“Société anonyme” (public limited company) with capital of 29,598,440 euros
Registered Office 20-22 rue de la Ville l’Evêque - 75008 PARIS
572 182 269 RCS PARIS

2012 HALF-YEAR FINANCIAL REPORT

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

I - CONSOLIDATED FINANCIAL STATEMENTS AS AT 30/06/2012

BALANCE SHEET – ASSETS

Euros, in thousands	**Notes**	**30 June 2012** **Net**	**31 December 2011** **Net**
NON CURRENT ASSETS			
Tangible fixed assets	1	375	410
Investment property	2	937,638	990,296
Goodwill on acquisitions	3	-	-
Intangible fixed assets	4	27	19
Long-term investments	5	422	466
Deferred tax debit	14	322	322
Total non-current assets (I)		**938,784**	**991,513**
CURRENT ASSETS			
Trade and related receivables	7	21,220	18,686
Other receivables and accrual accounts	8	10,926	7,559
Other current assets	5	116	240
Cash and cash equivalents	9	17,581	16,363
Total current assets (II)		**49,843**	**42,848**
Assets for disposal (III)	6	17,627	8,916
TOTAL ASSETS (I + II + III)		**1,006,254**	**1,043,277**

BALANCE SHEET – LIABILITIES

Euros, in thousands	Notes	30 June 2012	31 December 2011
SHAREHOLDERS' EQUITY (group share)			
Share capital	10	29,598	28,681
Premiums linked to capital	10	46,760	41,947
Legal reserve		2,868	2,796
Consolidated reserves		301,941	284,437
Consolidated income for the financial year		16,331	29,350
SHAREHOLDERS' EQUITY (Group Share) (A)		**397,498**	**387,211**
Minority interests (B)		-	-
SHAREHOLDERS' EQUITY (I) = (A + B)		**397,498**	**387,211**
NON-CURRENT LIABILITIES			
Long-term borrowings	11	218,698	572,131
Other financial liabilities	11	19,646	21,594
Long-term provisions	12	358	294
Tax liabilities	13	-	-
Deferred tax credit	14	-	-
Other long-term liabilities	15	370	290
Total non-current liabilities (II)		**239,072**	**594,309**
CURRENT LIABILITIES			
Borrowings and financial debt (less than one year)	11	327,439	22,018
Other financial liabilities	11	1,545	864
Provisions (less than one year)	12	-	-
Tax and social security liabilities	13	12,336	8,245
Trade accounts payable and other debts	15	28,364	30,630
Total current liabilities (III)		**369,684**	**61,757**
TOTAL LIABILITIES (I + II + III)		**1,006,254**	**1,043,277**

STATEMENT OF COMPREHENSIVE INCOME

Euros, in thousands	Notes	30 June 2012	30 June 2011
Turnover	16	41,352	41,030
Consumed purchases	17	(17)	(82)
Staff expenses	18	(2,158)	(1,899)
External expenses	18	(7,738)	(7,237)
Taxes and duties	18	(4,868)	(4,663)
Allowances for depreciation	19	(46)	(408)
Net allowances for provisions	19	(88)	-
Net value adjustment balance	20	(1,717)	158
Other operating income	21	51,538	3,016
Other operating expenses	21	(49,029)	(2,994)
Operating profit		**27,229**	**26,921**
Income from cash and cash equivalents		58	49
Gross cost of financial indebtedness		(10,637)	(11,501)
Net financial costs	22	**(10,579)**	**(11,452)**
Other financial income and expense	23	(310)	5,106
Corporate income tax	24	(9)	(1)
NET PROFIT (LOSS)		**16,331**	**20,574**
Minority interests		-	-
NET PROFIT (LOSS) (GROUP SHARE)		**16,331**	**20,574**
Profit per share	25	2.89	3.74
Diluted profit per share	25	2.87	3.73

Net profit (loss)		**16,331**	**20,574**
Gains and losses recorded directly in shareholder's equity		-	-
Comprehensive income		**16,331**	**20,574**
Including: - Group share		16,331	20,574
- - minority interests share		-	-

CASH FLOW STATEMENT

Euros, in thousands		**30 June 2012**	**30 June 2011**
CASH FLOW FROM OPERATIONS			
Consolidated net profit		**16,331**	**20,574**
Restatement:			
Net financial allowances for depreciation and provisions		110	408
Net balance from value adjustments of investment properties		1,717	(158)
Profits / losses on value adjustments on the other assets and liabilities		433	(5,712)
Capital gains & losses from disposals		(2,571)	(30)
= Cash flow from operations after net cost of financial indebtedness and income tax		**16,020**	**15,082**
		9	1
Income tax expense		10,579	11,452
Net financial costs		**26,608**	**26,535**
= Cash flow from operations after net cost of financial indebtedness and income tax		100	(340)
		282	4,735
Taxes paid		**26,990**	**30,930**
Change in working capital requirement linked to operations			
= Net cash flow from (for) operations			
CASH FLOW LINKED TO INVESTMENT TRANSACTIONS			
Acquisition of capital assets			
Intangible and tangible		(10,946)	(9,342)
Financial		-	-
Disposal of fixed assets		51,338	2,950
Disposal of capital assets		-	1,172
Change in loans and financial receivables agreed		-	-
=Net cash flow linked to investment transactions		**40,392**	**(5,220)**
CASH FLOW LINKED TO FINANCING TRANSACTIONS			
Dividends paid to parent company shareholders		(6,120)	(4,194)
Dividends paid to minority interests		-	-
Capital increase		-	49
(Purchase) / sale of treasury shares		(59)	110
Borrowings issued		127,718	44,832
Repayment of borrowings		(175,936)	(46,397)
Net financial interest paid		(11,767)	(11,854)
Change in other financial debt		-	-
= Net cash flow from financing activities		**(66,164)**	**(17,454)**
CASH FLOW		**1,218**	**8,256**
Cash flow at opening	9	16,362	9,189
Cash flow at closing	9	17,580	17,445
Cash flow variation		1,218	8,256

II - GROUP BUSINESS AND HIGHLIGHTS DURING THE FIRST HALF OF 2012

The macroeconomic situation dominated by ongoing uncertainties, provoked a sharp deterioration in the first half of 2012 compared with 2011, mainly because of the crisis in the Eurozone, consequent increasing sovereign debt concerns in a few countries, and electoral period and the continuing rise in unemployment.
Against this background, interest rates reached historically low levels and the commercial property market functioned relatively well; the office rental market was relatively resilient and the investment market rallied sharply principally due to a number of significant transactions by sovereign funds.

II - 1. Group real estate highlights

Despite the dominance of the macro-economy resulting in a certain neglect of listed real estate, the direct real estate market continued to perform positively, **a factor from which Société de la Tour Eiffel benefited as reflected in its encouraging operational results**. Business was still sustained for Société de la Tour Eiffel in the first half of 2012 with regard to the marketing of its modern assets that are adapted to tenant demand being characterised by moderate rents, high occupancy rates, solid cash flow and liquidity due to limited lot sizes.

II - 1. a) Investment policy

During the first half of 2012, Société de la Tour Eiffel focused its investment activities on the upgrading and expansion needs of its tenants, and continued the developments initiated in previous years. The 2,200 sq.m LEB building in the Parc du Moulin à Vent in Lyon-Vénissieux commenced early in 2011, was delivered in January 2012. The 5,000 sq.m, Eiffel O_2 office development project in Montrouge, also commenced in 2011, reached 37% completion on 30 June 2012.

II - 1. b) Valuation of the group's land reserves

Prospecting and studies were still being carried out during the first half of 2012 concerning the redevelopment of available land reserves.

<u>Redevelopment operations on the Massy Ampère site</u>

The Group continued to study the on-going redevelopment of land reserves it holds in Massy in conjunction with the local authority and designated development plan.

II - 1. c) Business parks

The Group continued to renovate and upgrade 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, Bordeaux and Nantes.

The LEB building in the Parc du Moulin à Vent in Venissieux secured on a fixed-term 9-year lease, has an energy efficiency of over 50%, higher than the 2005 norm, anticipating the required performance of the 2012 norm. It represents the first step in the on-going redevelopment of the Parc du Moulin à Vent, and contributes towards the business development of one of its long-standing tenants.

II- 1. d) Non-business park development

The Group continued to study the optimal uses for its land reserves (excluding business parks) and/or the redevelopment possibilities for its buildings taking into account user requirements, particularly at Massy Ampère.

II - 1. e) Property revaluation

41% of the Group's property assets, valued at €955 million in the consolidated accounts dated 30 June 2012 compared with €999 million at year-end 2011, **are either new or less than 10 years old, and 19% of them are HQE-certified**.

This net decrease in value is the combined result:

- on the upside, development expenditures on projects at 30 June 2012, plus capex in relation to the existing portfolio (€6.5 million);
- on the downside, disposals made in 2012 (€ 48.8 million) together with property value adjustments on a like-for-like basis (€ 1.7 million).

II - 1. f) Business activity

Commercial activity was strong during the first half of 2012 on the existing portfolio in terms of both lease renewals and in terms of attracting new tenants, representing approximately € 2.1 million in annual rental income for a total floor space of almost 18,000 sq.m.

As a result of this consolidation of the rental portfolio, the overall tenancy situation further improved at 30 June 2012, showing that over 55% of our total rental income is secured with fifteen major tenants, whose average lease term extends to the fourth quarter of 2016. The remaining rental income stems from multi-let properties (350 leases), with the benefit of a wide geographical distribution and competitive, moderate rents.

Given the satisfactory operational performance in the first half of 2012, the physical occupancy rate (the ratio between the lettable area of the portfolio and its total floor area) of properties in service stood at 89.7% at 30 June 2012, against 89.1% at year-end 2011. The financial occupancy rate (the ratio between effective rental income (annualised) and total potential rental income*) stood at 92.3% at 30 June 2012, excluding strategic vacancies (Herblay) against 91.1% at 31 December 2011).

** Total potential rental income: rental income received for occupied floor area and estimated market rent for vacant property*

II - 1. g) Disposal policy

In line with our disposal policy, the objective of which is to refocus our property portfolio on recent office buildings with affordable rents in the Paris region while strengthening our financial structure, Société de la Tour Eiffel made more than € 50 million of disposals during the first half of 2012.

The non-core assets sold were as follows:

- On 5 April 2012, a redevelopment complex comprising largely vacant office and light industrial space located in Bezons,

- On 12 April 2012, building A located in the Parc Cadéra Sud in Merignac sold to the occupier,

- On 11 June 2012, three nursing homes, located in La Crau, Cogolin and Bourg-en-Bresse, were sold for approximately € 40 million to a specialist health sector investor. A preliminary sales agreement concerning the Groups' remaining nursing home located in Lyon was signed on 21 June 2012,

- On 12 June 2012, two office buildings located in Nantes, in the Parc de la Rivière, were sold to a private property company.

The overall sale price for these assets amounted to € 51.3 million, which figure includes € 0.7 million overage payment relating to residential land sold from the Massy redevelopment in 2009. First half disposals were achieved slightly above their appraisal value as at 31 December 2011.

The € 17.6 million of properties designated for sale appearing in the consolidated accounts dated 30 June 2012 comprise a warehouse in Amiens, the obsolete office property at 12 avenue Paul Langevin in Herblay (Val d'Oise), the nursing home in Lyon, the "Shared Service Centre" building in the Campus Efficience complex (Calvados), as well as buildings E, F and J of the Parc des Tanneries in Strasbourg, all of which are currently committed for sale.

Following these events, the value of the portfolio of commitments at 30 June 2012 stood at €966 million, comprising investment property recorded in the consolidated accounts at 30 June 2012 (€938 million, including buildings under construction at their fair value according to their stage of completion), the further required development expenditure to completion (€10 million) and assets earmarked for disposal (€18 million).

II - 2. Highlights relating to the financing of the Company and Group

During the first half, the Group continued the debt restructuring which it initiated in 2008, pursuing its goal of extending, splitting and staggering its relatively short-termed credit lines.

<u>New financing:</u>

The major event in the first half of 2012 was the refinancing by a German bank for € 116.9 million of all of one of the Group's major credit lines, one year before maturity.

