Tour Eiffel Asset Management;
- Plus disposal charges deducted from the fair value for assets for disposal;
- Adjusted for hedging instruments fair value;
- Adjusted for the amount of deferred tax assets and liabilities.

The EPRA NAV stood at €65.4 per share at 31 December 2012 against €71.2 per share at 31 December 2011, or a decrease of 8.1%.

Calculation of EPAR Triple Net Asset Value from consolidated shareholders' equity

In millions of euros	31/12/2012	31/12/2011	VAR in %
Shareholder's equity (Group share)	**370.7**	**387.2**	**-4.3%**
Unrealised gains on intangible assets	5.6	5.6	
Adjustment for hedging instruments fair value	20.0	11.8	
Assets	0.2	0.3	
Liabilities	20.2	12.1	
Adjustment for deferred taxes	0.3	0.3	
Adjustment of divestment fees deducted from assets for disposal	1.8		
EPRA NAV	**397.8**	**404.3**	**-1.6%**
Adjustment for hedging instruments fair value	20.0	11.8	
Adjustment for deferred taxes	0.3	0.3	
EPRA NNNAV	**378.1**	**392.8**	**-3.7%**
Number of shares at year-end (net of treasury shares)	*6,016,014*	*5,642,622*	*6.6%*
Diluted number of shares at year-end	*6,079,909*	*5,678,114*	*7.1%*
Per share (€) (*)			
EPRA NAV per share after dilution	65.4	71.2	-8.1%
EPRA NAV per share before dilution	70.1		-1.6%
EPRA Triple NAV per share after dilution	62.2	69.2	-10.1%
EPRA Triple NAV per share before dilution	66.6		-3.7%

(*) Dilution further to the capital increases as a result of the distribution of the remaining dividend for 2011 and the interim dividend for 2012 (creation of 374,339 new shares).

Change in the EPRA triple NAV as at 31/12/2011 to that as at 31/12/2012

	In € m	Per share in €
EPRA Triple NAV as at 31/12/2011	**392.8**	**69.2**
Impact of the change in number of shares		-4.6
Recurring net income	34.9	5.7
Distribution 2012	-11.3	-1.9
Capital gains & losses from disposals	-1.2	-0.2
Valuation of property assets	-30.0	-4.9
Valuation of hedging instruments	-8.3	-1.4
Other	1.1	0.2
EPRA Triple NAV as at 31/12/2012	**378.1**	**62.2**

Diluted number of shares as at 31 December 2012:	6,079,909	
Diluted number of shares as at 31 December 2011:	5,678,114	

2.4 – EPRA PERFORMANCE INDICATORS

EPRA recurring net income

EPRA recurring net income is defined as recurring net income from current operations.

		2012	2011	Change	% change
EPRA recurring net income	In € m	34.0	30.6	3.3	10.9%
EPRA recurring net income / share	in € per share	5.6	5.3	0.3	4.1%

The improvement in recurring net income was primarily due to the lower cost of net debt (€19.7 million in 2012 against €22.6 million in 2011)

EPRA NAV and EPRA Triple NAV

		2012	2011	Change	% change
EPRA NAV after dilution	In € m	65.4	71.2	-5.8	-8.1%
EPRA NAV before dilution	In € m	70.1	////	-1.1	-1.6%
EPRA Triple NAV after dilution	in € per share	62.2	69.2	-7.0	-10.1%
EPRA Triple NAV before dilution	in € per share	66.6	////	-2.6	-3.7%

The 2012 NAV was impacted by the change in fair value of property assets (-€30 m) as well as the degradation of the fair values of derivative instruments (-€8.3 million).

EPRA yields

		2012	2011	Change	% change
EPRA Topped-up yield (*)	In %	7.2 %	6.8 %	40 bp	5.9%
EPRA yield(**)	In %	7.1 %	6.5 %	60 bp	9.2%

(*) Annualized rent as 31 December, not adjusted for running rental concessions in progress, net of expenses, divided by the value of the property assets, including tax.
(**) Annualized rent as 31 December, adjusted for running rental concessions, net of expenses, divided by the value of the property assets, including tax.

EPRA vacancy rate

The EPRA vacancy rate is defined as the ratio between the market rent of vacant premises and the market rent of the total floor area (leased and vacant).

	2012	2011	Change	% change
	31/12/2012	31/12/2011	2012/2011	In %
In %			Change	
Offices	2.2%	5.6%	-3.4%	-60.8%
Warehouses / Sorting centres buildings	0.0%	0.0%	0.0%	0.0%
STE light industrial premises	0.0%	15.1%	-15.1%	-100.0%
Locafimo commercial premises	11.7%	9.9%	1.8%	18.0%
Parcs Eiffel	20.6%	16.6%	4.0%	23.8%
Nursing homes	N/A	0.0%	N/A	N/A
Total property portfolio	**8.4%**	**8.7%**	**-0.3%**	**-3.7%**

Offices: the vacancy rate dropped from 5.6% as at 31/12/2011 to 2.2% as at 31/12/2012, in particular due to the leasing up of Vélizy Energy II (85% vacancy as at 31/12/2011 against 22% at 31/12/2012). The vacancy rate as at 31/12/2012 concerns the properties Energie II (22%), Montigny Diagonal Ouest (25%) and Roissy Fret (98%).

STE light industrial premises: following the sale of the Bezons building in 2012, there were no more vacancies as at 31/12/2012.

Parcs Eiffel: the EPRA vacancy rate increased by 4%, from 16.6% as at 31/12/2011 to 20.6% as at 31/12/2012. The Parcs Eiffel whose vacancy rates increased were Nantes (21.2% => 32.9%), Venissieux (4.9% => 13.1%), and Villeneuve d'Ascq (10.6% => 17.6%).

2.5 – CORPORATE FINANCIAL STATEMENTS

As at 31 December 2012, the balance sheet total of Société de la Tour Eiffel stood at €377.3 million against €369.8 million as at 31 December 2011.

On the assets side:

Fixed assets consisted on the one hand of the properties in Velizy (acquired in late 2006) and the properties in Amiens and Saint-Cloud (acquired in early 2008), the total net book value of which at 31 December 2012 amounted to €25.7 million and, secondly, the equity interests in its subsidiaries (€250.1 million) and the related receivables (€59.1 million).

At the end of 2012, a write off of €1.7 million was made to the value of the Amiens property reflecting a significant drop in the independent valuation.

The book value of the Locafimo subsidiary having become greater than the NAV of the Locafimo intermediary consolidation level, a write-down of Locafimo was recorded at 31 December 2012 amounting to €0.6 million. The cancellation of the shares in the subsidiary SCI Marceau Bezons following its absorption during the 2012 financial period had no impact on the value of the Société de la Tour Eiffel's equity interests, the value of the Marceau Bezons shares having been almost totally written down at 31 December 2011.

In addition, receivables from subsidiaries, representing the stable funding provided by the parent company to its subsidiaries, increased in 2012 from €54.2 million to €59.1 million, mainly due to the upstreaming of dividends from subsidiaries.

Current assets amounted to €42.3 million at 31 December 2012 against €38.5 million at the end of 2011. This change is mainly due to the current accounts of its subsidiaries (€1.8 million) and the increase in receivables at Group level (in particular the chargeback of refinancing fees in Q4 2012).

In 2012, the amount of treasury shares under the share buyback programme and the liquidity contract in effect (94,597 shares at 31 December 2012 against 93,650 at 31 December 2011) recorded a net increase of €0.6 million, linked to the share price movement in 2012.

On the liabilities side:

Equity of the company amounted to €315.1 million at year-end 2012 against €303 million at year-end 2011.

The result for the 2011 financial period, a profit of €11,557 K, plus the retained earnings of €13.9m forming a distributable profit of €25.4 million was allocated:

- To the distribution of an interim dividend for 2011 (€2.1 per share, or €11.8 million) approved by the Board of Directors on 27 July 2011;
- To the legal reserve for €72 K, the distribution of the final dividend for 2011 (€2.1 per share, or €11.8 million) and to the retained earnings account for €1.7 million, in accordance with the resolutions of the General Shareholders' Meeting of 24 May 2012.

On 21 June 2012, the Board of Directors recorded a capital increase of €917 K resulting from the partial exercise of the option to receive the remaining dividend for 2011 in shares. The difference between the nominal value of the share and the issue price was allocated to the share premium, for an amount of €4.8 million.

On 4 September 2012, the Board of Directors decided to distribute an interim dividend of €2.1 per share on the basis of the interim results as at 30 June 2012, with an option of payment in shares or in cash in accordance with the third resolution adopted at the General Shareholders' Meeting of 24 May 2012. On 3 October 2012, a capital increase of €955 K resulted from the partial exercise of the option for payment of the interim dividend for 2012 in shares. The difference between the nominal value of the share and the issue price was allocated to the share premium, for an amount of €6.1 million.

Consequently, at 31 December 2012, the shareholders' equity of Société de la Tour Eiffel stood at €30.6 million against €28.7 million at year-end 2011. During fiscal 2012, the share premium increased by €10.9 million.

In 2012, Société de la Tour Eiffel repaid Đ13.7 million of its four bank loans. In particular, it repaid in advance its Natixis loan of €13.1 million, partly refinanced by a loan of €8 million contracted with the CA Ile de France.

For the remainder, the decrease in other liabilities primarily relates to the current accounts of its subsidiaries (€1.7 million), and was offset by the increase in debt.

Income statement:

Company turnover amounted to €7.6m (compared with €6.3m at year-end 2011), comprising reinvoicing to subsidiaries (€5.6m) 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 properties (€2m).

Operating charges (€13m) 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 at 31 December 2012 amounted to -€5.3m versus -€4.6m at 31 December 2011.

The financial profit, which stood at €28.9m at year-end 2012 compared with €16.2m at year-end 2011, mainly comprises dividend income and related receivables, net cash reserve income and financial charges on intra-Group debt and corporate bank financing. The significant changes recorded during the year are also due to the increase in dividend income and related receivables (€32.5 million against €26.4 million at year-end 2011), and the decrease in financial expenses, mainly due to the revaluation of treasury shares and the refinancing of the Natixis loan.

Given the above and an exceptional profit of €11k, this results in a net profit of €23.4m against a profit of €11.6m at the close of fiscal 2011.

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

Sumptuary costs and not tax deductible expenses

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.

2.6 – 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, included as an appendix to the balance sheet, shows the key indicators for sales turnover and earnings in 2012.

We inform you that no equity interests were acquired during the year.

At 31 December 2012, the consolidation of the Société de la Tour Eiffel Group encompassed 17 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 17 subsidiaries provides consultancy services (SNC Tour Eiffel Asset Management), the 16 other subsidiaries being property companies.

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

2.7 – RESEARCH AND DEVELOPMENT

Pursuant to Article L232-1 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.

2.8 – PAYMENT DELAY PERIODS

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

Trade payables (in €)

2012 financial year	Invoices within 30 days	Invoices within 45 days	Invoices within 60 days	Other lead-times	Total
2012 Invoices	253,163.98		2,090.00	3,550.63	**258,804.61**
Accounts payable not received				2,955,614.39	**2,955,614.39**
Trade notes and accounts payable	**253,163.98**		**2,090.00**	**2,959,165.02**	**3,214,419.00**

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**

3 – CORPORATE GOVERNANCE

3.1 – COMPOSITION OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Renaud Haberkorn, Managing Director and Board member
Business address: Société de la Tour Eiffel

Mark Inch, Chairman and Board Member
Business address: Société de la Tour Eiffel

Frédéric Maman, Deputy Managing Director and Board member
Business address: Société de la Tour Eiffel

Mercedes Erra, Board member
Personal address: 7, avenue André Guillaume, 92380 Garches

Aimery Langlois-Meurinne, Board Member
Personal address: 6, rue Jean-Gabriel Eynard, 1205 Genève - Switzerland

Richard Nottage, Board member
Personal address: 3, rue Eugène Delacroix, 75116 Paris

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

Robert Waterland, Board member
Personal address: Société de la Tour Eiffel

Half of the Board's members 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.

The executive succession plan set up in 2011 by the Board of Directors entered into effect on 1 September 2012. The roles of Chairman and Managing Director were separated. Mr Mark Inch, while retaining his position as Chairman of the Board of Directors, has resigned from his position as Managing Director and was replaced in that position by Mr Renaud Haberkorn. Mr Robert Waterland has resigned from his position as Deputy Managing Director and remains a Board Member and Chairman of the Investment Committee. He chairs the Investment Committee established by the Board, consisting of Mr Renaud Haberkorn, Mr Frédéric Maman and himself. His employment contract as Property Director was maintained until 28 February 2013. Mr Frederic Maman, appointed as a Board Member by the General Shareholders' Meeting of 24 May 2012, has been appointed Deputy Managing Director.

In addition, Mr Jérôme Descamps resigned as Deputy Managing Director and Board Member in December 2012.

3.2 – ROLE AND OPERATION OF THE BOARD OF DIRECTORS

The members of the Board of Directors and management are not related to Société de la Tour Eiffel by an employment contract, with the exception of Mr Robert Waterland, who has an employment contract with the Company as Property Director, under the terms of remuneration set out in paragraph 3.5 below, ending on 28 February 2013. An employment contract was entered into on 1 March 2013 between Mr Robert Waterland and the Tour Eiffel Asset Management subsidiary, for a period of eighteen months ending on 31 August 2014.

Mr Frédéric Maman has an employment contract with the subsidiary Tour Eiffel Asset Management, under the terms of remuneration set out in paragraph 3.5 below.

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 €670,000 excluding VAT. The Company shares the cost between itself and its subsidiaries. This contract was terminated by mutual agreement and a new contract for services was entered into on 1 January 2013 between the Company and Bluebird Investissements, for assistance to executives in raising capital and transferring assets, for an annual retainer fee of €295,000 excluding VAT.

Out of a total of eight directors, the Board includes 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 company and its mono-sectoral activity, all strategic issues and decisions are handled by the Board, which nevertheless has an Audit Committee and an Appointment and Remuneration Committee, both of which have an advisory role.

3.3 – MANDATES HELD BY THE MANAGEMENT IN 2012

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

Main function held in the Company:
Managing Director

Dates of appointment:
Managing Director as of 1 September 2012
Board Member: 14 May 2009, last renewed 24 May 2012
Expiry of term of office of mandates as Managing Director and Board Member: 2015

Other offices and mandates held outside the Company at 31 December 2012:
Board member, Polish Investments Real Estate Holding II B.V., foreign company

Other effective mandates and functions having expired during the past five years:
Member of the Investment Committee, Redwood Grove International, foreign company (mandate expired in 2012)
Board member, Polish Investments Real Estate Holding II B.V., foreign company (mandate expired in 2012)
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.E 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)

Number of shares held as at 31 December 2012:
22,650

MARK INCH
Born on 12 February 1950 in Edinburgh (United Kingdom)
Address: 47 avenue Georges Mandel, 75116 Paris

Main function held in the Company:
Chairman of the Board of Directors

Dates of appointment:
Chairman of the Board of Directors: appointed 22 July 2003, last renewed 20 May 2010
Board member: appointed 10 July 2003, last renewed 20 May 2010
Expiry of term of office of mandates as Chairman of the Board and Board Member: 2013

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2012:
Board member, Société de la Tour Eiffel Foundation

Other offices and mandates held outside the Company at 31 December 2012:
Manager, Bluebird Investissements SARL
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:
Board member, Fédération des Sociétés Immobilières et Foncières (mandate expired in 2012)
Managing Director, Société de la Tour Eiffel (until 31 August 2012)
Manager, Bluebird Holding SARL (until 29/12/09)
Manager, SNC Albion (until 14/01/09)
Chairman and Managing Director, Osiris Gestion de Entidades S.L.U. (until 15/09/08), foreign company

Number of shares held as at 31 December 2012:
30,366

FRÉDÉRIC MAMAN
Born on 2 August 1967 in Saint Raphaël (83)
Address: 4 rue Marietta Martin, 75016 Paris

Main function held in the Company:
Deputy Managing Director

Dates of appointment:
Board member: appointed 24 May 2012
Deputy Managing Director: As of 1 September 2012
Expiry of term of office of mandates as Managing Director and Board Member: 2015

Other offices and mandates held outside the Company at 31 December 2012:
Director, SNC Tour Eiffel Asset Management

Other effective mandates and functions having expired during the past five years:
co-manager, SCI Champigny Carnot (until 4 September 2012)

Number of shares held as at 31 December 2012: 3,525

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

Dates 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 2012:
Member of the Appointment and Remuneration Committee of Société de la Tour Eiffel
Board member, Société de la Tour Eiffel Foundation

Other offices and mandates held outside the Company at 31 December 2012:
Managing Director and board member of BETC
Executive President, Havas Worldwide (formerly named Euro RSCG Worldwide), foreign company
Board member, Havas, listed company
President, BETC Digital (formerly named Euro RSCG 4D)
Board member, Havas Worldwide Paris (formerly named Euro RSCG C&O)
Board member, BETC London Ltd
Board member, Accor, listed company

Other effective mandates and functions having expired during the past five years:
Managing Director, Havas, listed company (mandate expired in 2012)
Chairwoman of the Board, Euro RSCG, until 29 May 2011

Number of shares held as at 31 December 2012: 52

AIMERY LANGLOIS-MEURINNE
Born 27 May 1943 in Paris
Address: 6 rue Jean-Gabriel Eynard, 1205 Genève - Switzerland

Main function held in the Company:
Board Member

Dates of appointment: 15 October 2009, last renewed 24 May 2012
Expiry of term of office: 2015

Other offices and mandates held within the Société de la Tour Eiffel Group at 31 December 2012:
Chairman of the Appointment and Remuneration Committee of Société de la Tour Eiffel

Other offices and mandates held outside the Company at 31 December 2012:
Member of the Supervisory Board, PAI PARTNERS SAS,
Member of the 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
Board member, E.I. STURDZA STRATEGIC MANAGEMENT LIMITED, 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)

Number of shares held as at 31 December 2012: 61,000

RICHARD NOTTAGE
Born 10 February 1959 in Wellington, United Kingdom
Address: 3 rue Eugène Delacroix, 75116 Paris

Main function held in the Company:
Board member

Dates 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 2012:
Member of the Société de la Tour Eiffel audit committee

Other offices and mandates held outside the Company at 31 December 2012:
Manager, Genviva Capital SARL,
Chairman, Hôtel La Falaise Dinard SAS,
Member of the Executive Committee, Hôtel du Parvis de l'Europe SAS
Board member, Société Hôtelière Toulouse Centre SA,
Board member, WBA Saint Honoré SA,
Groupe Société Hôtelière Paris les Halles:
- Chairman, Société Hôtelière Paris les Halles SAS,
- Member of the Executive Committee, Hôtel de Nantes SAS,
- Manager, Elorac SARL,
- Director, St James Hotel Limited (United Kingdom), foreign company,
- Managing Director, The Grand Real Estate B.V. (Netherlands), foreign company,
- Sole Director, Samorais Ltée (Canada), foreign company,
- Sole Director, 9007-2521 Québec Inc (Canada), foreign company,
- Sole Director, 1180 Québec Inc (Canada), foreign company

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

Number of shares held as at 31 December 2012: 1 613

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

Main function held in the Company:
Board member

Dates 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 2012:
Chairman of the Société de la Tour Eiffel audit committee

Other offices and mandates held outside the Company at 31 December 2012:
Acting Manager, CIPA company

Other effective mandates and functions having expired during the past five years:
Member of the Appointment and Remuneration Committee of Société de la Tour Eiffel (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 2012: 100

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

Main function held in the Company:
Board Member

Dates of appointment: 22 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 2012:
Chairman of the Société de la Tour Eiffel foundation
Chairman, SAS Locafimo

Other offices and mandates held outside the Company at 31 December 2012:
Manager, SNC Awon Participations – SNTP
Manager, SC Layla

Other effective mandates and functions having expired during the past five years:
Manager, SCI du 153 avenue Jean Jaurès (mandate expired in 2012)
Manager, SCI Arman F02 (mandate expired in 2012)
Manager, SCI Arman Ampère (mandate expired in 2012)
Manager, SCI Caen Colombelles (mandate expired in 2012)
Manager, SCI Cogolin Gaou (mandate expired in 2012)
Manager, SCI Comète (mandate expired in 2012)
Manager, SCI de Brou (mandate expired in 2012)
Manager, SCI de la Crau (mandate expired in 2012)
Manager, SCI des Berges de l'Ourcq (mandate expired in 2012)
Manager, SCI Etupes de l'Allan (mandate expired in 2012)
Manager, SCI Grenoble Pont d'Oxford (mandate expired in 2012)
Manager, SCI Marceau Bezons (mandate expired in 2012)
Manager, SCI Montrouge Arnoux (mandate expired in 2012)
Manager, SCI Nowa (mandate expired in 2012)
Manager, SCI Porte des Lilas (mandate expired in 2012)
Manager, SCI Rueil National (mandate expired in 2012)
Manager, SCI Vélizy Topaz (mandate expired in 2012)
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)
Chairman, SAS Parcoval (until 21/07/08)

Number of shares held as at 31 December 2012: 17,675

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 2012, the Audit Committee met five times to discuss the following:

- 23 January: independent evaluation of real estate assets at 31 December 2011
- 8 March: 2011 accounts,
- 6 July: 2012 half-yearly independent appraisals
- 20 July: 2012 half-year accounts,
- 5 December: various items including a review of internal control.

The attendance rate of the members was 100%.

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 2012, the Appointments and Remunerations Committee met four times to discuss the following:

- 16 January: Remuneration of corporate officers
- 12 March: reappointment of Messrs. Renaud Haberkorn and Aimery Langlois-Meurinne, appointment of Mr Frédéric Maman as director, setting up a variable remuneration plan for executives,
- 5 April: status and remuneration of Messrs. Mark Inch and Robert Waterland from 1 September 2012
- 29 August: Implementation of an incentive program for senior executives and employees, criteria for allocation to executives, distribution.

The attendance rate of the members was 100%.

3.5 – REMUNERATION, ALLOWANCES AND BENEFITS OF CORPORATE OFFICERS

TABLE 1

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

Renaud Haberkorn, Managing Director with effect from 1 September 2012	2011	2012
Remunerations due for the financial period (detailed in table 2)	na	€336,003
Valuation of options granted during the financial period (detailed in table 4)	na	€251,883
Valuation of performance-based shares granted during the financial period (detailed in table 6)	na	€730,400
TOTAL	na	€1,318,286

Mark Inch, Managing Director until 31 August 2012 Chairman of the Board of Directors with effect from 1 September 2012(*)	2011	2012
Remunerations due for the financial period (detailed in table 2)	€121,673	€114,970
Valuation of options granted during the financial period (detailed in table 4)	€0	€104,951
Valuation of performance-based shares granted during the financial period (detailed in table 6)	€210,299	€365,200
TOTAL	€331,972	€585,121

(*) Mr Mark Inch is also the majority shareholder and managing director of Bluebird Investissements, which is related to Société de la Tour Eiffel by a service agreement and as such received an annual fee of €670,000 in 2012. The conclusion of the agreement referred to in Article L.225-38 et seq of the Commercial Code was approved by the Board of Directors on 29 November 2006.

Frédéric Maman, Deputy Managing Director with effect from 1 September 2012	2011	2012
Remunerations due for the financial period (detailed in table 2)	na	€269,851
Valuation of options granted during the financial period (detailed in table 4)	na	€55,997
Valuation of performance-based shares granted during the financial period (detailed in table 6)	na	€66,061
TOTAL	na	€391,909

TABLE 2

Summary table of the remunerations of each corporate officer

Renaud Haberkorn, Managing Director with effect from 1 September 2012	Allocated for 2011		Allocated for 2012	
	due	paid	due	paid
Fixed remuneration	na	na	€200,000	€200,000
Variable remuneration(1)	na	na	€100,000	€100,000
Exceptional remuneration	na	na	€0	€0
Directors' fees	na	na	€9,200	€9,200
Allowances and benefits	na	na	€26,803	€26,803
Including:				
GAN insurance			*€26,180*	*€26,180*
Car			*€613*	*€613*
mobile phone			*€10*	*€10*
TOTAL			€336,003	€336,003

(1) The variable remuneration is guaranteed up to €300,000 gross per annum for the first two years of the term of Mr Renaud Haberkorn. The criteria for defining the variable part of the remuneration of Mr Renaud Haberkorn will be determined by the board after the first two year.

Mark Inch, Chairman and Managing Director until 31 August 2012 Chairman of the Board of Directors with effect from 1 September 2012	Allocated for 2011		Allocated for 2012	
	due	paid	due	paid
Fixed remuneration	€120,000	€120,000	€113,333	€113,333
Variable remuneration	na	na	na	na
Exceptional remuneration	na	na	na	na
Directors' fees	€0	€0	€0	€0
Allowances and benefits	€1,673	€1,673	€1,637	€1,637
Including:				
Car	*€1,625*	*€1,625*	*€1,589*	*€1,589*
mobile phone	*€48*	*€48*	*€48*	*€48*
TOTAL	€121,673	€121,673	€114,970	€114,970

Frédéric Maman, Deputy Managing Director[2]	Allocated for 2011		Allocated for 2012	
	due	paid	due	paid
Fixed remuneration	na	na	€206,923	€206,923
Variable remuneration[3]	na	na	€60,000	€60,000
Exceptional remuneration	na	na	€0	€0
Directors' fees	na	na	€0	€0
Allowances and benefits	na	na	€2,928	€2,928
Including:				
Car			*€2,905*	*€2,905*
mobile phone			*€23*	*€23*
TOTAL			**€269,851**	**€269,851**

(2) compensation paid by Tour Eiffel Asset Management, a controlled company, in his capacity as Director.
(3) the variable remuneration was subject for 2012 to the achievement of the objectives identified by the Board.
At the Board meeting of 20 March 2013 it was decided that the variable remuneration Mr Frédéric Maman for 2013 may represent up to 40% of his fixed remuneration under the following conditions:
- *40% of the variable remuneration is subject to the completion of four qualitative criteria, taking into account the issues of the company in the medium term, each of which shall obtain a maximum of 10% of the variable remuneration.*
- *The remaining 60% are subject to three quantitative criteria based on the sale of assets to reduce the company's indebtedness and the renewal of leases in advance, each of which shall obtain a maximum of 20% of the variable remuneration. Levels of achievement have been set up.*

TABLE 3

Table on attendance fees and other remuneration received by non-executive directors

Members of the Board	Allocated in 2011	Allocated in 2012
Allez Marc Directors' fees	€5,500	na
Descamps Jérôme Directors' fees Employment contract with Tour Eiffel Asset Management	na na	€18,300 €301,439
Erra Mercedes Directors' fees	€11,900	€20,400
Gautier Michel Directors' fees	€7,700	na
Haberkorn Renaud Directors' fees	€19,700	€9,200
Langlois-Meurinne Aimery Directors' fees	€17,000	€24,300
Marin Claude Directors' fees	€6,200	na
Nottage Richard Directors' fees	€13,400	€22,000
Prouillac Philippe Directors' fees	€22,700	€25,800
Waterland Robert Employment contract	na	€586,760
TOTAL	**€104,100**	**€1,008,199**

TABLE 4

Options to subscribe for or purchase shares granted during fiscal 2012 to each executive officer by the issuer and by any Group company

Name of executive officer	Plan number and date	Type of options (purchase or subscription)	Valuation of the shares according to the method selected for the consolidated financial statements	Number of shares granted during the financial period	Strike price	Exercise period	Performance conditions
Renaud Haberkorn	No. 9 4/09/12	subscription	€251,883	60,000	€43.49	From 4/09/12 to 4/09/17	(1)
Mark Inch	No. 9 4/09/12	subscription	€104,951	25,000	€43.49	From 4/09/12 to 4/09/17	(1)
Frédéric Maman	No. 10 11/10/12	subscription	€55,997	14,862	€41.54	From 11/10/12 to 11/10/17	(1)
Total			**€412,831**	**99,862**			

(1) Performance-based conditions:
Qualitative criteria:
2/3 of the share options may be exercised provided that:
- the Company's equity capital first be reinforced and that banking debt (notably expiring in 2013) be refinanced under conditions that are favourable to the Company;
- that the management team presenta strategic plan for the Company following the refinancing.
Quantitative criterion:
1/3 of shares would be definitively allocated on the condition that the increase in the consolidated operating cash flow on a like-for-like basis, adjusted for capital gains or losses on disposals during the last financial year, be at least 5% higher than the average of the cash flow for three previous financial years preceding the date of strike.
Obligation to purchase shares:
Recipients of stock options will only receive 1/4 of the options granted in the event that they do not directly and/or indirectly purchase on the market within 6 months before or after the allotment of the bonus shares decided on 4 September 2012 or on 10 October 2012 by the Board of Directors, a number of shares in Société de la Tour Eiffel similar to the number of bonus shares allocated to them.
In addition, executive officers are required to retain one third of the shares they have received until they relinquish their duties.

TABLE 5

Options to subscribe for or purchase options exercised during fiscal 2012 by each corporate officer

Options exercised by corporate officers	Plan number and date	Number of options exercised during the financial period	Strike price
Renaud Haberkorn	na	None	na
Mark Inch	na	None	na
Frédéric Maman	na	None	na
Total		**None**	

TABLEAU 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 any company 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 conditions
Renaud Haberkorn	Plan n° 7 4/09/12	20,000	€730,400	04/09/14	04/09/16	(1)
Mark Inch	Plan n° 7 4/09/12	10,000	€365,200	04/09/14	04/09/16	(1)
Frédéric Maman	Plan n° 8 11/10/12	1,900	€66,061	11/10/14	11/10/16	(1)

(1) Performance-based conditions:
Qualitative criteria:
1/3 of the shares will be definitively granted provided that:
- the Company's equity capital be first reinforced and that banking debt (notably expiring in 2013) be refinanced under conditions that are favourable to the Company;
- that the management team has present a strategic plan for the Company following the refinancing.
Quantitative criterion:
2/3 of the shares would be definitively allocated on the condition that the increase in the consolidated operating cash flow on a like-for-like basis, adjusted for capital gains or losses on disposals during the last financial year preceding definitive attribution, be at least 5% higher than the average of the cash flow for the three previous financial years.
Obligation to purchase shares:
Recipients of bonus shares will only receive 1/4 of the bonus shares allocated in the event that they not directly and/or indirectly purchase on the market within 6 months before or after the present allotment of bonus shares, a number of shares in Société de la Tour Eiffel similar to the number of shares they have received.

In addition, executive officers are required to retain one third of the shares they have received until they relinquish their duties.

TABLE 7

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

Performance shares that became available for corporate officers	Plan number and date	Number of shares newly available	Conditions for acquisition
Renaud Haberkorn	na	None	na
Mark Inch	na	None	na
Frédéric Maman	na	None	na

TABLE 8

Table of outstanding share subscription or purchase options

Information on share subscription or purchase options valid as at 31 December 2012

		Plan no.7	Plan no.8	Plan no.9	Plan no.10
Date of Shareholders' Meeting		29/03/07	29/03/07	24/05/12	24/05/12
Date of Board meeting		11/12/08	15/10/09	04/09/12	11/10/12
Total number of shares available for subscription or purchase		28,198	28,427	85,000	14,862
whose number may be subscribed for or purchased by officers of the company or subsidiary		*28,198*	*28,427*	*85,000*	*14,862*
	Renaud Haberkorn	*na*	*na*	*60,000*	*0*
	Mark Inch	*9,231*	*8,982*	*25,000*	*0*
	Frédéric Maman	*4,869*	*5,232*	*0*	*14,862*
	Jérôme Descamps	*4,867*	*5,232*	*0*	*na*
	Robert Waterland	*9,231*	*8,981*	*na*	*na*
Starting point for exercising the options		11/12/08	15/10/09	04/09/12	11/10/12
Expiry date		11/12/13	15/10/14	04/09/17	11/10/17
Price of subscription or purchase		€32.87	€45.95	€43.49	€41.54
Number of shares subscribed as at 31 December 2012:		1,500	0	0	0
Remaining share subscription or purchase options		26,698	28,427	85,000	14,862

TABLE 9

Share subscription or purchase options granted during fiscal 2012 to the top ten non-corporate officer employees and options exercised by them

	Total number of options granted / shares subscribed or purchased	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)	None	None	None

TABLE 10

2012 financial year

Corporate officers	Employment contract		Supplementary pension plan		Compensation or benefits due or likely to be due upon termination or change of duties		Compensation for a non-competition clause	
	yes	no	yes	no	yes	no	yes	no
Renaud Haberkorn Managing Director mandate start date 2012 mandate end date 2015		X		X	X(1)			X
Mark Inch Chairman of the Board mandate start date 2003 mandated end date 2013		X		X		X		X
Frédéric Maman Deputy Managing Director mandate start date 2012 mandate end date 2015	X(2)			X		X		X

(1) Mr Renaud Haberkorn will receive compensation for revocation of 1.2 million euros in case of a forced departure unrelated to any personal fault. The payment of this compensation is subject, for the first two years of office of Mr Renaud Haberkorn, to meeting the following performance criteria:
- Cash flow from operations before cost of financial debt and tax adjusted for non-recurring items of Đ52 million for the year 2012 (in case of a forced departure in 2012 or 2013)
- Cash flow from operations before cost of financial debt and tax adjusted for non-recurring items of Đ54 million for the year 2013 (in case of a forced departure in 2014).
(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 2013 and the meeting of the Board adopting this document:

- Sale of the Parc de l'Espace in Le Bourget, signed on 11 January 2013;
- Commitment to sell the reception building for the NXP campus at Caen Colombelles signed on 16 January 2013;
- Sale of two properties in the La Poste portfolio (Vitrolles and Orléans) signed on 18 and 31 January 2013;
- Establishment of a multi-annual equity financing line by creating share issuance warrants (BEAs) exercisable for three years in maximum tranches of 75,000 shares at the request of Société de la Tour Eiffel. The purpose of this equity financing line is to afford the company additional resources for investment in existing assets, including the Massy site, while improving its capital structure and limiting dilution for shareholders. The total number of shares that may be issued at the end of the three years will not exceed 600,000, or 9.8% of current capital;
- Commitment to sell the La Poste Caen Mondeville building signed on 7 March 2013;
- Commitments to sell the Parc du Millénaire in Montpellier (excluding buildings 8 and 29) and separately building 8, signed on 19 March 2013.

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 2012 financial year.

4.2 – OUTLOOK AND NEW STRATEGIC PLAN

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

In terms of funding, having refinanced by anticipation its principal mortgage financing lines for 2013, the Company's objective in the medium term is to reduce the LTV to 45% by continuing strategic disposals.

The disposals actioned in 2012 (€40 million), but not completed at 31 December 2012, will be finalised in 2013 and other less strategic assets will be marketed, the policy of portfolio turnover being designed to maintain generous returns whereas the resulting rationalisation facilitates refocusing on offices that are sustainable development-certified or qualify for certification with moderate rents in the Paris region.

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 parallel with the recurring cash flow per share.

New strategic plan

On 5 December 2012, the Board of Directors approved the strategic plan proposed by senior management.

- Specialise in Paris offices
  - Focus on rental values and locations that correspond to demand.
  - Defined sub-markets.
  - Refocus on a portfolio of assets with more stable values.
- Create value
  - Potential for significant value creation in the current market.
  - Proven expertise.
- Enhanced risk profile
  - Growth with a balanced risk profile: 85-95% of yielding assets and 5-15% of value-added assets Reduce LTV to 45%
  - A highly experienced team with strong collective track record

The ambition of the company is to become the «listed benchmark for investment in Paris offices.» The reasoning behind this choice is the unique nature of the market in terms of both stock and take-up, representing as it does 80% of French office activity. Another reason is that the acquired expertise of the company's teams in this sphere can achieve maximum benefit.

The company will therefore look towards a portfolio of office buildings in the Paris region that are modern, efficient and sustainable development-certified or qualify for certification, generating rents between €250 and 450 per sq. m, responding to the current and future demands of occupants and enabling it to create value and provide sustainable returns to shareholders.

The timing for the various phases in this strategy is as follows:

- Balance sheet restructuring in 2013 and 2014 (to reduce the LTV to 45%).
- Followed by a resumption in investment towards the end 2014, with a view to reverting to the current size by 2016.

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 reviewed its risks and considers that there are no significant risks, other than those presented below and in the consolidated financial statements, that it deems 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 historically low interest rates, the Group's management policy for the interest rate risk is intended to secure these low interest rates over the long term and limit the impact of a change in interest rates on its earnings and cash flow. 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 2012, the IFRS gross bank debt of the Group amounted to €514.6 million, consisting of €311.4 million at fixed rates by SWAPs and €203.3 million at variable rates, the latter amount being hedged by €196.8 million of CAP contracts. Hence, at year-end 2012, the debt was hedged overall to a total ratio of 99%.

At year-end 2012, the fair value adjustment of hedging instruments in the consolidated income statement results in a negative financial impact of €8.3 million, of which €0.4 million is related to the CAP contracts, and - €8 million related to SWAP contracts, and - €0.7 million related to collars (see Notes 5 and 12 of the consolidated financial statements).

On the basis of the debt recorded at 31 December 2012, an average 100 basis point increase in 3-month Euribor rates over 2013 would have an estimated negative impact of €1 m on net recurring income. Conversely, a drop in the interest rates down to a 0% 3-month Euribor would reduce the finance cost by an estimated €0.2 m, resulting in an equivalent positive impact on the recurring net income for 2013.

Risks on treasury shares

See Note 4, "Management of financial risks" in the consolidated financial statements

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 accelerated repayment 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 misrepresentation on declarations and guarantees; 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 realisation of a security interest by a Company's creditor on assets financed by money drawn on the blanket agreement; the existence of class action suits; dissolution; a merger not authorised by the lender; the sale 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 whenever 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 corrected within 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 2012 and projections of interest expense over the following 3 first quarters of 2013 over net rentals for the 4th quarter of 2011 and those projected over the first 3 quarters of 2013.

Banking financing and main covenants at 31/12/2012

	31/12/2012	Bank covenants		Last published ratios			
	Consolidated bank debt In € m	Maximum LTV	Minimum ICR	LTV	ICR	Maturity	Building financed
Société Générale/BECM	41.2	65%	145%	50.1%	186%	15/04/2018	"La Poste" portfolio
Société Générale (50%) Crédit Foncier (50%)	46.6	65%	110%	47%	140%	28/03/2017	Massy Ampère & Montpellier
Société Générale	12	NA	110%	NA	178%	14/01/2015	Amiens & St-Cloud
PBB-CFF-SG-CACIB Pool	282.5	62.5%	120%	61.3%	156%	13/11/2017	Locafimo
SAAR LB	8.8	72%	176%	65%	274%	26/06/2019	Berges de l'Ourcq
	20.9	53%	192%	46%	316%	26/06/2019	Comète-Plessis
	20.2	63%	159%	56%	248%	26/06/2019	Champigny Carnot
	12.4	58%	178%	50%	277%	26/06/2019	Jean-Jaurès
	15.9	52%	233%	51%	365%	26/06/2019	Caen-Colombelles
	10.7	70%	148%	65%	238%	26/06/2019	Etupes de l'Allan
	5.9	60%	159%	55%	261%	26/06/2019	Grenoble Polytec
	19.5	56%	150%	49%	241%	26/06/2019	Rueil National
Crédit Agricole IdF	7.7	70%	115%	60%	115%	29/06/2022 29/06/2027	Vélizy Energy II
Crédit Foncier	10.3	65%	110%	NA (*)	NA (*)	30/06/2018	Montrouge Arnoux
Total	**514.6**						

(*) Not Applicable - no ratio published as at 31 December 2012 because the building has not been delivered.

The level of the loan covenants at 31 December 2012 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 service industry 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.

General economic conditions are likely to encourage or depress demand in the industry in which the Group operates, and thus, the need for development of its office buildings. 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.

As an indication, the EPRA vacancy rate of operated assets on 31 December 2012 stood at 8.4% against 8.7% at 31 December 2011. Given the economic outlook for 2013, the vacancy rate is not expected to significantly change.

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 larger financial base and control bigger portfolios. These operators and independent operators can also, in some cases, have better regional or local presence than the Group. This 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.

Risks related to the office and service industry property markets

The levels of rental income and the valuation of office property and service industry premises are considerably influenced by the state of supply and demand. An unfavourable change in demand versus supply is likely to affect the results, activity, property assets and financial position of the Group. 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 2012, 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 2012 would decrease respectively by 3% and 5.9%, which, all other things being equal, would result in an overall adjustment in consolidated income of – €28.6 million and –€56.1 million respectively.
2) For a decrease of 25 and 50 bp, the value of the portfolio at 31 December 2012 would increase respectively by 3.4% and 6.9%, which, all other things being equal, would result in an overall adjustment in consolidated income of +€32.1 million and +€65.6 million respectively.

In addition, it could have an impact on the cost of debt of the Company, as well as compliance with its financial covenants and borrowing capacity, these items being particularly dependent on the ratio between the Company's debt and the overall value of its portfolio.

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 disposals 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 could benefit from a discounted rate when the sale occurred, subject to a 16.5% tax reduction already paid when the disposal occurred (CGI art. 208 C, IV). It is a matter of placing the SIIC and its subsidiaries in the same position as 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 at 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 remedied 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 sold during the suspension period are however reduced by the amount of the cumulative depreciation previously deducted from the exempted results. 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. Société de la Tour Eiffel and Locafimo were subject to tax audits in 2012 (see paragraph 1.3 h).

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 2012, 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.

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.

The Company published in advance its first social and environmental responsibility report in 2011. The CSR Report 2012, which is included in paragraph 6.3 of this report, has been completed and enriched, not only to comply with regulations, but also to deploy the group's strategy with its stakeholders. The mapping which began last year continued and now covers most of the portfolio. This new initiative can now be used to structure a multi-year action plan designed to improve asset performance and measurement.

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-month's 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.

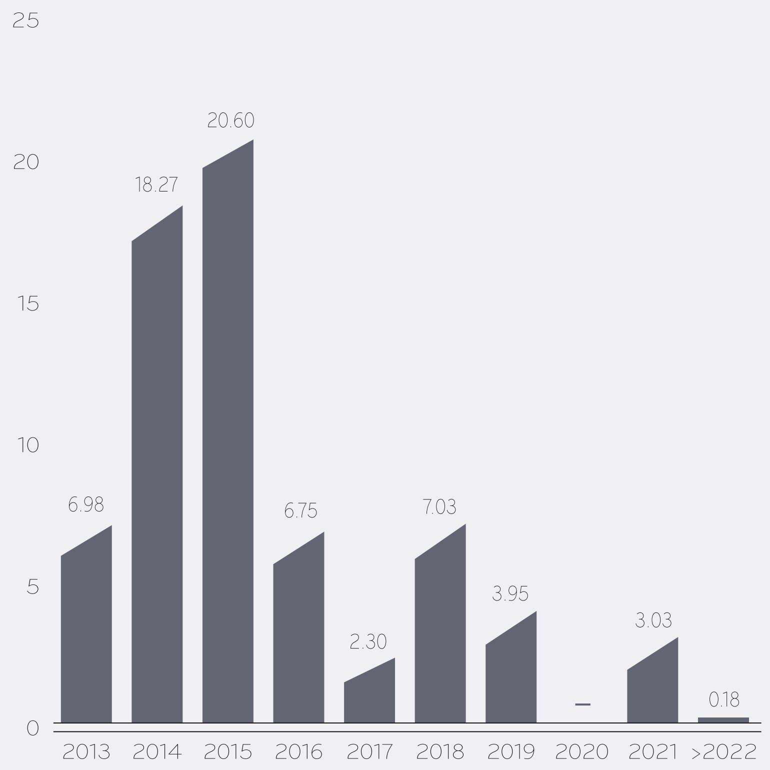
Late payments are systematically followed by a reminder and may give rise to penalties. Outstandings are monitored by Tour Eiffel Asset Management staff members who decide on the preliminary procedures or legal actions required.

