CORPORATE FINANCIAL STATEMENTS

CONTENTS

1 – BALANCE SHEET - ASSETS

In €	Gross	Depreciation	31/12/2012 Net	31/12/2011 Net	See notes
FIXED ASSETS					
Intangible fixed assets					
Concessions, patents, licences, software	12,005		12,005	12,005	A
Property, plant & equipment					
Land	10,966,696	1,694,993	9,271,704	9,284,215	A
Building	19,688,428	3,284,028	16,404,400	16,773,195	A
Other tangible fixed assets	16,078	10,381	5,697	3,810	A
Tangible fixed assets under development					
Long-term investments(1)					
Equity interests	250,708,811	622,962	250,085,849	250,770,270	A / G / H / FS 3
Receivables linked to equity interests	59,114,675		59,114,675	54,187,387	A / B / G
Other long-term investments					A
	340,506,694	5,612,365	334,894,329	331,030,882	
CURRENT ASSETS					
Inventories					
Advances and down payments on orders				80,499	
Receivables(2)					
Trade and related receivables	4,347,854	585,730	3,762,124	1,984,359	B / G
Other receivables	33,585,523		33,585,523	31,672,001	B / G
Marketable securities					
Treasury shares	7,403,525	3,351,193	4,052,332	3,442,602	FS 4 / F
Other securities					
Cash and cash equivalents	730,240		730,240	1,133,062	
Prepaid expenses(2)	176,833		176,833	158,915	B / D
	46,243,975	3,936,923	42,307,052	38,471,438	
Expenses amortised over several years	133,558		133,558	306,703	E / R
GRAND TOTAL	386,884,227	9,549,287	377,334,939	369,809,023	
(1) Including those at less than one year (gross)			*11,418,231*	*7,055,226*	
(2) Including those at more than one year (gross)					

2 – BALANCE SHEET - LIABILITIES

In €	31/12/2012 Net	31/12/2011 Net	See notes
SHAREHOLDERS' EQUITY			
Share capital (Paid in: 30,553,055)	30,553,055	28,681,360	I / FS 1
Issue, merger and contribution premiums	52,877,040	41,947,031	FS 1
Reserves:			
- Legal reserve	2,868,136	2,796,142	
- Other reserves	215,933,372	215,933,372	
Retained earnings	1,682,133	13,879,824	IC 3
Net result for the year (profit or loss)	23,428,277	11,557,457	
Interim dividends	(12,232,095)	(11,832,988)	
	315,109,918	302,962,198	N
OTHER EQUITY			
PROVISIONS FOR CONTINGENCIES AND LOSSES			
Provisions for losses	2,148,890	762,400	J
	2,148,890	762,400	
DEBTS(1)			
Borrowings and debt owed to credit institutions(2)	19,982,193	26,181,934	K
Borrowings and financial debts	35,055,034	36,808,750	K / M
Trade and related payables	3,214,419	2,069,163	K / M
Tax and social security liabilities	1,043,461	656,837	K
Payables to fixed asset suppliers and related accounts	10,066	10,066	K
Other debts	194,789	21,013	K / M
Prepaid income	576,168	336,662	P
	60,076,131	66,084,425	
GRAND TOTAL	377,334,939	369,809,023	
(1) Including those at more than one year (a)	*19 323 658*	*12 299 765*	
(1) Including those at less than one year (a)	*40 752 473*	*53 784 660*	
(2) Including current bank loans and bank credit balances			

(a) With the exception of down payments and advances on purchase orders.