This new, depreciable, seven-year term mortgage loan was granted to eight subsidiaries on an attractive basis. The overall cost is lower than that of the preceding debt and its LTV ratio of 52% reflects the debt reduction target displayed by the group.
The subject properties consist of eight recent or renovated assets (five in the Paris region, the other three in Caen, Sochaux and Grenoble) representing a total floor area of 116,000 sq.m, fully-leased, primarily to companies in the CAC 40 and to a local authority.

In addition, Societe de la Tour Eiffel prepaid the corporate line of credit granted in March 2010 and expiring on 30 September 2012. This refinancing was made possible by:

- Firstly, the establishment of a mortgage loan of €8 million divided into two parts, one of € 5.2 million depreciable over 15 years, the other of € 2,800,000 repayable over 10 years,
- and secondly, by an equity contribution of € 3.4 million.

After taking into account hedging arrangements, the overall cost of the new mortgage debt is less than previously.

Rate hedging arrangements:

New hedging instruments (eight SWAP contracts and one CAP) were signed on 26 June 2012 as part of the aforementioned refinancing agreement with a German bank, thereby helping to reduce the overall cost of this new debt to a lower level than the previous one (for a total notional amount of € 116.9 million).

Furthermore, during the first half of 2012, two new SWAP contracts were signed (€ 21.3m), including one allocated to the new long-term mortgage loan, the other to financing the Montrouge construction. Finally, a rider to one of the swap contracts was signed, extending it until 2017.

II - 3. Other highlights

II - 3. 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).

Consequently, all the stock option plans exercisable at 30 June 2012 now represent 55,125 options, i.e. 0.93% of capital (1% at 31 December 2011).

II - 3. b) Distribution

The General Meeting of 24 May 2012 moved to distribute a final dividend of 2.1 euros per share re 2011, shareholders having the choice between payment in cash or in shares.

II - 3. c) Capital increase

Shareholders' equity increased by €917,080 on 21 June 2011 (183,416 shares at €5), thus going from €28,681,360 divided into 5,736,272 €5 shares, to €29,598,440 divided into 5,919,688 €5 shares. The capital increase was due to a number of shareholders exercising the option to receive the 2011 final dividend in shares, their distribution being decided by the Ordinary General Meeting of 24 May 2012.

II- 3. d) Share buyback programme - liquidity contract

The Board of Directors, by reason of the authority granted it by the General 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 General Meeting for a maximum term of eighteen months counting from the date of the General Meeting. The purpose is to:

- stimulate the share market through a liquidity agreement with a financial establishment;

- cancel all or part of the shares purchased in accordance with Article L. 225-209 of the Commercial Code and subject to the authorization to reduce the shareholders' equity granted by the General Assembly,

- have shares on hand which it may issue to its corporate officers and employees as well as to the corporate officers and employees of companies with ties to Société de la Tour Eiffel, under the terms and conditions allowed for by law, especially as regards stock option plans, the free attribution of existing shares, and corporate savings plans (plan d'épargne d'entreprise);

- to keep and subsequently remit shares as consideration or in exchange as part of acquisitions, mergers, demergers or contributions within the limit of 5% of the capital,

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

The maximum purchase price is set at €85 per share. The number of shares for which buyback is authorised is limited to 10% of the company’s capital. This authorisation may not be used during a period of takeover bid or exchange.

At 30 June 2012, Société de la Tour Eiffel held 92,594 treasury shares acquired through the share buyback programme and 685 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 first half of 2012.

II - 3. e) Governance

Mr. Frédéric Maman, Investment and Asset Management Director of Tour Eiffel Asset Management, was appointed a board member by the Ordinary General Meeting of 24 May 2012.

II - 3. f) Internal reorganisation

SCI Paris Charonne, which no longer held any assets, was dissolved without liquidation during the first half of 2012.

II - 3. g) Other highlights

The Société de la Tour Eiffel Foundation: on 6 January 2012, Société de la Tour Eiffel decided to extend the Société de la Tour Eiffel Foundation for five years.

Tax audits: The tax audit of Société de la Tour Eiffel, which began in 2011, continued during the first half of 2012. Another tax audit on Locafimo was initiated.

III - ECONOMIC AND FINANCIAL RESULTS

III - 1. Accounting Standards – Scope of Consolidation

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union and applicable on 30 June 2012.

The accounting methods and rules applied are the same as those implemented to produce the annual financial statements closed on 31 December 2011.

At 30 June 2012, the scope of consolidation included 23 companies, using the method of global consolidation, compared with 24 as at end December 2011, following the absorption of SCI Paris Charonne on 30 June 2012.

III - 2. Consolidated Balance Sheet and Income Statement

III - 2. a) Consolidated income statement

Consolidated turnover (comprising rental and service charge income from investment properties) rose slightly between H1 2011 and H1 2012, from €41 million to €41.4 million, of which rents alone accounted for €34.7 million and €35 million respectively.

This net increase of € 0.3 million in rental income is mainly due to the positive indexing (+ € 1 million) of net relettings (+ € 0.1 million), offset by the disposals of property recorded in 2012 (- € 0.8 million in rent).

Other rental income, namely property charges invoiced to tenants, remained stable between the first halves of 2011 and 2012 (€ 6.3m).

Operating expenses, which amounted to €14.8 million at end June 2012 against €13.9 million at end June 2011, slightly increased during the period (+6.5%). They mainly consist of the following:

- net rental charges (€4.1 million against €4.5 million at end June 2011);
- property taxes (€4.9 million against €4.7 million at end June 2011);
- staff expenses (€ 2.2 million against € 1.9 million at end June 2011), including € 135 K in 2012 of IFRS costs associated with the bonus share attributions;
- overheads and operating costs of the Société de la Tour Eiffel Group (€ 3.6 million at end June 2012 against € 2.7 million at end June 2011).

The net value adjustment balance (- € 1.7 million) corresponds to the change in fair value of property assets in the first half of 2012, after taking into account the costs of upgrading work ("Capex") undertaken during the first half (€ 2.8 million).

After inclusion of a net capital gain on the sale of assets and of other revenues and operating expenses, operating income on ordinary activities stood at €27.2 million at 30 June 2012 compared with €27 million at 30 June 2011.

The change in financial income during this period, from €-6.3 million to €-10.9 million was mainly due to:

- the significant decrease in other financial income and expenses (€ -0.3 million at end June 2012 against € 5.1 million at end June 2011), resulting from the reduction in value of hedging instruments in a context of low interest rates but also by the renewal of the hedging instruments which matured in 2011 and in the first half of 2012, replaced by instruments with more favourable characteristics.
- the 7.8% reduction in the gross cost of financial indebtedness (down from € 11.5 million to €10.6 million), mainly due to lower loans outstanding, and to the decrease in interest rates;

Given these factors, the Group's consolidated net profit (group share) came to €16.3 million at 30 June 2012 as against €20.6 million on 30 June 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, as well as non-operating and/or non-recurring income and expenses.

In €m	30/06/2012 Recurring business	30/06/2012 Fair value and disposals	30/06/2012 Net profit (loss)	30/06/2011 Recurring business	30/06/2011 Fair value and disposals	30/06/2011 Net profit (loss)
Gross rental income	35.0		35.0	34.7		34.7
Property operating expenses	-5.5	-0.6 (*)	-6.1	-5.4		-5.4
Net rental income	**29.5**	**-0.6**	**28.9**	**29.3**	**0.0**	**29.3**
Operating expenses	-2.2	-0.1	-2.3	-2.1		-2.1
Operating income on ordinary activities	**27.3**	**-0.7**	**26.6**	**27.2**	**0.0**	**27.2**
Income from disposals		2.5	2,5			0,0
Change in fair value of buildings		-1.7	-1,7		0,2	0,2
Other operating income and expenses		-0.2	-0,2		-0.4	-0,4
Operating profit	**27.3**	**-0.1**	**27.2**	**27.2**	**-0.2**	**27.0**
Net cost of indebtedness	-10.6		-10.6	-11.5		-11.5
Other financial income and expense		-0.3	-0,3		5,1	5,1
Net financial profit (loss)	**-10.6**	**-0.3**	**-10.9**	**-11.5**	**5.1**	**-6.4**
Net pre-tax earnings	**16.7**	**-0.4**	**16.3**	**15.7**	**4.9**	**20.6**
Tax	0.0		0.0			0.0
Net profit (loss)	**16.7**	**-0.4**	**16.3**	**15.7**	**4.9**	**20.6**
Minority interests	0.0		0,0	0.0		0,0
Net profit (loss) (Group share)	**16.7**	**-0.4**	**16.3**	**15.7**	**4.9**	**20.6**

(*) Fees paid on sales of properties

After adjusting the valuation of assets and liabilities, the divestment of assets and the non-recurring elements of the result, operating results from regular activity stood at €27.3 million at 30 June 2012 and net profit at €16.7 million, compared with €27.2 million and €15.7 million respectively at 30 June 2011, for the reasons indicated.

III - 2. b) Consolidated Balance Sheet

The total balance sheet of Société de la Tour Eiffel at 30 June 2012 amounted to €1,006.3 million versus €1,043.3 million at 31 December 2011.

The main changes are summarised below:

- **Assets:**

  - The net decrease of € 43.9 million in investment properties and assets for disposal (down (from €999.2 million to € 955.3 million) is mainly due to:
    - ✓ sales for € 48.8 million (including three nursing homes, two buildings in Nantes and the development complex in Bezons, etc.)
    - ✓ € 1.7 million in negative change in fair value of investment properties partially offset by:
    - ✓ € 2.8 million of construction work on the existing assets and € 3.7m of expenditure on the Montrouge development.

  - the €1.2m net increase in cash flow.

- **Liabilities:**

  - The improvement in equity of € 10.3 million mainly due to:
    - ✓ the increase in consolidated reserves of € 17.5 million (appropriation of consolidated net income for 2011);
    - ✓ the capital increase of 21 June 2012 as a result of a partial distribution of the remainder of the 2011 dividend in shares;
    - ✓ the increase in share premium due to the issue premium (€ 4.8 million).

  - The reduction in net bank borrowing (€ -48 million) related in particular to disposals;

  - The increase of € 1.8 million in other operating liabilities is mainly due to:
    - ✓ the increase in tax and social liabilities (€ 12.3 million at end June 2012 against € 8.2 million at end-December 2011) mainly due to the VAT to be repaid;
    - ✓ the decrease in trade payables and other payables (€ 28.4 million at 30 June 2012 against € 30.6 million at 31 December 2011), mainly because of the decrease in costs remaining to be committed on buildings under construction.

III - 2. c) Cash flow statement

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

- Cash flow from operations: the overall decrease from € 30.9 million, end June 2011 to € 27 million, end June 2012 was mainly due to the decrease in the change in working capital requirement related to the activity (- € 4.5 million);

- Cash flow linked to investment transactions: the change between June 2011 and June 2012 (+ € 45.6 million), from € -5.2 million to €40.4 million is mainly due to the increase in disposals of property (€48.4 million) as part of the refocusing policy initiated by the company;

- Cash flow linked to financing transactions: this cash flow stood at -€66.2m at 30 June 2012 against -€17.5m at 30 June 2011, mainly due to the increase in loan reimbursements in 2012 (€46m of additional reimbursements) and the increase in dividends paid out in cash to the shareholders (from €4.2m to €6.1m at end June 2011).

The Group's net cash position thus went from €16.4m at 1 January 2012 to €17.6m at 30 June, an increase of €1.2m over the first half of the 2012 financial year.

III - 2. d) Current cash flow

In €m	30/06/2012	30/06/2011	Variation
Gross rental income	35.0	34.7	+0.9%
Property operating expenses	5.5	5.4	+1.9%
Overheads	2.2	2.1	-4.8%
Net financial interest paid	10.6	11.2	-5.5%
Current cash flow	**16.7**	**16.0**	**+4.5%**

Per share in €

Cash flow from current operations after dilution(*)	**2.8**	**2.8**	**0%**
Cash flow from current operations before dilution (*)	**2.9**		**+4.5%**

(*) Dilution of 3.3% arising from the payment in shares of the dividend (number of shares at 30/06/2011: 5,731,977, number of shares at 30/06/2012: 5,919,688)

Current cash flow amounted to € 16.7 million at end June 2012 against € 16 million at end June 2011, an increase of 4.4% mainly due to the increase in gross rental income, the decrease in net financial interest paid, partially offset by higher property operating expenses and overheads.