At 31 December 2012, the dependence of the Group with regard to its tenants was as follows:

No.	Tenants	Buildings	Total % of secured rents annualised as at 31/12/2012
1	La Poste	12 buildings + Millénaire Locafimo building + Cadéra Sud building (Merignac) + Parc des Tanneries (Strasbourg)	13.8%
2	Alstom	Massy + Nancy + Parc du Perray (Nantes) + Parc des Tanneries (Strasbourg)	7.9%
3	C&S Communication	Le Plessis-Robinson	5.7%
4	NXP	Caen	4.6%
5	Ministry of the Interior	Asnières	4.5%
6	Air Liqtuide	Champigny + Parc du Perray (Nantes)	4.4%
7	Altran	Vélizy Topaz	4.2%
8	Soletanche (Vinci)	Rueil-Malmaison	4.1%
9	Atos	Aubervilliers	2.9%
10	Schneider Electric	Grenoble polytech + Montpellier (Arman F02)	2.3%
11	ARS Languedoc Roussillon	Parc du Millénaire (Montpellier)	2.3%
12	Gefco	Sochaux	2.2%
13	Seine-Saint-Denis General Council	Bobigny	2.1%
14	CMN (Centre des Monuments nationaux)	Paris – Porte des Lilas	2%
15	Pôle Emploi	Paris – Porte des Lilas + Parc des Tanneries (Strasbourg)	1.9%
16	Euro Media France	STE – Saint-Cloud	1.6%
17	Antalis	Paris – Porte des Lilas	1.5%
18	Others	Other business (<1.5% per tenant)	31.9%
TOTAL			**100%**

The overall tenancy situation at 31 December 2012 shows that nearly 70% of total rents are secured by 26 leases with quality covenants, whose average lease term extends to the second quarter of 2016; the remainder of the rents are represented by a multiplicity of tenants (350 leases 3/6/9).

Term of lease portfolio at 31/12/2012 (in € million):



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 previoulsy was 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), became on 1 September 2012 respectively Chairman of the Board and Group Real Estate Consultant.

Mr Renaud Haberkorn has 17 years of international experience in real estate and finance and is familiar with the company, having been a board member from 2003 to 2006.

It should be noted that Mr Jérôme Descamps resigned as Deputy Managing Director at the Board meeting held on 5 December 2012; his departure from the financial management of Tour Eiffel Asset Management is planned for late March 2013. Mr Frederick Maman, in charge of the Group asset management since 2003, was appointed Deputy Managing Director with effect from 1 September 2012.

A new CFO will take up office in early April 2013.

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 renewed by tacit agreement 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 2012 stands at €1,269K. The breakdown of this overall figure is as follows:

- "Multi-risk Building: €1,049K
- "Civil Liability" and "corporate" insurance: €212K
- 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 CAPITAL

5.1.1 – CHANGES IN CAPITAL OVER FIVE YEARS

Date	Transaction	Amount of changes in capital		Successive amount of capital	Number of shares issued	Number of shares after transaction	Nominal share value
		Nominal	Share premium				
Situation as at 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 premium	_	-€10,677,220	€27,165,180	_	5,433,036	€5
Situation as at 31 December 2009	_	_	_	**€27,165,180**	_	**5,433,036**	**€5**
20 May 2010	Distribution of part of the 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
Situation as at 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
Situation as at 31 December 2011	_	_	_	**€28,681,360**	_	**5,736,272**	**€5**
21 June 2012(2)	Capital increase	€917,080	€4,812,835.84	€29,598,440	183,416	5,919,688	€5
3 October 2012(2)	Capital increase	€954,615	€6,117,172.92	€30,553,055	190,923	6,110,611	€5
Situation as at 31 December 2012	_	_	_	**€30,553,055**	_	**6,110,611**	**€5**

(1) Exercise of share subscription options.
(2) Exercise of option for payment of dividend in shares.

5.1.2 – SHARE PURCHASING OPTIONS

During fiscal 2012, two share buyback programmes were used, the first being introduced on 16 June 2011, and the second by the Board of Directors on 21 June 2012 by delegation from the Ordinary Shareholders' Meeting on 24 May 2012.

2012 Buy-back programme summary

	Quantity	Average price	Total
Purchases	65,350	€39.90	€2,607,196.49
Sale	64,403	€39.91	€2,570,162.16
Transfers			
Trading fees			

Number of shares registered in the name of the Company on the year end accounts: 94,597
Total value of these shares valued at purchase cost: €5,841,364.75 (value per share: €61.75)
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 30 May 2013, 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 the same of affiliated companies, under the terms and conditions allowed for by law, especially as regards stock option plans, the free attribution of existing shares, and corporate or inter-company savings plans (Fr. plan d'épargne d'entreprise/interentreprises);
- hold and subsequently remit shares as payment or exchange as part of external growth, merger, demerger or contribution operations within the limit of 5% of the capital,
- acquire and hold shares for financial and asset management purposes.

The conditions for the new share buyback programme proposed to the General Shareholders' Meeting on 30 May 2013 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 €80 per share.
- The duration of the programme will be eighteen months from the date of the General Shareholders' Assembly on 30 May 2013, i.e. until 30 November 2014.

Breakdown by objective of equity securities held at 28 February 2013

Liquidity contract: 1,593 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 exists.

Changes in the ownership structure over 2012

- BNP Paribas Asset Management (1, boulevard Haussmann, 75009 Paris), on behalf of all the management companies in the BNP Paribas Group, declared that it crossed the 5% threshold of capital and voting rights in our company on the downside on 15 March 2012.
- F&C Asset Management Plc (80 George Street, Edinburgh EH2 3BU, Scotland, UK) declared that it crossed the 5% threshold of capital and voting rights in our company on the upside on 25 July 2012, then on the downside on 20 August 2012.

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

Ownership structure on 31 December 2012

- Entities owning, directly or indirectly, more than 1/20th of the capital or voting rights: ING Clarion (now CBRE Clarion)
- Entities owning, directly or indirectly, more than 1/10th of the capital or voting rights: Eiffel Holding Ltd (including the shares held by persons acting in concert).

Material changes in the ownership structure over the three past years

Management is aware of the following changes over the 2010, 2011 and 2012 financial years:

• *BNP Paribas Asset Management*

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.

BNP Paribas Asset Management declared that during the 2012 fiscal year it crossed the thresholds of 5% of capital and voting rightson the downside on 15 March 2012.

• *F&C Asset Management Plc*

F&C Asset Management Plc (80 George Street, Edinburgh EH2 3BU, Scotland, UK) declared that it crossed the 5% threshold of capital and voting rights in our company on the upside on 25 July 2012, then on the downside on 20 August 2012.

• *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.

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

	Balance at 31/12/2012			Balance at 31/12/2011			Balance at 31/12/2010		
Ownership structure	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)
Corporate officers and companies controlled by corporate officers / directors(2)									
Corporate officers and companies controlled by corporate officers / directors(2)	676,486	2.62	2.62	577,095	10.06	10.06	574,407	10.27	10.27
Other shareholders holding more than 5% of capital(3)									
Eiffel Holding Ltd *non resident*	516,567	9.51	9.51	516,567	9.51	9.51	516,567	9.51	9.51
ING Clarion now CBRE Clarion *non resident*	165,800	6.53	6.53	165,800	6.53	6.53	165,800	6.53	6.53
BNP Paribas Asset Management SAS *resident*	na(4)	na(4)	na(4)	402,778	7.03	7.03			
Treasury shares									
Treasury shares	94,597	1.54	1.54	93,650	1.63	1.63	96,041	1.72	1.72

(1) Percentage calculated on the basis of all the shares to which voting rights are attached.
(2) The shares of directors are taken into account from the 2012 financial period onwards. Also included are the shares held by the Eiffel Holding company, of which Mr Mark Inch is a partner and corporate officer, and Mr Robert Waterland is a partner.
(3) Based on the latest declaration of threshold crossing.
(4) Na : shareholders having crossed the 5% threshold on the downside.
For the record, the number of shares forming the share capital:
as at 31 December 2012: 6,110,611 ; as at 31 December 2011: 5,736,272 ; as at 31 December 2010: 5,592,284.

5.3 – DIVIDENDS PAID OVER THE PAST FIVE YEARS

Dividends over five years

Financial year	Dividend	Number of shares	Nominal
2008	Interim €3.50	5,193,003	€48
2008	€1.50	5,433,036	€5
2009(*)	0	5,433,036	€5
2009	€0.62 (**)	5,433,036	€5
2010	Interim €2.00	5,433,036	€5
2010	Remaining €2.20	5,593,784	€5
2011	Interim €2.10	5,731,977	€5
2011	Remaining €2.10	5,736,272	€5
2012	**Interim €2.10**	**5,919,688**	**€5**

(*) 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.
(**) 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 Ordinary General Shareholders' Meeting of 15 October 2009 moved to distribute €2 per share (excluding treasury shares) to be paid out of the share premium.

The Ordinary General Shareholders' Meeting of 20 May 2010 moved to distribute €2 per share deducted from the reserves and 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. Dividends received from subsidiaries which have opted for the SIIC status are fully redistributed during the following financial year.

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 – COMPANY SHARES TRANSACTIONS

5.4.1 – BUYBACK PROGRAMME

During the 2012 financial period, two share buyback programmes were implemented.

The first 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 same of affiliated companies, under the terms and conditions allowed for by law, especially as regards stock option plans, the free attribution of existing shares, and corporate or inter-company savings plans (Fr. plan d'épargne d'entreprise/interentreprises);

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 second one, adopted on 21 June 2012 by the Board as delegated by the Ordinary General Meeting held on 24 May 2012, 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 same of affiliated companies, under the terms and conditions allowed for by law, especially as regards stock option plans, the free attribution of existing shares, and corporate or inter-company savings plans (Fr. plan d'épargne d'entreprise/interentreprises);
- hold and subsequently remit shares as payment or exchange as part of external growth, merger, demerger or contribution operations within the limit of 5% of the capital,
- acquire and hold shares for financial and asset management purposes.

The maximum number of shares 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 2012.

5.4.2 – SHARE SUBSCRIPTION OR PURCHASE OPTIONS

Plan No. 5 of the stock options granted by the Board of Directors on 29 March 2007 expired on 29 March 2012 (without being exercised).

In addition, the Board of Directors, making use of the authorisation granted by the Extraordinary General Meeting of 24 May 2012, in its sixteenth resolution, granted the following options to subscribe for shares:

- On 4 September, 85,000 options to subscribe for shares to certain corporate officers,
- And on 11 October, 14,862 options to subscribe for shares to one corporate officer.

Accordingly, all stock option plans now represent approximately 2.56% of capital.

Summary table of valid share subscription or purchase options

Information on share subscription or purchase options authorised by the General Shareholders' Meeting of 29 March 2007

(number and strike price for plan 7 as adjusted on 27 October 2009 and 28 May 2010)

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

Information on share subscription or purchase options authorised by the General Shareholders' Meeting of 24 May 2012

Board of Directors meeting date	4.09.2012	11.10.2012
Plan number	**Plan no.9**	**Plan no.10**
Total number of shares available for subscription or purchase	85,000	14,862
By corporate officers of the company or subsidiary	85,000	14,862
By the top ten employees with the most options		
Expiry date	4.09.2017	11.10.2017
Price of subscription or purchase	€43.49	€41.54
Number of shares exercised and sold	0	0
Share subscription or purchase options cancelled or expired	0	0
Remaining share subscription or purchase options	**85,000**	**14,862**

5.4.3 – TRANSACTIONS BY DIRECTORS

Transactions during the 2012 financial period

Date	Type of transaction	Person	Number of shares	Unit price	Value of transaction
24/05/2012	sale	Eiffel Holding, legal entity linked to Mr **Mark Inch**, Chairman and Managing Director, and Mr **Robert Waterland**, Deputy Managing Director	692	€37.505	€25,953.46
25/05/2012	sale	Eiffel Holding, legal entity linked to Mr **Mark Inch**, Chairman and Managing Director, and Mr **Robert Waterland**, Deputy Managing Director	5,158	€37.624	€194,064.59
20/06/2012	sale	Eiffel Holding, legal entity linked to Mr **Mark Inch**, Chairman and Managing Director, and Mr **Robert Waterland**, Deputy Managing Director	2,000	€35.614	€71,228.00
22/06/2012	sale	Eiffel Holding, legal entity linked to Mr **Mark Inch**, Chairman and Managing Director, and Mr **Robert Waterland**, Deputy Managing Director	307	€35.01	€10,748.07
25/06/2012	subscription	Bluebird Investissements SARL, legal entity linked to Mr **Mark Inch**, Chairman and Managing Director	869	€31.24	€27,147.56
25/06/2012	subscription	Person related to **Mark Inch**, Chairman and Managing Director	148	€31.24	€4,623.52
25/06/2012	subscription	Person related to **Mark Inch**, Chairman and Managing Director	156	€31.24	€4,873.44
25/06/2012	subscription	**Mark Inch,** Chairman and Managing Director	861	€31.24	€26,897.64
25/06/2012	subscription	**Robert Guy Waterland,** Deputy Managing Director	797	€31.24	€24,898.28
25/06/2012	subscription	**Jérôme Descamps,** Deputy Managing Director and Board member	219	€31.24	€6,841.56

Transactions during the 2012 financial period

Date	Type of transaction	Person	Number of shares	Unit price	Value of transaction
25/06/2012	subscription	Eiffel Holding, legal entity linked to Mr **Mark Inch**, Chairman and Managing Director, and Mr **Robert Waterland**, Deputy Managing Director	35,199	€31.24	€1,099,616.82
27/06/2012	sale	Eiffel Holding, legal entity linked to Mr **Mark Inch**, Chairman and Managing Director, and Mr **Robert Waterland**, Deputy Managing Director	2,693	€35.30	€95,063.13
28/06/2012	sale	Eiffel Holding, legal entity linked to Mr **Mark Inch**, Chairman and Managing Director, and Mr **Robert Waterland**, Deputy Managing Director	18,300	€35.5164	€649,950.00
28/06/2012	acquisition	Euresa-Life, legal entity linked to Mr **Renaud Haberkorn**, Board member	20,000	€35.50	€710,000.00
10/10/2012	subscription	**Jérôme Descamps,** Deputy Managing Director and Board member	203	€37.04	€7,519.12
10/10/2012	subscription	Eiffel Holding, legal entity linked to Mr **Mark Inch**, Chairman, and Mr **Robert Waterland**, Board member	30,362	€37.04	€1,124,608.48
10/10/2012	subscription	**Robert Guy Waterland,** Board Member	794	€37.04	€29,409.76
10/10/2012	subscription	Mr **Mark Inch,** Chairman of the Board of Directors	853	€37.04	€31,595.12
10/10/2012	subscription	Person related to Mr **Mark Inch**, Chairman of the Board of Directors	140	€37.04	€5,185.60
10/10/2012	subscription	Person related to Mr **Mark Inch**, Chairman of the Board of Directors	133	€37.04	€4,926.32
10/10/2012	subscription	Bluebird Investissements, legal entity linked to Mr **Mark Inch**, Chairman of the Board of Directors	782	€37.04	€28,965.28
10/10/2012	subscription	**Richard Nottage,** Board member	88	€37.04	€3,259.52
10/10/2012	subscription	**Frédéric Maman,** Deputy Managing Director and Board member	130	€37.04	€4,815.20
10/10/2012	acquisition	Euresa-Life, legal entity linked to Mr **Renaud Haberkorn**, Board member	793	€37.00	€29,341.00
15/10/2012	sale	**Richard Nottage,** Board member	41	€41.50	€1,701.50
16/10/2012	acquisition	**Frédéric Maman,** Deputy Managing Director and Board member	401	€42.56	€17,083.54
24/10/2012	acquisition	Mr **Mark Inch,** Chairman of the Board of Directors	10,000	€43.00	€430,000.00
24/10/2012	sale	Eiffel Holding, legal entity linked to Mr **Mark Inch**, Chairman of the Board, and Mr **Robert Waterland**, Board member	10,000	€43.00	€430,000.00
29/11/2012	sale	Eiffel Holding, legal entity linked to Mr **Mark Inch**, Chairman of the Board, and Mr **Robert Waterland**, Board member	20,000	€45.00	€900,000.00

5.5 – FACTORS WHICH COULD AFFECT A TAKE-OVER BID

In accordance with Article L225-100-3 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 ;
- In a bank borrowing agreement, the change of control of Société de la Tour Eiffel, within the meaning of Article L.233-3 of the Commercial Code is a mandatory case of prepayment. The same applies in a second bank borrowing agreement, if the takeover is not approved by the majority of the Board of Directors.
- The service contract signed with Bluebird Investissements on 17 January 2007 with effect from 1 January 2007 for an indefinite period, as modified by an amendment dated 10 June 2009, provides for a two-year notice for termination. It should be noted that this contract ended on 1 January 2013, when a new contract took effect, for a period ending on 31 August 2014.
- Mr Robert Waterland's employment contract stipulates a maximum two years of severance pay in the event of termination. It should be noted that the employment contract ended on 28 February 2013. A new fixed-term employment contract was entered into by and between Mr Robert Waterland and the Tour Eiffel Asset Management Company, a subsidiary, which will end on 31 August 2014.
- Mr Renaud Haberkorn will receive compensation for revocation of 1.2 million euros in case of a forced departure unrelated to any fault of his own. The payment of this compensation is subject to meeting performance criteria.

6 – EMPLOYMENT AND SUSTAINABLE DEVELOPMENT INFORMATION

6.1 – SOCIAL ORGANISATION

At 31 December 2012, Société de la Tour Eiffel had one employee.

The staff which manage 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, its wholly owned subsidiary. The company 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.

A framework asset management contract was concluded on 26 April 2004 with Tour Eiffel Asset Management and authorised as a regulated agreement by the Board of Directors on 2 April 2004 and ratified by the General Shareholders' Meeting on May 18 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, and administration of group companies.

The contract was modified by amendment No. 1 signed on 30 November 2006 with effect from 1 January 2007 to change its term, extending it to five years from 1 January 2007, making it renewable by tacit agreement thereafter, to add further tasks and to simplify the financial conditions due to the integration of Tour Eiffel Asset Management in the Group. The contract was extended until 1 January 2019 and in 2013 will be adapted to take into account the changes in the activities of Société de la Tour Eiffel.

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

At 31 December 2012, the Group had 25 employees. It had 25 employees at 31 December 2011, 23 employees at 31 December 2010 and 24 employees at 31 December 2009. The staff consists of 15 women and 10 men, 17 executives and 8 non-executives. The average age is 43 years. In 2012, one person was hired, another is no longer an employee of the Group. The expenditure carried out in 2012 for training activities stands at 16,056 euros. For informational purposes, the personnel do not hold any company shares on a collective basis.

Furthermore, the property management of the Group's assets is subcontracted to the following companies: Savills Gestion, CB Richard Ellis Property Management, Valreim, Telmma and Nexity.

6.2 – THE COMPANY'S FOUNDATION

The Société de la Tour Eiffel Foundation, initiated in 2007 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. Chaired by Robert Waterland, in January 2012, operation of the Foundation was extended for five years with a new multiannual budget of €150,000.

"*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, representatives with Mrs Mercedes Erra of Société de la Tour Eiffel on the Foundation's Board of Directors. "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 business 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 employment. 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 facilitate the 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. It should be pointed out these provisions overlay those of the special tax treatment for SIICs. It is nevertheless true that corporate foundations now rate as a strategic tool enabling companies to act on their commitments and issues of concern as a conscientious corporate citizen through clearly identified initiatives.

During its first programme from 2007 to 2012, the Foundation organised 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. In 2011 the Foundation offered a grant on the subject of little-known or forgotten constructions by Gustave Eiffel in a foreign country. The winners were awarded an allocation of €17,000 for a study trip to South America resulting in a film and a book, reflecting the true presence of Gustave Eiffel in the region.

During the second programme from 2012 to 2017, support for young students in key moments of their careers will continue to be the focus for its work, and future projects will be developed related to the history and legacy of Gustave Eiffel.

CORPORATE SUSTAINABILITY REPORT 2012

SOCIETE
DE LA
TOUR EIFFEL

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EDITORIAL

"ACCEPTING OUR RESPONSIBILITIES."

Corporate Sustainability has become a major issue that impacts our strategy on several levels. First, it is important to our occupiers because energy efficiency is part of their selection criteria and of course, meeting their requirements is an essential factor for us. Second, it is important for investors who want to know our performance and approach. For them, we are ready to compare, rate and improve ourselves through a Sustainable Development policy. Finally, it is important for our teams, who are not only involved as employees of Société de la Tour Eiffel, but also as individuals, as part of the global effort to control our environmental footprint.

Our strategy is so affected by the CSR that it has led us to define two new approaches. One is macroeconomic, and involves redefining our portfolio to highlight assets of high environmental quality. The other is microeconomic, and involves having an effective investment policy designed to fine-tune the improvement in our performance.

Our investments are mainly focused today on assets that are sustainable development-certified or qualify for certification, and are located close to public transport facilities: they are superior quality, more attractive and participate at our level in the global effort to improve the sustainability of the planet. We wish to accelerate this process, which also induces other equally significant benefits (reduced vacancy rates, secure rents, attraction for major occupiers, etc.).

The need to set goals in terms of sustainable real estate for our entire portfolio occurred early on in our strategic analysis, in 2005, when we turned our attention to high quality assets, such as in Rueil, Porte des Lilas, Vélizy and Massy. Integrating such considerations was welcomed by our occupiers, encouraging us to continue in the same vein. Today, our portfolio flagship is of that ilk, and we are striving to bring the remainder of our properties up to the same mark, not only to meet regulatory requirements but also because of market expectations.

We published our first CSR report last year, before it became mandatory, although it had little impact. But being a pioneer also means being a pathfinder, and immediate returns cannot be expected. Our approach is a long-term initiative and we aim to anticipate investor demand in the same way we have done with occupiers. The developments that can be seen in this 2012 Report are another step on the way.

Renaud Haberkorn, Chief Executive Officer

FROM TRANSPARENT APPROACH...

"THE OBJECTIVE OF SOCIÉTÉ DE LA TOUR EIFFEL IS TO GRADUALLY BUILD ITS CREDIBILITY ON ENVIRONMENTAL ISSUES, IN A STRUCTURED AND METHODICAL MANNER."

This is the second year that Société de la Tour Eiffel has produced a corporate sustainability report. Now a regulatory requirement, it is designed not only to meet all the obligations of Grenelle II legislation but also to deploy the group's strategy with its stakeholders.

The property mapping which began last year has continued and now covers most of the portfolio – five other business parks and three office buildings were added in 2012. This new step allows us now to structure a multi-year action plan aimed at improving the performance of our assets and the measurement of that performance. **Progress can therefore be monitored by all our partners**.

It is with this objective in mind that this year, the company has presented its environmental data in accordance with the guidelines defined by the GRI (Global Reporting Initiative) and the recommendations of the EPRA (European Public Real Estate Association), reporting on its performance to several large market organisations such as GRESB (Global Real Estate Sustainability Benchmark), IPD (Investment Property Databank) or GRI.

The **quest for transparency and comparability** is also reflected in the active participation of Société de la Tour Eiffel in the creation of the Sustainable Real Estate Observatory (OID), which helps measure our progress and anticipate market trends.

The action taken in the future will revolve around three major issues:

- **A comprehensive development strategy** for the portfolio, focusing on assets corresponding to the quality criteria compatible with the environmental goals we have set ourselves;
- **Constructive discussions** with occupiers to create an environment conducive to the implementation of joint action plans and efficient work policies;
- **A process to manage and analyse** environmental indicators for the portfolio in order to anticipate future regulations.

GLOBAL REPORTING INITIATIVE

Société de la Tour Eiffel has adopted the 3.1 guidelines issued by the **GRI** to prepare its Corporate Sustainability Report. The resulting commitment and transparency meet the **B+ level**, **verified by Sinteo**.

The GRI correspondence index can be found in the appendix.

... TO TANGIBLE INPUT

AS OF 2012, SOCIÉTÉ DE LA TOUR EIFFEL WILL BE APPLYING EPRA(1) RECOMMENDATIONS AND USING THE INDICATORS FROM THE GRI PROTOCOL.
FOR 2013, THE COMPANY INTENDS TO EXPAND THE SCOPE OF THE RECOMMENDED INDICATORS AND COMPLY WITH THE MOST ADVANCED INTERNATIONAL STANDARDS.

FOR SEVERAL YEARS, SOCIÉTÉ DE LA TOUR EIFFEL HAS BEEN ACTIVELY CONTRIBUTING TO THE IMPLEMENTATION OF THE ENVIRONMENTAL IPD DATABASE.

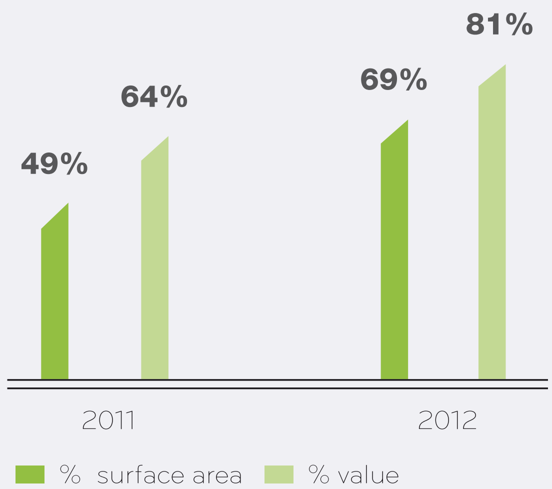
SOCIÉTÉ DE LA TOUR EIFFEL HAS PARTICIPATED IN THE CREATION OF THE SUSTAINABLE REAL ESTATE OBSERVATORY.
OID IS AN INDEPENDENT ASSOCIATION COMPOSED OF PRIVATE AND PUBLIC SECTOR PARTICIPANTS IN COMMERCIAL PROPERTY.
THE POOLING OF CONFIDENTIAL TECHNICAL DATA ON THE BUILDINGS OPERATED BY THE COMPANY USING A UNIFORM METHOD PROVIDES STATISTICAL INDICATORS REPRESENTATIVE OF THE ENERGY PERFORMANCE OF OFFICE SPACE IN FRANCE.

SOCIÉTÉ DE LA TOUR EIFFEL IS AN ADHERENT OF THE FRENCH FEDERATION OF REAL-ESTATE COMPANIES (FSIF) AND AS SUCH IS A MEMBER OF THE SUSTAINABLE DEVELOPMENT COMMITTEE.

(1) EPRA's Best practices Recommendations (September 2011).

KEY FIGURES FOR 2012

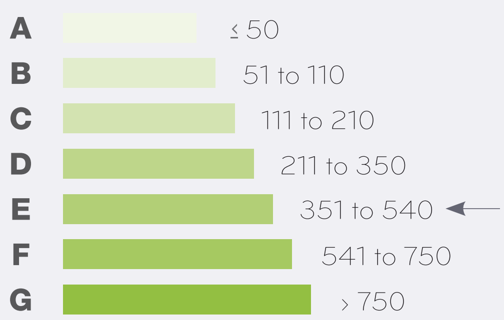
MAPPED PORTFOLIO



81%

Percentage of portfolio mapped in 2012 in value, representing 69% of the portfolio's floor space

AVERAGE PORTFOLIO CONSUMPTION

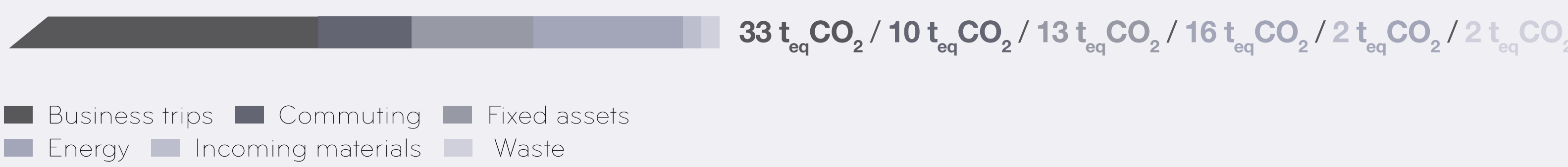


STE 2011 and 2012 average: 354 kWh_{PE}/m^2.year (2011: 370 kWh_{PE}/m^2.year) that is a consumption 25% below the France average 470 kWh_{PE}/m^2.year (source OID)

354 kWh_{PE}/m^2.year

Average energy consumption of the property assets of Société de la Tour Eiffel, i.e. 25% lower than the French average

CARBONE® FOOTPRINT



3 T CO_2e

per person,
Corporate carbon footprint in 2012 embracing 27 employees, i.e. a decrease of 50% compared with 2011

REPORTING FOR 2012 PERFORMANCE INDICATORS

All the consolidated indicators by category are presented below, and a selection of key indicators is detailed in the appendix for each asset within the scope of consolidation.

Category	Reference	Reliability	Indicators			
				Year % of the portfolio mapped		
GLOBAL	GRI CRESS - EPRA	Collecting data rate (2012)	Unit	2012 69%		2011 49%
ENERGY						
CarbonScreen© mark - intrinsic performance	-	100%	/100	54		55
Total energy consumption	EN 3 & 4	71%	MWh_{FE}	55,460	✔	35,345
including fossil fuels	*EN 3*		*MWh_{FE}*	*1,510*		*1,311*
including electricity	*EN 4*		*MWh_{FE}*	*48,892*		*31,869*
including district heating	*EN 4*		*MWh_{FE}*	*5,058*		*2,165*
… Per m²	CRE 1		kwh_{FE}/m^2	148	✔	152
	CRE 1		kwh_{PE}/m^2	354	✔	369
GHG						
Total emission	EN 16	71%	$T\ CO_2e$	5,545	✔	3,444
including direct emissions	*EN 16*		*$T\ CO_2e$*	*353*		*307*
including indirect emissions	*EN 16*		*$T\ CO_2e$*	*5,191*		*3,137*
… Per m²	EN8		$kg\ CO_2e / m^2$	15		15
WATER						
Total consumption	EN8	61%	m³	56,815	✔	48,699
… Per person	CRE3		m³/ nbETP	5.8		5.4
WASTE						
Total mass	EN22	32%	T	550		662
… Per person	-		kg/nbETP	91.5		168.5
% of upgraded waste*	EN22		%	87%		75%

✔ Indicators audited by Pricewaterhouse Coopers.

* Recovered and/or recycled waste: waste collected according to type (CIW / household, paper, cardboard etc.)

METHODOLOGICAL NOTE

The reporting is based on the indicators defined by Decree No. 2012-557 of 24 April 2012, in the version applied to listed companies, and the recommendations of EPRA.

For corporate data, the two entities Société de la Tour Eiffel (STE) and Tour Eiffel Asset Management (TEAM) are presented jointly for the sake of consistency.

For data relating to assets held by STE, the scope of CSR reporting covers 81% of the portfolio in value and 69% in surface area divided between the four types of assets held by the Société de la Tour Eiffel:

- Offices;
- Business parks (also referred to as Parcs Eiffel);
- Stand alone light industrial;
- Warehouses, sorting centres.

Assets excluded from the scope indicated above of the 2012 report meet one of more of the following criteria:

- Assets under **development**; the Montrouge site which is currently under construction;
- Assets held for **sale** or actually sold in 2012 – whether comprised or not in the company's asset inventory;
- Assets deemed **irrelevant** for the purposes of the company's asset management strategy.

The data published for 2012 covering the period 1 January 2012 to 31 December 2012 have been reviewed by PricewaterhouseCoopers Audit, the statutory auditors for Société de la Tour Eiffel.

> A DETAILED METHODOLOGICAL GUIDE IS AVAILABLE ON OUR WEBSITE, IN THE CSR SECTION.

Category	Reference	Reliability	Indicators			
				Year % of the portfolio mapped		
Offices	GRI CRESS - EPRA	Collecting data rate (2012)	Unit	2012 79%		2011 70%
ENERGY						
CarbonScreen© mark - intrinsic performance	-	100%	/100	60		58
Total energy consumption	EN 3 & 4		MWh_{FE}	33,389	✔	21,645
including fossil fuels	*EN 3*		MWh_{FE}	*0*		*1 311*
including electricity	*EN 4*		MWh_{FE}	*29,023*		*20,334*
including district heating	*EN 4*		MWh_{FE}	*4,365*		*0*
... Per m²	CRE 1		kwh_{FE}/m^2	264	✔	239
	CRE 1		kwh_{PE}/m^2	626	✔	594
GHG						
Total emission	EN 16	100%	$T\ CO_2e$	3,372	✔	1,972
including direct emissions	*EN 16*		$T\ CO_2e$	*0*		*0*
including indirect emissions	*EN 16*		$T\ CO_2e$	*3,372*		*1,972*
... Per m²	EN 8		$kg\ CO_2e\ /m^2$	27		22
WATER						
Total consumption	EN 8	85%	m^3	36,722	✔	28,523
... Per person	CRE 3		m^3/nbETP	6.6		6.4
WASTE						
Total mass	EN 22	48%	T	350		488
... Per person	-		kg/nbETP	109.1		176.7
% of upgraded waste(1)	EN 22		%	100%		80%

(1) Waste collected according to type (CIW/household, paper, cardboard, etc.)
✔ Indicators audited by Pricewaterhouse Coopers.

PARCS EIFFELS	GRI CRESS - EPRA	Collecting data rate (2012)	Unit	2012 88%		2011 42%
ENERGY						
CarbonScreen© mark - intrinsic performance						
Total energy consumption	EN 3 & 4	56%	MWh_{FE}	16,448	✔	7,778
including fossil fuels	*EN 3*		MWh_{FE}	*197*		*0*
including electricity	*EN 4*		MWh_{FE}	*16,251*		*7,778*
including district heating	*EN 4*		MWh_{FE}	*0*		*0*
... Per m²	CRE 1		kwh_{FE}/m^2	82	✔	82
	CRE 1		kwh_{PE}/m^2	209	✔	213
GHG						
Total emission	EN 16	56%	$T\ CO_2e$	1,411	✔	653
including direct emissions	*EN 16*		$T\ CO_2e$	*46*		*0*
including indirect emissions	*EN 16*		$T\ CO_2e$	*1,365*		*653*
... Per m²	EN 8		$kg\ CO_2e\ /\ m^2$	7		7
WATER						
Total consumption	EN 8	57%	m^3	17,365	✔	15,676
... Per person	CRE 3		m^3/nbETP	np		np
WASTE						
Total mass	EN 22	28%	T	26		26
	-					
% of upgraded waste	EN 22		%	94%		94%

✔ Indicators audited by Pricewaterhouse Coopers.

Category	Reference	Reliability	Indicators		
				Year % of the portfolio mapped	
LIGHT INDUSTRIAL	GRI CRESS - EPRA	Collecting data rate (2012)	Unit	2012 25%	2011 25%
ENERGY					
CarbonScreen© mark - intrinsic performance	-	100%	/100	40	40
Total energy consumption	EN 3 & 4	100%	MWh_{FE}	3,210 ✔	3,401
including fossil fuels	*EN 3*		*MWh_{FE}*	*0*	*0*
including electricity	*EN 4*		*MWh_{FE}*	*2,518*	*2,485*
including district heating	*EN 4*		*MWh_{FE}*	*692*	*917*
... **Per m²**	CRE 1		kwh_{FE}/m^2	95 ✔	101
	CRE 1		kwh_{PE}/m^2	213 ✔	217
GHG					
Total emission	EN 16	100%	$T\ CO_2e$	362 ✔	410
including direct emissions	*EN 16*		*$T\ CO_2e$*	*0*	*0*
including indirect emissions	*EN 16*		*$T\ CO_2e$*	*362*	*410*
... **Per m²**	EN 8		$kg\ CO_2e\ /\ m^2$	11	12
WATER					
Total consumption	EN 8	36%	m^3	656 ✔	4,500
... **Per person**	CRE 3		m^3/ nbETP	np	np
WASTE					
Total mass	EN 22	36%	T	174	149
	-				
% of upgraded waste	EN 22		%	59%	55%

WAREHOUSES/ SORTING CENTRES	GRI CRESS - EPRA	Collecting data rate (2012)	Unit	2012 71%	2011 71%
ENERGY					
CarbonScreen© mark - intrinsic performance	-	100%	/100	37	0
Total energy consumption	EN 3 & 4	33%	MWh_{FE}	2,414 ✔	2,521
including fossil fuels	*EN 3*		*MWh_{FE}*	*1,313*	*0*
including electricity	*EN 4*		*MWh_{FE}*	*1,101*	*2,521*
including district heating	*EN 4*		*MWh_{FE}*	*0*	*0*
... **Per m²**	CRE 1		kwh_{FE}/m^2	182 ✔	191
	CRE 1		kwh_{PE}/m^2	314 ✔	335
GHG					
Total emission	EN 16	33%	$T\ CO_2e$	400 ✔	408
including direct emissions	*EN 16*		*$T\ CO_2e$*	*307*	*307*
including indirect emissions	*EN 16*		*$T\ CO_2e$*	*92*	*102*
... **Per m²**	EN 8		$kg\ CO_2e/m^2$	30	31
WATER					
Total consumption	EN 8	30%	m^3	2,072 ✔	0
... **Per person**	CRE 3		m^3/nbETP	np	np
WASTE					
Total mass	EN 22	0%	T	0	0
	-				
% of upgraded waste	EN 22		%	0%	0%

✔ Indicators audited by Pricewaterhouse Coopers.

A COMMITMENT TO CORPORATE CITIZENSHIP

2012 HIGHLIGHTS

> Implementation of a free share allocation plan for employees

> **70%** of Asset Managers are female

> **100%** of employees have permanent contracts

> **45%** of employees have taken at least one training course

OUR SOCIAL VALUES

As at 31 December 2012, Société de la Tour Eiffel had a compliment of **25 employees**. Of these, 40% of the executives were female, representing **70% of the Asset Managers**. This year, the Company has again implemented a plan to grant free shares to employees, in order to encourage their involvement.

2012 SOCIAL DATA

	AT 31/12/2012	AT 31/12/2011
STAFF		
Number of employees[1]	25	25
including male	*10*	*10*
including female	*15*	*15*
Average age of employees	43	42
STAFF MOVEMENTS		
External recruitment	1	4
Departures (fixed-term contracts ending in 2012)	1	2
Voluntary turnover rate (%)	4	8
REMUNERATION		
Total payroll (in € thousands)	2,546	2,387
Employee shareholders of the company (%)	100	>90
TRAINING		
Total hours of training	209	445
% of employees trained	45	96
WORKING TIME - ABSENCE		
Absenteeism rate (%)	3	2.8
including work accidents	*0.1*	*0*

(1) Net of Directors.

"Because of its size, Société de la Tour Eiffel maintains direct contact with each of its employees in addition to regular meetings with staff representatives.
An annual audit on employee health and safety is conducted to assess the working conditions and environmental hazards of each employee.
Our recruitment policy is fluid and in tune with our long-term requirements. Certain functions are outsourced (accounting, IT) enabling the company to concentrate on its core business.
However, it does use service providers for project management for example, and ensures that each subcontractor complies with French legislation and respects employees' rights in particular."

Sylviane Beaumont,
Human Resources Manager

GENDER DIVERSITY

Gender diversity and parity are important values within Société de la Tour Eiffel. The company refuses all forms of discrimination in hiring, ensures equal access to vocational training and equality of remuneration.

During the past year Mercedes Erra joined the Board of Directors. Her appoitnment is a first step towards increased female participation and represents an opportunity for the company.

Parity is bound to gain ground in the future and the exception to become the norm.

TRANSPARENCY AND ETHICS

Société de la Tour Eiffel has established internal control procedures and an audit schedule in order to avoid conflicts of interest or insider trading. The Rules of Procedure of the Board of Directors includes specific provisions to promote exemplary conduct by its members.

Société de la Tour Eiffel applies all the transparency rules required of listed companies. The reference document filed with the AMF is available on the website.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

A RELATIONSHIP OF TRUST

Mapping provides an opportunity to strengthen ties with Société de la Tour Eiffel partners by discussing the outcome involving them in the resulting remedial measures.

This results on the one hand in an environmental management specification to monitor the buildings in concert with Property Managers and in the actioning of the green lease rider with occupiers.

2012 HIGHLIGHTS

- **Arrival** in September of Renaud Haberkorn, the new Managing Director
- Extension for **5 years** of the Société de la Tour Eiffel Foundation and the appointment of **Mercedes Erra** to the Board of Directors
- **€150,000** dedicated to the next multiannual action program of the Foundation

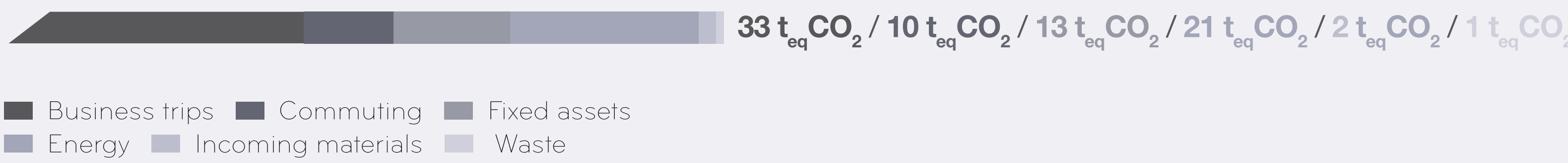
FONDATION SOCIETE DE LA TOUR EIFFEL

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

In January 2012, the Board of Directors of the Société de la Tour Eiffel decided to extend its activities for five years under the presidency of Robert Waterland, one of the founding directors, and to appoint Mercedes Erra to the Board.
Support for young students in key moments of their careers will continue to be its central focus, privileging projects related to the history of the company and the legacy of Gustave Eiffel. The sum of €150,000 has been allocated for the implementation of the multi-year program.
http://www.fondationsocietetoureiffel.org/

CORPORATE CARBONE® FOOTPRINT

CARBONE® FOOTPRINT FOR SOCIÉTÉ DE LA TOUR EIFFEL IN 2012



CORPORATE ENVIRONMENTAL DATA

	AT 31/12/2012	AT 31/12/2011
EMISSIONS OF GREENHOUSE GASES		
Société de la Tour Eiffel (tCO_2e)	82	153
For business trips	*33*	*108*
For Energy	*21*	*17*
Total per employee (tCO_2e)	3.0	5.9
CONSUMPTION		
Energy (kWh)(1)	218,468	179,591
Water (m^3)	226	383
Paper (t)	1.8	2.2
TRAVEL		
Commuting (km)	131,000	129,000
By car and two-wheeled vehicles	*36,000*	*35,000*
By public transport	*95,000*	*94,000*
Business trips (km)	275,000	306,000
By air		*156,000*
By rail		*115,000*
By professional vehicle	*33,000*	*35,000*

(1) The scope has been extended this year to include common areas.

2012 HIGHLIGHTS

> **2nd** corporate Carbone® footprint carried out by the group

> **3.0 t CO_2e** per employee

> **47%** reduction in emissions compared with 2011.

