CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

1 – BALANCE SHEET - ASSETS

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

2 – BALANCE SHEET - LIABILITIES

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

3 – STATEMENT OF COMPREHENSIVE INCOME

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

4 – CASH FLOW STATEMENT

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

5 – STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

6 – APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 – GENERAL INFORMATION

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

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

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

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

6.2 – ACCOUNTING METHODS

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

6.2.1 – BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

The following mandatory standards were applicable on 1 January 2012:

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

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

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

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

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

6.2.2 – CONSOLIDATION METHOD

Subsidiaries

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

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

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

6.2.3 – BUSINESS COMBINATIONS AND ASSET ACQUISITIONS

6.2.3.1 - Business combinations

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

In fact, the cash generating units, where goodwill is tested, correspond, in this particular case, to the buildings owned by the property companies. As the recoverable values of these units, calculated on the basis of future discounted cash flows, usually correspond to the appraisal values, (i.e. the new reappraised values of properties), they are unable to justify the corresponding goodwill impairment, which must then be depreciated.
As a result, application of IAS 36 requires a comprehensive statement of the goodwill as an expense from the year of acquisition; in the present case, the impairment is recorded in the “net value adjustments balance” account.
Negative goodwill is recorded on the income statement in the “net value adjustment balance”.

6.2.3.2 - Asset acquisitions

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

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

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

6.2.4 – INFORMATION PER SECTOR

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

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

6.2.5 – PROPERTY, PLANT & EQUIPMENT

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

Amortisation is calculated on the following basis:

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

6.2.6 – INVESTMENT PROPERTY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.2.7 – INTANGIBLE FIXED ASSETS

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

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

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

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

6.2.8 – LONG-TERM INVESTMENTS

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

Financial assets at fair market value through the income statement

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

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

Loans, deposits, guarantees and other long-term receivables

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

These assets are accounted for at cost.

6.2.9 – TRADE RECEIVABLES AND RELATED ACCOUNTS

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

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

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

6.2.10 – CASH AND CASH EQUIVALENTS

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

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

They are valued at fair value through the income statement.

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

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

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

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

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

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

6.2.12 – SHAREHOLDERS’ EQUITY AND SHARE-BASED PAYMENTS

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

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

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

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

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

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

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

6.2.13 – BORROWINGS AND OTHER FINANCIAL LIABILITIES

Borrowings

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

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

Hedging instruments

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

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

Other financial liabilities

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

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

6.2.14 – PROVISIONS

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

6.2.15 – STAFF BENEFITS

Retirement obligations

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

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

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

Valuation assumptions are as follows:

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

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

6.2.16 – DEFERRED PAYMENT DEBTS

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

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

6.2.17 – CURRENT AND DEFERRED TAXES

The Group's tax regime

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

Deferred taxes

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

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

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

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

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

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

6.2.18 – RECOGNITION OF INCOME

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

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

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

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

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

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

6.2.19 – NET BALANCE OF VALUE ADJUSTMENTS

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

6.2.20 – OTHER OPERATING INCOME AND EXPENSES

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

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

6.2.21 – LEASE-FINANCING AGREEMENTS

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

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

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

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

6.2.22 – DISTRIBUTION OF DIVIDENDS

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

6.3 – SCOPE OF CONSOLIDATION

6.3.1 – LIST OF CONSOLIDATED COMPANIES

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

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

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

6.3.2 – CHANGE IN THE CONSOLIDATION SCOPE

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

6.4 – BOOKKEEPING METHODS

Management of market risks

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

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

At 31 December 2012, the Group's consolidated gross indebtedness to banks was €514.6m, comprising €311.4 m of fixed rate debt (of which €311.4 m were hedged with swaps) and €203.2 m of variable rate debt, hedged by interest rate caps for €196.8 m. Thus at 31 December 2012, debt was hedged overall to a total ratio of 98.7%.