III - 3. Events occurring after 30 June 2012

Building F in the Parc des Tanneries in Strasbourg was sold on 12 July 2012.

III - 4. Outlook

The identified and secured rental income of Société de la Tour Eiffel, for the property assets held at 30 June 2012, will be at least €70 million in 2012.

Société de la Tour Eiffel will strive to continue to sustain and secure its existing rental income in order to maintain and optimise cash flow.

With a constantly evolving portfolio of quality properties, Société de la Tour Eiffel has solid assets with which to accelerate its growth in the coming quarters and benefit from the upturn in the property market, at the dawn of a new economic and property cycle.

In particular, the company plans to pursue its strategy of committing to developments of labelled office buildings while simultaneously acquiring cash flow operations to ensure the dividend, pending the completion and letting of the new builds. In the same vein, it could develop the Massy Ampère site on a built-to-suit basis. Further organic growth may be identified through the development of existing land reserves in the business parks, for example by assisting key tenants meet their evolving property occupational requirements.

This perspective depends on the recent improvement in financing for property acquisitions and refinancing conditions for the existing portfolio.

In the second half the company will complete the disposals initiated in 2011 and in the first half of 2012; where appropriate, other assets will be put on the market, since asset rotation remains a discipline likely to maintain significant returns and optimise portfolio quality.

In terms of financing, the Company will finalise its debt restructuring, in particular by pursuing and completing the early refinancing of its final outstanding debt maturity of 2013. It will also examine potential sources of diversification of its financial resources and / or to strengthen its equity.

III - 5. Main risks and uncertainties

The main risks and uncertainties as assessed by the company are described in section 4.3 of the management report included in part 2 of the 2011 registration document submitted to the Autorité des Marchés Financiers (AMF) on 25 April 2012 under the reference D 12-0410.

The company does not anticipate any significant changes in these risk levels in the next six months of the year.

III - 6. Transactions between related parties

This information is given in Note 27 of the appendix to the half-yearly consolidated financial statements.

IV - VALUATION OF PROPERTY ASSETS AND NET ASSET VALUE

IV - 1. Group property assets

All the property assets of the Société de la Tour Eiffel Group were appraised at 30 June 2012 by one of the following independent valuers: BNP Paribas Real Estate Valuation, Savills, Cushman & Wakefield Expertise and Crédit Foncier Expertise.

During the first half, the Group rotated valuers for six of its property assets. Attributions between firms are determined by the geographical location and nature of the properties appraised.

The Group's property assets stand at €955.3m, excluding transfer duties and expenses, of which €937.7m represent investment properties and €17.6m represent assets for disposal.

In compliance with the recommendations of the Autorité des Marchés Financiers (France's Financial Markets Regulator), these appraisals are undertaken annually in a uniform manner based on net selling prices, i.e. excluding transfer costs.

Changes in assets at 30 June 2012

	30/06/2012		31/12/2011		Change	
	In €m	In %	In €m	In %	In €m	In %
Offices	506.5	53.0%	507.0	53.1%	-0.5	-0.1%
Parcs Eiffel	301.4	31.6%	301.4	31.6%	0.0	0.0%
Warehouses	100.9	10.6%	99.8	10.5%	1.0	1.0%
Light industrial space	40.4	4.2%	42.9	4.5%	-2.5	-5.8%
Nursing homes	6.1	0.6%	44.4	4.7%	-38.3	-86.3%
Total	955.3	100.0%	995.5	100.0%	-40.3	-4.0%

Effective rates of return at 30 June 2012

	30/06/2012	31/12/2011	Change
Offices	7.4%	7.2%	+ 20 bps
Parcs Eiffel	8.4%	8.2%	+ 20bps
Warehouses	9.3%	9%	+ 30 bps
Light industrial space	8.4%	9%	- 60 bps
Nursing homes (*)	9.5%	6.7%	+ 280 bps
Total average rate of return	**8.0%**	**7.8%**	**+ 20 bps**

(*) As at 30/06/2012 only concerns the nursing home in Lyon committed for disposal

Methodology retained by the experts

The general principle of valuation retained by the valuers is based on the application of two methods: the capitalisation method, cross-checked with the comparison method. The value is estimated by the valuers on the basis of the values resulting from a combination of the two methodologies.

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

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

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

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

(*) For buildings subject to rental vacancy, net income is increased by the market rental value of vacant properties.

For space which is vacant at the time of the valuation, the estimated rental value is capitalised at a market rate of return plus an allowance for risk, and then the loss of rent for the anticipated marketing period deducted. Vacant premises are valued on a weighted basis by the experts using market rental values, after deducting the carrying costs related to the 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 30 June 2012, the rates of return chosen by the property experts range from 6% to 10% and are determined by the valuers according to the risk posed by a particular asset class and comprise the impact of vacant premises.

For assets with residual land, the experts give a specific breakdown in value. For assets with no residual land, the total value of the appraisals reflects the value of the property.

IV - 2. Net Asset Value

Net asset value in accordance with EPRA recommendations

- EPRA Triple Net Asset Value

EPRA Triple Net Asset Value corresponds to the consolidated shareholders' equity at 30 June 2012, plus the unrealised gains on goodwill corresponding to the value of SNC Tour Eiffel Asset Management (formerly Awon Asset Management).

The EPRA triple net NAV stood at € 68.9 per share at 30 June 2012, against € 69.2 at 31 December 2011, a decrease of 0.4%. Excluding the dilution effect, the NAV stands at € 71 per share at 30 June 2012, an increase of 2.6% compared with 31 December 2011.

- EPRA Net Asset Value

The EPRA NAV in turn corresponds to the Group's consolidated equity at 30 June 2012:

- o plus the unrealised gains on goodwill corresponding to the value of SNC Tour Eiffel Asset Management (formerly Awon Asset Management);
- o excluding the fair value of the financial instruments;
- o excluding assets and deferred tax liabilities

The EPRA Net Asset Value stood at € 70.9 per share at 30 June 2012, against € 71.2 at 31 December 2011, a decrease of 0.4%.

The decline of these "NAV" is mainly due to the dilution effect caused by the partial distribution of the remainder of the 2011 dividend in shares.

Calculation of EPRA Triple Net Asset Value based on taxes from consolidated shareholders' equity

Euros, in millions		30/06/2012		31/12/2011	VAR %
Shareholders' equity (group share)		397,5		387,2	2,7%
Unrealised gains on goodwill		5.6		5.6	
Restatement of the fair value of financial instruments;		12.1		11.8	
assets	-	*0.1*	-	*0.3*	
liabilities		*12.2*		*12.1*	
Restatement Deferred taxes	-	0.3	-	0.3	
EPRA NAV		414.9		404.3	2.6%
Restatement of the fair value of financial instruments;	-	12.1	-	11.8	
Restatement Deferred taxes		0.3		0.3	
EPRA NNNAV		403.1		392.8	2.6%
Number of shares at end of period (net of treasury shares)		*5,826,409*		*5,642,622*	*3.3%*
Number of diluted shares at end of period		*5,850,696*		*5,678,114*	*3.0%*
Per share (€) (*)					
EPRA NAV per share after dilution		**70.9**		**71.2**	**-0.4%**
EPRA NAV per share before dilution		**73.1**			**2.7%**
EPRA Triple Net NAV per share after dilution		**68.9**		**69.2**	**-0.4%**
EPRA Triple Net NAV per share after dilution		**71.0**			**2.6%**

(*) Dilution further to the capital increase as a result of the distribution of the remainder of the 2011 dividend (creation of 183,416 new shares)

Change in EPRA Triple Net NAV from 31/12/2011 to 30/06/2012

	In €m	**Per share in €**
EPRA Triple Net NAV as at 31/12/2011	**392.8**	**69.2**
Impact of the change in numbers of shares		-2.1
Recurring net income	16.7	2.9
2011 distribution	-6.1	-1.1
Capital gains & losses from disposals	2.6	0.5
Valuation of property assets	-1.7	-0.3
Valuation of hedging instruments	-0.3	-0.1
Other	-0.9	-0.1
EPRA Triple Net NAV as at 30/06/2012	**403.1**	**68.9**

V - FINANCIAL RESOURCES

The financial markets remained constrained and particularly sensitive to macroeconomic tremors, both in terms of liquidity, security margins and interest rate volatility.

V - 1. Liquidity

During the first half of 2012, the Group continued to restructure its debt and adjust its outstanding loans by:

- refinancing all of one of the Group's major credit lines with a German bank for € 116.9 million, one year before maturity;
- repaying in advance the corporate credit line set up in March 2010 and maturing on 30 September 2012. This refinancing was enabled by:
  - ✓ on the one hand, setting up a mortgage of € 8 million divided into two tranches, one for € 5.2 million depreciable over 15 years, the other for € 2,800,000 redeemable "in fine" over 10 years
  - ✓ and secondly, by an equity contribution of € 3.4 million.

At 30 June 2012, €544.8m had been drawn down from these credit lines. The Group also has at its disposal €12.3m in undrawn facilities, corresponding to the loan of €18.8m taken out on 30 June 2011 to finance the Montrouge development project.

V - 2. Debt structure at 30 June 2012

Overall gross debt as at 30 June 2012 stood at €544.8m, as against €591.6m at 31 December 2011.

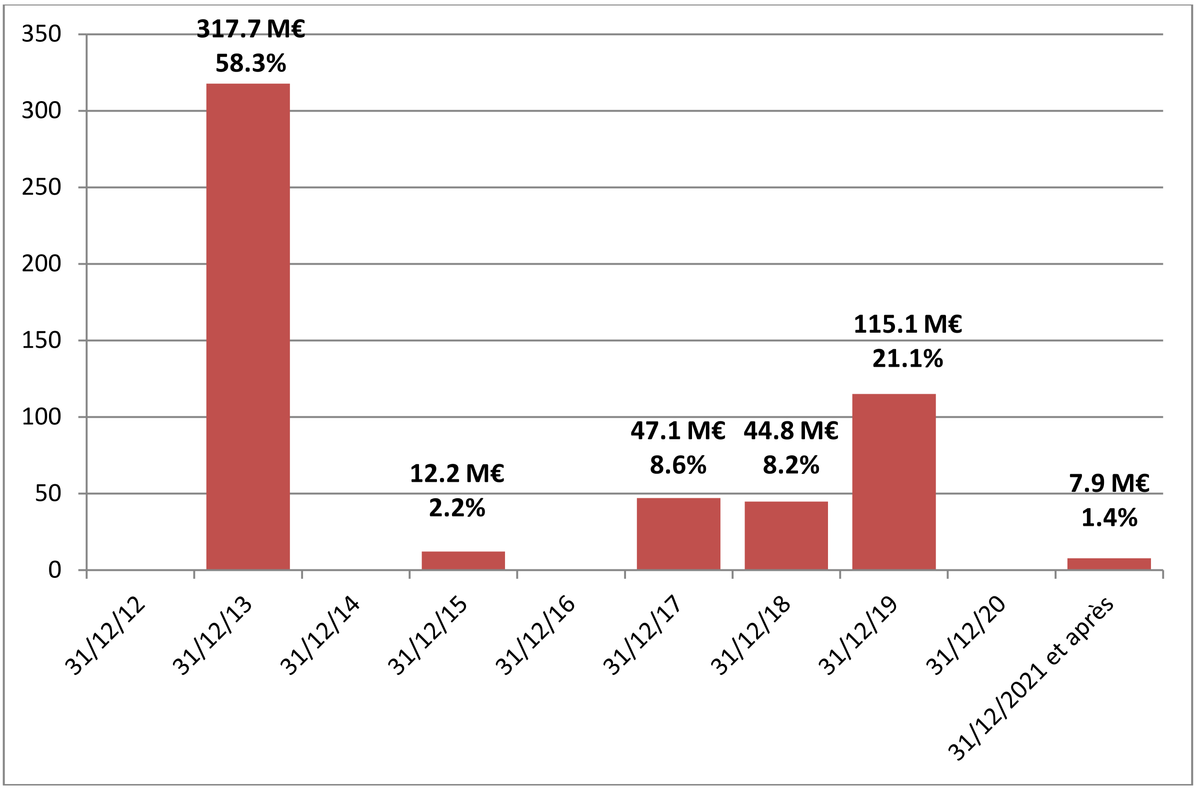
Net debt recorded on the balance sheet, obtained by deducting from the overall debt all invested cash reserves including those of the Group's subsidiaries, and financial investments in the form of cash pledges, amounted to €527.2m at the end of H1 2012 versus €575.3m at year-end 2011.