IMPROVEMENT IN THE CARBON FOOTPRINT

In 2012 Société de la Tour Eiffel carried out the second evaluation of its carbon footprint using the Bilan Carbone® method. The study analysed the emissions of greenhouse gases linked to its activity, including the consumption of energy, fuel, water and paper. The decision to perform **an environmental assessment largely exceeding the regulatory framework** reflects the will of Société de la Tour Eiffel to take tangible action in order to maintain the working environment of its employees and the living environment of its partners.

The study shows an impressive improvement including a 47% reduction in emissions mainly due to a decrease in air travel last year: company staff made three times fewer flights.
This major fact, however, should not distract from in-house disciplines aimed at limiting the company's carbon footprint such as waste sorting and recycling, reducing paper consumption or the choice of economic company vehicles.

WHAT IS A TON OF CO_2 EQUIVALENT?

The unit used in the Carbone® footprint method is a tonne of CO_2 equivalent (**tCO_2e**), which represents the emission of greenhouse gases of each studied workstation, converted into the CO_2 equivalent. In the Bilan Carbone® footprint method, **six different greenhouse gases** are assessed, which are then related to a common unit in order to facilitate understanding and communication.

ASSET MANAGEMENT BASED ON AN ENVIRONMENTAL STRATEGY

In 2012 Société de la Tour Eiffel extended the scope of the data collection and the analysis of environmental indicators for its property portfolio. That extension covers:

- **All categories of property:** business parks, office buildings, light industrial sites, warehouses;
- All the assets with tenants subject to **a lease with an environmental rider agreed** before July 2013. These assets were the subject of a detailed inventory in terms of their technical facilities, tenants fixtures and fittings and stringent reading of consumption data;
- **The overall scope of the use of each asset is reviewed**. It therefore includes both the share of consumption controlled by Société de la Tour Eiffel and that controlled by its tenants;
- **The complete environmental impact of the assets:** energy consumption, emissions of greenhouse gases, production and sorting of waste, water consumption, intrinsic qualities of the asset compared with influences such as the number of workstations, weather conditions, and the levels of operating contracts;
- **All occupiers are made aware of the study and included within scope**, be they industrial, for which energy cost control methods are commonplace, or CAC 40-listed companies that have introduced a structured CSR policy for all their areas of activity, without overlooking SMEs and SMIs occupying small floor areas.

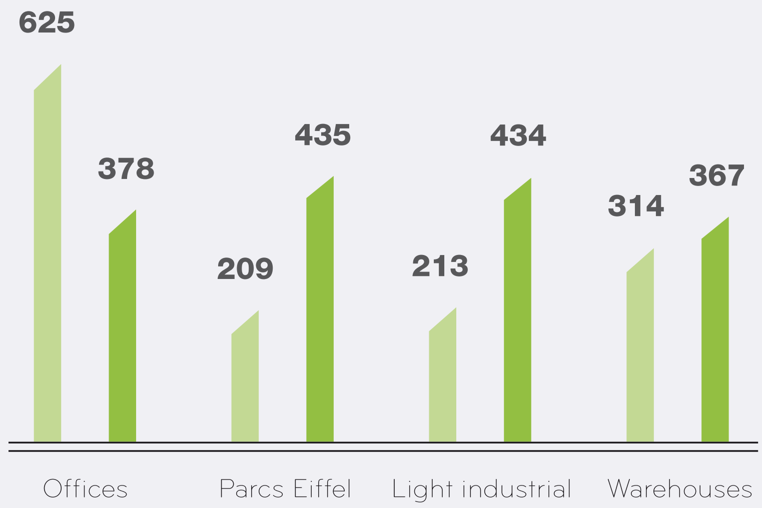
Reflecting the company's pragmatism which, over and above the comprehensive data collection, seeks to implement an environmental management processes adapted to both its assets and tenants, and this action makes a significant improvement to the widest possible range of environmental indicators.
Aware of its role as a precursor and federator for new best practices, Société de la Tour Eiffel has focused its approach on the conscientious management of environmental performance.

AN INTRINSICALLY EFFICIENT PORTFOLIO

All of the company's assets that have been mapped have been positioned on the CarbonScreen® benchmark (see below). The overall average score for the audited property portfolio is 54 out of 100, a performance 6 points above the average benchmark (covering 5.2 million square meters of commercial property in France). The mapping of the property portfolio conducted in 2011 covering nearly 50% of the assets, and extended in 2012 to nearly 70% of the assets, has highlighted the specific features of the assets of Société de la Tour Eiffel from the environmental point of view:

- The average overall consumption for the audited property portfolio represented **354 kWh_{PE} / sq. m per year**, or about 25% less than the French average; as a whole, the buildings are therefore relatively energy-efficient;
- **Over 70% of the assets are subject to standard occupation**, i.e. their energy consumption reflects their intrinsic performance;
- However, **improvements are being sought on office blocks** featuring large, densely occupied, floor plates.

COMPARISON BETWEEN THEORETICAL AND ACTUAL ANNUAL CONSUMPTION (annual average consumption of the mapped assets in KWh_{PE}/m^2)

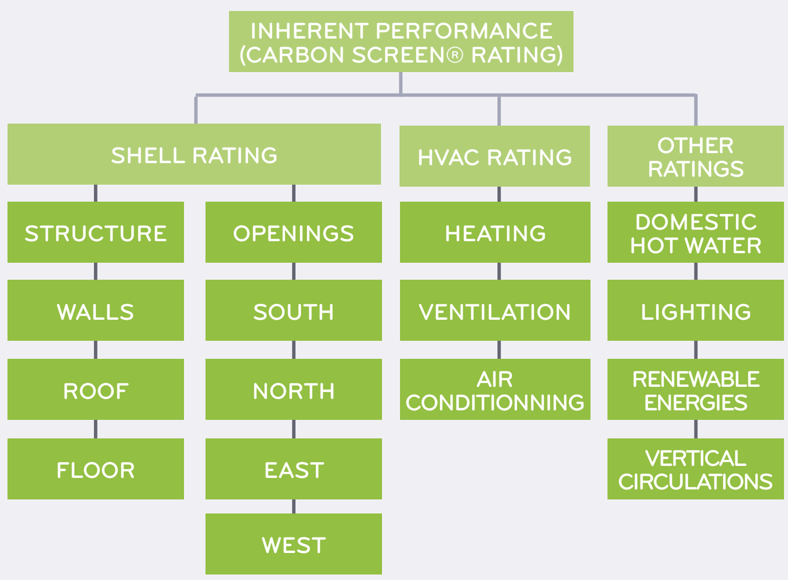


Average STE : 354 kWh_{PE}/m^2. year

Actual energy consumption (2012)
Theoritical energy consumption obtained from CarbonScreen©

WHAT IS CARBONSCREEN©?

Société de la Tour Eiffel relies on CarbonScreen©, a rating system designed and implemented by Sinteo. The CarbonScreen© rating is not measured in kWh_{PE}/sq.m./year to avoid the risk of confusion, but is a digital indicator with a scale of 0 to 100. It takes into account three factors: the renovation cycle, technological developments, and the date of construction of the building.
CarbonScreen© is the leading benchmark for the energy performance of commercial buildings in France with nearly 1,000 sites.



KEY INDICATORS FOR 2012

A GLOBAL VISION OF ENVIRONMENTAL ISSUES

ENERGY CONSUMPTION

Surface area (m^2)	Distribution of surface areas across the energy performance scale (kWh_{PE}/m^2.an)			Value (M€)	Number of assets
0	0%	A	≤50	0.00	0
27,420	7%	B	51 to 110	28.88	2
68,381	18%	C	111 to 210	105.56	3
164,755	44%	D	211 to 350	192.48	9
36,838	10%	E	351 to 540	152.55	3
70,058	19%	F	541 to 750	193.55	5
10,933	3%	G	>750	51.63	2
378,385	Total perimeter			724.65	24

The energy performance characteristics for the property portfolio are generally superior to the average for French commercial property[3]. **Most of the sites are rated from B to D**.

This, however, understates Société de la Tour Eiffel's implication in this area. The strategic office assets, which are intrinsically energy-efficient and certified, are frequently the subject of intensive occupation by large corporations and mainly rated E to F.

IMPACT ON CLIMATE CHANGE

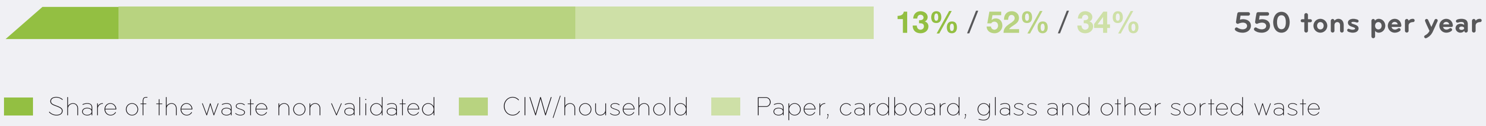
Surface area (m^2)	Distribution of surface areas across the GHG performance scale (kg CO_2e / m^2)			Value (M€)	Number of assets
41,328	11%	A	≤5	62.09	2
204,386	54%	B	6 to 15	289.47	11
84,634	22%	C	16 to 30	255.73	7
48,037	13%	D	31 to 60	117.36	4
0	0%	E	61 to 100	0.00	0
0	0%	F	101 to 145	0.00	0
0	0%	G	>145	0.00	0
378,385	Total perimeter			724.65	24

Due to the low carbon content of French electricity, linked to the historical dominance of nuclear energy, **all of the buildings are rated from A to D**.

(1) Source: OID, http://o-immobilierdurable.com/.

WASTE MANAGEMENT

The widespread use of CSR reporting in 2012 showed the difficulty of establishing the traceability of tenant waste production. In 2013, a study will be conducted on all of our sites to determine the possibilities of measurable selective collection of waste especially in the Parcs Eiffel.
According to available data, most of the waste from buildings is at present **selectively sorted at the initiative of tenants**.



WATER CONSUMPTION

The average water consumption of an office occupant is approximately **32 litres per person per working day**. This consumption is moderate compared with the average all uses water consumption per capita in France of 200 litres per day[1].

The widespread use of water-saving devices throughout the property portfolio is nevertheless an important factor for optimising water consumption, which is heavily dependent on occupant behaviour.

PROTECTING BIODIVERSITY

Société de la Tour Eiffel is continuing its commitment to the protection of biodiversity in business parks (management of landscaping minimising the parks' impact on fauna and flora, installation of beehives favouring plant pollination) and generally being attentive to gardens and landscaping throughout the property portfolio.

REFRIGERANT-RELATED POLLUTION

A census of all the risk refrigerants (R22 in particular) was completed in 2012. Multi-annual work schedules now include the eradication of these gases before the regulatory deadline of 2015.

(1) Source: http://www.eaufrance.fr/site-156/groupes-de-chiffres-cles/?id_article=468

A PROACTIVE ROADMAP FOR 2015

With input from several internal working groups, a social responsibility and sustainability steering committee established a blueprint for 2013-2015. It is structured around three focal issues involving all of the Group's employees:

- At the corporate level, Société de la Tour Eiffel must **assume its responsibilities** and establish a pro-active, exemplary policy on social, societal and environmental issues;
- The environmental issue is a driver behind the strategy to **refocus the portfolio** on quality assets that are sustainable development-certified or qualify for certification;
- Finally, **this strategy applies to each asset** in the existing portfolio through pro-active, pragmatic initiatives implemented by the asset and property managers.

A MULTI-YEAR ACTION PLAN

CSR STRATEGY 2012 - 2015: 3 FOCAL POINTS, 21 COMMITMENTS

Commitments	Scope	Actions carried out in 2012
FOCUS 1 - CORPORATE	**SHOULDER OUR RESPONSIBILITY AND BE CENTRAL TO SOCIAL AND ENVIRONMENTAL CHALLENGES AFFECTING OUR BUSI**	
Maximize the company's extra-financial transparency	STE	Application of GRI CRESS guidelines and follow-up of EPRA recommendations Validation of data by an outside third party Report compliant with GRI level B+
Motivate employees	STE	Training on sustainable real estate for all Tour Eiffel Asset Management teams
Controlling the environmental impact of head office	STE	Production of a Carbon footprint for the second year
Continue to develop the Société de la Tour Eiffel Foundation	STE	Decision to extend the activity of the Foundation for five years
Involve stakeholders outside the group	STE and third-party service providers	Drafting of a charter with the property managers
Be involved in think tanks and marketplace initiatives	STE	Involvement of STE in the following organisations: OID, IPD, FSIF, EPRA
FOCUS 2 - PORTFOLIO	**REFOCUS OUR STRATEGY ON A PORTFOLIO WITH HIGH ENVIRONMENTAL QUALITY**	
Control and monitor the environmental impact of the portfolio	Portfolio	80% of the property portfolio mapped
Develop 100% green buildings (approved and certified) and control the overall impact of constructions	Offices	Montrouge development under way and study of new certified projects
Develop 100% of new buildings using a verified environmental management system	Parcs	Delivery of the Air building in Vénissieux (LEB)
Hold 25% green assets (approved or certified)	Offices	Divest properties at risk
Reduce energy consumption and emissions of greenhouse gases	Offices & Parcs	20% of green CAPEX (including R22 and asbestos removal)
Mainstream the signature of green leases	Offices & Parcs	Legal and operational structure of environmental appendices with tenants
Mainstream the signing of facility management contracts including environmental clauses	Portfolio	Integration in 2012 of specific clauses in the mandate of a property manager
FOCUS 3 - ASSETS	**APPLY THE OBJECTIVES OF THE PORTFOLIO TO EACH ASSET THROUGH ACTIVE MANAGEMENT TO CREATE VALUE**	
Audit high energy-consuming buildings	Offices	Energy audit of the Colombelles building
Set up monitoring	Offices & Parcs	Engage a specialised consultant to identify the Office and Parcs solutions to be deployed
Certify assets in service	Offices & Parcs	Identify relevant assets and tenants for the deployment of BREEAM-In-Use certification
Eradicate risk refrigerants	Portfolio	Audit R22 facilities on the sites, and establish the eradication procedure, appoint staff. Construction of the Quai Aulagnier site (Asnières)
Ensure accessibility of buildings for the disabled	Offices	
Facilitate waste management	Portfolio	
Control the use of water	Parcs	
Protect biodiversity in business parks	Portfolio	Install bee-hives to favour the pollination of plants

Actions scheduled	Reference CSR Report 2012	Measuring the objective	Status	Ref
NESS				
Report compliant with GRI level A+	p. 2			1.1
Drafting of an internal responsibility charter Employee awareness campaign	p. 10			1.2
Carbon footprint monitoring and implementation of an internal responsible procurement policy	p. 12			1.3
Facilitation and monitoring Foundation activity	p. 11			1.4
Integration of the PM charter for new mandates General use of a charter of sustainable commitments for service providers	p. 24			1.5
GRESB, GRI Reporting Circle of exchanges with users	p. 3			1.6
2013: Continue mapping, Automation and formalization of an environmental management platform for the portfolio Ultimately, extension of reported indicators and general use of BREEAM-In-Use scoring	p. 5 to 8 and 17	% of surface area mapped		2.1
Delivery of the Montrouge building (LEB and BREEAM)	p. 22	% of assets certified		2.2
Design of several new buildings in the parks, on the basis of a monitored environmental management scheme	p. 22	% of assets certified		2.3
Environmental rating procedure of sites studied on acquisition (present performance, potential for improvement)		% value of assets		2.4
25% of green CAPEX (including R22)	p. 5 to 8 and 17	% reduction in energy indicators and GGE		2.5
100% environmental appendices for tenants for leases of more than 2,000 sq. m	p. 23 to 25	% of green leases		2.6
Inclusion of specific clauses for any new property management mandate				2.7
In 2013: audits of at least the sites in Asnières, Aubervilliers and Massy		% of assets audited		3.1
In 2013: Facilities for Aygalades - B9 (Marseille), Tanneries - D1 (Strasbourg) and Topaz (Vélizy)		% of assets equipped		3.2
In 2013: Implement BREEAM-In-Use certification for the Domino (Paris) and Citizen (Rueil) sites		Number of certifications		3.3
In 2013: withdraw equipment using R22 up to 30% of the identified volumes in 2012	p. 18	% weight of risk refrigerants		3.4
Audit the relevant assets and establish a work program		% surface area accessible		2.6
Identify all the provisions for selective waste collection at the local level	p. 18	% surface area of selective waste collection		3.6
Study the installation of sub-meters Installation of water-saving equipment	p. 18	% surface area equipped		3.7
Join in a certification initiative for management work of green spaces	p. 18			3.8

DEVELOPMENTS WITH HIGH ENVIRONMENTAL QUALITY

Since 2007, Société de la Tour Eiffel's portfolio development has been largely through new buildings that are either certified (HEQ, BREEAM, et.) or standard-compliant. The company is now targeting double certifications and is testing energy performance guarantees.

AIR, A 2005 LEB-EQUIVALENT BUILDING WITH 2,300 SQ. M, THE RESULT OF INTELLIGENT COOPERATION BETWEEN LESSOR AND LESSEE

With a floor area of 2,300 sq. m, the 2005 LEB-equivalent building (controlled by Bureau Veritas), AIR is designed to accommodate a hundred employees of the SPIE Sud-Est operational management division in Lyon, previously installed in premises that were too cramped.

The project, launched in 2009, was the subject of joint discussions between the teams of Société de la Tour Eiffel, the lessor, and SPIE Sud-Est. Energy management for the building is optimized through the use of thermal insulation, the small proportion of windows, enhanced solar shading and advanced technical facilities using the latest innovations in energy management and automation.

A rare occurrence in real estate, SPIE Sud-Est was entrusted with the management of the electricity work package of its future head office. The lighting is fully controlled by personal presence cells in the ceilings, which adapt to the ambient light. Wiring "over IP" allows telephone and information systems and use in the same cable so that all of the occupants benefit from the technological advantages of the system. Stormwater management is organised by means of a retention and infiltration system. Finally, special attention was paid to visual comfort (favouring natural light) and olfactory comfort (with good ventilation and fragrant tree species planted in the surrounding shrubbery).

The consistency between the intrinsic quality associated with building design and its use by a tenant with occasionally specific needs represents the major challenge in the management of new or recent assets, whether they are certified or not. Certification initiatives for assets in service of the BREEAM In-Use type will be undertaken in 2013 in order to implement best practices. If necessary, energy audits will be undertaken to identify paths for potential optimization.
For instance, an energy audit carried out in 2012 on the Caen Colombelles property, which was delivered in 2005, highlighted the excessive consumption stemming from the tenant's activities which triggered the establishment of a corrective action plan.

20%
of the value of the property portfolio is certified.

THE ENVIRONMENTAL RIDER, AN IMPROVEMENT RACHET

The findings from the mapping and reporting work undertaken since 2011 proves that it is essential to involve occupiers in order to minimize the environmental impact of buildings which are often intrinsically energy-efficient but whose use or operation leads to overconsumption.

Tour Eiffel Asset Management has chosen **to expand** the content of **the environmental appendix beyond regulatory requirements**, and **to formalize** as follows:

- **The standard use of a reliable and sustainable reporting** and recording system for facilities and energy and environmental indicators based on the information provided by the interested parties;
- **The systematic** and coordinated **search for improvement performance rachets**;
- **The shared commitment** towards service charge economies.

SMART-METERING AS A TOOL FOR CONTROLLING AND MANAGING THE ENVIRONMENTAL IMPACT

An initiative by SCLE, a Société de la Tour Eiffel tenant with 2,000 sq. m located in the centre of the Aygalades business park in Marseille.

SCLE (a power line construction company) was founded in 1969, its main activities being railway electrification (for SNCF, the French Railway Board), the automation of large electrical facilities (EDF) and telecommunications (PTT). Over the years, the company has expanded its activities to industry and export, new technologies and railway signalling.

On the building it occupies, SCLE has developed and implemented **SMART'EO**, an advanced energy management system. The solution takes into account the optimization of the use, storage and production of multi-fluid energy, including electricity, water, gas, and steam. It calls upon site metering to collect and analyse energy consumption data according to use (type of usage, geographic location), the provision of monitoring dashboards so that staff can understand the issues involved in energy efficiency, and the development of energy controlled strategies, optimizing on-site economic and energy performance.

SCLE is thus anticipating future statutory energy optimization requirements and can provide Société de la Tour Eiffel with experience feedback on the consumption measurement and control of the building it occupies.

AN INNOVATIVE APPROACH TO ENVIRONMENTAL MANAGEMENT

Tour Eiffel Asset Management has implemented a framework for following up environmental riders to the leases.

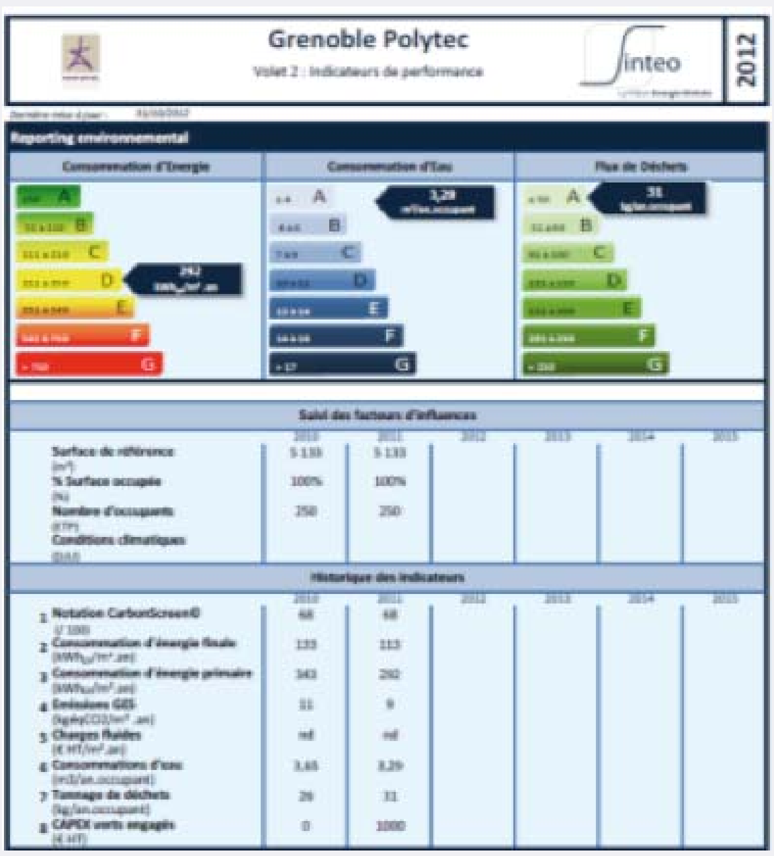
The **approach** enables the expectations of the respective asset and property managers to be aligned such as:

- **Organized, reliable and verifiable mapping**, providing a broad selection of data for fail-safe monitoring of environmental indicators;
- **Homogenous management of environmental** lease riders tailored for tenants;
- **A rigid**, rigorous and comprehensive framework for the approach, so that occupiers can be effectively involved and informed.

The collection and archiving of this vast amount of new environmental data allows Société de la Tour Eiffel to measure and compare the effect of its concerted actions and thus improve the performance of its property portfolio.

An environmental check list annexed to the lease is a practical basis for environmental monitoring: it provides a single, uniform means for sharing information in support of decisions aimed at improving the environmental and energy efficiency of the assets.

EXTRACT OF AN ENVIRONMENTAL MANAGEMENT MANUAL



The specification consists of three sections, concerning the asset manager, property manager, facility manager and occupier:

- **Component 1:** technical inventories to record and share information on the building;
- **Section 2:** identification of the various indicators and an analysis of site performance in terms of influencing factors (workstations, weather, and so on);
- **Section 3:** the mutual action plan and measurement of the anticipated efficiency subsequently obtained.

100%
of green leases drafted at year-end 2012 and tenants alerted

To promote constructive dialogue between interested parties, Société de la Tour Eiffel has already formed an all-party forum for monitoring buildings, facilitating prompt access to the environmental data for the site. The entity will be operational in March 2013 and will enable proactive management of environmental performance.

SHARING POINTS OF VIEW

Jean-Marc Peyron, Lawyer
Herbet Smith Freehills

Odile Batsere, Asset Management Director
Société de la Tour Eiffel

JEAN-MARC PEYRON: The so-called green lease in fact refers to a rider covering environmental aspects but this does not change anything from the legal point of view. It simply involved a choice between integrating the terms and conditions in different lease clauses or grouping them in a schedule. Grenelle II legislation opted for the latter, but the two elements generally combine.

ODILE BATSERE: What have our European colleagues chosen?

J.-M. P.: The approach is specifically French. There are contractual initiatives in Germany and the United Kingdom (as well as the Carbon Act in the latter case), but there are no lessor-lessee provisions such as the process that has now been launched in France.

O. B.: As a matter of fact we recently agreed two new leases which included the rider. Older leases require updating. In all, twenty of our tenants occupy lots in excess of the statutory threshold for green leases of 2,000 sq. m. They were contacted in June and we have met with some, and sent out the proposed rider.

J.-M. P.: An efficient environmental approach requires that the lessor and lessee have a common objective. Have your tenant relations made your task easier?

O. B.: Yes, but we didn't wait for the environmental issue in order to dialogue with our major tenants. Regular meetings, usually every six months, are arranged and we took advantage of such an occasion to broach the subject.

J.-M. P.: In any event, a green lease assumes a much more developed contractual approach than that required by the current legal or regulatory provisions, which are in fact somewhat limited and not particularly restrictive. Only three years ago, questions of this kind would have been viewed as a form of interference by tenants and so this reflects a real change.

O. B.: There were two types of reaction: that of tenants already alerted to the issue, having implemented an initiative who were very open-minded, whereas others were unaware of the subject which therefore caused concern, even reluctance. This was to be expected. What surprised me more is that some major tenants informed us that it was their first acquaintance with an environmental rider, which means that we are well ahead of the market.

J.-M. P.: Had you never asked any sustainibility information from you tenants before?

O. B.: Never, not even in the case of renovation.

J.-M. P.: The green lease therefore enables your tenants to be made aware to his issue. It can be used as an information exchange vector.

O. B.: It is going to encourage a sharing of action and responsibility. In the end however, the tenants are the true beneficiaries of this procedure.

J.-M. P.: Going forwards on the reciprocal responsibilities issue, how do you contemplate the property managers involvement?

O. B.: It is crucial, in particular in the multi-tenancy context. Instructions have to be suitably modified to accommodate these additional obligations, as for all implicated party. We wish they were fully involved in the future.

J.-M. P.: Tenants and property managers have been mentioned. What about the tenants' employees? Staff representatives, Health, Safety and Works committees are generally very demanding in such circumstances.

O. B.: We have no obvious direct contact with them. But their interventions, linked their interventions on environmental issues are pro-active, they are systematically channelled to us through their Human Resources and their Real Estate departments, pressurising companies to intervene into the appropriate course of action.

CONCLUSION

Frédéric Maman, Deputy Managing Director
and board member of Société de la Tour Eiffel
Director of Tour Eiffel Asset Management

WHAT IS YOUR ASSESSMENT OF THE FIRST TWO YEARS?

The momentum generated last year is still in motion: we have completed the mapping, extended the list of indicators, and communicated the five key indicators requested by the EPRA.

Our approach remains gradual and flexible, so that we can appropriately monitor the eco-friendly trends that will no doubt accentuate in our profession in the coming years. That is why, even if the regulatory objectives are still limited, we still seek to anticipate future obligations and share our environmental and social approach with associations such as the OID or EPRA.

HOW DOES THIS APPROACH FIT IN WITH THE DEVELOPMENT STRATEGY OF SOCIÉTÉ DE LA TOUR EIFFEL?

The approach is fully integrated into our processes of creating value, whether through asset management or development operations, as evidenced by our two latest projects, the Eiffel O2 (Montrouge) and Air (Lyon). The integration of environmental issues is absolutely essential for real estate operators today, and even more so for listed entities. It must be part of the company's DNA, since it will gradually become one of the decisive selection criteria for occupiers.

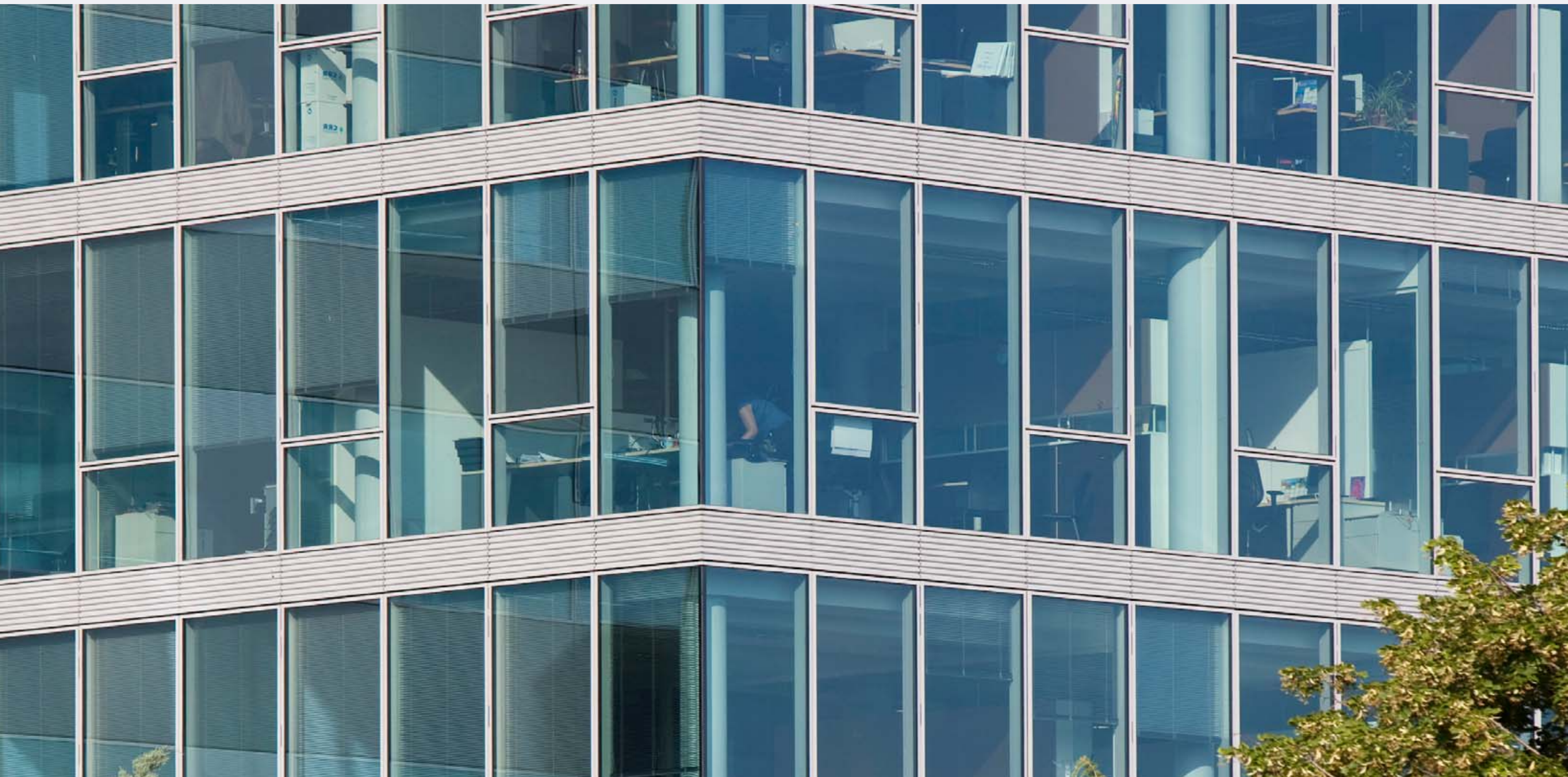
DOES THE APPROACH HELP YOU CREATE VALUE?

It assists us on both the quantitative and qualitative levels. It is unthinkable today to carry out development or a renovation without integrating environmental issues which improves the intrinsic quality and sustainability of properties as well as the comfort of occupiers and the portfolio value is thus enhanced through increased asset marketability and liquidity.

WHAT DEVELOPMENTS ARE PLANNED FOR THE COMING YEARS?

First we are going to finalise the diagnostic phase and then initiate improvements as defined in our three-year plan. Our participation in the Sustainable Real Estate Observatory (OID) and adoption of EPRA guidelines will also highlight the company's adherence, profile and performance in the environmental arena.

APPENDICES



OVERVIEW OF REGULATORY ART. 225: GRENELLE 2

Categories	Sub-category	Indicators	Page of report	Comment
Social information	Employment	The total number and distribution of employees by gender and geographic area	11	All the employees live in the Paris region
		Hires and fires	11	The only fixed-term contract, a replacement, ended during the year.
		Remuneration and changes	11	Group payroll grew by 7% to stand at €3,049k
	Work organisation	Organisation of working time	-	161 hours of overtime were worked in 2012. Most employees nevertheless have "executive" status
		Absenteeism	11	172 days of absence were recorded, including 10 following an accident at work.
	Labour relations	The organisation of social dialogue, including procedures for informing, consulting and negotiating with staff	-	Intense and regular dialogue is maintained, with a monthly meeting of staff representatives.
		Assessment of collective bargaining agreements	-	Real estate convention 3090 applies.
	Health and safety	Occupational health and safety conditions	-	An audit of the premises (safety and air quality) was carried out in 2012. The results were satisfactory.
		Assessment of agreements with trade unions or employee representatives on occupational health and safety	-	The findings of the audit cited above were sent to staff and recommendations issued with staff delegates.
		Workplace accidents, including their frequency and severity, and occupational diseases	11	One accident at work occurred but was not serious (sprain).
	Training	Policies implemented for training	-	For three years the company has spent more than the financial commitments required by law on vocational training.
		Total hours of training	11	216 hours of training were followed in 2012.
	Equal treatment	Measures taken to promote equality between women and men	12	Société de la Tour Eiffel refuses any form of discrimination in hiring, ensures equal access to vocational training and offers equal pay for work of equal value.
		Measures taken to promote the employment and integration of disabled people	-	The company purchases many supplies from the Ateliers La Ruche, which employs 80% of workers with disabilities.
		Policy against discrimination	-	No employment discrimination, equal access to vocational training, application of the "equal pay for work of equal value" rule, etc.
	ILO (Actions in favour of)	Respect for freedom of association and right to collective bargaining	-	In the course of its business, Société de la Tour Eiffel complies with French law and encourages its partners to do the same.
		Elimination of discrimination in respect of employment and occupation	-	
		Elimination of forced or compulsory labour	-	Contracts with providers on worksites in particular contain a clause to this effect.
		Effective abolition of child labour	-	

Categories	Sub-category	Indicators	Page of report	Comment
Environmental information	General environment policy	The organisation of the company to take into account environmental issues, and where appropriate environmental assessment or certification approaches	Complete	Nicolas de Saint-Maurice, Financial Engineering and Development Director, supervises these issues.
		Training and information for employees in environmental protection	-	To develop their understanding of these issues, asset managers have been trained in environmental certification.
		Resources devoted to the prevention of environmental risks and pollution	Complete	"The whole approach of Société de la Tour Eiffel fits in with this framework.
		The amount of provisions and guarantees for environmental risks	-	210 hours have been invested in this project by its backers".
	Pollution and waste management	Measures to prevent, reduce or repair emissions to the air, water and soil seriously affecting the environment	Complete	The whole approach of Société de la Tour Eiffel fits in with this framework.
		Measures for waste prevention, recycling and disposal	7-10 & 13	On its premises, the company sorts and recycles waste, toners and plastic caps, which are taken care of by an association.
		Taking into account noise and other forms of pollution specific to an activity	-	The Montrouge site in 2012 has the guarantees of the Vinci Oxygen eco-commitment approach. In its premises, the company has provided anti-noise headphones.
	Sustainable use of resources	Water consumption and supply according to local constraints	7-10 & 17	Mapping of the property portfolio covers this indicator.
		Consumption of raw materials and measures to improve efficiency in their use	-	On its premises, the company has bought double-sided photocopiers to limit (successfully this year) paper consumption.
		Energy consumption Measures taken to improve energy efficiency and the use of renewable energy	7-10 & 17	Mapping of the property portfolio covers this indicator.
		Land use	-	The Parcs Eiffel systematically include 30% of green space. Demolition waste is recovered as gravel for roads.
	Climate change	Greenhouse gas emissions	7-10 & 13	On its premises, the Company has completed a corporate carbon footprint°. The mapping was used to estimate the emissions due to the property portfolio.
		Adaptation to the impacts of climate change	19-20	The action plan presented covers this indicator.
	Protection of biodiversity	Measures to preserve or enhance biodiversity	-	On several rooftops, beehives have been installed.

Categories	Sub-category	Indicators	Page of report	Comment
Societal information	Territorial, economic and social impact of the activity	On employment and regional development	-	Michèle Picard, Mayor of Vénissieux, has praised the "creation of a skill and business centre" made possible by the quality of Société de la Tour Eiffel buildings.
		On neighbouring and local populations	-	The Parc des Tanneries in Strasbourg is partially open to the public and is part of an eco-neighborhood.
	Relations with stakeholders *	Conditions for dialogue with stakeholders	21	Implementation of green annexes, environmental management specifications and participation in market institutions: OID, EPRA, etc.
		Partnership or sponsorship actions	12	The Société de la Tour Eiffel Foundation has been renewed for five years.
	Subcontractors and suppliers	Integration of social and environmental issues in the purchasing policy	23	A charter was signed with the Property Managers to encourage better environmental practices and ensure the inclusion of social and societal issues.
		The importance of outsourcing and the integration in relations with suppliers and subcontractors of their social and environmental responsibility	23	
	Fair practices	Actions taken to prevent corruption	-	The Rules of Procedure contains provisions strengthening the regulations to prevent conflicts of interest and insider trading.
		Measures taken to promote the health and safety of consumers	-	The whole approach of Société de la Tour Eiffel fits in with this framework. 210 hours have been invested in this project by its backers.
	Human rights	Actions undertaken	-	This topic is not very appropriate to the activities of Société de la Tour Eiffel, but the company promotes the issue among its providers.

* Individuals or organisations interested in the company's business, including social integration associations, educational institutions, associations for the protection of the environment, consumer associations and local residents

GRI CORRESPONDENCE

Sub-category	Indicators	Reference	Comment
Strategy and Analysis	1.1 Statement	3	x
	1.2 Key impacts, risks and opportunities	MR § 4: Future prospects and risk management	x
Organizational Profile	2.1 Name	Société de la Tour Eiffel	x
	2.2 Primary brands, products and/or services	IS: “Company” and “Portfolio” headings	x
	2.3 Operational structure	MR § 2.6: Activities of the principal subsidiaries and accounts “table of subsidiaries and holdings”	x
	2.4 HQ location	20 rue de la Ville L’Eveque - Paris	x
	2.5 Countries of operation	France	x
	2.6 Nature of ownership and legal form	MR § 5.2: Group ownership structure Page 1 § 3.1 Composition of the Board of directors and senior management	x
	2.7 Markets served	IS: "Company" and "Portfolio" headings	x
	2.8 Scale of the organization	IS: "Company" and "Portfolio" headings	x
	2.9 Changes in 2012	MR § 1: Business and highlights	x
	2.10 Awards received	None	x
Report parameters	3.1 Period	2012 + CSR: § methodology	x
	3.2 Date of most recent report	CSR: 3	x
	3.3 Reporting cycle	CSR: 3	x
	3.4 Contact	contact@societetoureiffel.com	x
	3.5 Process for defining content	CSR: Published methodology MR § 2: Economic and financial results	x
	3.6 Boundaries	CSR: Published methodology + entire company	x
	3.7 Specific limitations	None	x
	3.8 Basis for reporting on leased assets	MR §: Rental risks; only operating lease: irrelevant topic (100% of the companies owned by parent company)	x
	3.9 Measurement and calculations	CSR: Published methodology	x
	3.10 Re-statements of information	None	x
	3.11 Significant changes in methodology	CSR: 3	x
	3.12 Table	Here	x
	3.13 External assurance	CSR: Appendix Statutory auditors’ report on the consolidated financial statements)	x
Governance, Commitments, and Engagement	4.1 Governance structure	MR § 3: Corporate Governance	x
	4.2 Highest governance body and executive	MR § 3: Corporate Governance	x
	4.3 Composition of highest governance body	MR § 3: Corporate Governance	x
	4.4 Communication with highest governance body	CSR: Appendix 225; Site: GSM notices and results	x
	4.5 Compensation of highest governance body, senior officers and executives	MR § 3.5: Remunerations, allowances and benefits of corporate officers	x
	4.6 Conflict of interest	Specific provision of the rules of procedure on conflicts of interest	x
	4.7 Process to compose the highest governance body	Appendix 7.4 of the MR: Chairman’s internal control report	x
	4.8 Internal code of conduct relevant to economic, environmental, and social performance	Rules of procedure / Site	x
	4.9 Procedure of assessment of eco/env/soc performance by the highest governance body	The size of the company allows executives on the Board to follow all the subjects.	x
	4.10 Process for evaluating the highest governance body own performance	Self-assessment every three years.	x
	4.11 Precautionary approach	MR §: Risks related to changes in sustainable development	x
	4.12 External charter	CSR: 5	x

Sub-category	Indicators	Reference	Comment
Governance, Commitments, and Engagement	4.13 Membership in associations	CSR: 5	x
	4.14 Stakeholder groups	CSR: 6; MR §: Rental risks MR §: Banking financing and main covenants at 31/12/2011 MR § 5: Société de la Tour Eiffel's shareholders MR § 6.2: Activities of the company foundation	x
	4.15 Identification of stakeholder groups to engage	No criteria	x
	4.16 Approach to stakeholder engagement	Regular meetings as required	x
	4.17 Key topics raised that way	None in particular; Site: GSM results	x
Disclosure on Management approach	Economic (Performance, market presence, indirect impacts)	MR § 1: Business and highlights	x
	Environment (Materials, energy, water, bio-diversity, emissions, compliance, products, transport)	CSR Report	x
	Human rights (Investment and procurement practices, security, non-discrimination, child labour, etc.)	CSR: 11-12	x
	Labour (Employment, management relations, occupational health and safety, training, diversity and equality)		x
	Society (Local communities, corruption, public policy, anti competitive behavior, compliance)	CSR: 12	x
	Product responsibility (User health and safety, product labeling, marketing, customer privacy, compliance)	Certification of properties, tenant communication, health and safety in properties (CSR; MR § : Risks related to changes in sustainable development)	x
Indicators	1 Direct economic value generated and distributed (EC1)	MR § 2: Economic and financial results	x
	2 Risk due to climate change and sustainability (EC2)	MR §: Risks related to changes in sustainable development	x
	3 Significant financial assistance received from government (EC4)	No significant financial assistance was received in 2012.	x
	4 Materials used (EN1)	CSR 8	x
	5 Direct energy consumption (EN3)	CSR 7 & 8	x
	6 Indirect energy consumption (EN4)	CSR 7	x
	7 Building energy intensity (CRE1)	CSR 7	x
	8 Initiatives on energy efficiency (EN6)	CSR 16 to 21	x
	9 Total water withdrawal (EN8)	CSR 7	x
	10 Biodiversity (EN11)	Appendix	x
	11 GHG (EN16)	CSR 7 & 10	x
	12 GHG (EN17)	CSR 7 & 10	x
	13 GHG reduction (EN18)	CSR 10 & 16 to 21	x
	14 Mitigation of environmental impacts (EN26)	CSR 16 to 21	x
	15 Total workforce (LA1)	CSR 10	x
	16 Collective agreements (LA4)	CSR 10	x
	17 Absenteeism, injuries, etc. (LA7)	CSR 10	x
	18 Proportion of significant operations with human rights concerns (HR1)	Appendix	x
	19 One society indicator (SO 2-8)	Annual Report	x
	20 Certifications (CRE8)	CSR Report	x

MR = 2012 management report
IS: Internet site
CSR: Corporate Social Responsibility report

DETAILED EPRA INDICATORS PER ASSET FOR 2012

Name	Category	Surface area (m^2)	Energy consumption (kwhPE/m^2)	GHG emissions (kg CO_2e / m^2)	Water consumption (m^3/ nbETP)	Waste production (kg/nbETP)
Asnières Quai Dervaux	Offices	10,391	362.4	11.8	22.2	nd
Bobigny	Offices	6,597	308.7	10.1	nd	nd
Champigny	Offices	14,153	621.1	20.2	7.3	54.3
Caen - Colombelles	Offices	17,525	595.0	19.4	4.3	nd
Grenoble Polytec	Offices	5,133	266.7	8.7	4.7	34.8
Massy/Ampère	Offices	16,339	721.1	23.5	6.9	241.3
Paris Porte des Lilas	Offices	12,341	533.7	17.4	9.3	nd
Plessis-Robinson	Offices	16,597	613.0	33.9	9.1	nd
Rueil-Malmaison	Offices	6,829	777.1	25.3	10.4	47.5
Vélizy Energy 2	Offices	5,444	721.7	26.7	nd	167.1
Vélizy Topaz	Offices	14,106	534.8	55.9	2.4	93.9
Saint-Cloud	Offices	4,104	1 825.6	59.4	nd	nd

Name	Category	Surface area (m^2)	Energy consumption (kwhPE/m^2)	GHG emissions (kg CO_2e / m^2)
Aix - Parc du Golf	Parcs Eiffel	23,089	197.2	6.4
Lille - Parc des Prés	Parcs Eiffel	24,740	227.5	7.4
Lyon - Parc du Moulin à Vent	Parcs Eiffel	36,041	218.0	7.1
Marseille - Parc des Aygalades	Parcs Eiffel	17,728	107.2	3.5
Montpellier - Parc du Millénaire	Parcs Eiffel	23,600	138.1	4.5
Nantes - Parc du Perray	Parcs Eiffel	14,541	302.6	9.9
Orsay - Parc Orsay Université	Parcs Eiffel	17,211	278.7	9.1
Strasbourg - Parc des Tanneries	Parcs Eiffel	35,259	258.8	8.4
Le Bourget - Parc de l'Espace	Parcs Eiffel	9,692	62.1	6.1

Name	Category	Surface area (m^2)	Energy consumption ($kwhPE/m^2$)	GHG emissions (kg CO_2e / m^2)	Water consumption (m^3/ nbperson)
Aubervilliers	Light industrial	21,692	154.0	5.0	nd
Montpellier	Light industrial	12,003	320.5	21.1	0.05

Name	Category	Surface area (m^2)	Energy consumption ($kwhPE/m^2$)	GHG emissions (kg CO_2e / m^2)	Water consumption (m^3/ nbperson)
Caen (Mondeville)	Warehouses	13,230	313.9	30.2	nd
Gennevilliers	Warehouses	20,569	nd	nd	nd
Mitry-Mory	Warehouses	9,756	nd	nd	nd

CONFIRMATION OF AUDITOR'S PRESENCE AND LIMITED ASSURANCE REPORT ON THE SOCIAL, ENVIRONMENTAL AND SOCIETAL DATA

FINANCIAL YEAR ENDING 31 DECEMBER 2012

For the attention of Renaud Haberkorn, Managing Director,

As requested and in our capacity as Statutory Auditors of Société de la Tour Eiffel, we hereby present our report on the social, environmental and societal data presented in the consolidated management report under for the year ending 31 December 2012, pursuant to the provisions of Article L.225-102-1 of the French Commercial Code of Law.