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

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

Risks on treasury shares

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

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

Counterparty risk

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

Currency risk

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

Liquidity risk

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

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

These cases are, in particular, the failure to pay an amount due, the breach of certain financial ratios, the failure to honour various commitments taken by the Company or its subsidiaries, the misrepresentation regarding various declarations and granted guarantees; the occurrence of an event having a significant unfavourable effect on the Group's activity, its financial, legal or tax position or on properties owned by the Group; commitments proving invalid or unenforceable, the failure to record a mortgage surety bond at the agreed-to credit grade, the realisation of a security interest by a Company's creditor on assets financed by money drawn on the blanket agreement; the existence of class action suits; dissolution; a merger not authorised by the lender; the assignment of a portion of a subsidiary's securities whose real estate property was financed through a blanket agreement; the existence of proceedings to requisition / expropriate a building financed by the blanket agreement if the compensation is insufficient to pay down the financed portion, the assessment of a tax following an uncontested tax adjustment with a significant unfavourable effect; the loss of eligibility for the SIIC tax scheme which does not follow a change in the law; and the statutory auditors' opinions as soon as they have a material unfavourable effect or the total loss of a building financed through the blanket agreement.

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

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

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

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

Banking financing and main covenants at 31 December 2012

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

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

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

6.5 – KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Key Accounting estimates and assumptions

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

Appraisal of the properties

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

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

Fair value of derivatives and other financial instruments

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

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

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

NOTE 1: TANGIBLE ASSETS

Variance by type

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

NOTE 2: INVESTMENT PROPERTY

Variance by type

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

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

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

No investment property is subject to any such restriction.

NOTE 3: GOODWILL ON ACQUISITIONS

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

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

NOTE 4: INTANGIBLE FIXED ASSETS

Variance by type

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

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

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

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

NOTE 5: FINANCIAL ASSETS

Non-current financial assets – Type

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

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

Other current assets - Type

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

Paid deposits and sureties

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

Loans and other long-term receivables

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

Derivative instruments

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

The fair values are provided by the issuing financial institutions.

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

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

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

Main characteristics of financial instruments held at 31 December 2012

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

NOTE 6: ASSETS SELECTED FOR DISPOSAL

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

Disposals for the 2012 financial period correspond to:
- €3,731K of SCI Marceau Bezons buildings,
- €375K for building A of Locafimo's Parc Cadéra Nord.

The balance corresponds to:
- Building E in Locafimo's Parc des Tanneries in Strasbourg,
- Société de la Tour Eiffel's building in Amiens,
- Arman F02's building in Ludres,
- Nowa's building in Vitrolles,
- Nowa's building in Orléans university,
- Caen Colombelles' reception building,
- Locafimo's building in Le Bourget,
- Locafimo's building at 12 rue Paul Langevin in Herblay,
- Locafimo's buildings C, E, F, G, H and I in the Parc Cadéra Sud.

NOTE 7: TRADE AND RELATED RECEIVABLES

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

NOTE 8: OTHER RECEIVABLES AND ACCRUAL ACCOUNTS

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

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

NOTE 9: CASH AND CASH EQUIVALENTS

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

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

NOTE 10: CAPITAL AND PREMIUMS LINKED TO CAPITAL

1) Composition of share capital

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

All the issued shares have been fully paid up.

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

2) Issue of share options

The Conditions

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

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

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

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

Allocated in 2008

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

The exercise price is fixed at €32.87.

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

Allocated in 2009

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

The exercise price is fixed at €45.95.

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

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

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

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

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

On 18 May 2011, the Board of Directors noted the completion of a capital increase of Đ7.5K resulting from the exercising of 1,500 stock options authorised by the Extraordinary General Meeting of 29 March 2007. The issue premium recognised during the exercise of this stock option amounts to €41,805.

Allocated in 2012

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

The exercise price is fixed at €43.49.

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

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

The exercise price is fixed at €41.54.