In €m	**30/06/2012**	**31/12/2011**
Gross financing debt	544.8	591.6
Invested cash reserves	- 6.6	- 8.9
Cash and cash equivalents	- 11.0	- 7.4
Financial investments (pledged cash)	0.0	- 0.0
Net debt on balance sheet	**527.2**	**575.3**

Thus, the LTV ratio at 30 June 2011 represents 55.2% of property assets, valued at €955.3m, against 59% at 30 June 2011.

V - 3. Debt by maturity date

The € 544.8m bank financing drawn by Société de la Tour Eiffel at 30 June 2012 is illustrated, per maturity date, in the chart below:



Further to the first half's refinancing, the average life of the Group's debt as at 30 June 2012 stood at 3.2 years, compared with 2.2 years at year-end 2011.

V - 4. Average cost of debt

The average cost for Group refinancing was 3.2% during H1 2011, to be compared with 3.5% at year-end 2011 and 3.6% during the first half of 2011.

V - 5. 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 changes in interest rates 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 has recourse to derivative products (caps, swaps and collaors) 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 placed, 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 taking into account the current rates and refinancing, the Group signed or restructured several hedging contracts during the last half, for a notional amount of €177.8m. Their characteristics are summarised in the following table:

Type of contract	Company	Notional (in millions of euros)	Starting date	Expiration 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%
	TOTAL	**177.8**			

(*) 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

V - 6. Evaluation of interest rate risk

At 30 June 2012, bank financial debt amounted to €544.8m at variable rates. It is hedged for a total of €539.8m, or a hedging ratio of 99.1%.
The debt hedged by fixed-rate swaps totalled €277.8m, or 51,5%. On the other hand, debt hedged by caps totalled €262.1m, or 48,5% of the hedged debt.

On the basis of the outstanding debt as at 30 June 2012, a 100 basis-point rise in the Euribor 3-month interest rates in 2012 would have a negative impact (on an annual basis) on recurring net income and current cash flow, estimated at €2.3 million. Conversely, a 100 basis-point drop in interest rates would reduce the finance cost by an estimated €1.5m, resulting in an equivalent positive impact on the recurring net income and current cash flow for 2012.

V - 7. Financial structure ratios

Indebtedness ratios		**30/06/2012**	**2011**	**2010**
Consolidated equity (€m)	397,5	387.2	373.4	
Net financial debt (€m)	527.2	575.2	617.4	
Net financial debt / Consolidated equity		133 %	149 %	165 %
Net banking debt / Total property assets (Loan to Value)		55.2 %	57.6 %	60.4 %
Financing ratios		**30/06/2012**	**2011**	**2010**
Average cost of debt		3.2 %	3.5 %	3.5 %
Fixed or capped rate borrowings		99 %	93 %	99 %
Debt by maturity date		3.2 years	2.2 years	2.6 years
Hedging of financing costs by GOP(*)		2.5	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 30 June 2012 per bank.

The table compares the last ratios, LTV and ICR, communicated to the banks during the half year to those the Group pledged to respect for the main financing contracts in question.

Banking financing and main covenants at 30/06/2012

	30/06/2012	Bank covenants		Last published ratios			
	Consolidated financial debt in €m	**Maximum LTV**	**Minimum ICR**	**LTV**	**ICR**	**Maturity date**	**Building financed**
Société Générale / BECM	42.2	65%	145%	46.8%	189%	15/04/2018	"La Poste" portfolio
Société Générale (50%) - Crédit Foncier (50%)	47.1	65%	110%	47.3%	140%	28/03/2017	Massy Ampère & Montpellier
Société Générale	12.2	NA	110%	NA	178%	14/01/2015	Amiens & St Cloud
PBB (formerly HRE)	317.7	72.5%	140%	65.1%	417%	30/06/2013	Locafimo
German bank	8.9	72%	176%	NA (*)	NA (*)	26/06/2019	Berges de l'Ourcq
	21.1	53%	192%	NA (*)	NA (*)	26/06/2019	Comète-Plessis
	20.3	63%	159%	NA (*)	NA (*)	26/06/2019	Champigny Carnot
	12.5	58%	178%	NA (*)	NA (*)	26/06/2019	Jean Jaurès
	16.0	52%	233%	NA (*)	NA (*)	26/06/2019	Caen Colombelles
	10.8	70%	148%	NA (*)	NA (*)	26/06/2019	Etupes de l'Allan
	6.0	60%	159%	NA (*)	NA (*)	26/06/2019	Grenoble Polytech
	19.6	56%	150%	NA (*)	NA (*)	26/06/2019	Rueil National
Crédit Agricole IdF	7.9	70%	115%	NA (*)	NA (*)	29/06/2022-29/06/2027	Vélizy Energy II
Crédit Foncier	2.6	65%	110%	NA (*)	NA (*)	30/06/2018	Montrouge Arnoux
Total	**544.8**						

(*) Not Applicable – new funding – no ratio published as at 30 June 2012

The level of ratios under loan covenants at 30 June 2012 complies with all of the Group's commitments contained in its financing agreements.

V - 8. Risks on treasury shares

As part of the share buyback programme authorised by the General Shareholders' Meeting of 18 May 2011, 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 30 June 2012, or 93,279 shares, the sensitivity of results to a 10% decrease or increase of the Société de la Tour Eiffel share price is estimated to be €0.37m.

VI - DISTRIBUTION OF THE 2012 INTERIM DIVIDEND

Given a distributable income at 30 June 2012 of € 14.8 million, or € 3.64 per share, the Board will meet in early September 2012 to decide the payment of an interim dividend for the year payable in cash or in shares as chosen by the shareholder, in accordance with the authorisation given to the Board by the Annual General Meeting on 24 May 2012 in its third resolution.

CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONTENTS

BALANCE SHEET – ASSETS

Euros, in thousands	**Notes**	**30 June 2012** **Net**	**31 December 2011** **Net**
NON CURRENT ASSETS			
Tangible fixed assets	1	375	410
Investment property	2	937,638	990,296
Goodwill on acquisitions	3	-	-
Intangible fixed assets	4	27	19
Financial assets	5	422	466
Deferred tax debit	14	322	322
Total non-current assets (I)		**938,784**	**991,513**
CURRENT ASSETS			
Trade and related receivables	7	21,220	18,686
Other receivables and accrual accounts	8	10,926	7,559
Other current assets	5	116	240
Cash and cash equivalents	9	17,581	16,363
Total current assets (II)		**49,843**	**42,848**
Assets for disposal (III)	6	17,627	8,916
TOTAL ASSETS (I + II + III)		**1,006,254**	**1,043,277**

BALANCE SHEET – LIABILITIES

Euros, in thousands	**Notes**	**30 June 2012**	**31 December 2011**
SHAREHOLDER'S EQUITY (Group share)			
Share capital	10	29,598	28,681
Premiums linked to capital	10	46,760	41,947
Legal reserve		2,868	2,796
Consolidated reserves		301,941	284,437
Consolidated income for the financial year		16,331	29,350
SHAREHOLDERS' EQUITY (Group share) (A)		**397,498**	**387,211**
Minority interests (B)		**-**	**-**
SHAREHOLDERS' EQUITY (I) = (A + B)		**397,498**	**387,211**
NON-CURRENT LIABILITIES			
Long-term borrowings	11	218,698	572,131
Other financial liabilities	11	19,646	21,594
Long-term provisions	12	358	294
Tax liabilities	13	-	-
Deferred tax credit	14	-	-
Other long-term liabilities	15	370	290
Total non-current liabilities (II)		**239,072**	**594,309**
CURRENT LIABILITIES			
Borrowings and financial debt (less than one year)	11	327,439	22,018
Other financial liabilities	11	1,545	864
Accruals (less than one year)	12	-	-
Tax and social security liabilities	13	12,336	8,245
Trade accounts payable and other debts	15	28,364	30,630
Total current liabilities (III)		**369,684**	**61,757**
TOTAL LIABILITIES (I + II + III)		**1,006,254**	**1,043,277**

STATEMENT OF COMPREHENSIVE INCOME

Euros, in thousands	**Notes**	**30 June 2012**	**30 June 2011**
Turnover	16	41,352	41,030
Consumed purchases	17	(17)	(82)
Staff expenses	18	(2,158)	(1,899)
External expenses	18	(7,738)	(7,237)
Taxes and duties	18	(4,868)	(4,663)
Net allowances for depreciation	19	(46)	(408)
Net allowances for provisions	19	(88)	-
Net value adjustment balance	20	(1,717)	158
Other operating revenues	21	51,538	3,016
Other operating expenses	21	(49,029)	(2,994)
Operating profit		**27,229**	**26,921**
Income from cash and cash equivalents		58	49
Gross cost of financial indebtedness		(10,637)	(11,501)
Net financial costs	22	**(10,579)**	**(11,452)**
Other financial income and expense	23	(310)	5,106
Corporate income tax	24	(9)	(1)
NET PROFIT (LOSS)		**16,331**	**20,574**
Minority interests		-	-
NET PROFIT (LOSS) (GROUP SHARE)		**16,331**	**20,574**
Profit per share	25	2.89	3.74
Diluted profit per share	25	2.87	3.73

Net profit (loss)		**16,331**	**20,574**
Gains and losses recorded directly in shareholder's equity		-	-
Comprehensive income		**16,331**	**20,574**
Including: - group share		16,331	20,574
- minority interests share		-	-

CASH FLOW STATEMENT

Euros, in thousands		**30 June 2012**	**30 June 2011**
CASH FLOW FROM OPERATIONS			
Consolidated net profit		**16,331**	**20,574**
Restatement:			
Net financial allowances for depreciation and provisions		110	408
Net balance from value adjustments of investment properties		1,717	(158)
Profits/losses on value adjustments on the other assets and liabilities		433	(5,712)
Gains or losses on asset disposals		(2,571)	(30)
= Cash flow from operations after net cost of financial indebtedness and income tax		**16,020**	**15,082**
Income tax expense		9	1
Net financial costs		10,579	11,452
= Cash flow from operations before net cost of financial indebtedness and income tax		**26,608**	**26,535**
Taxes paid		100	(340)
Change in working capital requirement linked to operations		282	4,735
= Net cash flow from (for) operations		**26,990**	**30,930**
CASH FLOW LINKED TO INVESTMENT TRANSACTIONS			
Acquisition of capital assets			
Intangible and tangible		(10,946)	(9,342)
Financial		-	-
Disposal of fixed assets		51,338	2,950
Change in loans and financial receivables agreed		-	1,172
Impact of changes in the consolidation scope		-	-
=Net cash flow linked to investment transactions		**40,392**	**(5,220)**
CASH FLOW LINKED TO FINANCING TRANSACTIONS			
Dividends paid to parent company shareholders		(6,120)	(4,194)
Dividends paid to minority interests		-	-
Capital increase		-	49
(Purchase) / sale of treasury shares		(59)	110
Borrowings issued		127,718	44,832
Repayment of borrowings		(175,936)	(46,397)
Net financial interest paid		(11,767)	(11,854)
Change in other financial debt		-	-
= Net cash flow from financing activities		**(66,164)**	**(17,454)**
CASH FLOW		**1,218**	**8,256**
Cash flow at opening	9	16,362	9,189
Cash flow at closing	9	17,580	17,445
Cash flow variation		1,218	8,256

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Euros, in thousands	**Share capital**	**Premiums**	**Legal reserve**	**Consolidated reserves**	**Year-end net profit(loss)**	**Total Group share**	**Minority interests**	**Total Shareholders' equity**
Balance at 31.12.2010	**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	-	-	-	(11,850)	-	**(11,850)**	-	**(11,850)**
Capital increase (Note 10)	917	4,813	-	-	-	**5,730**	-	**5,730**
Cost of capital increase	-	-	-	-	-	**-**	-	**-**
Profit/loss for current year	-	-	-	-	16,331	**16,331**	-	**16,331**
Share subscription warrants	-	-	-	-	-	**-**	-	**-**
Stock option plans	-	-	-	135	-	**135**	-	**135**
Other movements	-	-	-	-	-	**-**	-	**-**
Share buy-back	-	-	-	(59)	-	**(59)**	-	**(59)**
Balance at 30.06.2012	**29,598**	**46,760**	**2,868**	**301,941**	**16,331**	**397,498**	**-**	**397,498**

APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Société de la Tour Eiffel and its subsidiaries specialise in the holding and management of commerci al 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 as at 30 June 2012 were adopted by the Board of Directors on 25 July 2012. They are presented in thousands of euros unless otherwise indicated.