MANAGEMENT'S RESPONSIBILITY

The Board of Directors is responsible for preparing a management report including the consolidated social, environmental and societal data as provided under Article R. 225-105-1 of the Commercial Code (hereinafter referred to as the "Information"), established in accordance with the Protocol used (hereinafter referred to as the "Guidelines") by the Company, which may be consulted at the company's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the regulations, the code of ethics of the profession as well as the provisions of Article L. 822-11 of the Commercial Code. In addition, we have implemented a quality control system that includes documented policies and procedures to ensure compliance with the ethical rules, professional standards and applicable laws and regulations.

RESPONSIBILITY OF THE AUDITOR

It is our responsibility, based on our work:

- To certify that the information required is contained in the management report or, in the event of an omission, is subject to an explanation in accordance with the third paragraph of Article R. 225-105 of the Commercial Code and Decree No. 2012-557 of 24 April 2012 (Certificate of Attendance);
- To conclude with moderate assurance that the information is faithfully presented, in all material respects, in accordance with the Guidelines used (moderate assurance report).

To assist us in our work, we have called on our experts in corporate societal responsibility.

1. CONFIRMATION OF PRESENCE

We performed the following in accordance with the professional standards applicable in France:

- We compared the information contained in the management report with the list provided for n Article R. 225-105-1 of the Commercial Code;
- We verified that the information covered the scope of consolidation, namely the Company and its subsidiaries within the meaning of Article L. 233-1 and the companies it controls within the meaning of Article L. 233-3 of the French Commercial Code;
- In case of omission of certain consolidated data, we verified that explanations were provided in accordance with the provisions of Decree No. 2012-557 of 24 April 2012.

Based on the above, we hereby confirm the presence in the management report of the requisite Information.

2. MODERATE ASSURANCE REPORT

NATURE AND SCOPE OF UNDERTAKING

NWe acted in accordance with ISAE 3000 (International Standard on Assurance Engagements) and the professional standards applicable in France. We implemented the procedures described below in order to obtain moderate assurance that the Information does not contain any material anomalies liable to call into question their sincerity, in all material respects, in accordance with the Guidelines. A higher level of assurance would have required a more extensive review.

We performed the following:
- We assessed the appropriateness of the Guidelines in terms of their relevance, completeness, neutrality, clarity and reliability, taking into account, where appropriate, best practices.
- We checked the implementation within the scope of consolidation of a process to collect, compile, process and control the completeness and consistency of the Information. We took note of the internal control procedures and risk management procedures relating to the preparation of the Information. We conducted interviews with the persons responsible for social and environmental reporting.
- We selected consolidated information to test and determined the nature and extent of the tests taking into account their importance in terms of the environmental and social impacts associated with the activity and characteristics of the group and its societal commitments.
  - For the consolidated quantitative information that we considered to be the most important, namely the indicators "Final energy consumption", "Primary energy consumption", "Emissions of greenhouse gases", "Water consumption", identified by the symbol ✔:
    - within the scope of consolidation, we implemented analytical procedures and verified, on a test basis, the calculations and the consolidation of such information;
    - at the level of the assets we selected (Caen - Colombelles, Massy / Ampere, Plessis Robinson, Vélizy Topaz, Lyon - Parc du Moulin à Vent and Marseille - Parc des Aygalades, Aubervilliers and Caen - Mondeville), according to their representativeness by asset type, their contribution to the consolidated results, their location and risk analysis, we:
      - o conducted interviews to verify the correct application of the procedures;
      - o following soundings, implemented detailed tests, consisting in verifying the calculations and reconciling the data with the back-up documents.

The resulting sample depending on the relevant indicator, represents between 29% and 52% of the quantitative environmental information we tested.
- For the consolidated qualitative information that we considered to be the most important, we conducted interviews and reviewed the related documentary sources in order to corroborate the information and appreciate their sincerity.
  - For the other published consolidated information, we assessed consistency with our knowledge of the company and, where appropriate, through interviews or by consulting documentary sources.
  - Finally, we assessed the relevance of the explanations, if any, for the absence of certain information.

CONCLUSION

On the basis of the instructions carried out, we did not identify any material anomalies likely to call into question the fact that the Information is presented, in all material respects, in a sincere manner, in accordance with the Guidelines.

Neuilly-sur-Seine, March 1st, 2013

One of the Auditors
Pricewaterhouse Coopers Audit

Yves Nicolas Partner Statutory Auditor	Sylvain Lambert Partner in the Sustainable Development Department

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SOCIETE
DE LA
TOUR EIFFEL

7 – APPENDICES TO THE MANAGEMENT REPORT

7.1 - SPECIAL REPORT TO THE ANNUAL GENERAL SHAREHOLDERS' MEETING OF 30 MAY 2013 ON SHARE SUBSCRIPTION OR PURCHASE OPTIONS

Pursuant to Article L.225-184 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 2012 (articles L225-177 to L225-186 of the French Commercial Code).

1) Number, maturity dates and prices of share subscription or purchase options which, during fiscal 2012 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 L225-180:

Recipients	Date	Number of subscription options	Maturity date	Subscription Price
Renaud Haberkorn, Managing Director	04/09/2012	60,000	04/09/2017	€43.49
Mark Inch, Chairman of the Board of Directors	04/09/2012	25,000	04/09/2017	€43.49
Frédéric Maman, Deputy Managing Director	11/10/2012	14,862	11/10/2017	€41.54

Beneficiaries may exercise their options at least two years after grant and subject to the achievement of performance criteria and an obligation to purchase shares.

2) Number, maturity dates and prices of share subscription or purchase options that were granted during fiscal 2012 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 year 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 L225-180, 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 ON BONUS SHARE ATTRIBUTIONS

Pursuant to Article L225-197-4 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 2012 (articles L225-197-1 to L225-197-3 of the French Commercial Code).

During 2012, on three occasions the Board used the authorisation granted to it by the Extraordinary General Shareholders' Meeting of 18 May 2011, in its nineteenth resolution, in order to allocate bonus shares to certain officers and/or employees of the Company or its subsidiaries, up to a limit of 1% of its capital:

Date	Recipients	Number of bonus shares
04/09/2012	**Renaud Haberkorn**, Managing Director of Société de la Tour Eiffel	20,000
	Mark Inch, Chairman of the Board of Société de la Tour Eiffel	10,000
11/10/2012	**Frédéric Maman**, Deputy Managing Director of Société de la Tour Eiffel	1,900
05/12/2012	Employees of Tour Eiffel Asset Management, subsidiary *i.e. 14.3% to employees and 85.7% to executives*	2,100

The final allocation of shares granted to corporate officers of Société de la Tour Eiffel is conditional on the achievement of performance criteria and an obligation to purchase shares. The beneficiaries must ensure that a third of their shares remain registered until the end of their functions. The bonus shares allocated to employees of the Tour Eiffel Asset Management subsidiary are not subject to performance criteria.

The valuation method adopted for the consolidated accounts shows a value per share of:

- €36.52 for the allocation of 4 September 2012,
- €34.77 for the allocation of 11 October 2012,
- €38.17 for the allocation of 5 December 2012.

The Board of Directors

7.3 – TABLE OF RESULTS FOR THE LAST FIVE YEARS

NATURE OF INFORMATION	2008 financial year	2009 financial year	2010 financial year	2011 financial year	2012 financial year
VALUE AT PERIOD END					
Shareholders' equity	249,264,144	27,165,180	27,961,420	28,681,360	30,553,055
Number of shares issued	5,193,003	5,433,036	5,592,284	5,736,272	6,110,611
Nominal value of shares	48	5	5	5	5
TRANSACTIONS AND EARNINGS FOR THE FINANCIAL PERIOD					
Turnover	6,537,292	7,409,723	7,747,826	6,344,139	7,585,126
Profit before tax, amortisation and provisions	32,246,005	384,981	31,356,625	14,948,918	23,471,368
Income tax	-90,000	-18,000	-48,000	-18,000	173,566
Employee profit-sharing for the financial period	–	–	–	–	–
Profit after tax, employee profit-sharing and charges	28,180,742	-10,666,955	36,739,798	11,557,457	23,428,277
Dividends	25,448,857	21,348,934	22,781,030	23,683,153	25,064,378
EARNINGS PER SHARE					
Profit after tax, before amortisation and provisions(1)	6.23	0.07	5.62	2.61	3.97
Profit after tax, amortisation and provisions(1)	5.43	-1.96	6.57	2.01	3.99
Dividend assigned to each action (net)(3)	5.00	4.00	4.20	4.20	4.20
PERSONNEL					
Average number of employees during the year	1	1	1	1	1
Amount of the payroll for the financial period(2)	3,695,685	720,000	720,000	1,482,400	2,366,490
Amounts paid for benefits for the financial year (social security, social work)(2)	238,323	217,400	221,280	298,239	788,312

(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 2012: €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 L225-35 and R 225-28 of the French Commercial Code, the Board of Directors authorised the Managing Director at its meeting held on 14 March 2012 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:** 26 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 L228-91 and L228-92 of the Commercial Code is limited to seventy five (75) million euros or its equivalent in foreign currency. **Term of the delegation:** 26 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 L228-91 and L228-92 of the Commercial Code is limited to fifty (50) million euros or its equivalent in foreign currency. **Term of the delegation:** 26 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 L228-91 and L228-92 of the Commercial Code is limited to fifty (50) million euros or its equivalent in foreign currency. **Term of the delegation:** 26 months as of the date of the aforementioned meeting.	**On 5 December 2012 the Board of Directors authorised a capital increase through the issuance of 600,000 warrants for the benefit of KEPLER CAPITAL MARKETS, a qualified investor, which may be exercised in several instalments, at the request of the Company and in accordance with its needs for a period of 36 months from their date of issue. They have not yet been exercised.**

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, authorised the Board of Directors, which may further delegate to any person authorised 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 authorised 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:** 26 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 fi t, 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 L225-148 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:** 26 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. **Term of the delegation:** 26 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 L225-129-6 of the Commercial Code and L3332-18 et 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 L225-129, L225-129-2, L225-138, L225-138-1 of the French Commercial Code and L3332-18 and L3332-19 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:** 26 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 bonus 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 for 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:** 38 months as from the above Meeting.	1) 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. 2) At its meeting of 4 December 2012, the Board decided to allocate the following bonus shares: - to Mr Mark Inch 10,000 shares, - to Mr Renaud Haberkorn 20,000 shares The final allocation of shares granted to executives of Société de la Tour Eiffel is conditional on the achievement of performance criteria and an obligation to purchase shares. 3) On 11 October 2012, the Board of Directors decided to grant 1,900 bonus shares to Mr Frédéric Maman The final allocation of shares granted to executives of Société de la Tour Eiffel is conditional on the achievement of performance criteria and an obligation to purchase shares. 4) On 5 December 2012, the Board of Directors decided to allocate 2,100 bonus shares to employees of the subsidiary Tour Eiffel Asset Management, without performance conditions. .
X - Authorisation to be granted to the Board of directors to award options to subscribe or purchase shares up to a limit of 2% of capital . On 24 May 2012, the Extraordinary General Meeting of shareholders, in its 16th resolution, authorised the Board of Directors to grant to the benefit of certain corporate officers and/or employees of the Company and its affiliates, options to subscribe for or purchase shares within the limit of 2% of the share capital of the Company at the date of the meeting referred to above. **Term of the delegation:** 38 months as from the above Meeting.	1) At its meeting of 4 December 2012, the Board decided to allocate the following share subscription options: - to Mr Mark Inch 25,000 options - to Mr Renaud Haberkorn 60,000 options The final allocation of shares is conditional on the achievement of performance criteria and an obligation to purchase shares. 2) On 11 October 2012, the Board of Directors decided to grant 14,862 free stock options to Mr Frédéric Maman The final allocation of shares is conditional on the achievement of performance criteria and an obligation to purchase shares.

8 – GLOSSARY

ASSETS IN SERVICE

Leased assets or assets available for rent

CHANGE ON A LIKE-FOR-LIKE BASIS

This indication provides information comparable from one year to the next. The scope corresponds to the existing assets over the entire duration of the two periods, which therefore excludes a number of assets acquired, sold, delivered or demolished during these two periods.

COVENANT

The usual boilerplate prepayment by acceleration clauses provided for in financing agreements between the Group companies and banks include non-compliance with certain financial ratios, called covenants.

The consequences of non-compliance with these covenants are detailed in each contract and can result in outstanding loans becoming declared immediately due and payable.

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

- LTV ratio: commonly defined as the amount of committed financings over that of the fixed assets financed;
- ICR Ratio: commonly defined as the coverage of financial expenses by net rental income.

CURRENT CASH FLOW

Current cash flow represents operating cash flow after the impact of financing costs and corporate income tax. Operating cash flow refers to net rental income of the property company, after deduction of net corporate expenses. Current cash flow does not include non-recurring income.

The details of current cash flow are included in section 2.1.2.d) of the management report.

DEBT RATIO

- Average rate = (Financial expenses of bank debt for the period + Net financial expenses for hedging of the period) / Average outstanding bank debt for the period;
- Spot rate: definition comparable to the average rate over a period reduced to the last day of the period.

DEVELOPMENT PROJECT

These are projects under construction at the balance sheet date, including buildings being repositioned.

EPRA EARNINGS

EPRA recurring net income is defined as recurring net income from current operations.

EPRA NAV AND EPRA TRIPLE NAV

They are calculated from consolidated shareholders' equity. Their calculation is described in section 2.3.3. "Net Asset Value" of the management report.

GROSS FINANCIAL DEBT

Outstandings at end of period of loans from credit institutions (excluding accrued interest).

LOAN TO VALUE (LTV)

The LTV ratio is the ratio of net financial debt and the valuation of assets (investment properties + assets for disposal + other property, plant & equipment).

Mortgages include covenants based on an LTV ratio. The method for calculating this ratio in this case is specific to the loan agreement and may possibly differ from the "group" method of calculation defined above.

NET FINANCIAL DEBT

Gross debt minus cash and cash equivalents.

NUMBER OF DILUTED SHARES

The number of diluted shares at the end of the period taken into account in the calculation of EPRA NAV is calculated by increasing the number of shares outstanding at year-end by the number of shares resulting from the conversion of securities giving access to capital, with a potentially dilutive effect. The potential dilution from these securities (options to purchase or subscribe for shares) was calculated when any such instruments were exercisable on the cut-off date.

The number of fully diluted shares included in the calculation of EPRA NAV at 31 December 2012 amounted to 6,079,909 shares. A calculation is shown in note 25 to the consolidated financial statements.

RENTAL INCOME

- Rental income recorded correspond to gross rental income over the period, taking into account, in accordance with IFRS, the spread of any exemptions granted to tenants.
- The change in rental income on a like-for-like basis provides information comparable from one year to the next. The scope corresponds to the existing assets over the entire duration of the two periods, which therefore excludes a number of assets acquired, sold, delivered or demolished during these two periods.
- Annualised rental income corresponds to the gross income from existing rents for a full year, based on existing assets at the end of the period.
- Secured rental income corresponds to gross rent income applicable at the end of the period (annualised rental income) plus rental income from leases signed at the closing date and applicable thereafter.

VACANCY

- EPRA vacancy rate: corresponds to a period-end spot rate defined as the ratio between the market rent of vacant premises and the market rent of the entire operating assets (excluding developments and redevelopments).
- Financial occupancy rate of buildings in service: corresponds to a period-end spot rate on operating assets and is calculated using the following formula: secured annualised rental income / (secured annualised rental income + potential rental income).

Potential rental income corresponds to the product of the market rental value of vacant space in sq. m (excluding strategic vacancy)

YIELDS

- The rate of return is the ratio between the global potential income(*) and the gross market value, transfer tax included (assets excluding developments and land reserves).
- Net Initial Yield EPRA : annualized rent as 31 December, including rent facilities in progress, net of expenses, divided by the value of the property assets, including transfer tax.
- Net Initial Yield EPRA topped-up: Annualized rent as 31 December, after reintegration of rent facilities in progress, net of expenses, divided by the value of the property assets, including tax.

(*) For properties subject to vacancies, the recorded net revenue is increased by the potential rent of vacant space.

CONSOLIDATED FINANCIAL STATEMENTS

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1 – BALANCE SHEET - ASSETS

In thousands of euros	Notes	31 December 2012 Net	31 December 2011 Net
NON CURRENT ASSETS			
Property, plant & equipment	1	356	410
Investment properties	2	872,789	990,296
Goodwill on acquisitions	3	–	–
Intangible fixed assets	4	24	19
Long-term investments	5	1,678	466
Deferred tax assets	14	322	322
Total non-current assets (I)		**875,169**	**991,513**
CURRENT ASSETS			
Trade and related receivables	7	23,642	18,686
Other receivables and accrual accounts	8	10,166	7,559
Other current assets	5	–	240
Cash and cash equivalents	9	3,157	16,363
Total current assets (II)		**36,965**	**42,848**
Assets for disposal (III)	6	42,600	8,916
TOTAL ASSETS (I + II + III)		**954,734**	**1,043,277**

2 – BALANCE SHEET - LIABILITIES

In thousands of euros	Notes	31 December 2012	31 December 2011
SHAREHOLDER'S EQUITY (GROUP SHARE)			
Share capital	10	30,553	28,681
Share premium	10	52,877	41,947
Legal reserve		2,868	2,796
Consolidated reserves		290,466	284,437
Consolidated income for the financial year		(6,071)	29,350
SHAREHOLDERS' EQUITY (Group share) (A)		**370,693**	**387,211**
Minority interests (B)		–	–
SHAREHOLDERS' EQUITY (I) = (A + B)		**370, 693**	**387,211**
NON-CURRENT LIABILITIES			
Long-term borrowings	11	500,106	572,131
Other financial liabilities	11	28,070	21,594
Long-term provisions	12	309	294
Tax liabilities	13	–	–
Deferred tax liabilities	14	–	–
Other long-term liabilities	15	291	290
Total non-current liabilities (II)		**528,776**	**594,309**
CURRENT LIABILITIES			
Borrowings and financial debt (less than one year)	11	16,752	22,018
Other financial liabilities	11	860	864
Provisions (less than one year)	12	–	–
Tax and social security liabilities	13	9,146	8,245
Trade accounts payable and other debts	15	28,507	30,630
Total current liabilities (III)		**55,265**	**61,757**
TOTAL LIABILITIES (I + II + III)		**954,734**	**1,043,277**

3 – STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	Notes	31 December 2012	31 December 2011
Turnover	16	82,371	82,314
Purchases consumed	17	(45)	(171)
Staff expenses	18	(5,811)	(3,966)
External expenses	18	(14,711)	(14,636)
Taxes and duties	18	(9,528)	(9,327)
Net financial allowances for depreciation	19	(98)	(839)
Net financial allowances for provisions	19	462	394
Net balance of value adjustments	20	(30,026)	(3,109)
Other operating revenues	21	73,491	39,620
Other operating expenses	21	(73,407)	(38,519)
Net operating profit		**22,698**	**51,761**
Income from cash and cash equivalents		89	152
Gross cost of financial indebtedness		(19,760)	(22,790)
Net cost of financial indebtedness	**22**	**(19,671)**	**(22,638)**
Other financial income and charges	23	(8,607)	323
Corporate income tax	24	(491)	(96)
NET PROFIT (LOSS)		**(6,071)**	**29,350**
Minority interests		–	–
NET PROFIT (LOSS) (GROUP SHARE)		**(6,071)**	**29,350**
Earnings per share	25	(1.05)	5.27
Diluted earnings per share	25	(1.04)	5.25
Net profit (loss)		**(6,071)**	**29,350**
Gains and losses recorded directly in shareholder’s equity		–	–
Comprehensive income		**(6,071)**	**29,350**
Including: - Group share		(6,071)	29,350
- Minority interests share		–	–

4 – CASH FLOW STATEMENT

In thousands of euros	31 December 2012	31 December 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Consolidated net profit	**(6,071)**	**29,350**
Restatement:		
Net financial allowances for depreciation and provisions	112	839
Net balance from value adjustments of investment properties	30,026	3,109
Profits/losses on value adjustments on the other assets and liabilities	9,761	(1,142)
Capital gains & losses from disposals	1,151	(1,349)
= Cash flow from operations after net cost of financial indebtedness and income tax	**34,979**	**30,807**
Income tax expense	491	96
Net cost of financial indebtedness	19,671	22,638
= Cash flow from operations before net cost of financial indebtedness and income tax	**55,141**	**53,541**
Taxes paid	(62)	(489)
Change in working capital requirement linked to operations	(4,982)	3,564
= Net cash flow from (for) operations	**50,097**	**56,616**
CASH FLOW LINKED TO INVESTMENT TRANSACTIONS		
Acquisition of capital assets		
Intangible and tangible	(18,998)	(15,266)
Financial	–	–
Disposal of fixed assets	66,735	38,895
Change in loans and financial receivables agreed	(1,014)	1,162
Impact of changes in the consolidation scope	–	–
= Net cash flow linked to investment transactions	**46,723**	**24,791**
CASH FLOW LINKED TO FINANCING TRANSACTIONS		
Dividends paid to parent company shareholders	(11,281)	(15,744)
Dividends paid to minority interests	–	–
Capital increase	–	–
(Purchase) / sale of treasury shares	(37)	98
Borrowings issued	419,700	51,204
Repayment of borrowings	(498,447)	(87,086)
Net financial interest paid	(19,977)	(22,705)
Change in other financial debt	–	–
= Cash flow linked to financing transactions	**(110,042)**	**(74,233)**
CASH FLOW VARIATION	**(13,222)**	**7,174**
Cash flow at opening	16,362	9,189
Cash flow at closing	3,140	16,363
Cash flow variation	(13,222)	7,174

5 – STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of euros	Share capital	Premius	Legal reserve	Consolidated reserves	Year-end net profit (loss)	Total net profit Group	Minority Interests	Total shareholders' equity
Balance at 31/12/2010	**27,961**	**34,478**	**2,717**	**265,787**	**42,487**	**373,430**	**–**	**373,430**
Appropriation of net profit/loss	–	–	79	42,408	(42,487)	–	–	–
Dividends paid	–	–	–	(23,933)	–	(23,933)	–	(23,933)
Capital increase	720	7,469	–	–	–	8,189	–	8,189
Reduction in capital	–	–	–	–	–	–	–	–
Profit/loss for current year	–	–	–	–	29,350	29,350	–	29,350
Share subscription warrants	–	–	–	–	–	–	–	–
Stock option plans	–	–	–	77	–	77	–	77
Other movements	–	–	–	–	–	–	–	–
Share buy-back	–	–	–	97	–	97	–	97
Balance at 31/12/2011	**28,681**	**41,947**	**2,796**	**284,437**	**29,350**	**387,211**	**–**	**387,211**
Appropriation of net profit/loss	–	–	72	29,278	(29,350)	–	–	–
Dividends paid	–	–	–	(24,082)	–	(24,082)	–	(24,082)
Capital increase (Note 10)	1,872	10,930	–	–	–	12,802	–	12,802
Cost of capital increase	–	–	–	–	–	–	–	–
Profit/loss for current year	–	–	–	–	(6,071)	(6,071)	–	(6,071)
Share subscription warrants	–	–	–	–	–	–	–	–
Stock option plans	–	–	–	871	–	871	–	871
Other movements	–	–	–	–	–	–	–	–
Share buy-back	–	–	–	(38)	–	(38)	–	(38)
Balance at 31/12/2012	**30,553**	**52,877**	**2,868**	**290,466**	**(6,071)**	**370,693**	**–**	**370,693**

6 – APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 – GENERAL INFORMATION

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

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

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

The consolidated financial statements for the year ended 31 December 2012 were adopted by the Board of Directors on 20 March 2013. They are presented in thousands of euros unless otherwise indicated.

6.2 – ACCOUNTING METHODS

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

6.2.1 – BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

The following mandatory standards were applicable on 1 January 2012:

- Amendments to IFRS 7 "Disclosures - Transfers of Financial Assets" applicable from 1 July 2011; this standard was adopted by the European Union on 23 November 2011.

These amendments have no impact on the consolidated financial statements of Société de la Tour Eiffel.

The following new standards, amendments, and interpretations liable to be applied to Société de la Tour Eiffel were made public but were not applicable as of 1 January 2012 and were not adopted in advance:

- IFRS 9 "Financial Instruments" effective from 1 January 2015, not yet adopted by the European Union;
- Amendment to IAS 27 "Separate Financial Statements", applicable from 1 January 2013, EFRAG proposes that the date of application be deferred to 1 January 2014;
- Amendment to IAS 28 "Investments in associates and joint ventures". IAS 28 has been amended to conform to changes following the publication of IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities". The date of entry into force is 1 January 2013, EFRAG proposes that the date of application be deferred to 1 January 2014;
- IFRS 10 "Consolidated Financial Statements". The mandatory date of entry into force of IFRS 10 is set by the IASB at 1 January 2013, EFRAG proposes that the date of application be deferred to 1 January 2014;
- IFRS 11 "Joint Arrangements" cancels and replaces IAS 31 "Interests in Joint Ventures" and SIC - 13 "Jointly Controlled Entities - Non-Monetary Contributions by Venturers", the date of entry into force is set at 1 January 2014;
- IFRS 12 "Disclosure of Interests in Other Entities". The objective of IFRS 12 is to require information that can enable users of financial statements to evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from interests in unconsolidated structured entities and the participation of minority interests in the activities of the consolidated entities. IFRS 12 will be applicable starting 1 January 2014.
- IFRS 13 "Fair Value Measurement". The date of application set by the IASB concerns annual periods beginning on 1 January 2013.
- Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income" applicable for financial years beginning on or after 1 July 2012. This standard was adopted by the European Union on 5 June 2012;

- Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets". These new provisions introduce a presumption that the asset is recovered entirely through sale, unless the entity can demonstrate that the recovery will occur in another way, these amendments are applicable for annual periods beginning on or after 1 January 2012;
- Amendments to IAS 19 "Defined benefit plans" applicable as from 1 January 2013. This standard was adopted by the European Union on 5 June 2012;
- **Amendment to IAS 32 "Financial Instruments: Presentation - Offset of financial assets and financial liabilities" clarifies the meaning of "must have an enforceable legal right to offset the recognised amounts" and that some global compensation systems can be considered equivalent to settlement on a net basis. This amendment was adopted by the European Union on 29 December 2012 and must be applied retrospectively for annual periods beginning on or after 1 January 2014;**
- Amendment to IFRS 7 "Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities". This amendment was adopted by the European Union on 29 December 2012 and must be applied retrospectively for annual periods beginning on or after 1 January 2013.

6.2.2 – CONSOLIDATION METHOD

Subsidiaries

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

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

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

6.2.3 – BUSINESS COMBINATIONS AND ASSET ACQUISITIONS

6.2.3.1 - Business combinations

When the company acquires an economic activity as the term is used in IFRS 3, such acquisition is treated as the formation of a business combination, also as the term is used in that standard.
In this case, deferred taxes and goodwill are likely to be recorded.
Goodwill represents the surplus of the acquisition cost over the fair value of the Group's pro-rata share in identifiable assets and liabilities and contingent liabilities of the subsidiary at the date of acquisition (cf. Note 2.2).
Goodwill accounted for separately is subject to a yearly impairment test under IAS standard 36, and is also tested before the end of the financial year during which the acquisition took place. It is recorded at cost less accumulated loss in value.
Losses in value of goodwill are not reversible. Income on the disposal of an entity takes the accounting value of the entity's goodwill into consideration.
Goodwill is posted to units generating cash flow, which are expected to benefit from the business combination, in order to carry out impairment tests. Depreciation is recognised for the amount of the excess of the unit's book value over its recoverable value.
The recoverable value of a unit is the highest amount between its fair value less disposal costs and its economic value.
The treatment of these acquisitions as the business combinations has the effect of recording deferred tax liabilities on the difference between the tax value and the fair value of the property at the acquisition date, and the later adjustments to fair value, to be done when the fair value is exercised (cf. Note 2.17). Similarly, the acquisition costs are included in the cost of acquisition. Accounting treatment applicable to these two items has the effect of mechanically increasing goodwill.
This valuation of property assets also has a mechanical effect when performing impairment tests on cash generating units, to which goodwill is allocated, an effect leading to overall impairment of goodwill during the financial year when the acquisition took place.

In fact, the cash generating units, where goodwill is tested, correspond, in this particular case, to the buildings owned by the property companies. As the recoverable values of these units, calculated on the basis of future discounted cash flows, usually correspond to the appraisal values, (i.e. the new reappraised values of properties), they are unable to justify the corresponding goodwill impairment, which must then be depreciated.

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

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

6.2.3.2 - Asset acquisitions

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

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

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

6.2.4 – INFORMATION PER SECTOR

As part of the Group’s management reporting responsibilities, properties are monitored individually and none represent over 10% of the aggregations provided for in the IFRS 8 standard.

Given the homogeneous nature of the sectors represented by these properties (with homogeneous yields) with respect to the standard, the consolidation criteria required by the latter result in the buildings being considered as a single sector.

6.2.5 – PROPERTY, PLANT & EQUIPMENT

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

Amortisation is calculated on the following basis:

- vehicles: 3 years,
- office equipment and computer equipment: 3 years,
- facilities, fixtures, fittings: 10 years.

6.2.6 – INVESTMENT PROPERTY

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

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

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

Pursuant to the revised IAS 40, these real estate properties under construction or fitting are recorded as “Investment property” and are valued at fair value (the method selected by the Group).

In accordance with IAS 23, the Group incorporates borrowing costs as part of the cost of the created asset. These are assets requiring a long construction period. Financial expenses included are interest on short-term and long-term borrowings in relation to the period of construction only and until the date of final acceptance of the asset. The interest rate is that determined in the terms of the financing granted to the Group.

The Group has entrusted the appraisal of its assets to various independent specialists:

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

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

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

This rental income accounts for a vacancy rate as well as any decreases or increases in rents that are to be effective at the time of renewal based on market rental values and the probability of leases being renewed.

The return rates automatically derived from these appraisals are compared against market rates and the values adjusted accordingly.

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

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

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

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

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

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

6.2.7 – INTANGIBLE FIXED ASSETS

In accordance with IAS 38, intangible fixed assets are valued at historical cost less accumulated depreciation and any impairment losses.

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

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

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

6.2.8 – LONG-TERM INVESTMENTS

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

Financial assets at fair market value through the income statement

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

For the Group this concerns the valuation of CAP and SWAP contracts. Société de la Tour Eiffel uses these financial instruments to hedge itself against the risk of increasing interest rates on its debt and did not opt for hedge accounting as the term is meant under IFRS.

Loans, deposits, guarantees and other long-term receivables

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

These assets are accounted for at cost.

6.2.9 – TRADE RECEIVABLES AND RELATED ACCOUNTS

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

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

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

6.2.10 – CASH AND CASH EQUIVALENTS

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

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

They are valued at fair value through the income statement.

6.2.11 – NON-CURRENT ASSETS AND ASSET GROUPS DESTINED FOR DISPOSAL

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

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

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

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

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

6.2.12 – SHAREHOLDERS' EQUITY AND SHARE-BASED PAYMENTS

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

The fair value of the subscription rights for shares and stock options is appraised according to mathematical models at the allocation date.

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

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

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

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

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

6.2.13 – BORROWINGS AND OTHER FINANCIAL LIABILITIES

Borrowings

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

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

Hedging instruments

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

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

Other financial liabilities

Other financial liabilities mainly include the fair values of caps and swaps as well as the deposits and sureties received.

Caps and swaps are valued at fair value and any changes in fair value from one period to another are recognised in the income statement Société de la Tour Eiffel uses these financial instruments to hedge itself against the risk of increasing interest rates on its debt and did not opt for hedge accounting as the term is meant under IFRS.

6.2.14 – PROVISIONS

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

6.2.15 – STAFF BENEFITS

Retirement obligations

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

The Group had 23 employees at 31 December 2012 of which 22 were with Tour Eiffel Asset Management and 1 was with Société de la Tour Eiffel.

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

Valuation assumptions are as follows:

- actuarial valuations (discount rate and net annual valuation of the fund at a rate of 2.69%),
- death rate assumptions (source INSEE 2012),
- employee turnover,
- 3.92% salary increase,
- a retirement age ranging between 65 and 67.

This provision for pension compensation was recorded at the value of €171,000.

6.2.16 – DEFERRED PAYMENT DEBTS

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

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

6.2.17 – CURRENT AND DEFERRED TAXES

The Group's tax regime

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

Deferred taxes

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

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

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

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

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

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

6.2.18 – RECOGNITION OF INCOME

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

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

Leases currently signed by the Group, including construction leases, correspond to the definition of simple rental as stated in IAS standard 17.

The application of IAS standard 17 spreads the financial consequences of all of the clauses over the fixed term of the lease. The same applies to franchises, thresholds and compensations for entry.

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

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

6.2.19 – NET BALANCE OF VALUE ADJUSTMENTS

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

6.2.20 – OTHER OPERATING INCOME AND EXPENSES

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

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

6.2.21 – LEASE-FINANCING AGREEMENTS

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

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

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

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

6.2.22 – DISTRIBUTION OF DIVIDENDS

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

6.3 – SCOPE OF CONSOLIDATION

6.3.1 – LIST OF CONSOLIDATED COMPANIES

Companies	Siren	Consolidation method	% interest Dec. 2012	% interest Dec. 2011	Date of entry
SA SOCIÉTÉ DE LA TOUR EIFFEL	572 182 269	Parent company			
SCI DU 153 AVENUE JEAN-JAURÈS	419 127 287	F.C.*	100%	100%	December 2003
SCI NOWA	443 080 379	F.C.*	100%	100%	April 2004
SCI MARCEAU BEZONS	429 665 672	TAL 29 October 2012	100%	100%	June 2004
SCI ARMAN F02	444 978 076	F.C.*	100%	100%	April 2004
SCI DES BERGES DE L'OURCQ	478 726 565	F.C.*	100%	100%	September 2004
SCI CHAMPIGNY CARNOT	479 586 893	F.C.*	100%	100%	November 2004
SCI COMÈTE	479 576 761	F.C.*	100%	100%	December 2004
SCI ÉTUPES DE L'ALLAN	480 601 038	F.C.*	100%	100%	January 2005
SCI CAEN-COLOMBELLES	482 598 133	F.C.*	100%	100%	May 2005
SAS LOCAFIMO (1)	692 031 149	F.C.*	100%	100%	December 2005
SCI LA RIVIÈRE GIRAUDIÈRE (1)	388 323 909	TAL 29 October 2012	100 %	100 %	December 2005
SCI BOTARDIÈRE (1)	397 968 207	TAL 30 November 2012	100 %	100 %	December 2005
SCI PARIS CHARONNE(1)	403 104 458	TAL 30 June 2012	100%	100%	December 2005
TOUR EIFFEL ASSET MANAGEMENT	380 757 807	F.C.*	100%	100%	May 2006
SCI DE BROU	351 819 966	F.C.**	100%	100%	June 2006
SCI COGOLIN GAOU	442 525 382	TAL 30 November 2012	100%	100%	June 2006
SCI DE LA CRAU	447 913 278	TAL 30 November 2012	100%	100%	June 2006
SCI GRENOBLE PONT D'OXFORD	490 034 063	F.C.*	100%	100 %	May 2006
SCI RUEIL NATIONAL	489 900 498	F.C.*	100%	100 %	May 2006
SCI PORTE DES LILAS	490 989 803	F.C.*	100%	100 %	July 2006
SCI VÉLIZY TOPAZ	328 223 706	F.C.**	100%	100 %	December 2006
SCI ARMAN AMPÈRE	509 498 523	F.C.*	100%	100 %	December 2008
SCI MONTROUGE ARNOUX	530 651 181	F.C.*	100%	100 %	February 2011

(1) Companies consolidated on acquisition of Locafimo.
**: Fully consolidated*
***: acquisitions considered to be acquisitions of assets pursuant to paragraph 2.3.2.*

All the companies in the Group are registered in France and have the same address: 20-22, rue de la Ville l'Évêque, 75008 Paris.

6.3.2 – CHANGE IN THE CONSOLIDATION SCOPE

The assets and liabilities of SCI Paris Charonne, La Rivière Giraudière, Botardière, Cogolin Gaou and De Le Crau were fully transferred to the Locafimo Company respectively on 30 June 2012, 29 October 2012 and 30 November 2012. The assets and liabilities of SCI Marceau Bezons were fully transferred to SA Société de la Tour Eiffel on 29 October 2012.

6.4 – BOOKKEEPING METHODS

Management of market risks

The changes in interest rates have a direct impact on the borrowing collected to finance the Group's investment policy and when the rates go up, they are likely to lead to a rise in the cost of financing the investments. Similarly, a rise in the interest rates is likely to have an effect on the Group's ability to maintain its necessary financial liquidity. In a global context of stress on the financial markets, the Group's policy for managing interest rate risk aims at restricting the impact of a change in interest rates on its income and cash flow, and at keeping the total costs of its debt as low as possible. To achieve these objectives, the Group's companies generally borrow at a variable rate and use derivatives (caps and swaps) to cover their risk of exposure to rate changes. They do not perform market transactions for any purpose other than to hedge their interest rate risk, and they personally centralise and manage all transactions performed.

Société de la Tour Eiffel did not record any losses on its open-end fund investments, including after the sub-prime crisis. 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 2012, the Group's consolidated gross indebtedness to banks was €514.6m, comprising €311.4 m of fixed rate debt (of which €311.4 m were hedged with swaps) and €203.2 m of variable rate debt, hedged by interest rate caps for €196.8 m. Thus at 31 December 2012, debt was hedged overall to a total ratio of 98.7%.

On the basis of the outstanding debt as at 31 December 2012, an average rise in the Euribor 3-month interest rates of 100 basis points would have a negative impact (on an annual basis) on recurring net income, estimated at €1 million after hedging impact.

Conversely, a drop in the interest rates down to 0% would reduce the finance cost by an estimated €0.2 m, resulting in an equivalent positive impact on the recurring net income for 2013.

Risks on treasury shares

As part of the share buyback programme authorised by the General Shareholders' Meeting of 24 May 2012, the company is subject to a risk on the value of the shares it is liable to hold.

Based on the number of shares held at 31 December 2012, or 94,597 shares, the sensitivity of results to a 10% decrease or increase in the Société de la Tour Eiffel share price is estimated to be €0.4 m.

Counterparty risk

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

Currency risk

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

Liquidity risk

The Company and its subsidiaries have entered into 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 by acceleration 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 misrepresentation regarding various declarations and granted guarantees; 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 realisation of a security interest by a Company's creditor on assets financed by money drawn on the blanket agreement; the existence of class action suits; dissolution; a merger not authorised 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 framework agreements, the lender banks may cancel their commitments in respect of credit openings, declare the credit outstanding and their related costs to be immediately payable, and realise all or part of the guarantees granted in the context of these contracts.

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

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

- LTV ratio: amount of committed financings over that of the fixed assets financed;
- ICR ratio: interest coverage for the 2nd quarter of 2013 and projections of interest expense over the following 3 quarters over net rentals for the 2nd quarter of 2013 and those projected over the following 3 quarters.