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

Estimated value of options

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

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

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

The main assumptions of the model are as follows:

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

3) Allocation of Bonus Shares

The Conditions

Allocated in 2011

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

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

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

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

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

Plan dated 8 December 2011

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

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

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

Allocated in 2012

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

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

Plan dated 4 September 2012

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

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

Two performance conditions must be fulfilled:

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

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

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

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

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

Plan dated 11 October 2012

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

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

Two performance conditions must be fulfilled:

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

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

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

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

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

Plan dated 5 December 2012

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

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

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

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

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

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

The number of outstanding bonus shares is detailed below:

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

NOTE 11: BORROWINGS AND FINANCIAL DEBTS

Borrowings and financial debts – Variance by type

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

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

Borrowing from credit institutions – Fixed rate / Variable rate

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

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

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

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

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Maturity of non-current bank borrowings

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

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

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

Cap and swap liabilities

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

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

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

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

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

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

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

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

NOTE 14: DEFERRED TAXES

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

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

NOTE 15: TRADE ACCOUNTS AND OTHER INDEBTEDNESS

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

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

NOTE 16: TURNOVER

Borrowings and financial debts - Comparative analysis by type

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

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

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

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

Accrued rent for fixed-term leases held in portfolio

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

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

NOTE 17: PURCHASES CONSUMED

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

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

Staff expenses

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

External expenses

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

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

Taxes and duties

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

NOTE 19: NET AMORTISATION AND PROVISIONS

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

NOTE 20: NET BALANCE OF VALUE ADJUSTMENTS

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

NOTE 21 : OTHER OPERATING INCOME AND EXPENSES

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

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

Rental income and direct operating expenses linked to investment properties:

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

(1) Chiefly property administration costs and property tax.

NOTE 22: NET FINANCIAL DEBT COSTS

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

NOTE 23: OTHER FINANCIAL INCOME AND CHARGES

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

(1) Of which €5,210K for adjustment in the value of financial instruments at 31/12/12 against €2,352K at 31/12/11..

(2) Including €(13,472)K of adjustment in value of financial instruments, €(355) K of CAP premiums at 31/12/2012 against respectively €(1,067)K and €(866)K at 31/12/2011.

NOTE 24: COMPANY INCOME TAX

In thousands of €	31 December 2012	31 Decemberr 2011
Current tax	(491)	(96)
Deferred tax	-	-
TOTAL	**(491)**	**(96)**

NOTE 25: BASIC EARNINGS PER SHARE

Basic earnings

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

In thousands of €	**31 December 2012**	**31 December 2011**
Year-end net profit (loss)	(6,071)	29,350
Average weighted outstanding shares	5,785,240	5,573,940
Basic earnings per share (€ per share)	(1.05)	5.27

Diluted Earnings

The diluted earnings per share is calculated by increasing the weighted average number of shares in circulation by the number of shares that would result if all the share warrants and stock options that potentially have a dilutive effect were converted. For share options, a calculation is made in order to determine the number of shares which could have been acquired at their fair value (namely, the average annual market price of the company's shares) on the basis of the monetary value of the subscription rights linked to the share options in circulation. The number of shares calculated in this way is compared with the number of shares which could have been issued if the options had been exercised.

In thousands of €	**31 December 2012**	**31 December 2011**
Year-end net profit (loss)	(6,071)	29,350
Weighted average number of ordinary shares used to calculate the diluted earnings per share	5,826,401	5,590,207
Diluted earnings per share (€ per share)	(1.04)	5.25

Dilutive financial instruments

The number of shares at 31 December 2012 which can give access to the share capital is as follows:

In thousands of €	Number of securities	Giving right to number of securities
Shares	6,110,611	6,110,611
Share options	9,895	9,895
Bonus shares	54,000	54,000
Treasury shares	(94,597)	(94,597)
TOTAL	**6,079,909**	**6,079,909**

NOTE 26: DISTRIBUTION

The General Shareholders' Meeting of 24 May 2012 voted to distribute a dividend of €2.10 per share for a total amount of €11,850,165.

On 4 September 2012, the Board of Directors voted to distribute an interim dividend of €12,232,095 (€2.10 per share) in light of the interim balance sheet closing 30 June 2012.

In total for 2012, €24,082,260 were distributed of which €12,801,704 in shares and €11,280,556 in cash.

A proposal to distribute the amount of €2.10 per share will be submitted to the General shareholders Meeting of 30 May 2013 for a vote.