The interim consolidated financial statements at 30 June 2012 are prepared in accordance with IAS 34 - Interim Financial Reporting. As condensed financial statements, they do not include all the information and notes required for the establishment of annual financial statements.

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.

2.1 Basis for preparation of the financial statements

The consolidated financial statements of Société de la Tour Eiffel group have been prepared in accord ance 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 and interpretations came into effect 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 new amendments have no effect on the consolidated financial statements of Société de la Tour Eiffel.

The following new standards, amendments, and interpretations have been made public but were not applicable at 30 June 2012 and were not adopted in advance.

- IFRS 9 * "Financial Instruments" applicable from 1 January 2015 and not yet adopted by the European Union;

- Amendment to IAS 27 * "Financial Statements" applicable from 1 January 2013; EFRAG has proposed that the date of application be extended to 1 January 2014;

- Amendment to IAS 28* “Investments in associates and joint ventures”. IAS 28 has been modified to comply with the amendments made 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 effect is 1 January 2013; EFRAG has proposed that the date of application be extended to 1 January 2014;

- IFRS 10* "Consolidated Financial Statements". The mandatory date of entry into effect of IFRS 10 has been set by the IASB for 1 January 2013; EFRAG has proposed that the date of application be extended to 1 January 2014;

- IFRS 11* "Joint Arrangements" voids and replaces IAS 31 "Interests in Joint Ventures" and SIC - 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". The date of entry into effect has been set at 1 January 2013; EFRAG has proposed that the date of application be extended to 1 January 2014.

- IFRS 12* "Disclosure of Interests in Other Entities". The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the basis for audits, any restrictions on the consolidated assets and liabilities, exposure to risks associated with interests in other non-consolidated structured entities, and the stake of minority interests in the activities of consolidated entities. The date of entry into effect of IFRS 12 is 1 January 2013; EFRAG has proposed that the date of application be extended to 1 January 2014;

- IFRS 13* "Fair Value Measurement". The effective date set by the IASB concerns the annual financial periods starting on 1 January 2013 or after. It has not yet been adopted by the European Union.

- Amendments to IFRS 1* "Severe hyperinflation and elimination of firm implementation dates for early adopters" applicable from 1 July 2011;

- Amendments to IAS 1 "Presentation of other comprehensive income items" applicable to financial periods beginning 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 measures introduce the presumption that the asset is entirely recovered by sale, unless the entity can prove that the recovery will happen otherwise. These amendments are applicable to fiscal years beginning on or after 1 January 2012.

- Amendments to IAS 19 "Defined benefit plans" applicable on or after 1 January 2013. This standard was adopted by the European Union on 5 June 2012;

- IFRIC 20 * "stripping costs incurred during the production phase of an open pit mine" applicable on or after 1 January 2013.

* Standards not yet adopted by the European Union

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).

2.3 Business combinations and asset acquisitions

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. § 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 we expect to benefit from the business combination, in order to carry out impairment tests. Amortisation 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 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 on later adjustments to fair value made when the fair value is exercised (cf. § 2.17). Similarly, the acquisition costs are included in the cost of acquiring shares. Accounting treatment applicable to these two items has the effect of mechanically increasing goodwill.

This valuation of property assets also has a mechanical effect when performing impairment tests on cash generating units, to which goodwill is allocated, an effect leading to overall impairment of goodwill during the financial year when the acquisition took place.
In fact, the cash generating units, where goodwill is tested, correspond, in this particular case, to the buildings owned by the property companies. As the recoverable values of these units, calculated on the basis of future discounted cash flows, usually correspond to the appraisal values, (i.e. the new reappraised values of properties), they are unable to justify the corresponding goodwill impairment, which must then be depreciated.

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

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

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.

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 aggregates 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.

2.5 Tangible fixed assets

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

Amortisation is calculated on the following basis:

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

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 holdings are recorded as “Investment property” and are valued at fair value (the method selected by the Group).

In accordance with IAS 23, the group incorporates borrowing costs as part of the cost of the created asset. These are assets requiring a long construction period. Financial expenses included are interest on short-term and long-term borrowings in relation to the period of construction only and until the date of final reception of the asset. The interest rate is that de.ned 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, stewardship fees, 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 administrating 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.

2.7 Intangible fixed assets

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

Intangible fixed assets mainly involve the agreement concluded between Tour Eiffel Asset Management and Société 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.

2.8 Financial assets

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

Financial assets at fair market value through the income statement

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

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

Loans, deposits, guarantees and other long-term receivables

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

These assets are accounted for at cost.

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.

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 equivalent, they meet the criteria of maturity, liquidity a nd the absence of volatility required by IAS 7.
They are valued at fair value through the income statement.

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.

2.12 Shareholders' equity

The fair value of share subscription warrants and stock options is valued according to mathematical models applicable at the time of allocation.

This fair value is recognised on the income statement as rights are acquired with shareholders' equit y on contra account.

Supplementary costs directly attributable to issue of new shares or options are entered under shareh olders' 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.

2.13 Borrowings and other financial liabilities

Borrowings

Borrowings are initially entered at their fair value, net of transaction costs, and then at their deprecia ted 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 Tour Eiffel uses financial instruments (swaps and caps) to hedge itself against the risk of increasing interest rates on its debt and did not opt for hedge accounting as the term is meant under IFRS.

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

Other financial liabilities

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

These financial liabilities are accounted for at their amortised cost. Société 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.

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.

2.15 Staff benefits

Retirement obligations

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

The Group had 25 employees at of 30 June 2012 of which 24 were with Tour Eiffel Asset Management and 1 was with Société de la Tour Eiffel.

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

As at 30 June 2012, the Group did not perform the appraisal of the value of the pension commitments representing defined benefits.

The valuation criteria (identical to those of 31 December 2011) were as follows:

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

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

Payments based on shares

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

The company does not recognise any commitment when the awarding of these instruments is subject, on the awarding date, to any condition other than a market condition that will not be fulfilled.
At each closing date, the entity re-examines the number of options that are likely to become exercisable.

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

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 the exit tax relating to newly acquired SIIC status and security deposits from tenants. The main restatement involved the discounting of the exit tax.

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 debit is 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.

Changes to the SIIC tax regime

The 2006 amendment to France's Loi de Finances, promulgated on 30 December 2006, specifies that SIICs pay a levy of 20% on the dividends paid as of 1 July 2007 to shareholders (apart from individuals and SIICs) that own at least ten per cent (10%), directly or indirectly, of the capital of company and that are not taxed as dividends received.

In accordance with the IFRS rule by which the tax consequences of dividends are recorded when the dividends payable are accounted for as liabilities (IAS 12, 52B), the withholding tax is recorded for the period during which the distribution is decided.

On the basis of the shareholding base as at 30 June 2012, the company should not be forced to pay any levy on its distributions.

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 rights of 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.

2.19 Net value adjustment balance

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

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.

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.

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.

3. Scope of consolidation

3.1 List of consolidated companies

Companies	SIREN ID	Consolidation method	% of equity stake June 2012	% of equity stake December 2011	Date company joined Group's scope
SOCIÉTÉ DE LA TOUR EIFFEL	572,182,269	Parent company			
SCI DU 153 AVENUE JEAN JAURÈS	419,127,287	F.C.*	100%	100%	December 2003
SCI NOWA	443,080,379	F.C.*	100%	100%	April 2004
SCI MARCEAU BEZONS	429,665,672	F.C.*	100%	100%	June 2004
SCI ARMAN F02	444,978,076	F.C.*	100%	100%	April 2004
SCI DES BERGES DE L'OURCQ	478,726,565	F.C.*	100%	100%	September 2004
SCI CHAMPIGNY CARNOT	479,586,893	F.C.*	100%	100%	November 2004
SCI COMETE	479,576,761	F.C.*	100%	100%	December 2004
SCI ETUPES 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 RIVIERE GIRAUDIERE (1)	388,323,909	F.C.*	100%	100%	December 2005
SCI BOTARDIERE (1)	397,968,207	F.C.*	100%	100%	December 2005
SCI PARIS CHARONNE (1)	403,104,458	Full Asset Transfer on 30 June 2012		100%	December 2005
TOUR EIFFEL ASSET MANAGEMENT	380,757,807	I.G*	100%	100%	May 2006
SCI DE BROU	351,819,966	F.C.**	100%	100%	June 2006
SCI COGOLIN GAOU	442,525,382	F.C.**	100%	100%	June 2006
SCI DE LA CRAU	447,913,278	F.C.**	100%	100%	June 2006
SCI GRENOBLE PONT D'OXFORD	490,034,063	F.C.*	100%	100%	May 2006
SCI RUEIL NATIONAL	489,900,498	F.C.*	100%	100%	May 2006
SCI PORTE DES LILAS	490,989,803	F.C.*	100%	100%	July 2006
SCI VELIZY TOPAZ	328,223,706	F.C.**	100%	100%	December 2006
SCI ARMAN AMPERE	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 companies in the Group are registered in France and have a common address: 20-22, Rue de la Ville l'Evêque, 75008 Paris

3.2 Change in the consolidation scope

A full transfer of assets and liabilities by SCI Paris Charonne was made in favour of Locafimo on 30 June 2012.

4. Management of financial risks

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 to restrict the impact of a change in interest rates on its income and cash flow, and to keep 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 (cap s and swaps) to cover their risk of exposure to rate changes. They do not perform market transactions for any purpose other than to hedge their interest rate risk, and they personally centralise and manage all transactions performed.

Société de la Tour Eiffel did not record any losses on its open-end fund investments, including after the sub-prime crisis. Indeed, these investment vehicles are liquid, secure and hardly volatile. This enables them to be classified as Cash and cash equivalents.

At 30 June 2012, the group's consolidated gross indebtedness to banks was €544.8m, comprising €277.8m of fixed rate debt (of which €277.8m were hedged with swaps) and €267m of variable rate debt, hedged by interest rate caps for €262.1m. Thus at 30 June 2012, debt was hedged overall to a total ratio of 99.1%.
On the basis of the outstanding debt as at 30 June 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 €2.3 million.

Conversely, a 100 basis-point drop in interest rates would reduce the financing cost by an estimated €1.5m, resulting in an equivalent positive impact on the recurring net income.

Risks on treasury shares

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

Based on the number of shares held at 30 June 2012, or 93,279 shares, the sensitivity of results to a 10% decrease or increase in the Société de la Tour Eiffel share price is estimated to be €0.37 million.

Counterparty risk

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

Currency risk

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

Liquidity risk

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

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

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

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

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

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

- LTV ratio: amount of committed financings over that of the fixed assets financed;
- ICR ratio: interest coverage for the 2nd quarter of 2012 and projections of interest expense for the following three quarters over net rentals for the 2nd quarter of 2012 and those projected for the next three quarters.