Banking financing and main covenants at 31 December 2012

	31/12/2012	Bank covenants		Last published ratios			
	Consolidated bank debt In €m	maximum LTV	minimum ICR	LTV	ICR	Maturity	Building financed
Société Générale / BECM	41.2	65%	145%	50.1%	186%	15/04/2018	La Poste portfolio
Société Générale (50%) - Crédit Foncier (50%)	46.6	65%	110%	47%	140%	28/03/2017	Massy Ampère & Montpellier
Société Générale	12	NA	110%	NA	178%	14/01/2015	Amiens & St-Cloud
PBB-CFF-SG-CACIB Pool	282.5	62.5%	120%	61.3%	156%	13/11/2017	Locafimo
SAAR LB	8.8	72%	176%	65%	274%	26/06/2019	Berges de l'Ourcq
	20.9	53%	192%	46%	316%	26/06/2019	Comète-Plessis
	20.2	63%	159%	56%	248%	26/06/2019	Champigny Carnot
	12.4	58%	178%	50%	277%	26/06/2019	Jean-Jaurès
	15.9	52%	233%	51%	365%	26/06/2019	Caen-Colombelles
	10.7	70%	148%	65%	238%	26/06/2019	Étupes de l'Allan
	5.9	60%	159%	55%	261%	26/06/2019	Grenoble Polytec
	19.5	56%	150%	49%	241%	26/06/2019	Rueil National
Crédit Agricole Ile-de-France	7.7	70%	115%	60%	115%	29/06/2022 29/06/2027	Vélizy Energy II
Crédit Foncier	10.3	65%	110%	NA (*)	NA (*)	30/06/2018	Montrouge Arnoux
Total	**514.6**						

(*) Not Applicable - no ratio published as at 31 December 2012 because the building has not been delivered.

The level of the loan covenants at 31 December 2012 complies with all the commitments of the Group as established by each of its financing contracts.

6.5 – KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Key Accounting estimates and assumptions

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

Appraisal of the properties

The Group has its assets valued by independent appraisers who use assumptions of future flows and rates which have a direct effect on property values. Depending on the type and geographical location of certain buildings, these evaluations were conducted in an uncertain environment making it difficult to grasp market outlooks. Since these valuations are necessarily estimations, it is possible that in the event of a future transfer, the sales price will differ from the aforesaid valuations.

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

Fair value of derivatives and other financial instruments

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

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

6.6 – NOTES ON THE BALANCE SHEET, THE INCOME STATEMENT, AND THE CASH FLOW STATEMENT

NOTE 1: TANGIBLE ASSETS

Variance by type

In thousands of €	Property under construction	Office and Computer equipment	Total
Year ended 31/12/2011			
Net opening balance	–	369	369
Changes in consolidation scope	–	–	–
Acquisitions	–	136	136
Divestments	–	(65)	(65)
Reclassification	–	59	59
Other movements	–	–	–
Amortisation	–	(89)	(89)
Net balance at close	**–**	**410**	**410**
At 31/12/2011			
Gross	–	861	861
Total amortisation	–	(451)	(451)
Net book value	**–**	**410**	**410**
Year ended 31/12/2012			
Net opening balance	–	410	410
Changes in consolidation scope	–	–	–
Acquisitions	–	30	30
Divestments	–	–	–
Reclassification	–	–	–
Other movements	–	–	–
Amortisation	–	(84)	(84)
Net balance at close	**–**	**356**	**356**
At 31/12/2012			
Gross	–	886	886
Total amortisation	–	(530)	(530)
Net book value	**–**	**356**	**356**

NOTE 2: INVESTMENT PROPERTY

Variance by type

In thousands of €	Investment properties
Year ended 31/12/2011	
Net opening balance	1,004,809
Acquisitions	13,504
Subsequent expenditure	4,441
Divestments	(20,100)
Reclassification	–
Net transfer to properties selected for disposal	(8,916)
Changes in consolidation scope	–
Other movements	(333)
Fair value effect (profit and loss)	(3,109)
Net balance at close	**990,296**
Year ended 31/12/2012	
Net opening balance	990,296
Acquisitions	11,794
Subsequent expenditure	5,526
Divestments (*)	(66,905)
Reclassification	(106)
Net transfer to properties selected for disposal	(38,025)
Changes in consolidation scope	–
Fair value effect (profit and loss)	(29,791)
Net balance at close	**872,789**

(*) The disposals were as follows:
- €18,200K: building of SCI De Brou sold on 11 June,
- €11,120K: building of SCI Cogolin Gaou sold on 11 June,
- €7,340K: building of SCI De La Crau sold on 11 June,
- €3,000 K: building of SCI River Giraudière sold on 12 June,
- €5,000K: building of SCI Botardière sold on 12 June,
- €3,355K: building of SCI Caen Colombelle sold on 4 December 2012,
- €18,890K: Locafimo property and buildings F and J of the Parc des Tanneries, respectively sold on 16 October 2012, 12 July 2012 and 19 September 2012.

Restrictions on the transferability of investment property or recovery of proceeds of disposal.

No investment property is subject to any such restriction.

NOTE 3: GOODWILL ON ACQUISITIONS

In thousands of €	Comète	Arman F02	Jean-Jaurès	Locafimo[1]	Total goodwill
Year ended 31/12/2011					
Net opening balance	–	–	–	–	–
Acquisitions	–	–	–	–	–
Divestments	–	–	–	–	–
Provisions	–	–	–	–	–
Net balance at close	**–**	**–**	**–**	**–**	**–**
At 31/12/2011					
Gross	2,350	1,873	262	20,014	24,499
Total provisions	(2,350)	(1,873)	(262)	(20,014)	(24,499)
Net book value	**–**	**–**	**–**	**–**	**–**
Year ended 31/12/2012					
Net opening balance	–	–	–	–	–
Acquisitions	–	–	–	–	–
Divestments	–	–	–	(3,514)	–
Provisions	–	–	–	3,514	–
Net balance at close	**–**	**–**	**–**	**–**	**–**
At 31/12/2012					
Gross	2,350	1,873	262	16,500	20,985
Total provisions	(2,350)	(1,873)	(262)	(16,500)	(20,985)
Net book value	**–**	**–**	**–**	**–**	**–**

(1) The goodwill and the corresponding provision have been adjusted due to disposals of Locafimo property.

NOTE 4: INTANGIBLE FIXED ASSETS

Variance by type

In thousands of €	Internally generated intangible assets	Acquired intangible assets	Total intangible assets
Year ended 31/12/2011			
Net opening balance	–	764	764
Acquisitions	–	5	5
Divestments	–	(11)	(11)
Amortisation	–	(739)	(739)
Reclassification	–	–	–
New consolidations	–	–	–
Net balance at close	**–**	**19**	**19**
At 31/12/2011			
Gross	–	4,234	4,234
Total amortisation	–	(4,215)	(4,215)
Net book value	**–**	**19**	**19**
Year ended 31/12/2012			
Net opening balance	–	19	19
Acquisitions	–	18	18
Divestments	–	–	–
Amortisation for write-off for sale	–	–	–
Amortisation	–	(13)	(13)
Reclassification	–	–	–
Net balance at close	**–**	**24**	**24**
At 31/12/2012			
Gross	–	4,244	4,244
Total amortisation	–	(4,220)	(4,220)
Net book value	**–**	**24**	**24**

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

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

The Asset Management contract recorded when Awon Asset Management (renamed Tour Eiffel Asset Management on 1 September 2010), entered the scope of consolidation (in 2006) was fully amortised at 31 December 2011.

NOTE 5: FINANCIAL ASSETS

Non-current financial assets – Type

In thousands of €	Fixed securities	Valuation investments	Valuation of Caps and Swaps	Paid deposits and sureties	Loans and other long-term receivables	Total long-term Investments
Year ended 31/12/2011						
Net opening balance	2	–	1,546	1,545	–	3,093
Increases	–	–	-	16,844	–	16,844
Reclassification(1)	(2)	–	(1,027)	–	–	(1,027)
Decreases	–	–	–	–	–	-
Redemptions	–	–	–	(17,967)	–	(17,967)
Fair value effect (profit and loss)	–	–	(475)	–	–	(475)
Net balance at close	**–**	**–**	**44**	**422**	**–**	**466**
Year ended 31/12/2012						
Net opening balance	–	–	44	422	–	466
Increases(2)	–	–	–	21	1,001	1,021
Reclassification(1)	–	–	(44)	–	–	(44)
Decreases	–	–	–	(6)	–	(6)
Redemptions	–	–	–	–	–	–
Fair value effect (profit and loss)	–	–	240	–	–	240
Net balance at close	**–**	**–**	**240**	**437**	**1,001**	**1,678**

(1) In 2011: €489K reclassified as current financial instruments and €538K in non-current borrowings. In 2012, €44K were reclassified as current financial instruments.
(2) Loans and other long-term receivables are comprised of cash payments from various SCIs in the Group following the implementation of the SAAR loan.

Other current assets - Type

in thousands of €	Valuation of Caps and Swaps
Year ended 31/12/2011	
Net opening balance	–
Increases	–
Reclassification(1)	489
Decreases	–
Fair value effect (profit and loss)	(289)
Net balance at close	**240**
Year ended 31/12/2012	
Net opening balance	240
Increases	-
Reclassification	44
Decreases	-
Fair value effect (profit and loss)	(284)
Net balance at close	**0**

Paid deposits and sureties

At 31 December 2012, the SAS Locafimo no longer held any cash pledges granted as part of the financing of the company. They amounted to €6K at 31 December 2011.

Loans and other long-term receivables

The variation in this item is due to the cash paid into a cash deposit account as collateral for the new mortgage financing by the SAAR LB bank.

Derivative instruments

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

The fair values are provided by the issuing financial institutions.

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

The adjustment to fair value at 31 December 2012 results in an overall negative financial impact in other financial income and charges of €8,262K:

- a positive financial impact of €240K in financial expenses related to the change in fair value of non-current derivative assets,
- a negative financial impact of €283K in financial expenses related to the change in fair value of current derivative assets,
- a negative financial impact of €8,219K in financial income from derivative liabilities (see Note 11).

Main characteristics of financial instruments held at 31 December 2012

Type of contract	Subscription date	Effective date	Maturity date	Notional Amount in €K	Benchmark rate	Guaranteed rate	Fair value in €K
CAP	14/11/2012	28/06/2013	13/11/2017	40,309	3-month Euribor	2%	240
Total							**240**

NOTE 6: ASSETS SELECTED FOR DISPOSAL

In thousands of €	Properties selected for disposal
Year ended 31/12/2011	
Net opening balance	17,320
Net transfer from investment properties	8,916
Acquisitions	–
Divestments	(17,320)
Net balance at close	**8,916**
Year ended 31/12/2012	
Net opening balance	8,916
Net transfer from investment properties	38,025
Acquisitions	–
Divestments	(4,106)
Fair value effect (profit and loss)	(235)
Net balance at close	**42,600**

Disposals for the 2012 financial period correspond to:
• €3,731K of SCI Marceau Bezons buildings,
• €375K for building A of Locafimo’s Parc Cadéra Nord.
The balance corresponds to:
• Building E in Locafimo’s Parc des Tanneries in Strasbourg,
• Société de la Tour Eiffel’s building in Amiens,
• Arman F02’s building in Ludres,
• Nowa’s building in Vitrolles,
• Nowa’s building in Orléans university,
• Caen Colombelles’ reception building,
• Locafimo’s building in Le Bourget,
• Locafimo’s building at 12 rue Paul Langevin in Herblay,
• Locafimo’s buildings C, E, F, G, H and I in the Parc Cadéra Sud.

NOTE 7: TRADE AND RELATED RECEIVABLES

In thousands of €	31 December 2012	31 December 2011
Gross	24,454	19,955
Provisions	(812)	(1,269)
Total net Trade and related receivables	**23,642**	**18,686**

NOTE 8: OTHER RECEIVABLES AND ACCRUAL ACCOUNTS

In thousands of €		31 December 2012 Net	31 December 2011 Net
- Advances and down payments		47	88
- Personnel and related accounts		8	14
- Tax receivables	(1)	3,949	4,689
- Current accounts - assets		–	–
- Receivables from suppliers		55	52
- Prepaid expenses		901	864
- Other receivables	(2)	7,222	3,868
Total gross value		**12,182**	**9,575**
- Provisions for other receivables		(2,016)	(2,016)
TOTAL		**10,166**	**7,559**

(1) This amount mainly corresponds to receivables and VAT refunds to come.
(2) This amount mainly includes:
- *In 2011: €2,016K corresponding to bank loans from the Pallas Stern bank to Locafimo and €1,225K in capital calls by Locafimo, Champigny, Société de la Tour Eiffel, Botardière and Comète.*
- *In 2012: €2,016K corresponding to bank loans by the Pallas Stern bank to Locafimo, €652K in capital calls by Locafimo, Ourcq and Porte des Lilas, €1,195K for legal fees related to refinancing and €3,125K of receivables on the sale of the Shared building in Caen-Colombelles.*

NOTE 9: CASH AND CASH EQUIVALENTS

The marketable securities primarily consist of money market funds valued at their closing market value.

In thousands of €	31 December 2012	31 December 2011
Marketable securities	2	8.900
Cash and cash equivalents	3,155	7,463
Total Active cash flow	**3,157**	**16,363**
Bank credit balance (Note 11)	(17)	(1)
Net cash and cash equivalents as reported in the cash flow statement	**3,140**	**16,362**

NOTE 10: CAPITAL AND PREMIUMS LINKED TO CAPITAL

1) Composition of share capital

		Number of ordinary shares	Nominal value (in €)	Total capital (in thousands of €)	Issue premium (in thousands of €)	TOTAL (in thousands of €)
As at 31 December 2010		**5,592,284**	**5**	**27,961**	**34,478**	**62,439**
Capital increase		143,988	5	720	7,469	8,189
Reduction in capital		–	–	–	–	–
Issue costs		–	–	–	–	–
Dividends paid		–	–	–	–	–
Appropriation to retained earnings		–	–	–	–	–
As at 31 December 2011		**5,736,272**	**5**	**28,681**	**41,947**	**70,628**
Capital increase	(1)	374,339	5	1,872	10,930	12,802
Reduction in capital		–	–	–	–	–
Issue costs		–	–	–	–	–
Dividends paid		–	–	–	–	–
Appropriation to retained earnings		–	–	–	–	–
As at 31 December 2012		**6,110,611**	**5**	**30,553**	**52,877**	**83,430**

All the issued shares have been fully paid up.

(1) The capital increase is further to the exercising of the following:
- The option to pay the balance of the 2011 dividend in shares, the distribution of which decided by the Ordinary General shareholders' Meeting of 24 May 2012 and confirmed by the Board of Directors on 21 June 2012 for €917K.
- The option to receive the 2012 interim dividend in shares for €955K, the distribution of which was approved by the Board of Directors on 4 September 2012 and confirmed by the decision of the Managing Director on 3 October 2012.

2) Issue of share options

The Conditions

There are performance conditions and an obligation to purchase for the stock options in the plans granted in 2012.

- 2/3 of the share options may be exercised if the equity of the company is first reinforced and that banking debt has been refinanced under conditions that are favourable to the Company, and if the management team has presented a strategic plan for the Company following the refinancing,

- 1/3 of the share options may be exercised if the increase in the consolidated operating cash flow on a like-for-like basis, adjusted for capital gains or losses on disposals during the last financial year, is at least 5% higher than the average of the cash flow for the three previous financial years on the date of strike,

- The recipients of stock options will only receive 1/4 of the options granted in the event that they do not directly and/or indirectly to purchase on the market within 6 months before or after the allotment of the bonus shares decided on 4 September 2012 or on 11 October 2012.

Allocated in 2008

28,198 share subscription options were granted to the company's officers and top executives.

The exercise price is fixed at €32.87.

All of the options may be exercised as of the date of their allocation, i.e. starting 11 December 2008. The options have a contractual term of five years

Allocated in 2009

28,427 share subscription options were granted to the company's officers and top executives.

The exercise price is fixed at €45.95.

All of the options may be exercised as of the date of their allocation, i.e. starting 15 October 2009. The options have a contractual term of five years.

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

On 10 March 2010, the beneficiaries of options to subscribe for or purchase shares, granted in 2006 and 2007, forewent the following plans:

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

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

On 18 May 2011, the Board of Directors noted the completion of a capital increase of Ð7.5K resulting from the exercising of 1,500 stock options authorised by the Extraordinary General Meeting of 29 March 2007. The issue premium recognised during the exercise of this stock option amounts to €41,805.

Allocated in 2012

85,000 share subscription options were granted to the company's officers and top executives.

The exercise price is fixed at €43.49.

All of the options may be exercised as of the date of their allocation, i.e. starting 4 September 2014. The options have a contractual term of five years.

14,862 share subscription options were granted to one of the company's officers.

The exercise price is fixed at €41.54.

All of the options may be exercised as of the date of their allocation, i.e. starting 11 October 2014. The options have a contractual term of five years.

Estimated value of options

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

	31 December 2012		31 December 2011	
In thousands of €	Average strike price (in euros per share)	Options (in units)	Average strike price (in euros per share)	Options (in units)
At 1 January	40.71	55,941	43.47	61,554
Granted	–	99,862	–	–
Expired	–	–	–	–
Exercised	–	–	–	1,500
Adjustment after distribution	–	–	–	–
Matured	–	816	–	4,113
Balance at close	**40.96**	**154,987**	**40.71**	**55,941**

Of the 154,987 options in circulation at 31 December 2012, the number of exercisable options was 55,125.

The main assumptions of the model are as follows:

Grant date	Status	Exercise date	Adjusted exercise price for option	Underlying price	Standard deviation of expected return	Risk-free annual interest rate
11/12/2008	Ongoing	11/12/2013	€32.87	€14.90	69%	3.00%
15/10/2009	Ongoing	15/10/2014	€45.95	€36.44	60%	2.60%
04/09/2012	Ongoing	04/09/2014	€43.49	€27.35	32.62%	0.96%
11/10/2012	Ongoing	04/09/2012	€41.54	€25.58	32.62%	0.91%

3) Allocation of Bonus Shares

The Conditions

Allocated in 2011

A total of 18,000 and 2,000 free shares were granted respectively to corporate officers and employees on 8 December 2011.

The definitive allocation of the shares will be after a period of two years, commencing on 8 December 2013. The beneficiaries must keep the shares for a minimum period of two years following the definitive allocation of these shares, i.e. until 8 December 2015.

There are no presence or performance conditions for the beneficiaries of shares granted to employees.

For those granted to corporate officers, two non cumulative performance conditions must be met:

- Two-thirds of the shares will be definitively allocated on the condition that the Company's equity capital first be reinforced and that banking debt be refinanced under conditions that are favourable to the Company.
- One third of the shares will be definitively allocated on the condition that the consolidated operating cash flow on a like-for-like basis be higher by at least 5% of the average of the three previous financial years on the date of acquisition.

Plan dated 8 December 2011

The fair value of shares granted during fiscal 2012 stood at €600,855.

The principal assumptions of the model are as follows: fair value of the share of €30.04.

On 31 December 2012, rights acquired were recorded on the profit and loss account as personnel charges as a contra account to the shareholders' equity for a total amount of €271,000.

Allocated in 2012

A total of 31,900 shares and 2,100 bonus shares were granted respectively to corporate officers and employees during the financial period. The three bonus shares plans break down as follows:

- on 4 September 2012, 30,000 bonus shares were granted to executives,
- on 11 October 2012, 1,900 bonus shares were granted to executives,
- on 5 December 2012, 2,100 bonus shares were granted to employees.

Plan dated 4 September 2012

On 4 September 2012, 30,000 bonus shares were granted to executives.

The definitive allocation of the shares will be after a period of two years, commencing on 4 September 2014. The beneficiaries must keep the shares for a minimum period of two years following the definitive allocation of these shares, i.e. until 4 September 2016.

Two performance conditions must be fulfilled:

- One-third of the shares will be definitively allocated on the condition that the Company's equity capital be first reinforced and that banking debt be refinanced under conditions that are favourable to the Company.
- Two-thirds of the shares will be definitively allocated on the condition that the consolidated operating cash flow on a like-for-like basis be higher by at least 5% of the average of the three previous financial years on the date of acquisition.

The recipients of stock options will only receive 1/4 of the options granted in the event that they do not directly and/or indirectly purchase on the market within 6 months before or after the allotment of the bonus shares.

The fair value of shares granted by this plan stood at €1,095,525.

The principal assumptions of the model are as follows: fair value of the share of €36.52.

On 31 December 2012, rights acquired were recorded on the profit and loss account as personnel charges as a contra account to the shareholders' equity for a total amount of €177,000.

Plan dated 11 October 2012

On 11 October 2012, 1,900 bonus shares were granted to executives.

The definitive allocation of the shares will be after a period of two years, commencing on 11 October 2014. The beneficiaries must keep the shares for a minimum period of two years following the definitive allocation of these shares, i.e. until 11 October 2016.

Two performance conditions must be fulfilled:

- One-third of the shares will be definitively allocated on the condition that the Company's equity capital be first reinforced and that banking debt be refinanced under conditions that are favourable to the Company.
- Two-thirds of the shares will be definitively allocated on the condition that the consolidated operating cash flow on a like-for-like basis be higher by at least 5% of the average of the three previous financial years on the date of acquisition.

The recipients of stock options will only receive 1/4 of the options granted in the event that they do not directly and/or indirectly purchase on the market within 6 months before or after the allotment of the bonus shares.

The fair value of shares granted by this plan stood at €66,061.

The principal assumptions of the model are as follows: fair value of the share of €34.77.

On 31 December 2012, rights acquired were recorded on the profit and loss account as personnel charges as a contra account to the shareholders' equity for a total amount of €7,000.

Plan dated 5 December 2012

On 5 December 2012, 2,100 bonus shares were granted to employees.

The definitive allocation of the shares will be after a period of two years, commencing on 5 December 2014. The beneficiaries must keep the shares for a minimum period of two years following the definitive allocation of these shares, i.e. until 5 December 2016.

There is a presence condition for beneficiaries but no performance conditions for shares granted to employees.

The fair value of shares granted by this plan stood at €80,162.

The principal assumptions of the model are as follows: fair value of the share of €38.17.

On 31 December 2012, rights acquired were recorded on the profit and loss account as personnel charges as a contra account to the shareholders' equity for a total amount of €3,000.

The number of outstanding bonus shares is detailed below:

	31 December 2012	
In €	Strike price (in euros per share)	Bonus shares (in units)
At 1 January	–	20,000
Granted	–	34,000
Allocated	–	–
Balance at close	**–**	**54,000**

NOTE 11: BORROWINGS AND FINANCIAL DEBTS

Borrowings and financial debts – Variance by type

In thousands of €	Balance at 31/12/2011	Increases (1)	Decreases (1)	Fair value	Reclas-sification	Other(2)	Balance at 31/12/2012
Bank loans	**572,131**	**405,342**	**(474,772)**	**–**	**(2,597)**	**2**	**500,106**
- Cap and swap liabilities	12,056	–	–	8,461	(1,061)	–	19,456
- Deposits and sureties received	9,538	2,243	(3,166)	–	–	–	8,614
Total other financial liabilities	**21,594**	**2,243**	**(3,168)**	**8,461**	**(1,061)**	**–**	**28,070**
Total non-current liabilities	**593,725**	**407,585**	**(477,940)**	**8,461**	**(3,658)**	**2**	**528,176**
- Bank loans	19,496	12,115	(19,681)	–	2,597	(2)	14,525
- Accrued interest	2,521	1,923	(2,234)	–	–	–	2,210
- Bank borrowings	1	–	–	–	–	16	17
Borrowings and financial debt less than one year	**22,018**	**14,038**	**(21,915)**	**–**	**2,597**	**14**	**16,752**
- Cap and swap liabilities	234	–	(238)	(241)	1,061	3	819
- Deposits and sureties received	630	–	(589)	–	–	–	41
Total other financial liabilities	**864**	**–**	**(827)**	**(241)**	**1,061**	**3**	**860**
Total non-current liabilities	**22,882**	**14,038**	**(22,742)**	**(241)**	**3,658**	**17**	**17,612**
TOTAL BORROWINGS AND FINANCIAL DEBTS	**616,607**	**421,623**	**(500,682)**	**8,220**	**–**	**19**	**545,788**

(1) - On 26 June 2012, the Group refinanced its bank debt originally taken out with the RBS bank with the SAAR bank, a Franco-German bank;
- On 14 November 2012, the Group refinanced its bank debt originally taken out with the PBB bank with a bank consortium of which PBB is the lead manager;
(2) Including the discount / accretion effect.

Borrowing from credit institutions – Fixed rate / Variable rate

In thousands of €	Fixed rate	Variable rate	Total
Borrowings from lending institutions	311.4	203.2	514.6

The Group’s average interest rate for financing was 3.2% at 31 December 2012.

After consideration of the fixed rate swap instruments, the total fixed rate debt comes to €311.4 million.

Furthermore, variable rate debt, totalling €203.2 million was hedged by cap instruments for €196.8 million.

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Maturity of non-current bank borrowings

In thousands of €	31 December 2012	31 December 2011
From 1 to 5 years	351,889	501,123
Over 5 years	148,217	71,008
Total	**500,106**	**572,131**

Schedule of the extinction of total bank debt and of unmatured interest due

In thousands of €	Nominal	Interest	Total
31 December 2013	14,525	6,663	21,188
31 December 2014	14,695	6,811	21,506
31 December 2015	25,912	6,402	32,314
31 December 2016	15,130	6,170	21,300
31 December 2017	296,152	5,294	301,446
31 December 2018	41,970	2,755	44,725
31 December 2019	100,649	1,128	101,777
31 December 2020	321	145	466
31 December 2021	5,277	350	5,627
Total	**514,631**	**35,718**	**550,349**

Cap and swap liabilities

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

Principal characteristics of the liability side financial instruments held at 31 December 2012:

Type of contract	Subscription date	Effective date	Maturity date	Notional Amount in K€	Benchmark rate	Guaranteed rate	Fair value in K€
SWAP	28-03-2008	28-03-2008	28-03-2013	2,890	3-month Euribor	4.53 %	(14)
SWAP	28-03-2008	28-03-2008	31-03-2013	9,855	3-month Euribor	4.57%	(32)
SWAP	28-03-2008	28-03-2008	02-05-2014	39,640	3-month Euribor	4.34%	(3,785)
SWAP	14-01-2008	14-01-2008	14-01-2015	4,000	3-month Euribor	4.20%	(298)
SWAP	07-06-2010	27-12-2010	30-06-2013	50,000	3-month Euribor	1.60%	(324)
SWAP	01-07-2010	27-12-2010	28-06-2013	30,000	3-month Euribor	1.65%	(202)
SWAP	26-06-2012	26-06-2012	25-06-2019	9,000	3-month Euribor	2.15%	(695)
SWAP	26-06-2012	26-06-2012	25-06-2019	21,400	3-month Euribor	2.15%	(1,651)
SWAP	26-06-2012	26-06-2012	25-06-2019	20,650	3-month Euribor	2.15%	(1,593)
SWAP	26-06-2012	26-06-2012	25-06-2019	12,650	3-month Euribor	2.15%	(976)
SWAP	26-06-2012	26-06-2012	25-06-2019	16,250	3-month Euribor	2.15%	(1,142)
SWAP	26-06-2012	26-06-2012	25-06-2019	11,000	3-month Euribor	2.15%	(849)
SWAP	26-06-2012	26-06-2012	25-06-2019	6,050	3-month Euribor	2.15%	(467)
SWAP	26-06-2012	26-06-2012	25-06-2019	19,900	3-month Euribor	2.15%	(1,536)
SWAP	28-03-2012	28-06-2013	30-06-2018	13,340	3-month Euribor	1.91%	(729)
SWAP	10-04-2012	28-09-2012	29-09-2017	8,000	3-month Euribor	1.50%	(337)
SWAP	14-11-2012	28/06/2013	13-11-2017	26,195	3-month Euribor	0.94%	(349)
SWAP	14-11-2012	14-11-2012	13-11-2017	22,033	3-month Euribor	0.75%	(182)
SWAP	14-11-2012	28/06/2013	13-11-2017	163,175	3-month Euribor	0.94%	(2,236)
SWAP	01-08-2012	01-08-2012	02-02-2015	8,633	3-month Euribor	4.61%	(819)
Collar/Tunnel	05-05-2011	01-07-2011	28-06-2013	30,000	3-month Euribor	2%/3%	(247)
Collar/Tunnel	26-04-2011	28-04-2011	15-04-2016	17,359	3-month Euribor	2%/3%	(900)
Collar/Tunnel	26-04-2011	02-05-2011	15-04-2016	18,000	3-month Euribor	2%/3%	(913)
TOTAL							**(20,275)**

NOTE 12: LONG-TERM AND CURRENT (LESS THAN ONE YEAR) PROVISIONS

In thousands of €	Provision for employee disputes	Provision for insurance default risk	Provisions for retirement benefits	Other provisions for expenses	Other provisions for expenses	Total
Balance at 31/12/2011	–	142	152	–	–	294
Allocations	–	91	19	–	–	110
Reversals not used	–	-	-	–	–	-
Reversals used	–	(95)	-	–	–	(95)
Balance at close 31/12/2012	**–**	**138**	**171**	**–**	**–**	**309**

	31 December 2012		31 December 2011	
In thousands of €	Long term	Less than one year	Long term	Less than one year
Provision for employee disputes	–	–	–	–
Provision for Locafimo tenant risk	138	–	142	–
Provisions for retirement benefits	171	–	152	–
Other provisions for expenses	–	–	–	–
Net balance at close	**309**	**–**	**294**	**–**
Total per period	**309**	**–**	**294**	**–**

NOTE 13: TAX AND SOCIAL SECURITY OWED (CURRENT AND NON-CURRENT)

Type (in thousands of €)	31 December 2012	31 December 2011
Tax liabilities (Exit Tax)	–	–
Other tax liabilities	–	–
Total non-current tax liabilities	**–**	**–**
Social security owed	1,660	1,100
Tax liabilities (exit tax – current portion owed)	–	–
Other tax liabilities (VAT collected and tax liability)	7,486	7,145
TOTAL current tax and social security related debts	**9,146**	**8,245**
Total	**9,146**	**8,245**

NOTE 14: DEFERRED TAXES

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

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

NOTE 15: TRADE ACCOUNTS AND OTHER INDEBTEDNESS

Type (in thousands of €)	31 December 2012	31 December 2011
Trade payables	5,999	4,473
Debts associated with acquisitions of tangible fixed assets(1)	2,552	5,261
Current account liabilities	–	–
Directors' fees	120	120
Advances and deposits received	484	448
Due to clients	346	597
Other operating debts(2)	323	1,011
Prepaid income(3)	18,683	18,720
TOTAL	**28.507**	**30.630**
Other long-term liabilities		
Prepaid income(4)	291	290
Other operating debts	–	–
TOTAL	**291**	**290**

(1) Corresponds to outstanding payments on properties owned by:
- Locafimo for €603 K,
- Montrouge for €1,926 K
(2) This account is mainly made up of monies owed to lease managers.
(3) At 31 December 2012, this account was made up mainly of prepaid rental income for Q1 2013.
(4) This account reflects the reclassification of the net subsidy received by:
- Jaurès €39 K,
- Rueil €189 K,
- Porte des Lilas €20 K,
- Champigny Carnot €43 K.

NOTE 16: TURNOVER

Borrowings and financial debts - Comparative analysis by type

In thousands of €	31 December 2012	31 December 2011
Rental income	69,475	69,443
Other rental income(1)	12,896	12,871
Total turnover	**82,371**	**82,314**

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

Sector-based analysis: (in reference to note 2.4)

The Tour Eiffel Group's business is concentrated in a single sector: office property and industrial and commercial premises in France.

Accrued rent for fixed-term leases held in portfolio

In thousands of €	31 December 2012	31 December 2011
Total minimum future payments		
Less than one year	59,588	70,255
Between 1 and 5 years	163,441	211,825
Over 5 years	35,121	67,516
Total future payments	**258,150**	**349,596**
Rental income reported as year-end income	69,475	69,443

Future payments decreased during the 2012 financial period, primarily due to sales of various buildings.

NOTE 17: PURCHASES CONSUMED

In thousands of €	31 December 2012	31 December 2011
Non-stocked purchases of material and supplies	(45)	(171)
Total purchases consumed	**(45)**	**(171)**

NOTE 18: PERSONNEL EXPENSES, EXTERNAL CHARGES, DUTIES AND TAXES

Staff expenses

In thousands of €	31 December 2012	31 December 2011
Staff remuneration	(3,037)	(2,583)
Social security	(1,903)	(1,306)
Charges on payments in shares	(871)	(77)
Total staff expense	**(5,811)**	**(3,966)**

External expenses

In thousands of €	31 December 2012	31 December 2011
General subcontracting	-	(79)
- Rentals and rental expenses	(6,592)	(5,622)
- Maintenance and repairs	(269)	(1,354)
- Insurance premiums	(1,269)	(1,167)
- Miscellaneous documentation, seminars	(53)	(29)
- Remuneration of intermediaries and fees(1)	(5,348)	(5,320)
- Advertising, publishing and public relations	(435)	(238)
- Goods transport, collective staff transport	(7)	(4)
- Travel, assignments and receptions	(224)	(199)
- Postal and telecommunications costs	(65)	(73)
- Banking and related services	(364)	(266)
- Other external services	(85)	(285)
Total external expenses	**(14,711)**	**(14,636)**

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

Taxes and duties

In thousands of €	31 December 2012	31 December 2011
Property taxes	(6,909)	(6,753)
Other duties and taxes	(2,619)	(2,574)
Total duties and taxes	**(9,528)**	**(9,327)**

NOTE 19: NET AMORTISATION AND PROVISIONS

In thousands of €	31 December 2012	31 December 2011
- Allocations / reversals on amortisation of intangible fixed assets	(13)	(750)
- Allocations / reversals on amortisation of tangible fixed assets	(85)	(89)
Total amortisation allowances/reversals	**(98)**	**(839)**
- Allocations / Reversals of provisions for current assets	457	437
- Allocations / Reversals of provisions for operating liabilities & expenses	5	(43)
- Allocations / Reversals of provisions for operating receivables	–	–
Total provisions allowances / reversals	**462**	**394**

NOTE 20: NET BALANCE OF VALUE ADJUSTMENTS

In thousands of €	31 December 2012	31 December 2011
- Investment properties	(29,791)	(3,109)
- Assets selected for disposal	(235)	–
TOTAL	**(30,026)**	**(3,109)**

NOTE 21 : OTHER OPERATING INCOME AND EXPENSES

In thousands of €	31 December 2012	31 December 2011
- Miscellaneous current management income	840	725
- Proceeds from disposals of investment property(1)	66,551	38,895
- Income from assets selected for disposal(1)	4,375	–
- Other extraordinary income(2)	1,725	–
Other operating revenues	**73,491**	**39,620**
- Miscellaneous current management expenses	(869)	(942)
- Value of investment property(1)	(66,905)	–
- Value of properties selected for disposal	(4,106)	(37,420)
- Costs of disposal of buildings(1)	(1,066)	–
- Other extraordinary expenses(2)	(461)	(65)
- Irrecoverable receivables losses	–	(92)
Other operating expenses	**(73,407)**	**(38,519)**

(1) Disposals concern the property of SCI De Brou, SCI Cogolin Gaou, SCI De La Crau, SCI La Rivière Giraudière, SCI Botardière, SCI Bezons, the Shared Service building of SCI Caen Colombelles and building A of the Parc Cadéra Nord, Ruby Lyon, Centrale Parc and Locafimo's Parc des Tanneries. Proceeds from disposals includes an additional price of €1.616K received by SCI Arman F02 following the sale of a building in Massy in 2009.
(2) Extraordinary income includes €1.209K of VAT refund following the tax audits and reconciliation of €516K to Locafimo. Exceptional expenses include €450K of restructuring compensation recognised by Tour Eiffel Asset Management.

Rental income and direct operating expenses linked to investment properties:

In thousands of €	Investment properties that generated rental income	Investment properties that did not generate rental income
Rental income	69,475	–
Direct operating expenses[1]	9,698	7,884

(1) Chiefly property administration costs and property tax.

NOTE 22: NET FINANCIAL DEBT COSTS

In thousands of €	31 December 2012	31 December 2011
- Marketable securities income	89	152
- Loan income	–	–
Total income from cash and near cash	**89**	**152**
- Interest on financing deals	(19,760)	(22,790)
Total gross financial debt costs	**(19,760)**	**(22,790)**
TOTAL NET FINANCIAL DEBT COST	**(19,671)**	**(22,638)**

NOTE 23: OTHER FINANCIAL INCOME AND CHARGES

In thousands of €	31 December 2012	31 December 2011
- Other financial income[1]	5,236	2,366
- Income from securities transfers	–	–
Total other financial income	**5,236**	**2,366**
- Other financial expenses[2]	(13,843)	(2,043)
- Net book value of transferred securities	–	–
Total other financial expenses	**(13,843)**	**(2,043)**
TOTAL	**(8,607)**	**323**

(1) Of which €5,210K for adjustment in the value of financial instruments at 31/12/12 against €2,352K at 31/12/11..

(2) Including €(13,472)K of adjustment in value of financial instruments, €(355) K of CAP premiums at 31/12/2012 against respectively €(1,067)K and €(866)K at 31/12/2011.

NOTE 24: COMPANY INCOME TAX

In thousands of €	31 December 2012	31 Decemberr 2011
Current tax	(491)	(96)
Deferred tax	-	-
TOTAL	**(491)**	**(96)**

NOTE 25: BASIC EARNINGS PER SHARE

Basic earnings

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

In thousands of €	31 December 2012	31 December 2011
Year-end net profit (loss)	(6,071)	29,350
Average weighted outstanding shares	5,785,240	5,573,940
Basic earnings per share (€ per share)	(1.05)	5.27

Diluted Earnings

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

In thousands of €	31 December 2012	31 December 2011
Year-end net profit (loss)	(6,071)	29,350
Weighted average number of ordinary shares used to calculate the diluted earnings per share	5,826,401	5,590,207
Diluted earnings per share (€ per share)	(1.04)	5.25

Dilutive financial instruments

The number of shares at 31 December 2012 which can give access to the share capital is as follows:

In thousands of €	Number of securities	Giving right to number of securities
Shares	6,110,611	6,110,611
Share options	9,895	9,895
Bonus shares	54,000	54,000
Treasury shares	(94,597)	(94,597)
TOTAL	**6,079,909**	**6,079,909**

NOTE 26: DISTRIBUTION

The General Shareholders' Meeting of 24 May 2012 voted to distribute a dividend of €2.10 per share for a total amount of €11,850,165.

On 4 September 2012, the Board of Directors voted to distribute an interim dividend of €12,232,095 (€2.10 per share) in light of the interim balance sheet closing 30 June 2012.

In total for 2012, €24,082,260 were distributed of which €12,801,704 in shares and €11,280,556 in cash.

A proposal to distribute the amount of €2.10 per share will be submitted to the General shareholders Meeting of 30 May 2013 for a vote.

NOTE 27: TRANSACTIONS WITH RELATED PARTIES

Remuneration of senior management

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

In thousands of €	31 December 2012	31 December 2011
Salaries and other short-term benefits	980	720
Directors' fees	120	120
Share-based payments (stock option)	871	77
TOTAL	1,971	917

The Managing Director will receive compensation for revocation of 1.2 million euros in case of a forced departure unrelated to any personal fault. The payment of this compensation is subject to meeting the performance criteria set for the first two years of his office.

Related parties

€670K in fees were paid to Bluebird Investissements, a related party, for FY 2012.

NOTE 28: OFF -BALANCE SHEET COMMITMENTS

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

Given commitments:

No commitment was given.

Commitments received:

No commitment was received.

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

Given commitments:

In thousands of €	Starting date	Maturity date	31 December 2012	31 December 2011
Unused credit lines	–	–	–	–
Pledged securities				
- Champigny Carnot shares	26/06/2012	25/06/2019	20,444	–
- Jaurès shares	26/06/2012	25/06/2019	12,524	–
- Caen shares	26/06/2012	25/06/2019	16,088	–
- Etupes shares	26/06/2012	25/06/2019	10,890	–
- Locafimo shares	27/12/2005	30/06/2013	287,537	352,935
- Grenoble Pont d'Oxford shares	26/06/2012	25/06/2019	5,990	–
- Rueil National shares	26/06/2012	25/06/2019	19,701	–
- Comète shares	26/06/2012	25/06/2019	21,186	–
- shares in Berges de l'Ourcq	26/06/2012	25/06/2019	8,910	–
- Nowa shares held by Jaurès	15/04/2011	15/04/2018	–	83
			403,270	353,018
Money lender's 1st ranking mortgages	–	–	60,877	126,257
Surety	–	–	930	2,130
Master agreement				
- between STE and RBS	30/11/2004	–	–	123,758
- between STE and Natixis	31/03/2010	–	–	13,140
			–	136,898

Commitments received:

In thousands of €	Starting date	Maturity date	31 December 2012	31 December 2011
Tenant's guarantee	–	–	3,222	2,610
Joint guarantee				
- Arman F02	22/01/2003	-	-	49,222
- Rueil	26/09/2008	-	767	32,317
- STE	03/02/2011		-	478
- Other companies	-	-	369	369
			1,136	82,386
Pledge	–	–	–	200
Performance bond				
- Porte des Lilas	12/12/2008	–	–	–
- Montrouge	04/03/2011	–	3,290	23,504
- Other companies	–	–	952	997
TOTAL			**4,242**	**24,501**

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

Given commitments:

In thousands of €	Starting date	Maturity date	31 December 2012	31 December 2011
Mortgages				
- Arman F02 building	28/03/2008	28/03/2017	25,250	25,250
- The Nowa buildings	15/04/2011	15/04/2018	41,877	43,480
- The Caen building	26/06/2012	25/06/2019	2,442	3,519
- The Champigny building	26/06/2012	25/06/2019	3,407	1,151
- The Caen building	26/06/2012	25/06/2019	3,531	–
- The Grenoble Pont d'Oxford building	26/06/2012	25/06/2019	998	–
- The Ourcq building	26/06/2012	25/06/2019	1,552	–
- The Rueil National building	26/06/2012	25/06/2019	3,283	–
- The STE Energy II building	29/06/2012	29/06/2027	7,859	–
- The Etupes building	26/06/2012	25/06/2019	1,815	10,750
- The Montrouge building	15/04/2011	30/06/2018	10,496	18,830
- The Jaurès building	26/06/2012	25/06/2019	2,087	12,532
- The buildings of Locafimo and its subsidiaries	17/02/2009	30/06/2013	354,989	352,935
			459,586	**468,447**
Rental guarantee			–	89
Various commitments			140	–

Commitments received:

In thousands of €	Starting date	Maturity date	31 December 2012	31 December 2011
Rent guarantee	–	–	1,708	1,581
Commitments to sell				
– Building E Parc des Tanneries	23/06/2011	05/07/2013	1,400	1,400
– Building located at 12 Paul Langevin Herblay	29/05/2012	15/09/2014	2,530	–
– Building located in Bezons	23/12/2011	2012	-	4,000
– Building located in Marseille-Vitrolles	07/12/2012	18/01/2013	12,965	–
– Building located in Orléans	03/12/2012	31/01/2013	7,375	–
– Building located in Le Bourget	03/12/2012	11/01/2013	8,783	–
– Cadéra Sud building	18/10/2012	05/07/2013	3,000	–
– Building located in Amiens	03/02/2011	28/02/2013	3,225	3,410
– Building located in Ludres	11/12/2012	29/03/2013	2,780	–
– Reception and ABCD buildings located in Caen	16/01/2013	31/05/2013	2,350	–
			44,408	**8,810**

NOTE 29: SUBSEQUENT EVENTS

The following events occurred between 1 January 2013 and the meeting of the Board adopting this document:

- Sale of buildings in the Parc de l'Espace in Le Bourget, signed on 11 January 2013;
- Commitment to sell the reception building for the NXP campus on Caen Colombelles signed on 16 January 2013;
- Sale of two buildings in the La Poste portfolio (Vitrolles and Orléans) signed on 18 and 31 January 2013;
- Establishment of a multi-annual equity financing line by creating share issuance rights (BEAs) exercisable for three years in maximum tranches of 75,000 shares at the request of Société de la Tour Eiffel. The purpose of this equity financing line is to enable the company to have additional resources with which to continue its programme of investment in existing assets, including its Massy site, while improving its capital structure and limiting its dilution for shareholders. The total number of shares that may be issued at the end of the three years will not exceed 600,000, or 9.8% of current capital;
- Commitment to sell the building in the La Poste portfolio (Caen Mondeville) signed on 7 March 2013;
- Commitments to sell the Parc du Millénaire in Montpellier (excluding buildings 8 and 29) on the one hand, and building 8 on the other hand, signed on 19 March 2013.