3 – INCOME STATEMENT

In €	France	Abroad	31/12/2012 Total	31/12/2011 Total	See notes
Operating income[1]					
Production sold (services)	7,585,126		7,585,126	6,344,139	
Net turnover	7,585,126		7,585,126	6,344,139	Q
Capitalised production					
Operating subsidy				400	
Reversal of provisions and expense reclassification			152,354	256,631	S
Other income			508	1,731	
			7,737,988	6,602,901	
Operating expenses[2]					
Other purchases and external expenses (a)			8,367,571	7,844,203	T/U
Taxes, duties and similar payments			414,360	348,080	
Wages and salaries			2,366,490	1,482,400	
Social security withholding payments			788,312	298,239	
Allocations to amortisation and provisions:					
- On fixed assets: allowances for amortisation			932,047	851,310	R
- On fixed assets: provisions for depreciation			12,511	202,511	J
- On current assets: provisions for depreciation					J
Other expenses			165,853	153,438	
			13,047,144	11,180,181	
OPERATING RESULT			(5,309,156)	(4,577,280)	
Financial income					
From equity interests[3]			32,547,048	26,402,007	
From other marketable securities and fixed asset receivables[3]					
Other interest and related income			114,325	141,792	
Recoveries on write-downs, provisions and expense reclassification			2,581,637	1,969,227	
Realised gains on foreign exchange					
Net proceeds from the sale of marketable securities			35,579	48,445	
			35,278,588	28,561,471	
Financial expenses					
Allocations to amortisation, impairment and provision			2,647,755	4,578,992	J
Interest and similar charges[4]			3,711,867	7,736,906	
Realised losses on foreign exchange					
Net losses on the sale of marketable securities			19,371	92,074	
			6,378,992	12,407,971	
NET FINANCIAL INCOME			28,899,596	16,153,500	
CURRENT PROFIT (LOSS) BEFORE TAXES			23,590,440	11,576,220	

In €	France	Abroad	31/12/2012 Total	31/12/2011 Total	See notes
Extraordinary income					
On operations					
On equity			116,200		
Reversal of amortisation, provisions and expense reclassifications			1,386,490	762,400	J
			1,502,690	762,400	
Extraordinary expenses					
On operations			48,221	34,256	
On equity			51,459		
Allocations to depreciation and provisions			1,391,608	764,907	
			1,491,287	799,163	
EXTRAORDINARY RESULT			11,402	(36,763)	
Income tax			173,566	(18,000)	IC 6.3
Total income			44,519,266	35,926,772	
Total expenses			21,090,989	24,369,315	
NET PROFIT (LOSS)			23,428,277	11,557,457	
(a) Including:					
- Equipment leasing instalments					
- Property leasing instalments					
(1) Including income relating to previous financial years					
(2) Including expenses relating to previous financial years					
(3) Including income relating to affiliated entities			*32,547,048*	*26,402,007*	
(4) Including interest relating to affiliated entities			*535,987*	*2,851,489*	

4 – APPENDIX

4.1 – GENERAL

The main corporate purpose of Société de la Tour Eiffel is to acquire or construct buildings to rent out, and to hold direct or indirect equity stakes in corporate bodies having the same purpose.

Choice of status as a Société d'Investissements Immobiliers Cotée (SIIC)

On 15 April 2004, the company opted for the status of Société d'Investissements Immobiliers Cotée (SIIC) effective on 1 January 2004.

4.2 – SIGNIFICANT EVENTS

4.2.1 – CAPITAL TRANSACTIONS

4.2.1.1 – Remainder of the 2011 dividend and option to pay out dividend in shares

A capital increase of €917,080 (or 183,416 shares) and an increase in the issue premium of €4,812,836 were recorded, following the exercise of the option to pay the 2011 final dividend in stock in accordance with the third resolution adopted at the Annual General Meeting dated 24 May 2012. The new shares were issued at a price of €31.24 for 90% of the average closing price for the twenty trading days preceding the date of the decision to distribute, minus the net amount of the dividend rounded up to the nearest centime.

Shareholders holding 2,775,944 shares opted to receive the final dividend in stock and a cash payment of €99,567 was made to the shareholders. Shareholders holding the balance of 2,866,992 shares opted for a cash payment amounting to €6,020,683.

4.2.1.2 – 2012 interim dividend and option for payment in shares

On 4 September 2012, the Board of Directors moved to distribute an interim dividend of €12,232,095, or €2.10 per share, in the light of the interim balance sheet closed at 30 June 2012, with an option of payment in shares or cash in accordance with the 3rd resolution adopted at the General Shareholders' Meeting of 24 May 2012.

A capital increase of €954,615 (or 190,923 shares) and an increase in the issue premium of €6,117,173 were recorded, in accordance with the decision taken by the Managing Director dated 3 October 2012. The new shares were issued at a price of €37.04 for 90% of the average closing price for the twenty trading days preceding the date of the decision to distribute, minus the net amount of the interim dividend rounded up to the nearest centime.