Banking financing and main covenants at 30 June 2012

in €m	Consolidated financial debt as at 30/06/2012	Bank covenants		Last published ratios		Maturity date	Building financed
		Maximum LTV	Minimum ICR	LTV	ICR		
Société Générale / BECM	42.2	65%	145%	46,8%	189%	15/04/2018	Portfolio “La Poste”
Société Générale (50%) - Crédit Foncier (50%)	47.1	65%	110%	47,3%	140%	28/03/2017	Massy Ampère & Montpellier
Société Générale	12.2	NA	110%	NA	178%	14/01/2015	Amiens & St Cloud
PBB (formerly HRE)	317.7	72.5%	140%	65,1%	417%	30/06/2013	Locafimo
German bank	8.9	72%	176%	NA (*)	NA (*)	26/06/2019	Berges de l’Ourcq
	21.1	53%	192%	NA (*)	NA (*)	26/06/2019	Comète-Plessis
	20.3	63%	159%	NA (*)	NA (*)	26/06/2019	Champigny Carnot
	12.5	58%	178%	NA (*)	NA (*)	26/06/2019	Jean Jaurès
	16.0	52%	233%	NA (*)	NA (*)	26/06/2019	Caen Colombelles
	10.8	70%	148%	NA (*)	NA (*)	26/06/2019	Etupes de l’Allan
	6.0	60%	159%	NA (*)	NA (*)	26/06/2019	Grenoble - Polytech
	19.6	56%	150%	NA (*)	NA (*)	26/06/2019	Rueil National
Crédit Agricole IdF	7.9	70%	115%	NA (*)	NA (*)	29/06/2027	Vélizy Energy II
Crédit Foncier	2.6	65%	110%	NA (*)	NA (*)	30/06/2018	Montrouge Arnoux
Total	**544.8**						

(*) Not Applicable – new funding – no ratio published as at 30 June 2012

The level of ratios under loan covenants at 30 June 2012 complies with all of the Group's commitments contained in its financing agreements.

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.

Critical accounting estimates and assumptions

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

Appraisal of the properties

The Group has its assets valued by independent appraisers who use assumptions of future flows and rates which have a direct effect on property values.
Since these valuations are necessarily estimations, it is possible that in the event of a future transfer, the sales price will differ from the aforesaid valuations.

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

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. Notes on the balance sheet, the income statement, and the cash flow statement

NOTE 1: Tangible assets

Variance by type

(in thousands of euros)	Property under construction	Office and Computer equipment	Total
Year ended 31.12.11			
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 31.12.11			
Gross	-	861	861
Total amortisation	-	(451)	(451)
Net book value	**-**	**410**	**410**
Closed at 30.06.12			
Net opening balance	-	410	410
Changes in consolidation scope	-	-	-
Acquisitions	-	7	7
Divestments	-	-	-
Reclassification	-	-	-
Other movements	-	-	-
Amortisation	-	(42)	(42)
Net balance at close	**-**	**375**	**375**
At 30.06.12			
Gross	-	868	867
Total amortisation	-	(493)	(492)
Net book value	**-**	**375**	**375**

NOTE 2: Investment properties

Variance by type

(in thousands of euros)	**Investment property**
Year ended 31.12.2011	
Net opening balance	1,004,809
Acquisitions	13,504
Expenditures from completed buildings	4,441
Divestments	(20,100)
Reclassification	-
Net transfer to buildings destined for sale	(8,916)
Changes in consolidation scope	-
Other movements	(333)
Fair value effect (profit and loss)	3,109
Net balance at close	**990,296**
Close as at 30.06.2012	
Net opening balance	990,296
Acquisitions	-
Expenditures from completed buildings	6,536
Divestments (*)	(44,660)
Reclassification	-
Net transfer to buildings destined for sale	(13,052)
Changes in consolidation scope	-
Fair value effect (profit and loss)	(1,482)
Net balance at close	**937,638**

(*) The divestments were as follows:

- € 18,200K: the SCI De Brou building sold on 11 June,
- € 11,120K: the SCI Cogolin Gaou building sold on 11 June,
- € 7,340K: the SCI De La Crau building sold on 11 June,
- € 3,000 K: the SCI La Rivière Giraudière building sold on 12 June,
- € 5,000K: the SCI Botardière building sold on 12 June,

Restrictions relating to the possibility of disposing of an investment property or the recovery of the proceeds from their sale

There has been no such restriction placed on any investment property.

NOTE 3: Goodwill on acquisitions

(in thousands of euros)	Comète	Arman F02	Jean Jaurès	Locafimo (1)	Total goodwill
Year ended 31.12.11					
Net opening balance	-	-	-	-	-
Acquisitions	-	-	-	-	-
Divestments	-	-	-	-	-
Provisions	-	-	-	-	-
Net balance at close	-	-	-	-	-
At 31.12.11					
Gross	2,350	1,873	262	20,014	**24,499**
Total provisions	(2,350)	(1,873)	(262)	(20,014)	**(24,499)**
Net book value	-	-	-	-	-
Year ended 30.06.12					
Net opening balance	-	-	-	-	-
Acquisitions	-	-	-	-	-
Divestments	-	-	-	(2,446)	-
Provisions	-	-	-	2,446	-
Net balance at close	-	-	-	-	-
At 30.06.12					
Gross	2,350	1,873	262	17,568	**22,053**
Total provisions	(2,350)	(1,873)	(262)	(17,568)	**(22,053)**
Net book value	-	-	-	-	-

(1) The goodwill and corresponding provision of Locafimo decreased by € 2,246K, primarily following the sale of the SCI Botardière et SCI buildings.

NOTE 4: Intangible fixed assets

Variance by type

(in thousands of euros)	**Internally generated intangible assets**	**Acquired intangible assets**	**Total intangible assets**
Year ended 31.12.2011			
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 30.06.2012			
Net opening balance	-	19	19
Acquisitions	-	12	12
Divestments	-	(6)	(6)
Depreciation on disposals		6	6
Amortisation	-	(4)	(4)
Reclassification	-	-	-
Net balance at close	**-**	**27**	**27**
At 30.06.2012			
Gross	-	4,240	4,240
Total amortisation	-	(4,213)	(4,213)
Net book value	**-**	**27**	**27**

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 euros)	Fixed securities	Long-term investments	Valuation of Caps and Swaps	Deposits and s ureties paid	Loans and other long-term receivables	Total Financial assets
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 30.06.2012						
Net opening balance	-	-	44	422	-	**466**
Increases	-	-	-	-	-	**-**
Reclassification	-	-	(3)	-	-	**(3)**
Decreases	-	-	-	-	-	**-**
Redemptions	-	-	-	-	-	**-**
Fair value effect (profit and loss)	-	-	(41)	-	-	**(41)**
Net balance at close	**-**	**-**	**-**	**422**	**-**	**422**

(1) In 2011, € 489K were reclassified as current financial instruments and € 538K as non-current debt

Other current assets - Type

(in thousands of euros)	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 30.06.2012	
Net opening balance	**240**
Increases	-
Reclassification	3
Decreases	-
Fair value effect (profit and loss)	(127)
Net balance at close	**116**

Derivative instruments:

The Tour Eiffel Group has contracted financial instruments (caps and swaps) which have not been considered as hedge instruments in accounting terms.
These financial instruments were originally entered on the assets side at their fair value as a counterpart to a financial debt corresponding to the outstanding updated premiums over the duration of the financial instruments.
The fair values are provided by the issuing financial institutions.
Any changes in the value of financial instruments from one year-end to another were recorded unde r financial result.
The adjustment to fair value at 30 June 2012 results in an overall negative financial impact in other financial income and charges of € 295K:

- a negative financial impact of € 41K in financial expenses related to the change in fair value of non-current derivative assets
- a negative financial impact of € 122K in financial expenses related to the change in fair value of current derivative assets
- a negative financial impact of € 127K in financial products from derivative liabilities (see Note 11).

Main characteristics of financial instruments held at 30 June 2012

Type of contract	Subscription date	Effective date	Expiration date	Notional amount in thousands of €	Benchmark rate	Guaranteed rate	Fair value in thousands of €
CAP	25-03-2010	02-06-2010	28-06-2013	30,000	3-month Euribor	2%	1
CAP	13-07-2011	13-07-2011	30-06-2013	15,000	3-month Euribor	2%	2
CAP	04-09-2006	04-09-2006	03-12-2012	55,670	3-month Euribor	5%	113
TOTAL							**116**

NOTE 6: Assets selected for disposal

(in thousands of euros)	**Properties selected for disposal**
Year ended 31/12/11	17,320
Net opening balance	8,916
Net transfer from investment properties	-
Acquisitions	(17,320)
Divestments	-
Net balance at close	**8,916**
Close at 30.06.12	
Net opening balance	8,916
Net transfer from investment properties	13,052
Acquisitions	-
Divestments	(4,106)
Fair value effect (profit and loss)	(235)
Net balance at close	**17,627**

The disposals for the 2012 financial period correspond to:

- € 3.731K for the buildings of the SCI Marceau Bezons
- € 375K for Building A of Locafimo's Parc Cadéra Nord

The balance corresponds to:

- buildings E, F and J at Locafimo's Parc des Tanneries complex in Strasbourg;
- Société de la Tour Eiffel's building in Amiens
- a building in Caen owned by SCI Caen Colombelle,
- The building at 12 rue Paul Langevin in Herblay owned by Locafimo,
- the Lyon Lilas clinic located in Lyon owned by Locafimo

NOTE 7: Trade receivables and related accounts

(in thousands of euros)	**30 June 2012**	**31 December 2011**
Gross	22,514	19,955
Provisions	(1,294)	(1,269)
Total net trade receivables and related accounts	**21,220**	**18,686**

NOTE 8: Other receivables and accrual accounts

(in thousands of euros)		30 June 2012 Net	31 December 2011 Net
- Advances and deposits paid		749	88
- Personnel and related accounts		69	14
- State receivables	(1)	4,669	4,689
- Current accounts (assets)		-	-
- Trade payables		651	52
- Prepaid expenses		1,958	864
- Other receivables	(2)	4,846	3,868
Total gross value		**12,942**	**9,575**
- Provisions on other receivables		(2,016)	(2,016)
TOTAL		**10,926**	**7,559**

(1) This amount mainly corresponds to forthcoming VAT refunds and credits.

(2) This amount is mainly composed of:
- In 2011: €2,016,000 corresponding to the Locafimo bank claims with the Pallas Stern bank, and €733,000 in calls for funds at Locafimo, Porte des Lilas and Vélizy Topaz
- In 2012: €2,016,000 corresponding to the Locafimo bank claims with the Pallas Stern bank, and €841,000 in calls for funds at Locafimo, Champigny, Société de la Tour Eiffel and Comète, and € 654,000 in legal fees related to refinancing.

NOTE 9: Cash and cash equivalents

The marketable securities mainly consist of monetary UCITs evaluated at their closing price.

(in thousands of euros)	30 June 2012	31 December 2011
Marketable securities	6,628	8,900
Cash and cash equivalents	10,953	7,463
Total cash assets	**17,581**	**16,363**
Bank credit balance (Note 12)	(1)	(1)
Net cash and cash equivalents as reported in the statement of cash flows	**17,580**	**16,362**

NOTE 10: Capital and premiums linked to capital

1) Composition of share capital

	Number of ordinary shares	Nominal value of the share *(in euros)*	Total capital *(in thousands o f euros)*	Issue premium *(in thousands o f euros)*	TOTAL *(in thousan ds of euros)*
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)	183,416	5	917	4,813	5,730
Reduction in capital	-	-	-	-	-
Issue costs	-	-	-	-	-
Dividends paid	-	-	-	-	-
Appropriation to retained earnings	-	-	-	-	-
As at 30 June 2012	**5,919,688**	**5**	**29,598**	**46,760**	**76,358**

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 dividend in shares in 2011, the distribution of which was approved by the Board of Directors on 24 May 2012 in accordance with the decision of the Chairman and Managing Director dated 21 June 2012.

2) Issue of stock options

The Conditions

There are no performance conditions for stock options.

Allocated in 2008

28,198 share subscription options were granted to the company’s officers and top executives during the financial period.
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 during the financial period.
The exercise price is fixed at €45.95.
All of the options may be exercised as of the date of their allocation, i.e. starting 15 October 2009.
The options have a contractual term of five years.

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

On 10 March 2010, holders of stock subscription or purchase options allocated in 2006 and 2007 agreed to forego the following plans:

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

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

On 18 May 2011, the Board of Directors noted the completion of a capital increase of € 7.5K resulting from the exercising of 1,500 stock options authorised by the Extraordinary General Meeting of 29 March 2007. The issue premium recognised in exercising the option was € 41,805.