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 2012 financial year.

7 – STATUTORY AUDITORS' REPORT CONSOLIDATED FINANCIAL STATEMENTS

Financial year ending 31 December 2012

To the shareholders of:

SOCIÉTÉ DE LA TOUR EIFFEL	20-22 rue de la Ville l'Evêque
A French joint stock company with capital of €30,553,055	75008 PARIS

In carrying out the mission entrusted to us at your General Shareholders' Meeting, we present our report for the year ended 31 December 2012 on:

- The audit of Société de la Tour Eiffel's consolidated financial statements as they are appended to this report;
- The justification for our assessments;
- The specific verifications stipulated by law.

The consolidated financial statements were closed by the Board of Directors. It is our responsibility, based on our audit, to provide our opinion on these financial statements.

7.1 – OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the auditing standards applicable in France; these standards require performing the due diligence enabling us to confirm, with reasonable assurance, that the consolidated financial statements contain no significant misstatements. An audit consists of the examination, on a test basis or by means of other selection methods, of the elements justifying of the amounts and information appearing in the Group accounts. It also consists in appraising the accounting principles applied, the significant estimates retained and the overall presentation of the accounts. We believe that the elements we have collected provide a sufficient and appropriate basis on which to formulate our opinion.

We certify that, with regard to the IFRS standards, as adopted by the European Union, the consolidated financial statements are a true and fair representation of the assets, the financial position and overall result constituted by the persons and entities included in the consolidation.

7.2 – BASIS OF OUR APPRAISALS

As indicated in paragraph 5 on significant estimates and accounting judgments of the Notes, the property valuation in the financial statements at 31 December 2012 was carried out in a context which makes it difficult to grasp the market opportunities for certain assets according to their geographical location. Given this uncertainty, in accordance with the provisions of Article L.823-9 of the Commercial Code, we have conducted our own assessments and bring the following to your attention:

Paragraph 2.6 of the Notes specifies that the property portfolio is appraised by independent experts to estimate properties fair value. Our mission involves reviewing the appraisal methods of these experts, evaluating the consistency of the assumptions upheld and establishing the fair value of the properties in question based on independent appraisals and ensuring that the information presented in the annex is appropriate.

Assessments made in this manner fall within the scope of our procedure for auditing the consolidated financial statements as a whole and have therefore contributed to our opinion provided in the first part of this report.

7.3 – SPECIFIC VERIFICATION

We have also verified the legally required information presented in the Group management report, in accordance with the code of professional conduct applicable in France.

We have no matters to report regarding its fair presentation and its consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, 20 March 2013

The Statutory Auditors

Expertise & Audit SA	PricewaterhouseCoopers Audit
3, rue Scheffer	63, rue de Villiers
75016 Paris	92000 Neuilly-sur-Seine
Hélène Kermorgant	Yves Nicolas

CORPORATE FINANCIAL STATEMENTS

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1 – BALANCE SHEET - ASSETS

In €	Gross	Depreciation	31/12/2012 Net	31/12/2011 Net	See notes
FIXED ASSETS					
Intangible fixed assets					
Concessions, patents, licences, software	12,005		12,005	12,005	A
Property, plant & equipment					
Land	10,966,696	1,694,993	9,271,704	9,284,215	A
Building	19,688,428	3,284,028	16,404,400	16,773,195	A
Other tangible fixed assets	16,078	10,381	5,697	3,810	A
Tangible fixed assets under development					
Long-term investments(1)					
Equity interests	250,708,811	622,962	250,085,849	250,770,270	A / G / H / FS 3
Receivables linked to equity interests	59,114,675		59,114,675	54,187,387	A / B / G
Other long-term investments					A
	340,506,694	5,612,365	334,894,329	331,030,882	
CURRENT ASSETS					
Inventories					
Advances and down payments on orders				80,499	
Receivables(2)					
Trade and related receivables	4,347,854	585,730	3,762,124	1,984,359	B / G
Other receivables	33,585,523		33,585,523	31,672,001	B / G
Marketable securities					
Treasury shares	7,403,525	3,351,193	4,052,332	3,442,602	FS 4 / F
Other securities					
Cash and cash equivalents	730,240		730,240	1,133,062	
Prepaid expenses(2)	176,833		176,833	158,915	B / D
	46,243,975	3,936,923	42,307,052	38,471,438	
Expenses amortised over several years	133,558		133,558	306,703	E / R
GRAND TOTAL	386,884,227	9,549,287	377,334,939	369,809,023	
(1) Including those at less than one year (gross)			*11,418,231*	*7,055,226*	
(2) Including those at more than one year (gross)					

2 – BALANCE SHEET - LIABILITIES

In €	31/12/2012 Net	31/12/2011 Net	See notes
SHAREHOLDERS' EQUITY			
Share capital (Paid in: 30,553,055)	30,553,055	28,681,360	I / FS1
Issue, merger and contribution premiums	52,877,040	41,947,031	FS1
Reserves:			
- Legal reserve	2,868,136	2,796,142	
- Other reserves	215,933,372	215,933,372	
Retained earnings	1,682,133	13,879,824	IC 3
Net result for the year (profit or loss)	23,428,277	11,557,457	
Interim dividends	(12,232,095)	(11,832,988)	
	315,109,918	302,962,198	N
OTHER EQUITY			
PROVISIONS FOR CONTINGENCIES AND LOSSES			
Provisions for losses	2,148,890	762,400	J
	2,148,890	762,400	
DEBTS[(1)]			
Borrowings and debt owed to credit institutions[(2)]	19,982,193	26,181,934	K
Borrowings and financial debts	35,055,034	36,808,750	K / M
Trade and related payables	3,214,419	2,069,163	K / M
Tax and social security liabilities	1,043,461	656,837	K
Payables to fixed asset suppliers and related accounts	10,066	10,066	K
Other debts	194,789	21,013	K / M
Prepaid income	576,168	336,662	P
	60,076,131	66,084,425	
GRAND TOTAL	377,334,939	369,809,023	
(1) Including those at more than one year (a)	*19 323 658*	*12 299 765*	
(1) Including those at less than one year (a)	*40 752 473*	*53 784 660*	
(2) Including current bank loans and bank credit balances			

(a) With the exception of down payments and advances on purchase orders.

3 – INCOME STATEMENT

In €	France	Abroad	31/12/2012 Total	31/12/2011 Total	See notes
Operating income(1)					
Production sold (services)	7,585,126		7,585,126	6,344,139	
Net turnover	7,585,126		7,585,126	6,344,139	Q
Capitalised production					
Operating subsidy				400	
Reversal of provisions and expense reclassification			152,354	256,631	S
Other income			508	1,731	
			7,737,988	6,602,901	
Operating expenses(2)					
Other purchases and external expenses (a)			8,367,571	7,844,203	T/U
Taxes, duties and similar payments			414,360	348,080	
Wages and salaries			2,366,490	1,482,400	
Social security withholding payments			788,312	298,239	
Allocations to amortisation and provisions:					
- On fixed assets: allowances for amortisation			932,047	851,310	R
- On fixed assets: provisions for depreciation			12,511	202,511	J
- On current assets: provisions for depreciation					J
Other expenses			165,853	153,438	
			13,047,144	11,180,181	
OPERATING RESULT			(5,309,156)	(4,577,280)	
Financial income					
From equity interests(3)			32,547,048	26,402,007	
From other marketable securities and fixed asset receivables(3)					
Other interest and related income			114,325	141,792	
Recoveries on write-downs, provisions and expense reclassification			2,581,637	1,969,227	
Realised gains on foreign exchange					
Net proceeds from the sale of marketable securities			35,579	48,445	
			35,278,588	28,561,471	
Financial expenses					
Allocations to amortisation, impairment and provision			2,647,755	4,578,992	J
Interest and similar charges(4)			3,711,867	7,736,906	
Realised losses on foreign exchange					
Net losses on the sale of marketable securities			19,371	92,074	
			6,378,992	12,407,971	
NET FINANCIAL INCOME			28,899,596	16,153,500	
CURRENT PROFIT (LOSS) BEFORE TAXES			23,590,440	11,576,220	

In €	France	Abroad	31/12/2012 Total	31/12/2011 Total	See notes
Extraordinary income					
On operations					
On equity			116,200		
Reversal of amortisation, provisions and expense reclassifications			1,386,490	762,400	J
			1,502,690	762,400	
Extraordinary expenses					
On operations			48,221	34,256	
On equity			51,459		
Allocations to depreciation and provisions			1,391,608	764,907	
			1,491,287	799,163	
EXTRAORDINARY RESULT			11,402	(36,763)	
Income tax			173,566	(18,000)	IC 6.3
Total income			44,519,266	35,926,772	
Total expenses			21,090,989	24,369,315	
NET PROFIT (LOSS)			23,428,277	11,557,457	
(a) Including:					
- Equipment leasing instalments					
- Property leasing instalments					
(1) Including income relating to previous financial years					
(2) Including expenses relating to previous financial years					
(3) Including income relating to affiliated entities			*32,547,048*	*26,402,007*	
(4) Including interest relating to affiliated entities			*535,987*	*2,851,489*	

4 – APPENDIX

4.1 – GENERAL

The main corporate purpose of Société de la Tour Eiffel is to acquire or construct buildings to rent out, and to hold direct or indirect equity stakes in corporate bodies having the same purpose.

Choice of status as a Société d'Investissements Immobiliers Cotée (SIIC)

On 15 April 2004, the company opted for the status of Société d'Investissements Immobiliers Cotée (SIIC) effective on 1 January 2004.

4.2 – SIGNIFICANT EVENTS

4.2.1 – CAPITAL TRANSACTIONS

4.2.1.1 – Remainder of the 2011 dividend and option to pay out dividend in shares

A capital increase of €917,080 (or 183,416 shares) and an increase in the issue premium of €4,812,836 were recorded, following the exercise of the option to pay the 2011 final dividend in stock in accordance with the third resolution adopted at the Annual General Meeting dated 24 May 2012. The new shares were issued at a price of €31.24 for 90% of the average closing price for the twenty trading days preceding the date of the decision to distribute, minus the net amount of the dividend rounded up to the nearest centime.

Shareholders holding 2,775,944 shares opted to receive the final dividend in stock and a cash payment of €99,567 was made to the shareholders. Shareholders holding the balance of 2,866,992 shares opted for a cash payment amounting to €6,020,683.

4.2.1.2 – 2012 interim dividend and option for payment in shares

On 4 September 2012, the Board of Directors moved to distribute an interim dividend of €12,232,095, or €2.10 per share, in the light of the interim balance sheet closed at 30 June 2012, with an option of payment in shares or cash in accordance with the 3rd resolution adopted at the General Shareholders' Meeting of 24 May 2012.

A capital increase of €954,615 (or 190,923 shares) and an increase in the issue premium of €6,117,173 were recorded, in accordance with the decision taken by the Managing Director dated 3 October 2012. The new shares were issued at a price of €37.04 for 90% of the average closing price for the twenty trading days preceding the date of the decision to distribute, minus the net amount of the interim dividend rounded up to the nearest centime.

Shareholders holding 3,445,721 shares opted to receive the interim dividend in stock and a cash payment of €164,226 was made to the shareholders. Shareholders holding the balance of 2,379,086 shares opted for a cash payment amounting to €4,996,081.

4.2.2 – IMPAIRMENT OF SECURITIES

The depreciation of €993,944 recorded on 31 December 2011 relating to the securities of SCI Marceau Bezons was eliminated after the full transfer of the company's assets and liabilities to Société de la Tour Eiffel on 17 September 2012.

At 31 December 2012, the shares of the SAS Locafimo were impaired for €622,962.

4.2.3 – ACQUISITIONS AND DIVESTMENTS OF FIXED ASSETS

4.2.3.1 – Securities portfolio

On 19 June 2012, Société de la Tour Eiffel sold one share of SCI Jean Jaurès to SCI Rueil National for €116,200.

On 14 September 2012, Société de la Tour Eiffel purchased one share of SCI Marceau Bezons for €10, allowing it to hold 100% of the share capital of the company.

On 17 September 2012, Société de la Tour Eiffel decided to dissolve without liquidation SCI Marceau Bezons leading to the full transfer of the company's assets and liabilities to the sole associate, with effect as of 29 October 2012. The deficit recorded under the financial result amounted to €120,795.

4.2.4 – SHARE PURCHASE OR SUBSCRIPTION PLANS AND BONUS SHARE PLANS

The 92,594 treasury shares held can be broken down as follows:

- 38,594 unallocated treasury shares held for €2,470,973 impaired according to marked to market at their average December 2012 price, i.e. €44.75, for a total of €743,993.
- 20,000 allocated treasury shares held, awarded by a decision of the Board on 8 December 2011, amounting to €2,088,879, impaired according to market at the average price during the month preceding their allocation for the sum of €1,326,400 and provisioned for their residual purchase cost as a provision for charges amounting to €762,400.

The final allocation should occur in 2013, subject to achieving the performance conditions.

- 30,000 allocated treasury shares held, awarded by a decision of the Board on 4 September 2012, amounting to €2,451,901, impaired according to market at the average price during the month preceding their allocation for the sum of €1,147,500 and provisioned for their residual purchase cost as a provision for charges amounting to €1,304,401.

The final allocation should occur in 2014, subject to achieving the performance conditions.

- 1,900 allocated treasury shares held, awarded by a decision of the Board on 11 October 2012, amounting to €144,800, impaired according to market at the average price during the month preceding their allocation for the sum of €65,911 and provisioned for their residual purchase cost as a provision for charges amounting to €78,889.

The final allocation should occur in 2014, subject to achieving the presence conditions.

- 2,100 allocated treasury shares held, awarded by a decision of the Board on 5 December 2012, amounting to €157,227, impaired according to market at the average price during the month preceding their allocation for the sum of €67,389 and provisioned for their residual purchase cost as a provision for charges amounting to €89,838.

The final allocation should occur in 2014, subject to achieving the performance conditions at the end of the vesting period. The final allocation being subject to a condition of presence in the company, the provision for charges has been spread over a period of two years. At 31 December 2012, the provision for charges amounted to €3,200.

Provisions for charges relating to the issue of bonus shares were recognized under personnel expenses and reallocated to extraordinary expenses.

4.2.5 – FINANCING

On 26 June 2012, the following eight subsidiaries: SCI CHAMPIGNY CARNOT, SCI JEAN JAURES, SCI ETUPES DE L'ALLAN, SCI CAEN COLOMBELLES, SCI COMETE, SCI RUEIL NATIONAL, SCI BERGES DE L'OURQ and SCI GRENOBLE PONT D'OXFORD proceeded with the prepayment of the remaining amount of the credit granted by the line of credit master agreement between Société de la Tour Eiffel and the consortium made up of the Royal Bank of Scotland (RBS), CALYON, AXA BANK and Crédit Foncier de France.

On 29 June 2012, Société de la Tour Eiffel repaid in advance the entire loan financing the Energy 2 building, for a principal amount of €11,639,892.

Issuance costs related to the loan were fully amortised on the date of repayment for the amount of €252,759.

On 29 June 2012, Société de la Tour Eiffel took out two new loans from the Crédit Agricole Caisse Regionale d'Ile de France, one for €5.2 million depreciable over 15 years and the other for €2.8 million, repayable in full over 10 years.

The Issuance costs related to this loan of €100,782 were transferred to deferred expenses and reallocated as operating expenses to be amortized over the term of the loan.

In parallel, Société de la Tour Eiffel hedged its interest rates with a Swap at a guaranteed rate of 1.50% for an initial notional amount of €8,000,000 from the Crédit Agricole CIB effective as of 28 September 2012.

On 27 July 2012, Société de la Tour Eiffel hedged its interest rates with a Swap at a guaranteed rate of 4.61% for an initial notional amount of €8,633,000 from Société Générale on the loan financing the building located in Amiens to take effect as of 1 August 2012.

4.3 – ACCOUNTING POLICIES

The Annual Accounts are established in accordance with the rules laid out by the general accounting system of 1999 and fundamental accounting principles (conservatism, consistent methods, independence of financial years, going concern).

The financial year spans a 12-month period running from 1 January to 31 December 2012.

Recognised items are valued by the historic costs method.

The main accounting methods used are as follows:

4.3.1 – PROPERTY, PLANT & EQUIPMENT

4.3.1.1 – Land and Buildings

General rules

Fixed assets are recorded at their acquisition cost under the provisions of CRC Regulation No. 2004-06. The company has opted to include acquisition expenses and borrowing costs, if applicable.

In accordance with the CRC Regulation no. 2002 10, property assets have been accounted for using the components approach.

The gross value was split into 4 main components on the basis of valuations carried out by the Technical Services of the asset management company, Tour Eiffel Asset Management.

Given the nature of the properties, a residual value was recorded under the main component (structural framing). Given the nature of the properties, the residual values recorded were as follows:

- 10% (Energy II building located in Vélizy, building located in Amiens),
- or 20% (building located in Saint-Cloud).

Amortisation was booked in compliance with rule N°2002-10 with each component being amortised over its individual useful life on the following basis:

• Structure • life: 35 to 60 years • method: straight-line

• Water-proofing • life: 15 and 20 years • method: straight-line

• Equipment • life: 20 and 50 years • method: straight-line

• Fixtures and fittings • life: 12 to 50 years • method: straight-line

At 31 December 2012, the current state of the buildings does not require the allocation of provisions for major upkeep or refurbishing.

Valuation of Assets

The company has all its property assets valued by an independent appraiser every six months. An asset impairment is recorded if the appraised value has fallen considerably below the net book value.

In the financial period ended 31 December 2011, a €1,682,481 provision for the building located in Amiens was recorded in the accounts pursuant to these valuations. In view of the appraisal of the building at 31 December 2012, an additional amount of €12,511 was recorded raising depreciation to €1,694,993.

4.3.1.2 – Other tangible fixed assets

Depreciation is calculated on the following basis:

• Office equipment • life: 3 years • method: straight-line

• Furnishings • life: 5 years • method: straight-line

Fixed assets are recorded at their acquisition cost (purchase price and additional expenses).

4.3.2 – MARKETABLE SECURITIES AND TREASURY SHARES

4.3.2.1 – Marketable securities

The gross value is made up of the purchase cost. When the inventory value is lower than the gross value, the difference gives rise to an impairment loss provision. The inventory value of the treasury shares consists of the average market price during the last month before accounts closing.

4.3.2.2 – Unallocated treasury shares or those connected with the liquidity agreement

Those treasury shares which are not allocated to a bonus share allotment scheme or those connected with a liquidity agreement, are written down to their market value.

4.3.2.3 – Treasury shares allocated to share subscription or purchase options and plans for granting bonus shares

In accordance with CNC Regulation 2008-15 dated 4 December 2008 relating to the accounting treatment of share subscription or purchase plans and bonus share plans, the allocated shares held which will probably be awarded to employees carry a provision based on the shares' net book value applicable upon their allocation date for bonus share allocation plans, and based on the difference between this value and the purchase or subscription value for share purchase or subscription options. When the award is subordinated to a condition of working for the company, the purchase price is spread out over the acquisition period. Any allocations of provisions, reversals and charge-offs relating to awarding equity shares are disclosed as personnel expenses.

4.3.3 – EQUITY INTERESTS AND OTHER LONG-TERM INVESTMENTS

Equity interests are entered on the balance sheet at their acquisition cost as per the provisions of CRC Regulation no. 2004-06 pertaining to the definition, recognition and valuation of assets. The company has opted to include acquisition expenses in the value of securities.

If the inventory value of these shares proved to be lower than their purchase cost, an impairment provision would be made.

The inventory value is determined based on the equity interest's value in use and takes regarding a real estate company into account the market value of the owned company's assets. These assets are subject to an appraisal every half year according to their type and location, which is conducted in an uncertain environment making it difficult to grasp market outlooks

4.3.4 – RECEIVABLES

Receivables are recorded at their nominal value. A write-down is recorded when the inventory value is lower than the book value.

At 31 December 2010, an impairment of the receivable for the tenant occupying the building in Amiens was booked for €629,959. The receivable was partially admitted by the Amiens Commercial Court on 26 January 2012 for €816,835 including VAT. Accordingly, the sum of €44,229 was recorded in the Irrecoverable receivables item and a reversal of write-down for the same amount was booked.

4.3.5 – DEBT ISSUANCE COSTS

Bond issue expenses are reallocated from operating expenses to expenses to be amortised over the term of these borrowings.

4.3.6 – FUTURE FINANCIAL INSTRUMENTS – INTEREST HEDGING OPERATIONS

Société de la Tour Eiffel took out interest rate hedging contracts (caps and swaps) with banks for itself and for its subsidiaries with bank loans up until 26 June 2012. The effects of these contracts are booked at the Société de la Tour Eiffel level.

CAP :

The initial premium paid and covering several periods is reported as an expense over the contract term. Any eventual unrealised gains are not recorded at period end.

SWAP :

At period end, the accrued interest differential on the Swaps is recorded.

Potential losses on the financial instruments do not carry a liabilities provision inasmuch as these instruments are used in a hedging transaction.

4.4 – ADDITIONAL INFORMATION

4.4.1 – STAFF

The company employs a Property Director.

4.4.2 –REMUNERATION OF MEMBERS OF MANAGEMENT AND GOVERNING BODIES

Board members' attendance fees paid in 2012 totalled €120,000.

On 4 September 2012, the Board of Directors took note of the resignation of the Managing Director and a Deputy Managing Director. In addition, the mandate of the new Managing Director, appointed on 27 July 2011, took effect from 1st September 2012, as did that of a new Deputy Managing Director.

On 5 December 2012, the Board of Directors took note of the resignation of another Deputy Managing Director.

Gross remuneration paid in 2012 to members of governing bodies for their director mandates totalled €480,000.

4.4.3 – APPROPRIATION OF 2011 EARNINGS

The Combined General Meeting of 24 May 2012 decided to allocate the profit for the 2011 financial year, i.e. €11,557,457 plus retained earnings in the amount of €13,879,824 as follows:

- allocation of €71,994 to the statutory reserve,
- distribution of an interim dividend of €11,832,988 (€2.1 per share) as approved by the Board of Directors on 27 July 2011,
- distribution of €11,849,506 as the remaining dividend (€2.1 per share),
- appropriation of the remaining €1,682,793 to retained earnings.

4.4.4 – DISTRIBUTION 2012

On 4 September 2012, the Board of Directors voted to distribute an interim dividend of €2.10 per share in light of the interim balance sheet closing 30 June 2012. This amounted to €12,232,095.

A proposal to distribute the amount of €2.10 per share will be submitted to the General Shareholders Meeting of 30 May 2013 for a vote.

4.4.5 – APPROPRIATION OF THE SUBSIDIARIES' 2012 EARNINGS

Net financial income – up streaming the 2012 results

The articles of association of those subsidiaries organised as non-trading real estate investment companies (SCI) or as partnerships (SNC) contain a clause for appropriating the period-end earnings, unless the partners decide otherwise.

The subsidiaries all have the same account closing date of 31 December.

The decisions to appropriate the 2012 earnings by the various general shareholders' meetings are taken prior to that of the Société de la Tour Eiffel Board of Directors' meetings.

Consequently, as at 31 December 2012, the net financial income of Société de la Tour Eiffel includes the proportionate shares in the 2012 earnings of those subsidiaries organised as non-trading real estate investment companies or as partnerships.

4.4.6 – TAXABLE INCOME – TRACKING OF THE OBLIGATIONS UNDER THE SIIC REGIME

Société de la Tour Eiffel reported a €23,428K profit corresponding to a €18,086K profit for tax purposes.

4.4.6.1 – Tax exempt income and tracking of the distribution obligations

The 2012 tax exempt income came to €19,642,000 and breaks down as follows:

- €8,108,000 from property rentals subject to an 85% distribution rate,
- €(369,000) from capital gains or losses
- €11,904,000 from dividends received from subsidiaries which opted for and are subject to a 100% distribution rate.

The distribution obligation therefore stood at €18,795,000 in 2013 for the 2012 financial period.

4.4.6.2 – Taxable income

The income liable to corporation tax for 2012 totalled (€1,557,000), mainly equalling the portion of expenses which cannot be allocated to the exempted activity; the fees for non-performed investments, and the upstreaming of the taxable fiscal income of the non-REIT subsidiary, SNC Tour Eiffel Asset Management, and the charge related to the allocation of bonus shares.

On closing the 2012 accounts, loss carry-forwards for taxable activity amounted to €17,967,000.

4.4.6.3 – Income tax

The income tax expense consists of:

- An additional contribution to the corporate income tax equal to 3% of the amounts distributed from 17 August 2012 for an amount of €154,809
- A deferred tax credit recorded in 2010 for an amount of € (24,757),
- An income tax benefit of €6,000 corresponding to the foundation tax credit the Company has benefited from owing to payments made to the Société de la Tour Eiffel Foundation in 2012.

4.4.7 – SHARE SUBSCRIPTION OPTION PLANS

4.4.7.1 – Summary table of the share option plans issued, granted and expired

General Shareholders' Meeting date	Date granted by the Board of Directors	Exercise period	Subscription Price	Nb of options granted	Nb of options exercised	Nb of options lapsed or unexercised	Nb of potential shares
29 March 2007	11/12/2008	from 11/12/2008 to 11/12/2013	32.87	28,198	1,500		26,698
	15/10/2009	from 15/10/2009 to 15/10/2014	45.95	28,427			28,427
24 May 2012	04/09/2012	from 04/09/2012 to 04/09/2017	43.49	85,000			85,000
	11/10/2012	from 11/10/2012 to 11/10/2017	41.54	14,862			14,862
Total				**156,487**	**1,500**		**154,987**

4.4.7.2 – Assigning a value to the social security contributions liability

In light of the €44.75 December 2012 average share price, management monitored a risk that €190,923 of employer social security contributions would be taxed at the 45% rate should all of the subscription stock option beneficiaries sell their shares within the four-year period from the options that will probably be exercised.

The calculation of the social security contributions liability takes into account the plans prior to 28 September 2012 for which the December 2012 average share price is higher than the strike price.

This is because as of 28 September 2012, the exemption from social security contributions of the gain on acquisition is no longer subject to compliance with the blocked period of 4 years.

4.4.7.3 – Employer's contribution on the granting of stock options for Société de la Tour Eiffel shares

A social security withholding payment in the amount of €107,100 was recognised as the social security contribution for grants of stock options and the establishment as of 16 October 2007 on an employer's contribution on options granted at the rate of 30%.

This contribution is calculated, at the discretion of the employer, on a basis equal to the fair value of the options as estimated for the establishment of the consolidated accounts, or 25% of the value of the options on the date of the decision to grant them by the Board of Directors.

Once made, the choice is irrevocable for the duration of the financial period for all the allocations.

For the 2012 financial period, the basis of the employer's contribution is the fair value of the options.

4.4.8 – ALLOCATION OF BONUS SHARES FOLLOW-UP

4.4.8.1 – Summary table of bonus shares granted

General Shareholders' Meeting date	Granting date by the Board of Directors	Date of final allocation	Minimum holding period	Nb of bonus shares granted
18 May 2011[(a)]	08/12/2011	08/12/2013	2 years	20,000
	04/09/2012	04/09/2014	2 years	30,000
	11/10/2012	11/10/2014	2 years	1,900
	05/12/2012	05/12/2014	2 years	2,100
Total				**54,000**

(a) Allocation of 55,937 existing shares or shares to be issued (or 1% of the share capital at the date of the Meeting).

The company will deliver the free shares to the beneficiaries, subject to meeting the performance or presence conditions, either within the framework of a share buy-back scheme, or a capital increase paid for by a withdrawal from a reserve account.

4.4.8.2 – Employer's contribution on the allocation of bonus Société de la Tour Eiffel shares

A social security withholding payment in the amount of €328,680 was recognised as the social security contribution for grants of bonus shares and the establishment as of 16 October 2007 onfan employer's contribution on shares granted at the rate of 30%.
This contribution is calculated, at the discretion of the employer, on a basis equal to the fair value of the shares as estimated for the establishment of the consolidated accounts, or to the value of the shares on the date of the decision to grant them by the Board of Directors.
Once made, the choice is irrevocable for the duration of the financial period for all allocations.
For the 2012 financial period, the basis of the employer's contribution is the fair value of the shares.

4.4.8.3 – Theoretical dilutive effect on earnings per share

The theoretical dilutive effect on 2012 earnings per share would be:

- 2012 net result per share: €3.83
- Theoretical diluted net income per share for 2012: €3.71

The diluted net income per share stems from the effect of a possible delivery of the bonus shares granted by means of a capital increase and the probability that stock subscription plans will be exercised at financial year end.

4.4.9 – FINANCIAL COMMITMENTS

4.4.9.1 – Given commitments

Commitments made are as follows:

- On 14 January 2008, a first lien mortgage was given to Société Générale when it extended a €4,000,000 loan to finance the building in Amiens.
- On 16 January 2008, a first lien mortgage was given to Société Générale when it extended a €9,700,000 loan to finance the building in Saint-Cloud.
- The equity stake in SCI Arman F02 to be kept with an agreement not to require repayment of the subordinated loans extended to it during the term of SCI Arman F02's credit agreement entered into with Société Générale and Crédit Foncier de France.
- Keep the share it holds in SCI Arman Ampère and pledge it following amendment 1 dated 31 March 2009 as collateral for the loan extended to SCI Arman F02 on 28 March 2008 by Société Générale and Crédit Foncier de France.
- The Saint-Cloud building, acquired on 16 January 2008, will be kept for a 5-year term in accordance with the requirements of Article 210 E of the General Tax Code under the "SIIC 3" tax scheme.
- The Amiens building, acquired on 14 January 2008, will be kept for a 5-year term in accordance with the requirements of Article 210 E of the General Tax Code under the "SIIC 3" tax scheme.
- As part of the acquisition prior to completion (Fr. VEFA) concluded by SCI Montrouge Arnoux with the seller IDFIMM, Société de la Tour Eiffel issued a first demand guarantee on first request for a maximum amount of €23.5m valid until the month following the attestation of completion and compliance of the building.

- As security for the loan granted on 15 April 2011 to SCI Nowa by Société Générale and the BECM, the shares held by Société de la Tour Eiffel in the latter were pledged until 15 April 2018,
- On 30 June 2011, as part of the loan to SCI Montrouge Arnoux, Société de la Tour Eiffel pledged not to sell its shares in the SCI and to provide it with the necessary cash until 30 June 2018.
- On 16 January 2012, Société de la Tour Eiffel pledged to pay a total allocation of €150,000 over 5 years to the Société de la Tour Eiffel Corporate Foundation. At 31 December 2012, the remaining allocation to pay amounted to €140,000.
- Guarantee issued to a bank until 31 March 2018 under the interest rate hedging contract entered into on 23 March 2012 by SCI Montrouge Arnoux and starting on 28 June 2013.
- The shares of the following non-trading property investment companies are pledged as collateral with banks:
    - Jean-Jaurès,
    - Comète,
    - Berges de l'Ourcq,
    - Champigny Carnot,
    - Grenoble Pont d'Oxford,
    - Rueil National,
    - Caen-Colombelles,
    - Étupes de l'Allan,
- On 29 June 2012, in conjunction with the loan of €8,000,000 granted by Crédit Agricole Ile De France, a first rank mortgage on the "Energy II" building located in Velizy and the Cash deposit account were pledged as collateral to the bank until 29 June 2027. The outstanding loan amounted to €7,859K on 31 December 2012.
- Pledge of a financial instruments account holding SAS Locafimo shares and the revenue account as collateral for the financing bank, for an amount of €287,537,000 until 13 November 2017.

4.4.9.2 – Commitments received

The following commitments were received:

- A surety bond was issued on 3 February 2011 in favour of Société de la Tour Eiffel by Linda Textile as security for the moneys owed by the tenant of the asset in Amiens (Lee Cooper) for the whole duration of the lease and 6 months after the tenant leaves. The amount is capped at two years of rent incl. VAT as at 3 February 2011 i.e. €478,400,
- A first-demand guarantee was issued on 5 March 2012 in favour of Société de la Tour Eiffel by Altran CIS using the moneys owed by the tenant of the Velizy building (Energy II) until 31 May 2021. The amount is capped at an amount of €127,000 indexed annually.

4.4.10 – RECIPROCAL COMMITMENTS

- The reciprocal commitments relating to swap contracts totalled €19,961,400 at 31 December 2012,
- A promise of sale indenture relating to the building in Amiens was signed on 3 February 2011. The sale price amounted to €3,225 K and the sale will be completed at the earliest on 31 January 2013 and no later than 29 April 2013. The date of sale is set for is 21 March 2013.

4.4.11 – FINANCING OF THE SUBSIDIARIES

4.4.11.1 – Treasury agreement

The subsidiaries of Société de la Tour Eiffel acceded to the treasury agreement signed on 2 April 2004 and to its amendments of 24 June 2004 and 19 June 2012.
The interest rate applied within the Group is 3-month Euribor plus 25 basis points.

4.4.11.2 – Subordinated loans

Société de la Tour Eiffel, as lender, loans money to its subsidiaries under subordinated loan agreements. The interest rate applied for these is 3-month Euribor plus 100 basis points.

By an amendment dated 26 June 2012, the life of the subordinated loan was changed to match a term identical to that of the loan agreement signed by the subsidiaries with the SAAR bank as part of their refinancing, i.e. maturing on 26 June 2019.

Repayment of these loans is subordinated to the creditors' agreement in accordance with the line of credit framework agreement signed with the bank.

4.4.12 – RETIREMENT BENEFITS

The Company did not set aside any retirement plan provision in the financial statements.

The study factors in the various parameters that apply to the Société de la Tour Eiffel employee as well as a range of data that pertain to Société de la Tour Eiffel. The following parameters were chosen:

- discount rate: 2.69%,
- wage increases: 3.92%,
- employer social security contributions: 50%,
- employer's contribution: 50%,
- asset mobility: average,
- voluntary retirement at 65-67 years.

These commitments were assessed at €27,277 as of 31 December 2012.

4.4.13 – SEVERANCE PACKAGE

The total amount of compensation that may be paid to the Managing Director in case of a forced departure unrelated to any fault of his own is capped at two years' (fixed) remuneration or €1,200,000.

4.4.14 – RIGHT TO PROFESSIONAL TRAINING

The company's commitment to the sole employee as part of the French "right to professional training" (DIF) scheme totalled 126 hours at the close of the financial year.

NOTES

4.5 – ASSETS

A. FIXED ASSETS

Framework A	Gross value		Increases
In €	Beginning of year	Revaluation	Acquisitions
Intangible fixed assets			
Other intangible fixed assets	12,005		
Total I	**12,005**		
Tangible fixed assets			
Land	10,966,696		
Buildings on own land	19,403,755		292,636
Office equipment and furnishings	11,672		4,406
Tangible fixed assets under development			
Total II	**30,382,123**		**297,042**
Financial fixed assets			
Equity interests	251,764,214		10
Receivables linked to equity interests	54,187,387		19,642,244
Other long-term investments			
Total III	**305,951,601**		**19,642,254**
GRAND TOTAL (I + II + III)	**336,345,729**		**19,939,296**

Framework B		Decreases	Gross value	Revaluation
In €	By transfer	By disposal	End of year	Initial value
Intangible fixed assets				
Other intangible fixed assets			12,005	12,005
Total I			**12,005**	**12,005**
Tangible fixed assets				
Land			10,966,696	10,966,696
Buildings on own land	7,962		19,688,428	19,688,428
Office equipment and furnishings			16,078	16,078
Tangible fixed assets under development				
Total II	**7,962**		**30,671,203**	**30,671,203**
Financial fixed assets				
Equity interests		1,055,413	250,708,811	250,708,811
Receivables linked to equity interests		14,714,956	59,114,675	59,114,675
Other long-term investments				
Total III		**15,770,369**	**309,823,486**	**309,823,486**
GRAND TOTAL (I + II + III)	**7,962**	**15,770,369**	**340,506,694**	**340,506,694**

B. RECEIVABLES AND DEBT STATEMENTS

In €	Gross amount	Under 1 year	Over 1 year
Fixed assets			
Receivables linked to equity interests	59,114,675	11,418,231	47,696,444
Other long-term investments			
Current assets			
Bad and doubtful debts	700,347	700,347	
Other trade receivables	3,647,507	3,647,507	
Personnel and related accounts	1,234	1,234	
Income tax	155,243	155,243	
Value-added tax	683,195	683,195	
Group and partners	32,711,764	32,711,764	
Sundry accounts receivable	34,087	34,087	
Prepaid expenses	176,833	176,833	
TOTAL	**97,224,885**	**49,528,441**	**47,696,444**

C. ACCRUED INCOME

In €	31/12/2012	31/12/2011
Receivables linked to equity interests	176,559	312,949
Trade and related receivables	2,391,109	1,071,792
Other receivables	153,681	452,720
GRAND TOTAL	**2,721,349**	**1,837,461**

D. PREPAID EXPENSES

In €	31/12/2012	31/12/2011
VARIOUS PREPAID EXPENSES	156,231	108,410
PUBLIC RELATIONS PREPAID EXPENSES	20,603	35,880
CAP PREMIUMS PREPAID EXPENSES		14,625
GRAND TOTAL	**176,833**	**158,915**

E. DEFERRED CHARGES

In €	31/12/2012	31/12/2011
Debt issuance costs	133,558	306,703
GRAND TOTAL	**133,558**	**306,703**

F. INVENTORY OF THE MARKETABLE SECURITIES PORTFOLIO
(Commercial code Articles L 232-7 and L 232-8)

EQUITY INVESTMENTS

The equity investments are only composed of the shares of non-trading real estate investment companies, shares of a partnership, and shares in a simplified public limited liability company.

MARKETABLE SECURITIES

Treasury shares

At 31 December 2012, Société de la Tour Eiffel held 2,003 treasury shares for a gross amount of €89,745 under the liquidity agreement.

At 31 December 2012, Société de la Tour Eiffel held 92,594 treasury shares acquired through the share buyback programme:
• 38,594 unallocated shares for a gross amount of €2,470,963,
• 54,000 allocated shares for a gross amount of €4,842,807.