Shareholders holding 3,445,721 shares opted to receive the interim dividend in stock and a cash payment of €164,226 was made to the shareholders. Shareholders holding the balance of 2,379,086 shares opted for a cash payment amounting to €4,996,081.

4.2.2 – IMPAIRMENT OF SECURITIES

The depreciation of €993,944 recorded on 31 December 2011 relating to the securities of SCI Marceau Bezons was eliminated after the full transfer of the company's assets and liabilities to Société de la Tour Eiffel on 17 September 2012.

At 31 December 2012, the shares of the SAS Locafimo were impaired for €622,962.

4.2.3 – ACQUISITIONS AND DIVESTMENTS OF FIXED ASSETS

4.2.3.1 – Securities portfolio

On 19 June 2012, Société de la Tour Eiffel sold one share of SCI Jean Jaurès to SCI Rueil National for €116,200.

On 14 September 2012, Société de la Tour Eiffel purchased one share of SCI Marceau Bezons for €10, allowing it to hold 100% of the share capital of the company.

On 17 September 2012, Société de la Tour Eiffel decided to dissolve without liquidation SCI Marceau Bezons leading to the full transfer of the company's assets and liabilities to the sole associate, with effect as of 29 October 2012. The deficit recorded under the financial result amounted to €120,795.

4.2.4 – SHARE PURCHASE OR SUBSCRIPTION PLANS AND BONUS SHARE PLANS

The 92,594 treasury shares held can be broken down as follows:

- 38,594 unallocated treasury shares held for €2,470,973 impaired according to marked to market at their average December 2012 price, i.e. €44.75, for a total of €743,993.
- 20,000 allocated treasury shares held, awarded by a decision of the Board on 8 December 2011, amounting to €2,088,879, impaired according to market at the average price during the month preceding their allocation for the sum of €1,326,400 and provisioned for their residual purchase cost as a provision for charges amounting to €762,400.

The final allocation should occur in 2013, subject to achieving the performance conditions.

- 30,000 allocated treasury shares held, awarded by a decision of the Board on 4 September 2012, amounting to €2,451,901, impaired according to market at the average price during the month preceding their allocation for the sum of €1,147,500 and provisioned for their residual purchase cost as a provision for charges amounting to €1,304,401.

The final allocation should occur in 2014, subject to achieving the performance conditions.

- 1,900 allocated treasury shares held, awarded by a decision of the Board on 11 October 2012, amounting to €144,800, impaired according to market at the average price during the month preceding their allocation for the sum of €65,911 and provisioned for their residual purchase cost as a provision for charges amounting to €78,889.

The final allocation should occur in 2014, subject to achieving the presence conditions.

- 2,100 allocated treasury shares held, awarded by a decision of the Board on 5 December 2012, amounting to €157,227, impaired according to market at the average price during the month preceding their allocation for the sum of €67,389 and provisioned for their residual purchase cost as a provision for charges amounting to €89,838.

The final allocation should occur in 2014, subject to achieving the performance conditions at the end of the vesting period. The final allocation being subject to a condition of presence in the company, the provision for charges has been spread over a period of two years. At 31 December 2012, the provision for charges amounted to €3,200.

Provisions for charges relating to the issue of bonus shares were recognized under personnel expenses and reallocated to extraordinary expenses.

4.2.5 – FINANCING

On 26 June 2012, the following eight subsidiaries: SCI CHAMPIGNY CARNOT, SCI JEAN JAURES, SCI ETUPES DE L'ALLAN, SCI CAEN COLOMBELLES, SCI COMETE, SCI RUEIL NATIONAL, SCI BERGES DE L'OURQ and SCI GRENOBLE PONT D'OXFORD proceeded with the prepayment of the remaining amount of the credit granted by the line of credit master agreement between Société de la Tour Eiffel and the consortium made up of the Royal Bank of Scotland (RBS), CALYON, AXA BANK and Crédit Foncier de France.

On 29 June 2012, Société de la Tour Eiffel repaid in advance the entire loan financing the Energy 2 building, for a principal amount of €11,639,892.