Estimation of option value

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

(in thousands of euros)	**30 June 2012**		**31 December 2011**	
	Average strike price (in € per share)	**Options (in units)**	**Average strike price (in € per share)**	**Options (in units)**
At 1 January	40.71	55,941	43.47	61,554
Granted	-	-	-	-
Null and void	-	-	-	-
Exercised	-	-	-	1,500
Adjustment after distribution	-	-	-	-
Due	-	816	-	4,113
At year end	**39.62**	**55,125**	**40.71**	**55,941**

Out of the 55,125 options in circulation on 30 June 2012, 55,125 options may be exercised.

The principal assumptions of the model are as follows:

Date granted	Status	Date exercised	Adjusted option strike price	Underlying price	Standard deviation of the anticipated yield	Annual risk-free interest rate
11/12/2008	Valid	11/12/2013	€ 32.87	€ 14.90	69%	3.00%
15/10/2009	Valid	15/10/2014	€ 45.95	€ 36.44	60%	2.60%

3) Allocation of Bonus Shares

The Conditions

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

The allocation of shares will be final at the end of a minimum acquisition period of two years, i.e. as of 8 December 2013. The beneficiaries must keep the shares for a minimum period of two years following the definitive allocation of these shares, i.e. until 8 December 2015.
There are no presence or performance conditions for the beneficiaries of shares granted to employees.

For those granted to corporate officers, two non-cumulative performance conditions must be met:
- Two-thirds of the shares will be definitively allocated on the condition that the Company's equity capital is first reinforced and that banking debt has been refinanced under conditions that are favourable to the Company
- One third of the shares will be definitively allocated on the condition that the consolidated operating cash flow on a like-for-like basis is higher than at least 5% of the average of the three previous financial years on the date of acquisition.

The fair value of shares granted during fiscal 2011 stood at 600,855 euros.
The principal assumptions of the model are as follows: fair value of the share of € 30.04.

On 30 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 € 135,000.

The number of outstanding bonus shares is detailed below:

(in euros)	**30 June 2012**	
	Strike price (in € per share)	**Bonus shares (in units)**
At 1 January	-	-
Granted	-	20,000
Allocated	-	-
At year end	**-**	**20,000**

NOTE 11: Borrowings and financial debts

Borrowings and financial debts – Variance by type

(in thousands of euros)	Balance at 31.12.2011	Increases (1)	Decreases (1)	Fair value	Reclassification (2)	Other (3)	Balance at 30.06.2012
Bank loans	**572,131**	122,911	(157,640)	-	(318,704)	-	**218,698**
- CAP and SWAP liabilities	12,056	-	-	(1,130)	(135)	-	10,791
- Deposits and sureties received	9,538	572	(1,255)	-	-	-	8,855
Other financial liabilities	**21,594**	572	(1,255)	(1,130)	(135)	-	**19,646**
Total non-current tax debts	**593,725**	**123,483**	**(158,895)**	**(1,130)**	**(318,839)**	**-**	**238,344**
- Bank loans	19,496	4,235	(16,326)	-	318,704	-	326,109
- Accrued interest	2,521	1,124	(2,316)	-	-	-	1,329
- Bank support	1	-	-	-	-	-	1
Borrowings and financial debts (less than one year)	**22,018**	5,359	(18,642)	-	318,704	-	**327,439**
- CAP and SWAP liabilities	234	-	(126)	1,257	135	4	1,504
- Deposits and sureties received	630	-	(589)	-		-	41
Other financial liabilities	**864**	-	(715)	1,257	135	4	**1,545**
Total non-current tax debts	**22,882**	**5,359**	**(19,357)**	**1,257**	**318,839**	**4**	**328,984**
TOTAL BORROWINGS AND FINANCIAL DEBTS	**616,607**	**128,842**	**(178,252)**	**127**	**-**	**4**	**567,328**

(1) On 26 June 2012, the Group had its credit line originally taken out with RBS refinanced by SAAR, a Franco-German bank.
(2) Including € 318.101K related to Locafimo
(3) Including discounting / accretion effects

Borrowing from credit institutions – Fixed rate / Variable rate

(in millions of euros)	Fixed rate	Variable rate	TOTAL
Borrowings from lending institutions	277.8	267.0	**544.8**

The Group’s average interest rate for financing was 3.2% at 30 June 2012.

After consideration of the fixed-rate SWAP instruments, the total fixed-rate debt comes to €277.8 mill ion.
Furthermore, variable-rate debt, totalling € 267 million was hedged by CAP instruments for € 262.1 million.

Maturity dates of non-current bank loans

(in thousands of euros)	30 June 2012	31 December 2011
From 1 to 5 years	75,815	501,123
Over 5 years	142,883	71,008
Total	**218,698**	**572,131**

Schedule of the extinction of total bank debt and of interest owing:

(in thousands of euros)	Nominal value	Interest	Total
30 June 2013	326,109	5,558	**331,667**
30 June 2014	6,961	5,145	**12,106**
30 June 2015	18,097	4,864	**22,961**
30 June 2016	7,109	4,584	**11,693**
30 June 2017	43,648	4,226	**47,874**
30 June 2018	35,316	3,425	**38,741**
30 June 2019	101,670	2,697	**104,367**
30 June 2020	334	203	**537**
30 June 2021	5,563	568	**6,131**
Total	**544,807**	**31,270**	**576,077**

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 30 June 2012:

Type of contract	Subscription date	Effective date	Expiration date	Notional amount in thousands of €	Benchmark rate	Guaranteed rate	Fair value (thousands of euros)
SWAP	28-03-2008	28-03-2008	28-03-2013	2,890	3-month Euribor	4.53 %	(41)
SWAP	28-03-2008	28-03-2008	31-03-2013	9,855	3-month Euribor	4.57%	(93)
SWAP	01-01-2010	01-01-2010	01-04-2014	39,640	3-month Euribor	4.34%	(2.998)
SWAP	06-01-2008	01-02-2008	16-01-2015	8,711	3-month Euribor	4.36%	(811)
SWAP	14-01-2008	14-01-2008	14-01-2015	3,528	3-month Euribor	4.20%	(329)
SWAP	07-06-2010	27-12-2010	30-06-2013	50,000	3-month Euribor	1.60%	(538)
SWAP	01-07-2010	27-12-2010	28-06-2013	30,000	3-month Euribor	1.65%	(338)
SWAP	26-06-2012	26-06-2012	25-06-2019	9,000	3-month Euribor	2.15%	(362)
SWAP	26-06-2012	26-06-2012	25-06-2019	21,400	3-month Euribor	2.15%	(861)
SWAP	26-06-2012	26-06-2012	25-06-2019	20,650	3-month Euribor	2.15%	(831)
SWAP	26-06-2012	26-06-2012	25-06-2019	12,650	3-month Euribor	2.15%	(509)
SWAP	26-06-2012	26-06-2012	25-06-2019	16,250	3-month Euribor	2.15%	(595)
SWAP	26-06-2012	26-06-2012	25-06-2019	11,000	3-month Euribor	2.15%	(442)
SWAP	26-06-2012	26-06-2012	25-06-2019	6,050	3-month Euribor	2.15%	(243)
SWAP	26-06-2012	26-06-2012	25-06-2019	19,900	3-month Euribor	2.15%	(800)
SWAP	28-03-2012	28-06-2013	30-06-2018	13,340	3-month Euribor	1.91%	(322)
SWAP	10-04-2012	28-09-2012	29-09-2017	8,000	3-month Euribor	1.50%	(141)
Collar/Tunnel	05-05-2011	01-07-2011	28-06-2013	30,000	3-month Euribor	2%/3%	(382)
Collar/Tunnel	26-04-2011	28-04-2011	15-04-2016	17,358	3-month Euribor	2%/3%	(778)
Collar/Tunnel	26-04-2011	02-05-2011	15-04-2016	17,358	3-month Euribor	2%/3%	(769)
TOTAL							**(12,183)**
Locafimo CAP liabilities							(112)
TOTAL							**(12,295)**

NOTE 12: Long-term and current (less than one year) provisions

(in thousands of euros)	Provision for employee disputes	Provision for the risk of insurance policies failing to pay out	Provisions for retirement benefits	Other provisions for expenses	Other provisions for expenses	Total
Balance at 31.12.2011	**-**	**142**	**152**	**-**	**-**	**294**
Allocations	-	64	-	-	-	**64**
Reversals not used	-	-	-	-	-	**-**
Reversals used	-	-	-	-	-	**-**
Changes in consolidation scope	-	-	-	-	-	**-**
Balance at close 30.06.2012	**-**	**206**	**152**	**-**	**-**	**358**

(in thousands of euros)	30 June 2012		31 December 2011	
	Long term	Less than one year	Long term	Less than one year
Provision for employee disputes	-	-	-	-
Provision for Locafimo tenant risks	206	-	142	-
Provisions for retirement benefits	152	-	152	-
Other provisions for expenses	-	-	-	-
Net balance at close	358	-	294	-
Total per period	**358**		**294**	

NOTE 13: Tax and social security owed (current and non-current)

Type *(in thousands of euros)*	**30 June 2012**	**31 December 2011**
Taxes owed (exit tax)	-	-
Other tax indebtedness	-	-
TOTAL non-current tax debts	**-**	**-**
Social security owed	1,085	1,100
Taxes owed (exit tax – current portion owed)	-	-
Other tax liabilities (VAT collected)	11,251	7,145
TOTAL current tax and social security related debts	**12,336**	**8,245**
TOTAL	**12,336**	**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 differed tax asset of €300,000.

NOTE 15: Trade accounts payable and other indebtedness

Type ***(in thousands of euros)***		**30 June 2012**	**31 December 2011**
Trade accounts payable		6,543	4,473
Debts associated with acquisitions of tangible fixed assets	(1)	553	5,261
Current account liabilities		-	-
Directors' fees		65	120
Advances and deposits received		691	448
Due to clients		1,410	597
Other operating debts	(2)	752	1,011
Prepaid income	(3)	18,350	18,720
TOTAL		**28,364**	**30,630**
Other long-term liabilities			
Prepaid income	(4)	280	290
Other operating debts		90	-
TOTAL		**370**	**290**

(1) Corresponds to outstanding payments on properties owned by:
- Locafimo (€ 425,000),
- Vélizy Topaz (€97,000)

(2) This account is mainly made up of monies owed to lease managers.

(3) At 30 June 2012, this account was mainly made up of prepaid rental income for Q2 2012.

(4) This account reflects the reclassification of the net subsidy received by:
- Jaurès € 40K,
- Rueil € 180K,
- Porte des Lilas € 20K,
- Champigny Carnot € 4,000

NOTE 16: Turnover

Comparative analysis by type

(in thousands of euros)	30 June 2012	30 June 2011
Rental income	35,017	34 ,670
Other rental income [1]	6,335	6,360
Total turnover	**41,352**	**41,030**

[1] Consists mainly of levies for property taxes and office taxes passed through to tenants.

Sector-based analysis: (with reference to § 2.4)

The Tour Eiffel group operates in a single industry sector: office property, industrial and light industrial premises in France.