G. ITEMS RELATING TO SEVERAL BALANCE SHEET ITEMS
(Decree 83-1020 dated 29-11-1983 – Articles 10 and 24-15)

Items relating to several balance sheet items	Amount concerning companies		Amount of debts or receivables represented by commercial paper
In €	Linked	With which the company has a participating interest	
Financial fixed assets			
Equity interests	250,708,811		
Receivables linked to equity interests	59,114,675		
Total Fixed Assets	**309,823,486**		
Receivables			
Trade and related receivables	2,955,609		
Other receivables	32,711,764		
Total Receivables	**35,667,373**		

H. TABLE OF SUBSIDIARIES AND HOLDINGS AT 31/12/12

Financial information Subsidiaries Equity interests	Share capital	Reserves and retained earnings before appropriation of net profit/loss	Share of capital held held as a percentage	Book value of holdings GROSS	Book value of holdings NET	Loans and advances granted by the Company not yet repaid
I- Detailed information on each security whose gross value exceeds 1% of the affiliated company's share capital bound to publication						
1 - Subsidiaries (over a 50% equity interest)						
SCI JEAN-JAURÈS	152		99.00	5,094,425	5,094,425	599,536
SCI NOWA	5,293,090	6	99.99	14,526,401	14,526,401	2,533,544
SCI BERGES DE L'OURCQ	1,000		99.00	990	990	3,847,917
SCI COMÈTE	1,000		99.00	16,375,070	16,375,070	2,622,939
SCI CHAMPIGNY CARNOT	1,000		99.00	990	990	7,811,766
SCI ÉTUPES DE L'ALLAN	1,000		99.00	990	990	3,862,285
SCI CAEN COLOMBELLES	1,000		99.00	990	990	15,436,080
SCI ARMAN F02	11,192,100	450,956	99.99	20,254,699	20,254,699	24,718,028
SAS LOCAFIMO	3,989,590	80,300,258	100.00	190,333,743	189,710,781	
SCI GRENOBLE PONT D'OXF.	1,000		99.00	990	990	4,409,864
SCI RUEIL NATIONAL	1,000		99.00	990	990	14,709,248
SNC TOUR EIFFEL ASSET M.	150,000		100	4,117,533	4,117,533	345,060
SCI MONTROUGE ARNOUX	1,000		99.00	990	990	11,180,202
2 - Equity interests (from 10 to 50% of the capital held)						
II – General information on securities whose gross value does not exceed 1% of the affiliated company's capital bound to publication						
1 – Subsidiaries:						
a) French (all)						
b) Foreign (all)						
2 - Participating interests:						
a) French (all)	1,000		1.00	10	10	
b) Foreign (all)						

(CONT'D) TABLE OF SUBSIDIARIES AND HOLDINGS AT 31/12/12

Subsidiaries Equity interests	Financial information	Sureties and guarantees given by the company	Turnover (excl. VAT) for last financial year	Net profit (loss) for last financial year	Dividends received by the Company during the financial year	Comments
I- Detailed information on each security whose gross value exceeds 1% of the affiliated company's share capital bound to publication						
1 - Subsidiaries (over a 50% equity interest)						
SCI JEAN-JAURÈS		12,523,500	2,722,371	1,356,161	1,494,396	
SCI NOWA		42,082,351	9,469,527	2,942,363	2,678,257	
SCI BERGES DE L'OURCQ		8,910,000	1,531,400	628,117	623,979	
SCI COMÈTE		21,186,000	4,557,638	2,206,101	2,205,155	
SCI CHAMPIGNY CARNOT		20,443,500	3,497,433	1,403,534	1,370,270	
SCI ÉTUPES DE L'ALLAN		10,890,000	1,784,428	319,863	466,874	
SCI CAEN-COLOMBELLES		16,087,500	3,727,140	2,315,296	1,936,329	
SCI ARMAN F02			6,560,191	3,354,572	4,222,961	
SAS LOCAFIMO			34,333,156	12,808,367	11,683,799	
SCI GRENOBLE PONT D'OXF.		5,989,500	1,076,310	250,521	216,645	
SCI RUEIL NATIONAL		19,701,000	3,068,277	1,186,962	1,130,075	
SNC TOUR EIFFEL ASSET M.			5,274,458	366,832	784,553	
SCI MONTROUGE ARNOUX		10,496,364	26,920	(243,126)		
2 - Equity interests (from 10 to 50% of the capital held)						
II – General information on securities whose gross value does not exceed 1% of the affiliated company's capital bound to publication						
1 – Subsidiaries:						
a) French (all)						
b) Foreign (all)						
2 - Participating interests:						
a) French (all)				(455,724)	4,778	
b) Foreign (all)						

4.6 – LIABILITIES

I. COMPOSITION OF SHARE CAPITAL
(Decree 83-1020 dated 29-11-1983 – Article 24-12)

Different categories of securities In €	Nominal value	Number of securities At start of year	Created during the year	Repaid during year	At end of year
ORDINARY SHARES	5	5,736,272	374,339		6,110,611

J. IMPAIRMENTS AND PROVISIONS IN THE BALANCE SHEET

In €		Amount at beginning of year	Increases Allowances for year	Decreases: Reversals used	Decreases: Reversals not used	Amount at end of year
Provisions for expenses						
Provisions for expenses related to bonus shares		762,400	1,386,489			2,148,889
Total I		**762,400**	**1,386,489**			**2,148,889**
Impairments						
Tangible fixed assets		1,682,481	12,511			1,694,992
Equity investments		993,944	622,962	993,944		622,962
On receivables		629,959		44,229		585,730
Other impairments		3,908,037	2,024,793	2,581,637		3,351,193
Total II		**7,214,421**	**2,660,266**	**3,619,810**		**6,254,877**
GRAND TOTAL (I+II)		**7,976,821**	**4,046,766**	**3,619,810**		**8,403,766**
Including allowances and reversals	- operating		12,511	44,229		
	- financial		2,647,755	3,575,581		
	- extraordinary		1,386,489			

K. STATEMENT OF LIABILITIES

In €	Gross amount	Under 1 year	1 to 5 years	Over 5 years
Borrowings and debt owed to credit institutions:				
- under 1 year at the outset	111,333	111,333		
- over 1 year at the outset	19,870,869	778,897	12,751,286	6,340,678
Miscellaneous borrowings and financial debt	285,115	53,421	189,441	42,253
Trade and related payables	3,214,419	3,214,419		
Personnel and related accounts	2,703	2,703		
Social security and other welfare agencies	231,853	231,853		
Value-added tax	709,433	709,433		
Taxes, duties and similar payments	99,472	99,472		
Payables to fixed asset suppliers and related accounts	10,066	10,066		
Group and partners	34,769,919	34,769,919		
Other debts	194,789	194,789		
Prepaid income	576,168	576,168		
TOTAL	**60,076,131**	**40,752,473**	**12,940,727**	**6,382,931**

L. DETAIL OF ACCRUED EXPENSES

In €	**31/12/2012**	**31/12/2011**
Borrowings and debt owed to credit institutions	111,333	589,942
Miscellaneous borrowings and financial debt	165,162	444,333
Trade notes and accounts payable	2,955,614	1,557,372
Tax and social security liabilities	120,541	95,800
Payables to fixed asset suppliers and related accounts		
Other debts	16,371	10,451
GRAND TOTAL	**3,369,021**	**2,697,899**

M. ITEMS RELATING TO SEVERAL BALANCE SHEET ITEMS (Decree 83-1020 dated 29-11-1983 – Articles 10 and 24-15)

Items relating to several balance sheet items	Amount concerning companies		Amount of debts or receivables represented by commercial paper
In €	Linked	With which the company has a participating interest	
Debts			
Miscellaneous borrowings and financial debt	34,769,919		
Trade notes and accounts payable	2,062,033		
Other debts			
Total Debts	**36,831,952**		

N. CHANGE IN EQUITY CAPITAL

In €	Share capital	Premiums	Legal reserve	Reserves	Special reserve	Retained earnings	Net profit (loss)	Dividends	Total
At 31/12/2010	**27,961,420**	**34,477,781**	**2,716,518**	**0**	**215,933,372**	**0**	**36,739,798**	**-10,680,106**	**307,148,784**
Options exercised	7,500	41,805							49,305
GSM of 18 May 2011									
Appropriation of net profit/loss			79,624			13,677,043	-36,739,798	22,983,131	
Balance of 2010 dvd payment	690,965	7,215,057				202,781		-12,303,025	-4,194,222
Board meeting at 27/07/2011									
2011 interim dividend	21,475	212,388						-11,832,988	-11,599,125
2011 result							11,557,457		11,557,457
At 31/12/2011	**28,681,360**	**41,947,031**	**2,796,142**	**0**	**215,933,372**	**13,879,824**	**11,557,457**	**-11,832,988**	**302,962,198**
GSM of 24 May 2012									
Appropriation of net profit/loss			71,994			-12,393,696	-11,557,457	23,879,159	0
Balance of 2011 dvd payment	917,080	4,812,836				196,006		-12,046,171	-6,120,249
Board meeting at 04/09/12									
2012 interim dividend	954,615	6,117,173						-12,232,095	-5,160,307
2012 result							23,428,277		23,428,277
At 31/12/2012	**30,553,055**	**52,877,038**	**2,868,136**	**0**	**215,933,372**	**1,682,134**	**23,428,277**	**-12,232,095**	**315,109,918**

O. SUMMARY OF INTEREST RATE HEDGING INSTRUMENTS (IN EUROS)

O.1 SWAP

Period	Rate	Notional at 31/12/2012
01/02/2008 to 01/02/2015	Variable rate 3-month Euribor as against a fixed rate of 4.61%	8,555,400
14/01/2008 to 14/01/2015	Variable rate 3-month Euribor as against a fixed rate of 4.20%	3,456,000
28/09/2012 to 29/09/2017	Variable rate 3-month Euribor as against a fixed rate of 1.50%	7,950,000

P. DETAIL OF PREPAID INCOME

In €	31/12/2012	31/12/2011
Operating revenues	576,168	336,662
GRAND TOTAL	576,168	336,662

4.7 – INCOME STATEMENT

Q. TURNOVER

Société de la Tour Eiffel and its subsidiaries signed a rebilling contract to specify and confirm the terms for rebilling the subsidiaries for costs borne by Société de la Tour Eiffel (management expenses paid for technical functions, financing or refinancing costs, etc.).

The turnover of Société de la Tour Eiffel is mainly produced by rebilling Group subsidiaries for real estate, administration, asset management, financing and consulting services rendered, as well as by the rents and expenses rebilled to the tenants in the “Energy II”, Saint-Cloud and Amiens properties.

R. DEPRECIATION

Framework A

	POSITION AND MOVEMENTS DURING THE YEAR (in €)			
DEPRECIABLE FIXED ASSETS	Value at beginning of year	Increases Allocations	Decreases Exits / Reversals	Value at end of year
Tangible fixed assets				
Buildings on own land	2,630,560	661,431	7,963	3,284,028
Office equipment and furnishings	7,862	2,519		10,381
TOTAL	2,638,422	663,950	7,963	3,294,409
GRAND TOTAL	2,638,422	663,950	7,963	3,294,409

Framework B

MOVEMENTS IN EXPENSES TO BE AMORTISED OVER SEVERAL YEARS	Net amount at year end	Increases	Amortisation expense	Net amount at year end
Expenses amortised over several years	306,702	100,070	273,215	133,558

S. REALLOCATIONS OF EXPENSES

Reallocations of operating expenses during the 2012 financial period relate to:

- €100,070 corresponding to debt issuance costs,
- €8,055 corresponding to an insurance payment received.

A transfer of extraordinary expenses was recorded amounting to €1,386,490 corresponding to the provision for expenses related to bonus shares.

T. STATUTORY AUDITORS' FEES

During 2012, the statutory auditors' fees totalled €232,686 for the legal audit of the financial statements, of which €219,186 were in respect of the statutory audit of the accounts and €13,500 were in respect of the audit report on Corporate Social Responsibility.

U. TRANSACTIONS PERFORMED WITH RELATED PARTIES

Société de la Tour Eiffel gave Bluebird Investissements the task of notably helping the top executives to manage both the existing property portfolio and subsequent acquisitions of new buildings and assisting with the debt restructuration. In relation to this contract, Bluebird Investissements receives an annual lump sum remuneration of €670,000.

This contract took indefinite effect on 17 January 2007, with a 2-year termination notice.

The contract was concluded under normal market conditions between these companies with executives in common.

On 5 December 2012, the Board of Directors authorised the signing of a new contract with Bluebird Investissements with effect from 1 January 2013 and the termination of the existing contract with effect from 1 January 2013. The fixed remuneration to be perceived by Bluebird Investissements will amount to a total of €295,000. The contract will be for a fixed term of twenty months and will end on 31 August 2014.

4.8 – OTHER

CASH FLOW STATEMENT

In K€	2012	2011
Net profit	23,428,277	11,557,457
Elimination of income and expenses not affecting cash:		
+ Amortisation and provisions	2,959,128	2,019,214
- Reversal of amortisation and provisions	-1,038,173	-4,162,978
- Value of disposed assets	51,459	
Change in WCR	192,139	171,111
Cash flow from operating activities	**25,476,629**	**9,584,805**
- Acquisition of fixed tangible and intangible assets	-297,042	-29,514
- Acquisition of long-term investments and current accounts	-21,473,708	-7,763,514
- Deferred expenses	-100,070	206,119
+ decrease in long-term investments and current accounts	14,081,394	22,683,503
+ decrease in tangible and intangible fixed assets		
Cash flow linked to investment transactions	**-7,789,425**	**15,096,595**
- Distribution of dividends	-24,082,260	-16,463,983
- Capital variations	12,801,704	719,940
- Net variation in financial debts	-6,199,740	-10,452,941
Cash flow linked to financing transactions	**-17,480,297**	**-26,196,984**
Cash flow at opening	4,575,665	6,091,249
Cash flow at closing	4,782,572	4,575,665
Cash flow variation	**206,907**	**-1,515,584**

The variation of the current accounts of the subsidiaries is henceforth presented in investment transactions.

5 – STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Financial year ending 31 December 2012

To the shareholders of:

SOCIÉTÉ DE LA TOUR EIFFEL	20-22, rue de la Ville l'Évêque
A French joint stock company with capital of €30,553,055	75008 Paris

In carrying out the mission entrusted to us at your General Shareholders' Meeting, we present our report for the year ended 31 December 2012 on:

- the audit of Société de la Tour Eiffel's financial statements as they are appended to this report;
- the justification for our assessments;
- the specific verifications and reports stipulated by law.

The year-end financial statements were closed by the Board of Directors. It is our responsibility, based on our audit, to provide our opinion on these financial statements.

5.1 – OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with the auditing standards applicable in France; these standards require performing the due diligence enabling us to confirm, with reasonable assurance, that the annual financial statements contain no significant misstatements. An audit consists in the examination, on a test basis or by means of other selection methods, of the elements justifying the amounts and information appearing in the financial statements. It also consists in appraising the accounting principles applied, the significant estimates retained and the overall presentation of the accounts. We believe that the elements we have collected provide a sufficient and appropriate basis on which to formulate our opinion.

We certify that, with regard to the French accounting principles and standards, the financial statements are a true and fair representation of the results of the past year's operations and of the company's financial position and assets and liabilities at the financial year end.

5.2 – JUSTIFICATION FOR OUR ASSESSMENTS

As stated in paragraph 3 of the accounting policies of the notes to the financial statements, the accounting estimates relating to the valuation of properties for the determination of equity in the financial statements at 31 December 2012 were prepared in a context making it difficult to grasp the market opportunities for certain assets according to their geographical location. In this context of uncertainty and in accordance with the provisions of Article L.823-9 of the Commercial Code, we have conducted our own assessments and bring to your attention:

- Paragraph 1.1.2 of the "Accounting Rules and Methods" in the Notes explains that the Company commissions an appraisal of its property portfolio by independent experts every six months to estimate any possible building impairments. Our work consists in examining the methodology used by the experts to determine that their assessments back the net book values of the real estate assets.
- Paragraph 3 of the "Accounting Rules and Methods" in the Notes describes the principles for assigning a value to equity securities and other long-term investment securities at period end. It states in particular that in the case of real estate investment companies, the going-concern value factors in the market value of the assets of the company held, assets which are subject to independent appraisal. Our duty consisted in assessing the methodology used by the experts and checking that any impairments required to bring the historical value of some securities down to their useful value had been booked.

Assessments made in this manner fall within the scope of our procedure for auditing the annual financial statements as a whole and have therefore contributed to establishing our opinion provided in the first part of this report.

5.3 – SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by law.

We have no matters to report regarding the fair presentation and consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders on the financial position and the financial statements.

As for information given pursuant to Article L. 225-102-1 of the French Commercial Code, on the remuneration and benefits paid to the company officers and directors and on commitments made in their favour, we have checked their consistency with the financial statements or with data used to prepare these statements, as well as with data your company collected from companies with a stake in your company or in which your company has a stake, if applicable. On the basis of this work, we certify the accuracy and fairness of this information.

Pursuant to the law, we made sure that the various pieces of information relating to the acquisition of equity interests and controlling stakes and to the identity of the equity holders were reported to you in the management report.

Paris and Neuilly-sur-Seine, 20 March 2013

The Statutory Auditors

Expertise & Audit SA
3, rue Scheffer
75016 Paris

Hélène Kermorgant

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6 – SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

The General Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2012

To the shareholders of:

SOCIÉTÉ DE LA TOUR EIFFEL	20-22, rue de la Ville l'Évêque
A French joint stock company with capital of €30,553,055	75008 Paris

In our capacity as your company's statutory auditors, we present our report on the regulated agreements and commitments.

We are responsible for reporting on the essential characteristics and terms and conditions of the possible agreements and commitments of which we have been informed or which we may have discovered during the performance of our duties, without having either to render an opinion as to their utility and merit or to seek out the existence of other agreements and commitments. It is your responsibility under the terms of Article R. 225-31 of the French Commercial Code to assess the value gained from entering into these agreements and commitments so as to decide whether or not to approve them.

If applicable, we are also responsible for reporting information addressed under article R. 225-31 of the French Commercial Code relating to the performance during the previous financial year of agreements and commitments already approved by the General Shareholders' Meeting.

We performed the due diligence we deemed necessary under the professional standards of the Compagnie Nationale des Commissaires aux Comptes in respect of this mission. This due diligence consisted of verifying that the information given to us was consistent with that provided in the primary documents from which it came.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE GENERAL SHAREHOLDERS' MEETING FOR APPROVAL

Agreements and commitments authorised during the last financial year

Pursuant to Article L225-40 of the French Commercial Code, we have been informed of the following agreements and commitments which were previously authorised by your Board of Directors.

Employment contract with Mr Robert Waterland (Board meeting of 4 September 2012)

A part-time employment contract for 18 months between the Tour Eiffel Asset Management Company, a subsidiary of Société de la Tour Eiffel, and Mr Robert Waterland, was signed on 25 September 2012 with effect from 1 March 2013, at the outset of the employment contract between Société de la Tour Eiffel and Mr Waterland, in order to ensure a smooth transition and the transfer of skills to the new management team.

The gross annual remuneration over twelve months was set at €276,000. A discretionary bonus may be granted to him in accordance with the objectives set by the manager.

Director involved: Mr Robert Waterland.

Amendment no. 6 to the contract committing the subsidiaries to the asset management master agreement entered into with TOUR EIFFEL ASSET MANAGEMENT (Board Meeting of 5 December 2012)

On 11 December 2012, your company entered into a new amendment to the master agreement of 30 November 2006. Its purpose was to determine the fees covered by Article 8.3 of the aforesaid master agreement (amount paid for by SOCIÉTÉ DE LA TOUR EIFFEL).

The fees charged by TOUR EIFFEL ASSET MANAGEMENT and left to your company in 2012 under this contract amounted to €150,000.

Directors involved: Messrs Mark Inch, Robert Waterland, Jérôme Descamps, Frédéric Maman and Renaud Haberkorn.

Modification of the contract with Bluebird Investissements (Board Meeting of 5 December 2012)

The contract dated 17 January 2007, modified by an amendment dated 10 June 2009, was terminated by mutual agreement, without compensation or notice, with effect from 1 January 2013.

A new contract was signed on 7 January 2013 for a fixed term of twenty months ending on 31 August 2014. It entrusts to BLUEBIRD INVESTISSEMENTS, of which Mark Inch is the manager, with the task of assisting the executives in raising capital and contributions of assets.

The annual retainer fee amounts to €295,000.

Some Tour Eiffel Asset Management staff costs will be rebilled to Bluebird Investments.

Director involved: Mr Mark Inch.

Amendment No. 1 to the agreement to appoint Mr Renaud Haberkorn as Managing Director of the company changing his remuneration (Board Meeting of 17 January 2013)

This amendment, which was signed on 17 January 2013, states that as of 1 January 2013 and throughout Mr Renaud Haberkorn's term of office as manager of Tour Eiffel Asset Management, his compensation as Managing Director of the Company will reduced to:

- A fixed annual salary of €100,000 gross, payable monthly,
- A variable compensation of €100 000, consisting of a bonus payable on 31 December.

For the period September 2012 - September 2014, the total remuneration paid by the Company to Mr Renaud Haberkorn will be a guaranteed gross salary of €200,000 per annum including a variable compensation of €100,000 per annum, payable respectively on 31 December 2013 and on 31 December 2014.

Director involved: Mr Renaud Haberkorn.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

Agreements and commitments approved during previous years which continued to be implemented during the financial year

In accordance with Article R. 225-30 of the Commercial Code, we have been informed that the following agreements and commitments already approved by the General Shareholders' Meeting in previous years, continued during the year.

• With TOUR EIFFEL ASSET MANAGEMENT

The asset management framework contract entered into on 24 April 2004 and amended on 30 November 2006 continued during the year.

The remuneration paid by SOCIÉTÉ DE LA TOUR EIFFEL to TOUR EIFFEL ASSET MANAGEMENT during the 2012 financial year came to €5,197,564.

• With the subsidiaries

- The contract committing the subsidiaries to the asset management master agreement (30 November 2006), resulting in a chargeback to the subsidiaries of €4,260,086.
- The contract for rebilling the expenses borne by SOCIÉTÉ DE LA TOUR EIFFEL to the subsidiaries (dated 30 November 2006) resulted in a chargeback of €1,299,073 for management costs.
- The application agreements between the subsidiaries and the Royal Bank of Scotland, which were approved as part of the general authorisation issued by the Board of Directors on 10 December 2004, ended on 26 June 2012.

• With BLUEBIRD INVESTISSEMENTS

This contract, which gives BLUEBIRD INVESTISSEMENTS the task of helping the top executives to manage the existing property portfolio and upon subsequent acquisitions of new buildings, searching new shareholders, negotiating with investors and advising on debt structuration, resulted in the payment of €670,000 for the 2012 financial year.

The contract was terminated with effect from 1 January 2013 without compensation for either party to be replaced by a new contract.

• Mr Robert Waterland's employment contract

Mr Robert Waterland received a gross remuneration of €500,000 for the 2012 financial year as Property Director responsible for the management and the growth of your company's property portfolio and those of its subsidiaries.

Mr Robert Waterland resigned his employment contract, which expired at the end of a period of notice of six months on 28 February 2013, and therefore the termination indemnity capped at two years' remuneration (fixed and variable), ceased to be potentially due.

Commitments and agreements approved during previous financial years that were not performed during the financial year

We were also informed that the following agreements and commitments approved by the General Shareholders' Meeting during previous financial years, were not performed during the last financial year.

• With Eiffel Holding Limited (formerly Fanar Investment Holding Limited)

- The deed signed in 2007, transferring the rights and obligations linked to the "Tour Eiffel" and "Burj Eiffel" trademarks held by Société de la Tour Eiffel in the United Arab Emirates, stipulates a variable remuneration fixed at 15% of any royalties on the trademark which FANAR may receive over a 5-year period with the understanding that the amount relinquished must not exceed 30% of Fanar Investment Holding Limited's profit.
- Eiffel Holding Limited did not pay any amount under this contract, in 2012, which ended on 25 October 2012.

• Agreement to appoint the Managing Director

On 17 October 2011, your Company entered into an agreement specifying the terms of the mandate of Mr Renaud Haberkorn as Managing Director of the company with effect from 1 September 2012 and providing compensation for revocation of 1.2 million euros in case of a forced departure unrelated to any fault of his own, subject for the first two years of Mr Renaud Haberkorn's term of office to the following performance criteria:

- In the event of a forced departure in 2012 or 2013: cash flow from operations before cost of debt and taxes adjusted for nonrecurring items of €52 million for 2012,

- In the event of a forced departure in 2014: cash flow from operations before cost of debt and taxes adjusted for nonrecurring items of €54 million for 2013.

- This agreement had no effect in 2012.

Paris and Neuilly-sur-Seine, 20 March 2013

The Statutory Auditors

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REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Report of the Chairman of the Board of Directors on the composition of the Board of Directors, the application of the principle of balanced representation of men and women on it, the terms and conditions for preparing and organising the undertakings of the Board of Directors and your Company's internal audit and risk management procedures

Ladies and Gentlemen,

In accordance with Article L 225-37 paragraph 6 of the Commercial Code, this report contains the following information:

- Composition of the Board of Directors; application of the principle of balanced representation of men and women on its Boards;
- The terms and conditions for preparing and organising the undertakings of the Board of Directors;
- Your Company's internal audit and risk management procedures;
- Possible limitations made by the Board of Directors to the Managing Director's powers.

This report was approved by the Board of Directors during its meeting of 20 March 2013.

Corporate Governance

On 11 December 2008 the company adopted the AFEP / MEDEF Code of Corporate Governance for listed companies of December 2008, updated in April 2010 (available on the website of the MEDEF www.medef.fr) and is gradually implementing its recommendations.

The table below outlines the recommendations of the aforementioned Code of Corporate Governance which have not been applied by your Company, as well as any comments on this subject.

Recommendations of the AFEP/MEDEF Code of Corporate Governance of December 2008, updated in April 2010, that are not applied by your Company	*Company comments*
Variable portion of the remuneration of managing corporate officers this must be legible for the shareholder and be set by the Board of Directors or the Supervisory Board for a fixed period of time	Upon his appointment in September 2012, the variable remuneration of the Managing Director, who was seconded to your Company, was determined without performance criteria and guaranteed for a period of two years. After this initial two-year period, the variable portion of the Managing Director's remuneration will be determined by the Board of Directors following the recommendations of the AFEP/MEDEF Code.
Allocation of performance-based shares	
The Board of Directors must avoid an exceedingly high concentration of share allocation to managing corporate officers and define the maximum percentage of options and shares that may be allocated to the managing corporate officers out of the total equity remuneration package approved by the shareholders.	Setting a percentage of this type does not appear relevant, given that Société de la Tour Eiffel Group only has 25 employees. It should be recalled that the shares allocated freely to the managing officers are subject to strict performance conditions, in terms of both quantity and quality, unlike the shares allocated to employees.
Performance conditions must combine those that are both internal, i.e. unique to the company, and/or external, i.e. related to the performance of other companies or of a benchmark sector.	The comparison with the performances of other companies is not truly significant, given the specificities of Société de la Tour Eiffel.
Allocations should be made during the same calendar periods.	In general, performance shares are allocated at the end of the financial period. However, in one particular case of a change in governance, the allocations were extended in September 2012.
Balanced representation of men and women: The goal is for each Board to reach and then maintain a percentage of at least 20% women on its composition within three years (starting in April 2010).	The goal set by the Code has not yet been reached, since the Board of Directors of Société de la Tour Eiffel has only one woman.

1 – COMPOSITION OF THE BOARD OF DIRECTORS AND APPLICATION OF THE PRINCIPLE OF BALANCED REPRESENTATION OF MEN AND WOMEN - CONDITIONS FOR PREPARING AND ORGANISING THE BOARD OF DIRECTORS' WORK

Composition of the Board and application of the principle of balanced representation of men and women

Société de la Tour Eiffel's Board of Directors is composed of eight members. Its Chairman is Mr Mark Inch. Mr Renaud Haberkorn is Managing Director, and Mr Frédéric Maman is Deputy Managing Director.

Out of a total of eight members, the Board has four independent Directors who have no connection with the company: Mrs Mercedes Erra, Mr Philippe Prouillac, Mr Aimery Langlois-Meurinne and Mr Richard Nottage. The independence criteria defined by AFEP/MEDEF in its aforementioned Code of Corporate Governance have been examined by each member of the Board of Directors.

The Board includes one woman, namely, Mrs Mercedes Erra. Notwithstanding the intrinsic interest of this nomination, it satisfies the statutory requirement concerning the balanced representation of men and women on Boards. The Board of Directors of Société de la Tour Eiffel should be legally composed of 20% women at the first General Meeting held in 2014.

The Board of Directors has appointed an Audit Committee and an Appointment and Remunerations Committee to act in an advisory role. No company executive is a member of either of these Committees.

Board meetings

Article 14 of the articles of association and memorandum stipulates that the Board shall meet as often as the Company's interest requires. Thus, over the past financial year, your Board of Directors met eight times, with an average attendance rate of over 98%:

• 16 January 2012:
- Extended the Société de la Tour Eiffel foundation.

• 14 March 2012:
- Closed the individual and consolidated financial statements at 31 December 2011, dealt with appropriation of earnings, prepared and called the annual shareholder's meeting.
- Authorised sureties, cautions and guarantees.

• 24 May 2012:
- Calculation of the issue price of new shares in the event of scrip issue dividend.
- Answers to be given to the possible written shareholders questions (no questions asked).

• 21 June 2012 :
- Refinancing in advance of one of the Group's two main credit lines (€116.9 M) as well as the corporate credit line (€8 M).
- Renewal of committees.
- Implementation of the new share buy-back programme.

• 25 July 2012:
- Review and closure of the consolidated and corporate financial statements at 30 June 2012, half-yearly activity report.

• 4 September 2012:
- Separation of the functions of Chairman and Managing Director .
- Appointment of Mr Renaud Haberkorn as the new Managing Director effective as from 1 September 2012, replacing Mr Mark Inch.
- Resignation of Mr Robert Waterland from his functions as Deputy Managing Director.
- Appointment of Mr Frédéric Maman as Deputy Managing Director.
- Allocation of share subscription and bonus share plans.
- Decision to distribute an interim dividend, payment in cash or scrip, determining the issue price of new shares resulting from the scrip option.

• 11 October 2012:
- Refinancing in advance of one of the Group's two main credit lines (€287 M).
- Allocation of share subscription and bonus share plans.

• 5 December 2012:
- New strategic plan.
- Implementation of a multi-year contingent equity line backed by the issue of warrants.
- Amendment no. 6 to the adhesion contract dated 30 November 2006.
- Modification of the contract with Bluebird Investissements.
- Allocation of Bonus Shares .
- Distribution of attendance fees.
- Resignation of Mr Jérôme Descamps from his duties as director and Deputy Managing Director.

In addition, at each meeting, the Board receives a report from senior management on business, the property portfolio, and the Group's cash position, following which the company's policy in respect of strategy, corporate governance, investing, financing and disposals of assets is discussed.

Convocations of Directors and statutory Auditors

The directors were called to meet several days in advance by regular post and electronic message.

In accordance with Article L 225-238 of the Commercial Code, the Statutory Auditors were summoned to Board meetings, which reviewed and closed the interim (half-yearly) and final financial statements. They also were invited to attend each Board meeting.

Reporting to the directors

Prior to Board meetings, each director receives appropriate documents and information, notably the detailed meeting agenda, the minutes of the previous meeting for approval, a file containing the points which require a special report (particularly on property investment transactions) and a table showing the progress of the property transactions underway.

The directors also receive the quarterly operating reports, six-monthly corporate reports, and the updated business plan together with the changes in the Group's cash position and the short and medium term financing status.

Board meetings schedule

The Board meetings are usually held at the head office. Directors are entitled to attend board meetings by teleconference. In general, the year-end Board of Directors meeting sets a schedule for the following year. Each Board meeting date is confirmed at the close of the previous meeting.

Board of Directors remit

According to the articles of association, the Board of Directors sets the course for the Company's business and monitors its execution. It deliberates on any issue affecting the Company's progress and governs its affairs through its deliberations.

It also reviews and decides the strategy for property investments and financing, reviews the financial statements, budgetary procedures and organisational orientations as well as audit and internal control.

Committees

Two specialised committees, the Audit Committee and the Appointments and Remunerations Committee, assist the Board.

Audit committee:

This committee was formed by the Board on 29 July 2008.

It currently consists of two members: Mr Philippe Prouillac (Chairman) and Mr Richard Nottage. In line with the requirements of article L823-19 and the Audit Committee recommendations of the AMF report of 14 June 2010, the Board of Directors chose the members of the Audit Committee based on their i) competence and qualifications in finance, accounting, and real estate, and ii) their independence as defined by the AFEP/MEDEF in its corporate governance code for listed companies of December 2008, updated in April 2010.

The audit committee regularly audits the individual and consolidated financial statements and ensures the accounting methods used are permanent and appropriate. It also verifies that the internal procedures for collecting and checking information are in keeping with these objectives. It advises the Board of Directors on any accounting, financial or fiscal matters brought before it or which merit attention. It regularly informs the Board of its diligence and observations.

Its remit includes the following:

- To track the financial reporting process,
- To monitor how effective the internal control and risk management systems are, particularly to review any transaction or fact or event which could have a material impact on the company's position in terms of commitments and/or risks,
- To monitor the legal audit of the financial statements and the aspects relating to the statutory auditors' independence,
- To issue recommendations for appointing statutory auditors,
- To verify that the company has suitable means (audit, accounting and legal) to prevent risks and anomalies in managing the company's affairs.

It reports to the Board of directors.

During 2012, the Audit Committee met five times to discuss the following:

- 23 January independent appraisal of the real estate assets at 31 December 2011,
- 8 March: 2011 corporate financial statements,
- 6 July: 2012 independent half-yearly appraisals
- 20 July: 2012 half-yearly financial statements,
- 5 December: sundry points including the review of the internal audit.

The attendance rate of the members was 100%.

Appointments and Remunerations Committee:

This committee was formed by the Board on 29 July 2008. It currently consists of two members: Mr Aimery Langlois-Meurinne, Chairman, and Mrs Mercedes Erra. They were chosen by the Board in particular because of their experience in management and human resources.

The Appointment and Remunerations Committee makes sure that the remuneration of the company senior executives, and any changes made thereto, is in keeping with the shareholders' interests and the company's performance, in particular in relation to the competition, and that it enables recruiting, motivating and keeping the best senior executives.

It makes proposals or recommendations to the Board of Directors in the following areas:

- Implementing a comprehensive remuneration policy for company officers and top executives consisting of a base salary, variable portion, share subscription or purchase options, granting free shares, miscellaneous benefits and pension plan,
- Developments occurring in all of the components making up executive remuneration, exceptional remunerations and other benefits,
- The total equity remuneration package consisting of share options and bonus shares, the beneficiary parameters and a breakdown by category,
- Fixing the amount of the attendance fees and their allocation,
- Supervising agreements entered into with top executives,
- Evaluating the financial consequences of these various items on the company's financial statements,
- Establishing rules for reimbursing expenses and miscellaneous benefits,
- The performance conditions applicable for top executives receiving deferred remuneration,
- With regard to the selection of new directors: the required balance of the composition of the Board given the structure of, and developments in the company's share ownership, search for and evaluation of potential candidates, opportunities for reappointments; in particular, the organisation of a procedure for selecting future independent directors and vetting of potential candidates,
- Regarding senior management continuity: establishing an executive succession plan in order to submit to the Board solutions in the event of an unforeseen vacancy is one of the main responsibilities of the standing committee, but it may be entrusted by the Board to an ad hoc committee if necessary.

It reports to the Board of directors.

During 2012, the Appointments and Remunerations Committee met four times to discuss the following:

- 16 January: remuneration of senior management,
- 12 March: renewal of the mandates of Mr Renaud Haberkorn and Mr Aimery Langlois-Meurinne as directors, appointment of Mr Frédéric Maman as a director, implementation of a variable remuneration plan for top executives,
- 5 April: status and remuneration of Mr Mark Inch and Mr Robert Waterland starting 1 September 2012,
- 29 August: implementation of an incentive programme for top executives and employees, allocation criteria for top executives, distribution.

The attendance rate of the members was 100%.

Rules of procedure

The rules of procedure are available on the company website: www.societetoureiffel.com.

Principles and rules drawn up by the Board of Directors to determine the range of remuneration and benefits granted to the company officers and directors.

The remuneration and benefits granted to the company officers and directors are decided by the Board of Directors following the proposals of the Appointments and Remunerations Committee.

The Board of Directors approved the remuneration of Mr Renaud Haberkorn, Managing Director, on 4 September 2012. The Board also brought the annual remuneration of Mr Mark Inch, Chairman, to €100,000. As Deputy Managing Director, Mr Frédéric Maman is remunerated exclusively under his employment contract with Tour Eiffel Asset Management.

The Directors (excluding Mark Inch, Robert Waterland, Frédéric Maman and Renaud Haberkorn upon assuming his duties as Managing Director) receive attendance fees, the distribution of which by the Board in 2012 took into account the following:

- part of the attendance fees was allocated to the members of each Committee in proportion to the number of meetings and the presence of its members;
- the Chairperson of each committee received twice the amount allocated to a member;
- after deducting the amount allocated to the members of each committee, 60% of the remaining attendance fees were shared equally between the aforementioned directors;
- the remaining 40% were allocated to the aforementioned directors depending on their attendance at meetings of the Board of Directors.

The Board considers that the allocation of stock options and bonus shares, encouraging motivation and loyalty of executives and staff, provides an additional means of compensation that reflects the performance and development of the Company. The Board of Directors approved two allocations of stock options for company officers and directors on 4 September and 11 October 2012. These options may be exercised a minimum of two years after their allocation, on condition that performance criteria have been met and the obligation to purchase shares has been fulfilled. On 4 September, 11 October, and 5 December 2012, the Board of Directors made three decisions to allocate bonus shares, the final allocation of which is subject to certain performance criteria for corporate officers and directors and subordinate to an obligation to purchase shares. It should be noted that these allocations of stock options and bonus shares are accompanied with the obligation for corporate officers and directors to buy shares.

The criteria for determining the variable portion of executive remuneration will be drawn up in 2013 by the Board of Directors following the proposals of the Appointments and Remuneration Committee.

In respect of its executive remuneration policy, the company follows the AFEP/MEDEF corporate governance code for listed companies, the recommendations of which it is gradually implementing.

Self-evaluation of the Board of Directors

The first self-evaluation of the Board of Directors was performed in December 2010/January 2011. The next self-evaluation of the Board of Directors will be performed in 2013.

2 – INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT

Concerning the internal audit and risk management procedures, the company follows the reference framework for internal controls and risk management procedures, updated by the French Financial Markets Authority (AMF) in 2010.

The internal control procedures cover Société de la Tour Eiffel and its subsidiaries which are included within the scope of consolidation.

These actions were carried out across the 3 key processes identified as having priority by the company: real estate investment (acquisitions, disposals, valuation, and market risk), lease management (relationship with tenants and managers, checking rent receipts, etc.) as well as cash flow and financing (financing and rate hedging policy, monitoring of cash, receipts, etc.).

Development of the internal control system will continue in 2013 with the implementation of the recommendations but also by carrying out new planned initiatives as scheduled and improving existing controls.

2.1 – INTERNAL CONTROL AND RISK MANAGEMENT OBJECTIVES

The Company and its subsidiaries are internally managed; the control procedures set up for the Group are meant to:

- ensure that the managerial actions fall within the scope of the Company's corporate purpose, the strategic orientations as defined by the Board of Directors based on proposals of the top management, in accordance with current laws and regulations, the company's corporate interest and that of each of its subsidiaries;
- improve the efficiency of the Company's operations and enable the efficient use of its resources;
- coordinate the proper dissemination of accounting, financial and management reports among outside parties and the Group's top executives, verify that these reports are regularly sent to the legal representative of the Company and its subsidiaries, on the basis that they fairly reflect the Group's activity and financial position,
- and lastly, foresee and control the risks relating to the Group's activity and the risks of errors or fraud, particularly in the accounting and financial areas.

Internal control cannot provide absolute certainty that the Company's objectives will be achieved.

2.2 – DRAWING UP AND AUDITING ACCOUNTING AND FINANCIAL REPORTS

2.2.1 – ROLES OF THE VARIOUS PARTIES INVOLVED

General Secretariat

Tour Eiffel Asset Management carries out the duties of the General Secretariat in addition to its asset management mission (as an Asset Manager).

The General Secretariat disseminates and coordinates financial reporting among the various service providers and other parties while taking into account strategic imperatives as defined by the owning entity (Owner).

Owing to the General Secretariat's role as a go-between among the Owner, the Asset Manager and the Building Managers, the General Secretariat has an overall view of the Owner and of the Companies. It makes sure that legal and contractual commitments are honoured, and that financial, tax and administrative obligations are met so as to provide the Owner and the Companies with an efficient and optimal management.

To carry out its mission, the General Secretariat makes sure that it is kept informed of anything involving the Owner and the Companies. It makes sure that it takes the measures necessary to gather whatever information it needs, to validate the decisions taken and to alert the competent bodies and the Owner of any unfavourable consequences of pending decisions.

As part of the administrative follow-up of the Companies, the General Secretariat supervises the Companies' accounting which is sub-contracted out to two accounting firms, as well as the tasks involved in cash management, in operational, administrative and financial management control, and tax returns.

In its supervisory role, the General Secretariat keeps the Owner and the Asset Manager informed, forewarned and alerted of any and all legislative and case law developments which have consequences on the administration and management of the Owner or the Companies. It makes recommendations to them on their strategy and follow-up regarding the companies and buildings which could be affected by these developments.

Lastly, the General Secretariat keeps the Owner aware, counselled, and informed of any major event concerning its strategy. It coordinates with the Asset Manager the preparation and presentation of the overall budget and the medium-term business plan. The General Secretariat presents the Owner's short and medium-term objectives and strategy.

Property Managers

The Property Managers maintain the bookkeeping for income and expenses relating to the properties in accordance with current French accounting regulations.
They monitor and compute all payments, follow-up actions, arrangements or legal disputes and their results so that the Owner can have clear and updated information.
At any time and whenever necessary, the Property Managers provide the Owner, the Asset Manager, or any other person designated by the General Secretariat, with the data needed to complete the tax returns.
Once a month, and within 10 days at the most after each month end, the Property Managers supply the data needed to draw up the Owner's accounts to the General Secretariat or to any persons it designates.
Every year within nine months of year end, the Property Managers submit the annual closed accounts to the Asset Managers for checking and approval on behalf of the General Secretariat, entrusted with bookkeeping and annual closing of accounts.
The Asset Manager and the Property Managers meet once a quarter to report on the past and future management of the properties. The Property Managers submit to the Asset Manager a report on the activity, the important events that occurred over the past quarter and the proposed responses for the following quarter.

The Asset Manager

The Owner, the Building Managers and the Asset Manager (the "Asset Manager's" job being performed by the same company which runs the General Secretariat) and/or their respective representatives meet at least once a year and more often if need be in accordance with the timetable established jointly at the beginning of the year in order to:

- report on the current state and forecasted trend of the markets where the properties are located,
- update the management objectives and commercial strategy and approve the rolling maintenance programme for the coming year,
- examine issues of safety and regulatory compliance,
- assess the database system and its performance,
- review the bookkeeping and management analyses.

The Asset Manager will promptly notify the Owner of any event or circumstance that has a substantial negative or positive effect on the property value.

Regular team meetings monitor and report on operational progress and the Owner's strategy.

2.2.2 – DRAWING UP AND AUDITING ACCOUNTING AND FINANCIAL INFORMATION GIVEN TO SHAREHOLDERS

The individual and consolidated financial statements are drawn up by certified accountants working closely with the General Secretariat. The certified accountants, statutory auditors and top executives, and, where applicable, the Board of Directors discuss the main options as to the choice of accounting methods beforehand.

The senior executives, General Secretariat, and third parties (certified accountants and Statutory Auditors), and where applicable, the Board of Directors and in particular the Audit Committee, draw up the accounting and financial reports to be circulated to the shareholders.

The Chairman and Managing Director and the Deputy Managing Directors are responsible for drawing up and controlling the accounting and financial information submitted to the shareholders working closely with the certified accountants and under the supervision of the statutory auditors.

In terms of the monitoring procedure for contingent liabilities, any financial commitment is inherently known to the legal department because of its close collaboration with the financial management of the Company. With regard to off-balance sheet commitments related to the operating activities of the Group, the operational departments automatically communicate to the legal department any proposed act, contract, warranty, guarantee, letter of intent, etc., for analysis and identification of the off-balance sheet consequences involved and to assess the sums involved. These off-balance sheet commitments, after being identified, are monitored over time in terms of their duration and amount.

2.3 – IMPROVING CONTROL

During fiscal 2013, the company has undertaken to continue to improve its internal control and risk management through the development of new procedures and the implementation of specific controls, especially for processes related to rental management, the Group's cash position, and evaluation of its property portfolio, in accordance with the "Internal Control Reference Framework" enacted by the AMF.

3 – POWERS OF THE MANAGING DIRECTOR

Société de la Tour Eiffel's top management position can be held either by the Chairman of the Board of Directors or by another individual appointed by the Board with the Managing Director's status.

As part of the succession plan for executives adopted by the Board of Directors to ensure a gradual and sustainable succession, the Board of Directors decided to separate the roles of Chairman and Managing Director as of 1 September 2012, and to appoint Mr Renaud Haberkorn as Managing Director, with Mr Mark Inch retaining his position as Chairman of the Board. The separation of these functions reflects the current organization of governance in your Company.

No limitations were placed on the powers of Mr Renaud Haberkorn as Managing Director.

The Board of Directors appointed Mr Frédéric Maman as Deputy Managing Director as of 1 September 2012. He is conferred with the same powers as the Managing Director.

4 – PARTICIPATION IN THE SHAREHOLDERS' MEETINGS

Participation in the shareholders' meetings is governed by articles 22 to 31 of the Company's articles of association, available at the Company's website, www.societetoureiffel.com. The procedures for the participation of shareholders are specified in each shareholders' meeting file on the website of the Company, www.societetoureiffel.com.

5 – FACTORS THAT COULD HAVE AN EFFECT DURING A PUBLIC OFFERING

Information regarding the capital structure of the Company is contained in paragraph 5.1 of the management report on fiscal 2012.

The factors that could have an effect in the event of a public offering are contained in paragraph 5.5, "Factors that could have an effect during a public offering" of the management report on fiscal 2012.

The Chairman of the Board of Directors

6 – STATUTORY AUDITORS' REPORT

Drawn up pursuant to Article L. 225 235 of the French Commercial Code based on the report submitted by the Chairman of the Board of Directors of SOCIÉTÉ DE LA TOUR EIFFEL

To the shareholders of:

SOCIÉTÉ DE LA TOUR EIFFEL	20-22, rue de la Ville l'Évêque
A French joint stock company with capital of €30,553,055	75008 PARIS

In our capacity as Statutory Auditors to Société de la Tour Eiffel and pursuant to Articles L. L225-235 of the French Commercial Code, we hereby provide our opinion on the report submitted by the Chairman of the Board of Directors pursuant to Article L. 225-37 of the French Commercial Code for the year ended 31 December 2012.

It is the Chairman's duty to draw up a report on the internal control and risk management procedures in place at the company and to submit it for approval by the Board of Directors. The report also discloses the other information required under article L. 225-37 of the French Commercial Code relating notably to the corporate governance policy.