NOTE 27: TRANSACTIONS WITH RELATED PARTIES

Remuneration of senior management

The following information with respect to the annual amount of gross compensation granted is provided as an overall figure for the members of the Board of Directors and the management team of the company that consolidates Société de la Tour Eiffel, i.e.:

In thousands of €	31 December 2012	31 December 2011
Salaries and other short-term benefits	980	720
Directors' fees	120	120
Share-based payments (stock option)	871	77
TOTAL	1,971	917

The Managing Director will receive compensation for revocation of 1.2 million euros in case of a forced departure unrelated to any personal fault. The payment of this compensation is subject to meeting the performance criteria set for the first two years of his office.

Related parties

€670K in fees were paid to Bluebird Investissements, a related party, for FY 2012.

NOTE 28: OFF -BALANCE SHEET COMMITMENTS

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

Given commitments:

No commitment was given.

Commitments received:

No commitment was received.

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

Given commitments:

In thousands of €	Starting date	Maturity date	31 December 2012	31 December 2011
Unused credit lines	–	–	–	–
Pledged securities				
- Champigny Carnot shares	26/06/2012	25/06/2019	20,444	–
- Jaurès shares	26/06/2012	25/06/2019	12,524	–
- Caen shares	26/06/2012	25/06/2019	16,088	–
- Etupes shares	26/06/2012	25/06/2019	10,890	–
- Locafimo shares	27/12/2005	30/06/2013	287,537	352,935
- Grenoble Pont d'Oxford shares	26/06/2012	25/06/2019	5,990	–
- Rueil National shares	26/06/2012	25/06/2019	19,701	–
- Comète shares	26/06/2012	25/06/2019	21,186	–
- shares in Berges de l'Ourcq	26/06/2012	25/06/2019	8,910	–
- Nowa shares held by Jaurès	15/04/2011	15/04/2018	–	83
			403,270	353,018
Money lender's 1st ranking mortgages	–	–	60,877	126,257
Surety	–	–	930	2,130
Master agreement				
- between STE and RBS	30/11/2004	–	–	123,758
- between STE and Natixis	31/03/2010	–	–	13,140
			–	136,898

Commitments received:

In thousands of €	Starting date	Maturity date	31 December 2012	31 December 2011
Tenant's guarantee	–	–	3,222	2,610
Joint guarantee				
- Arman F02	22/01/2003	-	-	49,222
- Rueil	26/09/2008	-	767	32,317
- STE	03/02/2011		-	478
- Other companies	-	-	369	369
			1,136	82,386
Pledge	–	–	–	200
Performance bond				
- Porte des Lilas	12/12/2008	–	–	–
- Montrouge	04/03/2011	–	3,290	23,504
- Other companies	–	–	952	997
TOTAL			**4,242**	**24,501**

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

Given commitments:

In thousands of €	Starting date	Maturity date	31 December 2012	31 December 2011
Mortgages				
- Arman F02 building	28/03/2008	28/03/2017	25,250	25,250
- The Nowa buildings	15/04/2011	15/04/2018	41,877	43,480
- The Caen building	26/06/2012	25/06/2019	2,442	3,519
- The Champigny building	26/06/2012	25/06/2019	3,407	1,151
- The Caen building	26/06/2012	25/06/2019	3,531	–
- The Grenoble Pont d'Oxford building	26/06/2012	25/06/2019	998	–
- The Ourcq building	26/06/2012	25/06/2019	1,552	–
- The Rueil National building	26/06/2012	25/06/2019	3,283	–
- The STE Energy II building	29/06/2012	29/06/2027	7,859	–
- The Etupes building	26/06/2012	25/06/2019	1,815	10,750
- The Montrouge building	15/04/2011	30/06/2018	10,496	18,830
- The Jaurès building	26/06/2012	25/06/2019	2,087	12,532
- The buildings of Locafimo and its subsidiaries	17/02/2009	30/06/2013	354,989	352,935
			459,586	468,447
Rental guarantee			–	89
Various commitments			140	–

Commitments received:

In thousands of €	Starting date	Maturity date	31 December 2012	31 December 2011
Rent guarantee	–	–	1,708	1,581
Commitments to sell				
– Building E Parc des Tanneries	23/06/2011	05/07/2013	1,400	1,400
– Building located at 12 Paul Langevin Herblay	29/05/2012	15/09/2014	2,530	–
– Building located in Bezons	23/12/2011	2012	-	4,000
– Building located in Marseille-Vitrolles	07/12/2012	18/01/2013	12,965	–
– Building located in Orléans	03/12/2012	31/01/2013	7,375	–
– Building located in Le Bourget	03/12/2012	11/01/2013	8,783	–
– Cadéra Sud building	18/10/2012	05/07/2013	3,000	–
– Building located in Amiens	03/02/2011	28/02/2013	3,225	3,410
– Building located in Ludres	11/12/2012	29/03/2013	2,780	–
– Reception and ABCD buildings located in Caen	16/01/2013	31/05/2013	2,350	–
			44,408	8,810

NOTE 29: SUBSEQUENT EVENTS

The following events occurred between 1 January 2013 and the meeting of the Board adopting this document:

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

Otherwise, to the best of the Company's knowledge, there has been no significant change in the financial or commercial standing of the company since the end of the 2012 financial year.

7 – STATUTORY AUDITORS' REPORT CONSOLIDATED FINANCIAL STATEMENTS

Financial year ending 31 December 2012

To the shareholders of:

SOCIÉTÉ DE LA TOUR EIFFEL	20-22 rue de la Ville l'Evêque
A French joint stock company with capital of €30,553,055	75008 PARIS

In carrying out the mission entrusted to us at your General Shareholders' Meeting, we present our report for the year ended 31 December 2012 on:

- The audit of Société de la Tour Eiffel's consolidated financial statements as they are appended to this report;
- The justification for our assessments;
- The specific verifications stipulated by law.

The consolidated financial statements were closed by the Board of Directors. It is our responsibility, based on our audit, to provide our opinion on these financial statements.

7.1 – OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the auditing standards applicable in France; these standards require performing the due diligence enabling us to confirm, with reasonable assurance, that the consolidated financial statements contain no significant misstatements. An audit consists of the examination, on a test basis or by means of other selection methods, of the elements justifying of the amounts and information appearing in the Group accounts. It also consists in appraising the accounting principles applied, the significant estimates retained and the overall presentation of the accounts. We believe that the elements we have collected provide a sufficient and appropriate basis on which to formulate our opinion.

We certify that, with regard to the IFRS standards, as adopted by the European Union, the consolidated financial statements are a true and fair representation of the assets, the financial position and overall result constituted by the persons and entities included in the consolidation.

7.2 – BASIS OF OUR APPRAISALS

As indicated in paragraph 5 on significant estimates and accounting judgments of the Notes, the property valuation in the financial statements at 31 December 2012 was carried out in a context which makes it difficult to grasp the market opportunities for certain assets according to their geographical location. Given this uncertainty, in accordance with the provisions of Article L.823-9 of the Commercial Code, we have conducted our own assessments and bring the following to your attention:

Paragraph 2.6 of the Notes specifies that the property portfolio is appraised by independent experts to estimate properties fair value. Our mission involves reviewing the appraisal methods of these experts, evaluating the consistency of the assumptions upheld and establishing the fair value of the properties in question based on independent appraisals and ensuring that the information presented in the annex is appropriate.

Assessments made in this manner fall within the scope of our procedure for auditing the consolidated financial statements as a whole and have therefore contributed to our opinion provided in the first part of this report.

7.3 – SPECIFIC VERIFICATION

We have also verified the legally required information presented in the Group management report, in accordance with the code of professional conduct applicable in France.

We have no matters to report regarding its fair presentation and its consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, 20 March 2013

The Statutory Auditors

Expertise & Audit SA	PricewaterhouseCoopers Audit
3, rue Scheffer	63, rue de Villiers
75016 Paris	92000 Neuilly-sur-Seine
Hélène Kermorgant	Yves Nicolas