Accrued rent for fixed-term leases held in portfolio

(in thousands of euros)	30 June 2012	30 June 2011
Total minimum future payments		
Less than one year	69,479	66,484
Between 1 and 5 years	206,274	200,667
More than 5 years	64,064	73,577
Total future payments	**339,817**	**340,728**
Rental income reported as year-end income	**35,017**	**34,670**

NOTE 17: Consumed purchases

(in thousands of euros)	30 June 2012	30 June 2011
Non-stocked purchases of material and supplies	(17)	(82)
Total purchases consumed	**(17)**	**(82)**

NOTE 18: Personnel expenses, external charges, duties and taxes

Staff expenses

(in thousands of euros)	30 June 2012	30 June 2011
Staff remuneration	(1,382)	(1,299)
Social security withholding payments	(641)	(600)
Charges on payments in shares	(135)	-
Total Staff Expense	**(2,158)**	**(1,899)**

External expenses

(in thousands of euros)	30 June 2012	30 June 2011
- General subcontracting	-	(36)
- Rentals and rental expenses	(3,223)	(3,138)
- Maintenance and repairs	(259)	(757)
- Insurance premiums	(591)	(599)
- Miscellaneous documentation, seminars	(26)	(23)
- Staff from outside the company	-	-
- Remuneration of intermediaries and fees (1)	(2,999)	(2,069)
- Advertising, publishing and public relations	(204)	(86)
- Goods transport, collective staff transport	(4)	(2)
- Travel, assignments and receptions	(102)	(130)
- Postal and telecommunications costs	(28)	(38)
- Banking and related services	(194)	(116)
- Other external services	(108)	(243)
Total external expenses	**(7,738)**	**(7,237)**

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

Taxes and duties

(in thousands of euros)	30 June 2012	30 June 2011
Property taxes	(3,269)	(3,419)
Other duties and taxes	(1,599)	(1,244)
Total duties and taxes	**(4,868)**	**(4,663)**

NOTE 19: Net amortisation and provisions

(in thousands of euros)	30 June 2012	30 June 2011
- Allocations / Reversals of intangible assets	(4)	(375)
- Allocations / Reversals of tangible assets	(42)	(33)
TOTAL Amortisation allowances/reversals	**(46)**	**(408)**
- Allocations / Reversals for current assets	(24)	-
- Allocations / Reversals for operating liabilities & expenses	(64)	-
- Allocations / Reversals for operating receivables	-	-
TOTAL Allowances / Reversals	**(88)**	**-**

NOTE 20: Net balance of value adjustments

(in thousands of euros)	30 June 2012	30 June 2011
- Investment property	(1,482)	158
- Assets for disposal	(235)	-
- Goodwill on acquisitions	-	-
TOTAL	**(1,717)**	**158**

NOTE 21: Other operating income and expenses

(in thousands of euros)		30 June 2012	30 June 2011
- Miscellaneous current management income		200	66
- Proceeds from disposals of investment property	(1)	46,963	-
- Proceeds from transfers of assets for disposal	(1)	4,375	2,950
Other operating revenues		**51,538**	**3,016**
- Miscellaneous current management expenses		(259)	(71)
- Value of investment property	(1)	(44,660)	-
- Properties selected for disposal	(1)	(4,106)	(2,920)
- Other extraordinary expenses		(4)	(3)
Other operating expenses		**(49,029)**	**(2,994)**

(1) The disposals relate to buildings owned by SCI De Brou, SCI Cogolin Gaou, SCI De La Crau, SCI La Rivière Giraudière, SCI Botardière, SCI Bezons and building A of Locafimo's Parc Cadéra Nord.

Rental income and direct operating expenses linked to investment property:

(in thousands of euros)	Investment properties producing rental income	Investment properties not producing rental income
Rental income	35,017	-
Direct operating expenses (1)	4,749	2,860

(1) Chiefly property administration costs and property tax.

NOTE 22: Net financial debt costs

(in thousands of euros)	**30 June 2012**	**30 June 2011**
- Marketable securities income	58	49
- Loan income	-	-
Total income from cash and near cash	**58**	**49**
- Interest on financing deals	(10,637)	(11,501)
Total gross financial debt costs	**(10,637)**	**(11,501)**
TOTAL NET FINANCIAL DEBT COST	**(10,579)**	**(11,452)**

NOTE 23: Other financial income and expenses

(in thousands of euros)		**30 June 2012**	**30 June 2011**
- Other financial income	(1)	5,580	5,818
- Income from securities transfers		-	-
Total other financial income		**5,580**	**5,818**
- Write-offs of accounts receivable		-	-
- Other financial expenses	(1)	(5,890)	(712)
- Net book value of transferred securities		-	-
Total other financial expenses		**(5,890)**	**(712)**
TOTAL		**(310)**	**5,106**

(1) Of which €296,000 for adjustment in the value of financial instruments at 30/06/12 against € 5,813,000 at 30/06/2011.

NOTE 24: Company income tax

(in thousands of euros)	**30 June 2012**	**30 June 2011**
Current tax	(9)	(1)
Deferred tax	-	-
Total	**(9)**	**(1)**

NOTE 25: Basic earnings per share

Basic earnings

The basic earnings per share is calculated by dividing the net profit paid to Company shareholders by the average weighted number of ordinary shares outstanding during the financial year.

(in thousands of euros)	30 June 2012	30 June 2011
Year-end net income	16,331	20,574
Average weighted outstanding shares	5,651,501	5,506,547
Basic earnings per share (€ per share)	2,89	3,74

Diluted Earnings

The diluted earnings per share are 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 share options in circulation. The number of shares calculated in this way is compared with the number of shares which could have been issued if the options had been exercised.

(in thousands of euros)	30 June 2012	30 June 2011
Year-end net income	16.331	20.574
Average weighted number of ordinary shares used to calculate the diluted earnings per share	5.686.993	5.521.811
Diluted earnings per share (€ per share)	2.87	3.73

Earnings - dilutive financial instruments

The number of shares at 30 December 2012 which can give access to the share capital is as follows:

	Number of securities	Giving right to number of securities
Shares	5,919,688	5,919,688
Share options	4,287	4,287
Bonus shares	20,000	20,000
Treasury shares	(93,279)	(93,279)
TOTAL	**5,850,696**	**5,850,696**

NOTE 26: Distribution

The General Meeting voted to distribute a dividend of €2.1 per share for a total amount of €11,850,166, of which € 5,729,916 was in shares and € 6,120,250 was in cash.
This distribution was paid out on 25 June 2012.

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 Tour Eiffel, i.e.:

(in thousands of euros)	**30 June 2012**	**30 June 2011**
Salaries and other short-term benefits	360	360
Directors' fees	79	60
Payments based on shares (stock options)	135	-
TOTAL	**574**	**420**

The redundancy payment for a deputy general manager may be no less than €250,000.

Related parties

€ 335,000 in fees was paid to Bluebird Investissement, a related party, for FY 2012. The amount of the fees was identical to that paid for FY 2011.

NOTE 28: Off-balance-sheet commitments

1) Off-balance sheet commitments related to the scope of the consolidated group

Commitments given:

No commitment was given.

Commitments received:

No commitment was given.

2) Off-balance sheet commitments related to the financing of the company

Commitments given:

(in thousands of euros)	Starting date	Expiration date	30 June 2012	31 December 2011
Unused credit lines	-	-	-	-
Securities pledged				
- Champigny Carnot shares	26/06/2012	25/06/2019	20,650	-
- Jaurès shares	26/06/2012	25/06/2019	12,650	-
- Caen shares	26/06/2012	25/06/2019	16,250	-
- Etupes shares	26/06/2012	25/06/2019	11,000	-
- Locafimo shares	27/12/2005	30/06/2013	318,101	352,935
- shares in Grenoble Pont d'Oxford	26/06/2012	25/06/2019	6,050	-
- Rueil National shares	26/06/2012	25/06/2019	19,900	-
- Comète shares	26/06/2012	25/06/2019	21,400	-
- shares in Berges de l'Ourcq	26/06/2012	25/06/2019	9,000	-
- Nowa shares held by Jaurès	15/04/2011	15/04/2018	83	83
			435,084	**353,018**
Money lender's lien	-	-	**139,925**	**126,257**
Surety	-	-	**3,030**	**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 euros)	Starting date	Expiration date	30 June 2012	31 December 2011
Tenant's security deposit			**2.610**	**2.610**
Joint guarantee				
- F2Arman	22/01/2003	-	49,222	49,222
- Rueil	26/09/2008	-	32,317	32,317
- STE	03/02/2011		-	478
- other companies	-	-	369	369
			81,908	**82,386**
Pledge	-	-	**200**	**200**
Performance bond				
- Porte des Lilas	12/12/2008	-	-	-
- Montrouge	04/03/2011	-	23,504	23,504
- other companies	-	-	-	997
TOTAL			**23,504**	**24,501**

3) Off-balance sheet commitments related to the operating activities of the issuer

Commitments given:

(in thousands of euros)	**Starting date**	**Expiration date**	**30 June 2012**	**31 December 2011**
Mortgages (net book value)				
- Arman F2 building	28/03/2008	28/03/2017	25,250	25,250
- the Nowa buildings	15/04/2011	15/04/2018	42,946	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 Comète 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	8,000	-
- the Etupes building	26/06/2012	25/06/2019	1,815	10,750
- the Montrouge building	15/04/2011	30/06/2018	18,830	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	352,935	352,935
			467,076	**468,447**
Commitments to sell/Deeds of conveyance			**-**	**-**
Commitment made to a builder			**-**	**-**
Rental guarantee			**-**	**89**

Commitments received:

(in thousands of euros)	**Starting date**	**Expiration date**	**30 June 2012**	**31 December 2011**
Rent guarantee	-	-	**1,708**	**1,581**
Commitment to sell				
– Building E Parc des Tanneries	23/06/2011	23/12/2012	1,400	1,400
– Building F Parc des Tanneries	30/03/2012	02/07/2012	850	-
– Building J Parc des Tanneries	17/04/2012	17/10/2012	705	-
– Building situated at 12 Paul Langevin Herblay	29/05/2012	15/09/2014	2,530	-
– Lyon Lilas nursing home	21/06/2012	21/09/2012	6,130	-
– the building located in Bezons	23/12/2011	2012	-	4,000
– the building located in Amiens	03/02/2011	28/02/2013	3,225	3,410
– the building located in Caen	27/06/2012	30/01/2013	2,900	-
			17,740	**8,810**

NOTE 29: Subsequent events

None

Expertise & Audit SA
3, rue Scheffer
75016 Paris

PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine

REPORT BY THE STATUTORY AUDITORS ON THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS FOR 2012

To the shareholders of:

SOCIÉTÉ DE LA TOUR EIFFEL
A French joint stock company with capital of €29,598,440

20-22 rue de la Ville l'Evêque
75008 Paris

In carrying out the mission entrusted to us by your General Shareholders' Meeting, under article L 451-1-2 III of the French Monetary and Financial Code we have:

- performed a limited examination of **Société de la Tour Eiffel**'s consolidated half-yearly financial statements for the period of 1 January to 30 June 2012, as they are appended to this report;
- verified the information presented in this half-year business report.

These consolidated half-yearly financial statements were drawn up under the supervision of the Board of Directors. It is our responsibility, based on our limited examination, to provide our conclusion on these financial statements.

1. Conclusion on the financial statements

We performed our limited examination in accordance with the code of professional conduct applicable in France. A limited examination essentially consists in interviewing the directors in charge of accounting and financial matters and then performing analyses. A limited examination is less exhaustive than an audit performed in accordance with the code of professional conduct applicable in France and consequently offers only moderate assurance (less than an audit) that the financial statements contain no significant misstatements.

Based on our limited examination, and given the International Financial Reporting Standards as adopted by the European Union, we have found no significant misstatements that would call into question the consistency and trueness of the half-yearly accounts, nor the fair representation they make of the assets, financial position at the end of the half year, and overall result of the half year ended for all persons and entities included in the consolidation scope.

2. Specific verifications

We have also verified the information presented in this half-year business report commenting on the consolidated half-year financial statements covered by our limited examination. We have no comments regarding their fairness and consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, 25 July 2012

The Statutory Auditors

Expertise & Audit SA	PricewaterhouseCoopers Audit
Hélène Kermorgant	Yves Nicolas

SOCIÉTÉ DE LA
TOUR EIFFEL

MANAGEMENT ENDORSEMENT OF THE FINANCIAL REPORT

I, the undersigned, Mark Inch, Chairman and Managing Director,

certify, to the best of my knowledge, that the consolidated financial statements as at 30 June 2012 have been drawn up in accordance with the applicable financial standards and provide a fair representation of the asset portfolio, the financial situation and the net income of the Société de la Tour Eiffel and of all the companies included in its scope of consolidation, and that the half-year report presents a true chart of the major events that have occurred over the six months of the financial year, their effects on the financial statements, the major transactions between related parties and a description of the major risks and prominent uncertainties envisaged in the six remaining months of the financial year.

Executed in Paris,
On 25 July 2012

"Société anonyme" (public limited company) with capital of 29.598.440 euros
Registered Office: 20-22 rue de la Ville l'Evêque - 75008 PARIS
572 182 269 RCS PARIS