It is our responsibility to:

- make our observations on the information contained in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- certify that the report contains the information required by article L. 225-37 of the French Commercial Code, with the understanding that we are not responsible for verifying the fairness of this other information.

We carried out our work in accordance with the code of professional conduct applicable in France.

INFORMATION CONCERNING THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The standards of professional conduct require that we practice due diligence to assess the fairness of the accounting and financial information concerning the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the Chairman's report. This due diligence entailed the following in particular:

- familiarising ourselves with the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information underlying the information presented in the Chairman's report plus any existing documentation;
- familiarising ourselves with the work performed to compile this information and existing documentation;
- determining if any material weaknesses in the internal control relevant to the preparation and processing of accounting and financial information that we have identified in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have no comment regarding the information provided on the company's internal control and risk management procedures for the preparation and processing of accounting and financial information contained in the report of the Chairman of the Board of Directors, prepared in application of article L. 225-37 of the French Commercial Code.

OTHER INFORMATION

We attest that the Chairman of the Board's report comprises the other information required in article L. 225-37 of the French Commercial Code.

Paris and Neuilly-sur-Seine, 20 March 2013

The Statutory Auditors

Expertise & Audit SA
3, rue Scheffer
75016 Paris

Hélène Kermorgant

PricewaterhouseCoopers Audit
63, rue de Villiers
92000 Neuilly-sur-Seine

Yves Nicolas

PRESENTATION AND DRAFT RESOLUTIONS

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PRESENTATION OF THE RESOLUTIONS SUBMITTED TO THE GENERAL SHAREHOLDERS' MEETING OF 30 MAY 2013

1 – ORDINARY RESOLUTIONS

Resolutions 1 to 4 - Approval of the accounts, distribution and payment of dividend

The first resolution relates to the approval of the financial statements for fiscal 2012. These accounts show a profit of 23,428,277 euros.

The second resolution proposes the distribution of a sum of €2.10 per share, in addition to the interim dividend of €2.10 per share paid on 10 October 2012.

The third resolution proposes to the shareholders to receive the dividend of €2.10 per share in cash or in shares:

- Issue Price = 95% of the average closing price over the 20 trading days prior to the General Shareholders' Meeting, less the amount of the net dividend.
- Option for payment in shares to be exercised from 5 June 2013 to 18 June 2013 inclusive.

The fourth resolution relates to the approval of the consolidated financial statements. The net result (Group share) totals (€6,071,000).

Resolution 5 - Approval of regulated agreements

The new regulated agreements submitted for your approval are included in the Statutory Auditors' Special Report which has been presented to you.

During fiscal 2012, the following new agreements were entered into after being authorised by the Board of Directors:

a) A contract of part-time work for 18 months between Tour Eiffel Asset Management Company, a subsidiary of Société de la Tour Eiffel, and Mr Robert Waterland, with effect from 1 March 2013, at the end of the employment contract between Société de la Tour Eiffel and Mr Waterland, in order to ensure a smooth transition and transfer of skills to the new management team. Gross annual salary of €276,000 (Board meeting of 4 September 2012), a 45% decrease compared to its previous contract employment;

b) Amendment no. 6 to the contract committing the subsidiaries to the asset management master agreement entered into with Tour Eiffel Asset Management dated 30 November 2006 set at €150,000 the management fees left to be borne by the Company in respect of 2012 (Board meeting of 5 December 2012);

c) A new contract with Bluebird Investissements, of which Mr Mark Inch is the manager, replaces the agreement dated 17 January 2007 (modified by an amendment dated 10 June 2009), which was terminated by mutual agreement with effect from 1 January 2013 without compensation. The task entrusted by the company to Bluebird Investissements is now to assist the executives in raising capital and transferring assets. The annual retainer fee is to amount to €295,000 (Board meeting of 5 December 2012).

During fiscal 2013, the following new agreement was entered into after being authorised by the Board of Directors:

As a result of the appointment of Mr Renaud Haberkorn as manager of Tour Eiffel Asset Management, amendment no. 1 to the agreement to appoint Mr Renaud Haberkorn as Managing Director of Société de la Tour Eiffel has divided his remuneration between the two companies in which he has a mandate, **without changing the overall remuneration**.

Part of the remuneration of Mr Renaud Haberkorn being paid for his mandate as manager of Tour Eiffel Asset Management, his remuneration as Managing Director of Société de la Tour Eiffel has been reduced to:

- A fixed gross annual salary of €100,000, payable monthly;
- A variable remuneration of €100,000, consisting of a bonus payable on 31 December.

For the period of September 2012 - September 2014, the total remuneration paid by the Company to Mr Renaud Haberkorn will be a guaranteed gross annual salary of €200,000 including a variable annual remuneration of €100,000 payable respectively on 31 December 2013 and on 31 December 2014 (Board meeting of 17 January 2013).

Resolution 6 - Fixing the amount of attendance fees

We suggest allocating attendance fees to your Board of Directors, currently made up of eight directors, in the total amount of €150,000. The allocation of attendance fees takes into account the following items:

- Committee memberships, which give rise to an augmented attendance fee
- Regularity of Board meeting attendances.

Resolutions 7 to 9 - Renewal of directors' mandates

The Board proposes to renew, for a period of three years, the mandates of three directors which expire at the next General Shareholders' Meeting:

- Mr **Mark Inch**, chairman

After beginning his career with Jean-Claude Aaron, Mark Inch (Oxford and Sciences Po Paris) joined Banque Arabe et Internationale d'Investissement (BAII) in 1979 where he multiplied the number of transactions (Félix Potin, Les Trois Quartiers, etc.). He founded Awon Group with Robert Waterland in 1999 before together with one of the real estate funds of George Soros taking over Société de la Tour Eiffel in July 2003. He was Chairman and Managing Director of the company until 31 August 2012 before becoming Chairman of the Board.

- Mr **Robert Waterland**

As one of the most recognised experts in the French real estate market, Robert Waterland (Frics) began his career at Jones Lang Wootton, becoming head of the Paris office in 1985 and a member of the «international board» of the group. With Mark Inch, he founded Awon Group in 1999 before together with a fund owned by George Soros in 2003 taking over Société de la Tour Eiffel of which he was a Board member and Deputy Managing Director until 31 August 2012.

- Mr **Philippe Prouillac** (independent director)

A consultant for a German investment fund for its business in France since 2008, Philippe Prouillac (MRICS) was previously Chairman of Atisreal Expertise and Atisreal Consult. He previously held positions as Business Director for Immobail, Managing Director of Caisse Centrale des Banques Populaires in charge of property and financing investments), Director of the property development department of France Telecom until it outsourced its real estate assets and then Managing Director of Aareal Bank France

These proposed renewals are submitted to you with the approval of the Appointment and Remuneration Committee.

With these renewals, the Board with comprise 8 members, 4 of which independent.

Resolution 10 - Share buyback

The purpose of this resolution is to authorise the buyback by the Company of its shares:

- Up to a maximum of 10% of capital
- At a maximum price of €80 per share
- For a maximum amount of €48,880,000

This authorisation would be suspended during a public share offer.

2 – SPECIAL RESOLUTIONS

Resolutions 11 to 16 - Financial authorisations

These resolutions are intended to enable the Company to proceed, if necessary, to raise the funds required for its development and to finance its investments.

The Board of Directors would be delegated the powers allowing it, for a period of 26 months, to issue marketable securities giving access, immediately or in the long term, to shares in the Company with or without preferential subscription rights within the limits specified below.

The aggregate nominal amount (excluding share premiums) of capital increases may not exceed:

- €15.20 million if the pre-emptive subscription rights are maintained, or 50% of capital at 31.12.2012,
- €6.10 million if the pre-emptive subscription rights are cancelled, or 20% of capital at 31.12.2012.
- €3.05 million incase of private placement, or 10% of capital at 31.12.2012.

The aggregate nominal value of marketable securities representing borrowings giving immediate and/or long-term access to the capital of the Company may not exceed:

- €150 million if the pre-emptive subscription rights are maintained or are cancelled by means of a minimum period of right of priority of five days,
- €60 million if the pre-emptive subscription rights are cancelled by means of an optional period of right of priority, and
- €30 million in case of private placement.

Resolution 11 - Capital increase while maintaining pre-emptive subscription rights

This resolution would allow the Board of Directors, with the authority to sub-delegate, to maintain pre-emptive subscription rights when proceeding with:

- one or more capital increases for a nominal value of shares up to a maximum of €15.20 million, or 50% of the capital,
- the issuance of marketable securities representing borrowings giving access to capital, up to a limit of €150 million.

Resolution 12 - Capital increase with cancellation of pre-emptive subscription rights but with a minimum period of right of priority of five days

This resolution would allow the Board of Directors, with the authority to sub-delegate, to cancel the pre-emptive subscription rights but institute for shareholders a priority subscription period of at least five days, to carry out:

- one or more capital increases for a nominal value of shares up to a maximum of €6.10, or 20% of the capital,
- issue marketable securities representing borrowings giving access to capital, up to a limit of €60 million.

The issue price of the shares shall be at least equal to the minimum allowed by law (minimum current price: weighted average of the last three trading days prior to fixing, less a maximum discount of 5%).

The amount issued under the 12th resolution would be deducted from the ceiling defined by the 11th and 13th resolutions.

Resolution 13 - Capital increase while cancelling pre-emptive subscription rights

This resolution would allow the Board of Directors, with the authority to sub-delegate, to cancel the pre-emptive subscription rights when proceeding with:

- one or more capital increases for a nominal value of shares up to a maximum of €6.10 million, that is 20% of the capital,
- the issuance of marketable securities representing borrowings giving access to capital, up to a limit of €60 million.

This authorisation may only be used to finance one or several acquisitions within the scope of the Company's main activity.

The issue price of the shares shall be at least equal to the minimum allowed by law (minimum current price: weighted average of the last three trading days prior to fixing, less a maximum discount of 5%).

The amount issued under the 13th resolution would be deducted from the ceiling defined by the 11th and 12th resolutions.

Resolution 14 - Capital increase reserved for qualified investors or a restricted circle of investors

This resolution would allow the Board of Directors, with the authority to sub-delegate, to cancel the pre-emptive subscription rights in favour of qualified investors or a restricted circle of investors when proceeding with:

- one or more capital increases for a nominal value of shares up to a maximum of €3.05 million, or 10% of the capital,
- the issuance of marketable securities representing borrowings giving access to capital, up to a limit of €30 million.

The issue price of the shares shall be at least equal to the minimum allowed by law (minimum current price: weighted average of the last three trading days prior to fixing, less a maximum discount of 5%).

The amount issued under the 14th resolution would be deducted from the ceiling defined by the 11th, 12th and 13th resolutions.

Resolution 15 - *Increase the number of shares within the framework of a greenshoe option*

This resolution would allow the Board of Directors, in the case of the issuance of shares agreed under resolutions 11 to 14, to increase the number of shares to be issued, up to a limit of 15% of the initial issue and within the limits laid down by resolutions 11 to 14.

Resolution 16 - *Capital increase to remunerate contributions in kind*

This resolution would allow the Board of Directors, with the authority to sub-delegate, to make one or more capital increases in order to remunerate contributions in kind of shares or marketable securities giving access to capital, within the limit of 10% capital of the Company.

The amount issued under the 16^{th} resolution would be deducted from the ceiling defined by the 11^{th}, 12^{th} and 13^{th} resolutions.

Resolution 17 - *Capital increase by incorporation of profits, reserves or premiums*

This resolution would allow the Board of Directors, with the authority to sub-delegate, to make one or more capital increases by the incorporation of profits, reserves or premiums, for a nominal value of shares up to a maximum of €15.20 million.

The amount issued under the 17^{th} resolution would be deducted from the ceiling defined by the 11^{th} resolution.

Resolution 18 - *Capital increase reserved for employees and corporate officers*

This resolution would allow the Board of Directors, with the authority to sub-delegate, to make one or more capital increases in favour of employees and/or corporate officers participating in a Company Savings Plan (PEE), for a maximum nominal amount of €500,000.

This authorization includes the waiver by shareholders of their pre-emptive subscription rights.

Resolution 19 - *Cancellation of shares*

This resolution, valid for a period of 18 months, would allow the Board of Directors, with the authority to sub-delegate, to proceed with the cancellation of shares held or bought back by the Company, and to reduce the share capital within the limits of 10% every 24 months.

Resolution 20 - *Powers*

Powers to carry out formalities.

RESOLUTIONS PROPOSED TO THE ANNUAL GENERAL AND SPECIAL SHAREHOLDERS' MEETING OF 30 MAY 2013

1 – WITHIN THE POWERS OF THE ANNUAL GENERAL SHAREHOLDERS' MEETING

First resolution
(Approval of the company accounts)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, and having heard and considered the Board of Directors' management report, the Chairman's report (Article L. 225-37 of the French Commercial Code) and the Statutory Auditors' general report, the shareholders vote to adopt the annual financial statements for the financial year ended 31 December 2012, which show a profit of €23,428,277.

The General Shareholders' Meeting of Shareholders also approves the transactions reported in these financial statements or summed up in these reports.

Second resolution
(Appropriation of earnings)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, the shareholders decide in accordance with the proposal of the Board of Directors to appropriate the earnings as follows:

	€
Year-end net profit (loss)	23,428,277
Retained earnings brought forward	(10,549,961)
Allocation to the legal reserve (bringing it up to its maximum amount)	(187,170)
Remaining distributable profit	12,691,146
Dividends	
- Interim dividend already paid (1)	12,232,095
- Additional dividend (2)	12,634,490
Appropriation to retained earnings	56,656

(1) Interim dividend set at 2.10 euros per share, the distribution of which was decided at the Board meeting of 4 September 2012, paid in cash on 10 October 2012 for an amount of €4,996,081.

(2) Additional dividend set at €2.10 per share paid out of distributable profits and if appropriate of the share premium, calculated on the basis of 6,016,424 shares representing the number of shares entitled to a dividend out of a total number of shares issued of 6,110,611 as at 28 February 2013 (after deducting 94,187 treasury shares).

The amount of the additional dividend above has been calculated based on the number of shares entitled to dividends as at 28 February 2013 and is liable to adjustment to take into account the following cases:

- In the event that new shares be issued before the date of the dividend payment as a result of exercising share subscription options, these new shares would give rise to a dividend payment
- In the event that upon payment of the dividend, the number of treasury shares be different from the number included in this resolution. If the number of treasury shares is greater, the profit corresponding to dividends not paid to additional treasury shares will be allocated to retained earnings. If the number of treasury shares is less, the dividend paid to shares entitled to an additional dividend will be deducted from the Retained earnings account and, if the latter is insufficient, from the share premium.

It is recalled that in accordance with the provisions of Article 112 1 of the General Tax Code, the sums distributed to shareholders as reimbursement for contributions or share premium are not considered as taxable distributed income, provided that all the profits and reserves (from past earnings), other than the legal reserve, have been previously distributed. In view of the above provisions, which are applicable to the Company, any share premium paid is not considered taxable income.

In accordance with Article 243 of the General Tax Code, it should be recalled that the dividends paid over the past three financial years were as follows:

Financial year	2009	2010	2011
Number of shares (1)	5,433,036	5,592,284	5,736,272
Net dividend per share	0 (2)	€4.2	€4.2
Total dividend paid	(0) (2)	€22,781,030	€23,683,153

(1) Number of shares making up the capital as at 31 December; for the company's treasury shares, the earnings corresponding to the dividends not paid on the aforesaid shares were appropriated to the Retained Earnings.
(2) No dividend was distributed during the 2009 financial year, but reserve distributions were made totalling 4 euros per share.

For individuals domiciled in France, the tax regime applicable to the taxable amount of the distribution paid in 2013 is as follows:

- The sums distributed and paid out in 2013 from tax exempt income are automatically subject to income tax at progressive rates, without being eligible for the 40% tax deduction under section 158, 3-2 ° of the General Tax Code and without benefitting from the fixed annual allowance under section 158, 3-5 ° of the General Tax Code (this allowance in any case having been abolished by the 2013 Finance Act for income earned after 1 January 2013).

  The balance of the dividend paid from tax-exempt income is 1.30 euros per share.

- The sums distributed and paid out in 2013 that do not come from tax-exempt income are automatically subject to income tax at progressive rates, after reduction of a 40% tax deduction (pursuant to Article 158-3-2 of the new version of the General Tax Code).

  The balance of the dividend paid that is not from tax-exempt income is 0.80 euros per share.

- The sums distributed are subject to mandatory withholding tax at the rate of 21% (plus social security contributions of 15.5%) retained by the paying establishment on the gross amount of distributed income in 2013 and chargeable to tax income due the following year, except for individual beneficiaries who requested before 31 March 2013 to be exempted given the amount of their reference fiscal income for 2011 (less than €50,000 for taxpayers who are either single, divorced, widowed, or married subject to separate taxation) or €75,000 for taxpayers subject to joint taxation).

It is also stated that the Company's shares are no longer eligible for the Equity Savings Plan (Plan d'Epargne en Actions, PEA), the 2012 Finance Act having abolished the possibility of placing SIIC shares on a PEA as of 21 October 2011.

The shares of the Company contained in a PEA on 21 October 2011, however, may remain and continue to benefit from exemption from income tax applicable to the products of such shares in such Equity Savings Plans.

Third resolution
(Option of payment of dividends in cash or in shares)

The General Shareholders' Meeting, having acknowledged that the share capital is entirely paid up and heard the reading of the Board of Directors' report and of the statutory auditors' report, resolves to offer each shareholder an option of having the 2.10 euros per share final dividend paid either in cash or in shares.

This option would apply to the entire receivable dividend per beneficiary.

In compliance with the law, the share price adopted to calculate the dividend payment will be determined as follows: 95% of the average closing market value of the 20 days of trading prior to the date on which the decision to distribute is made, minus the net amount of the dividend rounded up to the nearest higher centime.

If the dividend amount for which the option is exercised does not equal a whole number of shares, the shareholders may obtain the number of shares immediately below plus a cash payment.

Shareholders who request payment of the dividend in shares will be able to exercise their option from 5 June 2013 to 18 June 2013 inclusive through financial intermediaries authorised by the Company to pay out the dividend. Once this deadline has elapsed, the dividend will be paid out in cash on 27 June 2013.

Shares issued as payment of the dividend will be entitled to dividend as of their issue.

The General Shareholders' Meeting gives full powers to the Board of Directors, which may delegate to its Chairman in order to implement this resolution, to record the capital increase resulting from shareholders having exercised their option to be paid the dividend in shares, to modify the articles of association as a consequence and to proceed with the required announcements.

This authorisation is valid up to the next Ordinary General Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2013.

Fourth resolution
(Approval of the consolidated financial statements)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, and having heard and considered the management report of the Board of Directors and the Statutory Auditors' report on the consolidated financial statements, the shareholders resolve to approve the consolidated financial statements as at 31 December 2012 as well as the transactions set forth in these statements or summed up in the Group management report included in the management report.

Fifth resolution
(Regulated agreements)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, and having heard and considered the Statutory Auditors' special report on the agreements regulated by Article L. 225-38 and seq. of the French Commercial Code, the shareholders resolve to approve the terms of the said report and the new agreements mentioned therein.

Sixth resolution
(Directors' fees)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, the shareholders resolve that the total amount of attendance fees to be shared among the Board Members for the current financial year will amount to €150,000.

The shareholders resolve that the above annual overall attendance fees will be applicable to the financial year underway and subsequent financial years until a new resolution is taken by the General Shareholders' Meeting. The shareholders also confirm that, pursuant to Article L.225-45 of the French Commercial Code, it is the duty of the Board of Directors to distribute the annual overall attendance fees among its members.

Seventh resolution
(Reappointment of Mr Mark Inch to the Board of Directors)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, the General Shareholders' Meeting renews the term of office of Mr Mark Inch for the statutory period of three years, until the end of the General Shareholders' Meeting to be held in 2016 to approve the financial statements for the 2015 financial year.

Eighth resolution
(Reappointment of Mr Robert Waterland to the Board of Directors)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, the General Shareholders' Meeting renews the term of office of Mr Robert Waterland for the statutory period of three years, until the end of the General Shareholders' Meeting to be held in 2016 to approve the financial statements for the 2015 financial year.

Ninth resolution
(Reappointment of Mr Philippe Prouillac to the Board of Directors)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings, the General Shareholders' Meeting renews the term of office of Mr Philippe Prouillac for the statutory period of three years, until the end of the General Shareholders' Meeting to be held in 2016 to approve the financial statements for the 2015 financial year.

Tenth resolution
(Authorisation to be given to the Board of Directors to implement a share buyback programme)

Recognising the conditions of quorum and majority required for ordinary shareholders' meetings and acknowledging the Board of Directors' report prepared in accordance with Article L. 225-209 of the French Commercial Code, the shareholders authorise the Board of Directors, in keeping with Article L.225-209 et seq. of the French Commercial Code, to acquire, keep or transfer the company's shares, with the authority to sub-delegate entrusted it in accordance with the law, in order to:

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

The maximum number of shares that may be acquired under this authorisation is set at 10% of the total share capital, adjusted by any modifications made during the authorisation period and calculated in agreement with Article L. 225-209 of the French Commercial Code.

The maximum purchase price is set at €80 per share exclusive of fees on the basis of a nominal value of €5 per share.

The Board of Directors, with the possibility of sub delegating its authorisations as allowed for by law, may adjust the aforementioned price in the event of incorporation of reserves or earnings, giving rise either to an increase in the nominal value of the shares or to the creation and attribution of free shares, in the event of a stock split or a reverse stock split, and, more generally, in the event of operations pertaining to equity capital, in order to take into account the consequences of these operations on the value of shares. The price would then be adjusted using a multiplier equal to the ratio of the number of shares making up the capital before and after the operation.

As an indication, based on the number of shares making up the capital at 28 February 2013, i.e. 6,110,611, the maximum amount that the Company may earmark for its share buyback (excluding shares already held by the Company and subject to changes that may affect the capital after 28 February 2013) may not exceed €48,884,888.

The acquisition, sale or transfer of such shares may be effected by any means on the market or OTC as provided by the market authorities and in compliance with current regulations.

This authorisation is valid for a maximum term of eighteen months from this meeting date.

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

It cancels out any previous delegation of power having the same purpose.

The General Shareholders' Meeting confers full powers to the Board of Directors, with the authority to sub delegate entrusted it in accordance with the law, to decide and implement this authorisation; to specify its terms if necessary and decide on its modalities, with the power to delegate the implementation of the purchase programme within legal conditions, notably to place any market orders, to conclude any agreements with the purpose of keeping stock registers, to make any declarations, especially to the Autorité des Marchés Financiers, to comply with all formalities, and more generally, to take any required steps.

2 – WITHIN THE POWERS OF THE SPECIAL GENERAL SHAREHOLDERS' MEETING

Eleventh resolution

(Delegation of powers to be granted to the Board of Directors to increase the share capital by the issue of ordinary shares or any marketable securities giving access, immediately or in the long term, to Company shares while maintaining pre-emptive subscription rights)

The General Shareholders' Meeting, having met the conditions of quorum and majority required for special shareholders' meetings, and having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of the French Commercial Code, notably Articles L. 225-129 et seq. And L. 228-91 et seq:

1 - Delegates to the Board of Directors, with the authority to sub-delegate as laid down by the law, 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 for free or for a fee, 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.

2 - Decides that the total nominal amount of capital increases, immediate or future, which may be performed in application both of this resolution and of the 12th to the 18th resolutions of this meeting shall not exceed an overall cap of fifteen million two hundred thousand €(15,200,000). To this amount 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 access to the capital.

- Decides that the nominal value of the ordinary shares that may be issued under the 12th to 18th resolutions of this meeting will count towards the overall cap indicated above.
- Further resolves that the maximum nominal amount of marketable securities representing borrowings giving access to capital that may be issued under both the present resolution and the 12th, 13th and 14th resolutions is set at one hundred and fifty (150) million euros or its equivalent in foreign currency.

3 - Decides that the issue(s) will be reserved by preference for shareholders who may subscribe on a pre-emptive basis, and also gives the Board the power to grant excess subscription rights.

If subscriptions on a pre-emptive basis, and subscriptions for excess shares if applicable, have not absorbed the entire issue, the Board of Directors, under the conditions provided by law, and in the order that it shall determine, may use one and/or the other of the following options:

- limit the capital increase to the amount of subscriptions, subject to the condition that it reaches at least three-quarters of the increase that has been decided upon,
- freely allocate all or part of the unsubscribed shares issued,
- offer all or part of the unsubscribed shares issued to the French and/or international market.

4 - Decides that the issue of subscription rights for shares in the Company may be made by the subscription offering as described above, but also by free allocation to holders of existing shares, and in case of granting naked warrants, the Board of Directors may decide that fractional allotment rights shall not be negotiable and that the corresponding shares will be sold.

5 - Acknowledges and resolves as necessary that this delegation of power automatically entails the shareholders' express renunciation of their pre-emptive subscription right to shares which will be issued.

6 - Decides that the Board of Directors shall have full powers to implement this delegation of power under the conditions laid down by law, and determine in particular the conditions for share issue, subscription and payment, as well as record the resulting capital increases and proceed to amend the articles of association and in particular:

- determine the dates and terms of issue, the method of payment of shares, the nature and form of the shares to be issued (including the dividend date), which may take the form of subordinated or unsubordinated securities, whether fixed-term or not,
- determine the conditions of the capital increase and/or share issue, and in particular define the amount of the consideration received or that may be received later by the Company for each of the shares issued or to be issued under this delegation of power,
- set the terms under which the Company shall have the right, where appropriate, to purchase or exchange on the stock market, at any time or during specific periods, the shares issued or to be issued,
- determine, if applicable, the methods for exercising the rights attached to the shares or marketable securities giving access to capital, determine the methods for exercising the rights, if any, including conversion, exchange, redemption, including the delivery of Company assets such as marketable securities already issued by the Company,
- decide, in case of issue of debt securities whether they are subordinated or not, and if any their ranking, currency of issue, as well as set their interest rates, provide whether their life will be definite or an indefinite and other terms of issue and redemption, specify the conditions under which such securities will give access to the capital of the Company and/or companies in which it directly or indirectly owns more than half of the capital; and modify during the life of the securities, the terms referred to above, in accordance with the applicable procedures,
- Provide the option to suspend the exercising of the rights attached to the securities issued for a maximum period of three months,
- at its sole discretion, charge the cost of capital increases to the amount of the premiums involved and deduct from this amount the sums necessary to bring the legal reserve to one tenth of the new capital after each increase,
- make any adjustments in accordance with the applicable law and contractual provisions, in order to take into account the impact of transactions on the capital of the Company, and set the terms according to which, if any, the preservation of rights of holders of marketable securities giving access to capital will be guaranteed,
- generally, enter into all agreements, take all measures and carry out all formalities for the issuance and financial servicing of the shares issued pursuant to this delegation and the exercise of rights attached thereto.

7 - Notes that this delegation shall cancel the unused portion of any previous delegation of power having the same purpose.

The delegation of power granted to the Board of Directors is valid for a period of twenty-six months from the date of this Meeting.

Twelfth resolution

(Delegation of powers to be 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)

The General Shareholders' Meeting, having met the conditions of quorum and majority required for special shareholders' meetings, and having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of the French Commercial Code, notably Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136, L. 228-91 et seq.:

1 - Delegates to the Board of Directors, with the authority to sub-delegate, 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.

2 - Decides that the total nominal amount of capital increases, either immediate or in the long term, that may be made pursuant to both this resolution and the 13th resolution of this meeting shall not exceed an overall cap of six million one hundred thousand €(6,100,000). To this amount must be added, if applicable, the additional nominal amount of shares to be issued, as required by law, to guarantee the rights of bearers of marketable securities giving access to the capital;

- Decides that the amount of the nominal capital issued under this resolution will count towards the overall cap set in the 11th resolution of this meeting;
- Further resolves that the maximum nominal amount of marketable securities representing borrowings giving access to capital that may be issued under both the present resolution and the 13th resolution is set at sixty €(60) million or its equivalent in foreign currency.

3 - Decides to cancel the pre-emptive subscription rights of shareholders to the shares covered by this resolution, it being possible that the shares be issued by the Company itself or by a company in which it owns directly or indirectly more than half of the capital, provided that the Board gives to shareholders, in accordance with Article L. 225-135 of the Commercial Code, for a minimum period of five trading days and in the manner as it may determine in accordance with the laws and regulations applicable to all or part of an issue; since a subscription priority does not result in the creation of negotiable rights, it must be exercised in proportion to the number of shares owned by each shareholder and may be supplemented by a subscription for excess shares, it being specified that after the priority period, unsubscribed shares will be offered to the public in France and/or abroad and/or on the international market.

4 - Decides in accordance with Article L.225-136 of the Commercial Code, that the issue price for shares, including for those resulting from the exercise of marketable securities giving access to capital that may be issued pursuant to this resolution, shall be at least equal to the minimum allowed by law.

5 - Acknowledges and resolves as necessary that this delegation of power automatically entails the shareholders' express renunciation of their pre-emptive subscription right to shares which will be issued.

6 - Decides that the Board of Directors shall have full powers to implement this delegation of power under the conditions laid down by law, and determine in particular the conditions for share issue, subscription and payment, as well as record the resulting capital increases and proceed to amend the articles of association and in particular:

- determine the dates and terms of issue, the method of payment of shares, the nature and form of the shares to be issued (including the dividend date), which may take the form of subordinated or unsubordinated securities, whether fixed-term or not,
- determine the conditions of the capital increase and/or share issue, and in particular define the amount of the consideration received or that may be received later by the Company for each of the shares issued or to be issued under this delegation of power,
- set the terms under which the Company shall have the right, where appropriate, to purchase or exchange on the stock market, at any time or during specific periods, the shares issued or to be issued,

- determine, if applicable, the methods for exercising the rights attached to the shares or marketable securities giving access to capital, determine the methods for exercising the rights, if any, including conversion, exchange, redemption, including the delivery of Company assets such as marketable securities already issued by the Company,
- decide, in case of issue of debt securities whether they are subordinated or not, and if any their ranking, currency of issue, as well as set their interest rates, provide whether their life will be definite or of an indefinite period and other terms of issue and redemption, specify the conditions under which such securities will give access to the capital of the Company and/or companies in which it directly or indirectly owns more than half of the capital; change during the life of the securities, the terms referred to above, in accordance with the applicable procedures,
- provide the option to suspend the exercising of the rights attached to the shares issued for a maximum period of three months,
- at its sole discretion, charge the cost of capital increases to the amount of the premiums involved and deduct from this amount the sums necessary to bring the legal reserve to one tenth of the new capital after each increase,
- make any adjustments in accordance with the applicable law and contractual provisions, in order to take into account the impact of transactions on the capital of the Company, and set the terms according to which, if any, the preservation of rights of holders of marketable securities giving access to capital will be guaranteed,
- generally, enter into all agreements, take all measures and carry out all formalities for the issuance and financial servicing of the shares issued pursuant to this delegation and the exercise of rights attached thereto.

7 - Notes that this delegation shall cancel the unused portion of any previous delegation of power having the same purpose.

The delegation of power granted to the Board of Directors is valid for a period of twenty-six months from the date of this Meeting.

Thirteenth resolution

(Delegation of power to be 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)

The General Shareholders' Meeting, having met the conditions of quorum and majority required for special shareholders' meetings, and having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of the French Commercial Code, notably Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136, L. 228-91 et seq.:

1 - Delegates to the Board of Directors, with the authority to sub-delegate, 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.

2 - Decides that the total nominal amount of capital increases, either immediate or in the long term, that may be made pursuant both to this resolution and the 12th resolution of this meeting shall not exceed an overall cap of six million one hundred thousand €(6,100,000), the total amount of these capital increases counting towards the cap set in the 11th resolution. To this amount must be added, if applicable, the additional nominal amount of shares to be issued, as required by law, to guarantee the rights of bearers of marketable securities giving access to the capital.

- Decides that the amount of the nominal capital issued under this resolution will count towards the cap set in the 11th resolution of this meeting.
- Also decides that the nominal value of marketable securities representing immediate and/or long-term borrowings which may be issued under this resolution and the 12th resolution in accordance with Articles L. 228-91 and L. 228-92 of the Commercial Code is limited to sixty €(60) million or its equivalent in foreign currency.

3 - Decides to cancel the pre-emptive subscription rights of shareholders to the shares covered by this resolution, it being possible that the shares be issued by the Company itself or by a company in which it owns directly or indirectly more than half of the capital, provided that the Board gives to shareholders, in accordance with Article L. 225-135 of the Commercial Code, for a period and in the manner as it may determine in accordance with the laws and regulations applicable to all or part of an issue; since a subscription priority does not result in the creation of negotiable rights, it must be exercised in proportion to the number of shares owned by each shareholder and may be supplemented by a subscription for excess shares, it being specified that after the priority period, if any, unsubscribed shares will be offered to the public in France and/or abroad and/or on the international market.

4 - Decides in accordance with Article L.225-136 of the Commercial Code, that the issue price for shares, including for those resulting from the exercise of marketable securities giving access to capital that may be issued pursuant to this resolution, shall be at least equal to the minimum allowed by law.

5 - Acknowledges and resolves as necessary that this delegation of power automatically entails the shareholders' express renunciation of their pre-emptive subscription right to shares which will be issued.

6 - Decides that the Board of Directors shall have full powers to implement this delegation of power under the conditions laid down by law, and determine in particular the conditions for share issue, subscription and payment, as well as record the resulting capital increases and proceed to amend the articles of association and in particular:

- determine the dates and terms of issue, the method of payment of shares, the nature and form of the shares to be issued (including the dividend date), which may take the form of subordinated or unsubordinated securities, whether fixed-term or not,
- determine the conditions of the capital increase and/or share issue, and in particular define the amount of the consideration received or that may be received later by the Company for each of the shares issued or to be issued under this delegation of power,
- set the terms under which the Company shall have the right, where appropriate, to purchase or exchange on the stock market, at any time or during specific periods, the shares issued or to be issued,
- determine, if applicable, the methods for exercising the rights attached to the shares or marketable securities giving access to capital, determine the methods for exercising the rights, if any, including conversion, exchange, redemption, including the delivery of Company assets such as marketable securities already issued by the Company,
- decide, in case of issue of debt securities whether they are subordinated or not, and if any their ranking, currency of issue, as well as set their interest rates, provide whether their life will be definite or of an indefinite period and other terms of issue and redemption, specify the conditions under which such securities will give access to the capital of the Company and/or companies in which it directly or indirectly owns more than half of the capital; change during the life of the securities, the terms referred to above, in accordance with the applicable procedures,
- provide the option to suspend the exercising of the rights attached to the shares issued for a maximum period of three months,
- at its sole discretion, charge the cost of capital increases to the amount of the premiums involved and deduct from this amount the sums necessary to bring the legal reserve to one tenth of the new capital after each increase,
- make any adjustments in accordance with the applicable law and contractual provisions, in order to take into account the impact of transactions on the capital of the Company, and set the terms according to which, if any, the preservation of rights of holders of marketable securities giving access to capital will be guaranteed,
- generally, enter into all agreements, take all measures and carry out all formalities for the issuance and financial servicing of the shares issued pursuant to this delegation and the exercise of rights attached thereto.

7 - Notes that this delegation shall cancel the unused portion of any previous delegation of power having the same purpose.

The delegation of power granted to the Board of Directors is valid for a period of twenty-six months from the date of this Meeting.

Fourteenth resolution

(Delegation of power to be 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)

The General Shareholders' Meeting, having met the conditions of quorum and majority required for special shareholders' meetings, and having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of the French Commercial Code, notably Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136, L. 228-91 et seq. of the Commercial Code and Article L. 411-2 II of the French Monetary and Financial Code:

1 - Delegates to the Board of Directors, with the authority to sub-delegate entrusted to it in accordance with the law, 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.

2 - Decides that the total nominal amount of capital increases, either immediate or in the long term, that may be made pursuant to this resolution shall not exceed an overall ceiling of three million fifty thousand €(3,050,000), the total amount of these capital increases being deducted from the cap set in the 11th, 12th and 13th resolutions. To this amount must be added, if applicable, the additional nominal amount of shares to be issued, as required by law, to guarantee the rights of bearers of marketable securities giving access to the capital;

- Also decides that the nominal value of marketable securities representing immediate and/or long-term borrowings which may be issued under this resolution in accordance with Articles L. 228-91 and L. 228-92 of the Commercial Code is limited to thirty (30) million € or its equivalent in foreign currency.

3 - Decides to cancel the pre-emptive subscription rights of shareholders to the shares covered by this resolution, it being possible that the shares be issued by the Company itself or by a company in which it owns directly or indirectly more than half of the capital, in favour of qualified investors and/or a restricted circle of investors.

4 - Decides in accordance with Article L.225-136 of the Commercial Code, that the issue price for shares, including for those resulting from the exercise of marketable securities giving access to capital that may be issued pursuant to this resolution, shall be at least equal to the minimum allowed by law.

5 - Acknowledges and resolves as necessary that this delegation of power automatically entails the shareholders' express renunciation of their pre-emptive subscription right to shares which will be issued.

6 - Decides that the Board of Directors shall have full powers to implement this delegation of power under the conditions laid down by law, and determine in particular the conditions for share issue, subscription and payment, charge the cost of capital increases to the amount of the premiums involved and deduct from this amount the sums necessary to bring the legal reserve to one tenth of the new capital after each increase, as well as record the resulting capital increases and proceed to amend the articles of association as required.

7 - Notes that this delegation shall cancel the unused portion of any previous delegation of power having the same purpose.

The delegation of power granted to the Board of Directors is valid for a period of twenty-six months from the date of this Meeting.

Fifteenth resolution

(Delegation of power to be 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)

The General Shareholders' Meeting, having met the conditions of quorum and majority required for special shareholders' meetings, and having heard the Board of Directors' report and the statutory auditors' special report, and acting in accordance with Article L. 225-135-1 of the French Commercial Code, authorises the Board of Directors, with power to delegate under the conditions laid down by law, to decide for each issue 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, in the conditions of Article L. 225-135-1 and R. 225-118 of the Commercial Code and the ceilings provided in such resolutions.

The General Shareholders' Meeting notes that this delegation shall cancel any previous delegation of power having the same purpose.

The delegation of power granted to the Board of Directors is valid for a period of twenty-six months from the date of this Meeting.

Sixteenth resolution

(Delegation of power to be 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)

The General Shareholders' Meeting, having met the conditions of quorum and majority required for special shareholders' meetings, and having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of the French Commercial Code, notably Article L. 225-147:

1 - Delegates to the Board of Directors, with the authority to sub-delegate entrusted to it in accordance with the law, the powers necessary to increase share capital by the issue of shares, warrants and/or marketable securities giving immediate or future access to ordinary shares 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, within the limit of 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.

2 - Decides that the issue of shares made pursuant to this delegation of authority shall be deducted from the ceilings referred to in the 11th, 12th and 13th resolutions.

3 - Acknowledges that the shareholders of the Company will not have pre-emptive subscription rights for the shares to be issued under this delegation of power or to shares and other equity securities of the Company to which the securities issued pursuant to this delegation may be entitled, the sole purpose of the latter being to remunerate contributions in kind.

4 - Acknowledges and resolves as necessary that this delegation of power automatically entails the shareholders' express renunciation of their pre-emptive subscription right to shares which will be issued.

5 - Decides that the Board of Directors shall have full powers to implement this delegation of power under the conditions laid down by law, and determine in particular the conditions for share issue, subscription and payment, record the resulting capital increases, charge the cost of capital increases to the amount of premiums relating thereto and proceed to amend the articles of association as required.

6 - Notes that this delegation shall cancel the unused portion of any previous delegation of power having the same purpose.

The delegation of power granted to the Board of Directors is valid for a period of twenty-six months from the date of this Meeting.

Seventeenth resolution

(Delegation of power to be granted to the Board of Directors to increase shareholders' capital by incorporation of profits, premiums and reserves)

The General Shareholders' Meeting, having met the conditions of quorum and majority required for special shareholders' meetings, and having heard the Board of Directors' report and in accordance with the provisions of the French Commercial Code, notably Articles L. 225-129, L. 225-129-2, and L. 225-130:

1 - Delegates to the Board of Directors, with the authority to sub delegate, 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.

2 - Sets at fifteen million two hundred thousand €(15,200,000) the maximum nominal amount of capital increases that may be carried under this delegation of power.

3 - Decides that the amount of the nominal capital that may be issued under this resolution will count towards the overall cap set in the 11th resolution.

4 - Decides that the Board of Directors shall have full powers to implement this delegation of power under the conditions laid down by law, and determine in particular the conditions for share issue, decide that fractional allotment rights shall not be negotiable and that the corresponding shares will be sold and that the proceeds will be allocated to rights holders, as well as record the resulting capital increases and proceed to amend the articles of association as required.

5 - Notes that this delegation shall cancel the unused portion of any previous delegation of power having the same purpose.

The delegation of power granted to the Board of Directors is valid for a period of twenty-six months from the date of this Meeting.

Eighteenth resolution

(Authorisation to be 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)

The General Shareholders' Meeting, having met the conditions of quorum and majority required for special shareholders' meetings, and having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of Article L. 225-129-6 the French Commercial Code:

1 - Delegate 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 six hundred thousand € (600,000) of nominal amount. It is noted that the amount of issued capital shall be deducted from the overall ceiling for increases authorised by this Assembly in its 11th resolution.

2 - Decides that the price set for the subscription of shares by the beneficiaries will be determined by the Board within the limits set by the legislation.

3 - Notes that these decisions entail the waiver by shareholders of their pre-emptive subscription rights in favour of the corporate officers and employees to whom the capital increase is reserved.

4 - Gives full powers to the Board of Directors, with the authority to sub-delegate entrusted to it in accordance with the law, to determine all the terms and conditions of the transactions including to:

- determine and adopt the dates of opening and closing of the subscription and the issue price of the shares,
- determine the number of new shares to be issued,
- carry out capital increases, amend the articles of association as required and, in general, do all that is useful and necessary to comply with the law and regulations.

5 - Notes that this delegation shall cancel the unused portion of any previous delegation of power having the same purpose.

The delegation of power granted to the Board of Directors is valid for a period of twenty-six months from the date of this Meeting.

Nineteenth resolution

(Delegation of authority to be granted to the Board of Directors to reduce the share capital pursuant to the provisions of Article L. 225-209 of the French Commercial Code)

The General Shareholders' Meeting, having met the conditions of quorum and majority required for special shareholders' meetings, and having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of the French Commercial Code, notably Article L.225-209,

1 - Authorizes the Board of Directors, with the authority to sub-delegate entrusted to it in accordance with the law, to reduce the share capital, in one or several instalments and at such time as it may deem fit, by cancelling shares that the Company holds or could buy through the implementation of a share buyback program decided by the Company.

2 - States that, as required by law, the reduction of capital may not concern more than 10% of the share capital per twenty-four-month period.

3 - Gives the broadest powers to the Board of Directors, with the authority to sub-delegate entrusted to it in accordance with the law, to adopt rules for the cancellation of shares, charge the difference between the book value of the cancelled shares and their par value to all reserves or premiums, to make amendments to the articles of association resulting from this authorization and to carry out all the necessary formalities.

The delegation of power granted to the Board of Directors is valid for a period of eighteen months from the date of this Meeting.

Twentieth resolution

(Powers to effect formalities)

The General Meeting gives full powers to the bearer of an original, a copy or an excerpt of the minutes of this meeting in order to carry out any and all necessary formalities.

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