Issuance costs related to the loan were fully amortised on the date of repayment for the amount of €252,759.

On 29 June 2012, Société de la Tour Eiffel took out two new loans from the Crédit Agricole Caisse Regionale d'Ile de France, one for €5.2 million depreciable over 15 years and the other for €2.8 million, repayable in full over 10 years.

The Issuance costs related to this loan of €100,782 were transferred to deferred expenses and reallocated as operating expenses to be amortized over the term of the loan.

In parallel, Société de la Tour Eiffel hedged its interest rates with a Swap at a guaranteed rate of 1.50% for an initial notional amount of €8,000,000 from the Crédit Agricole CIB effective as of 28 September 2012.

On 27 July 2012, Société de la Tour Eiffel hedged its interest rates with a Swap at a guaranteed rate of 4.61% for an initial notional amount of €8,633,000 from Société Générale on the loan financing the building located in Amiens to take effect as of 1 August 2012.

4.3 – ACCOUNTING POLICIES

The Annual Accounts are established in accordance with the rules laid out by the general accounting system of 1999 and fundamental accounting principles (conservatism, consistent methods, independence of financial years, going concern).

The financial year spans a 12-month period running from 1 January to 31 December 2012.

Recognised items are valued by the historic costs method.

The main accounting methods used are as follows:

4.3.1 – PROPERTY, PLANT & EQUIPMENT

4.3.1.1 – Land and Buildings

General rules

Fixed assets are recorded at their acquisition cost under the provisions of CRC Regulation No. 2004-06. The company has opted to include acquisition expenses and borrowing costs, if applicable.

In accordance with the CRC Regulation no. 2002 10, property assets have been accounted for using the components approach.

The gross value was split into 4 main components on the basis of valuations carried out by the Technical Services of the asset management company, Tour Eiffel Asset Management.

Given the nature of the properties, a residual value was recorded under the main component (structural framing). Given the nature of the properties, the residual values recorded were as follows:

- 10% (Energy II building located in Vélizy, building located in Amiens),
- or 20% (building located in Saint-Cloud).

Amortisation was booked in compliance with rule N°2002-10 with each component being amortised over its individual useful life on the following basis:

- Structure • life: 35 to 60 years • method: straight-line
- Water-proofing • life: 15 and 20 years • method: straight-line
- Equipment • life: 20 and 50 years • method: straight-line
- Fixtures and fittings • life: 12 to 50 years • method: straight-line

At 31 December 2012, the current state of the buildings does not require the allocation of provisions for major upkeep or refurbishing.

Valuation of Assets

The company has all its property assets valued by an independent appraiser every six months. An asset impairment is recorded if the appraised value has fallen considerably below the net book value.

In the financial period ended 31 December 2011, a €1,682,481 provision for the building located in Amiens was recorded in the accounts pursuant to these valuations. In view of the appraisal of the building at 31 December 2012, an additional amount of €12,511 was recorded raising depreciation to €1,694,993.

4.3.1.2 – Other tangible fixed assets

Depreciation is calculated on the following basis:

- Office equipment • life: 3 years • method: straight-line
- Furnishings • life: 5 years • method: straight-line

Fixed assets are recorded at their acquisition cost (purchase price and additional expenses).

4.3.2 – MARKETABLE SECURITIES AND TREASURY SHARES

4.3.2.1 – Marketable securities

The gross value is made up of the purchase cost. When the inventory value is lower than the gross value, the difference gives rise to an impairment loss provision. The inventory value of the treasury shares consists of the average market price during the last month before accounts closing.

4.3.2.2 – Unallocated treasury shares or those connected with the liquidity agreement

Those treasury shares which are not allocated to a bonus share allotment scheme or those connected with a liquidity agreement, are written down to their market value.

4.3.2.3 – Treasury shares allocated to share subscription or purchase options and plans for granting bonus shares

In accordance with CNC Regulation 2008-15 dated 4 December 2008 relating to the accounting treatment of share subscription or purchase plans and bonus share plans, the allocated shares held which will probably be awarded to employees carry a provision based on the shares' net book value applicable upon their allocation date for bonus share allocation plans, and based on the difference between this value and the purchase or subscription value for share purchase or subscription options. When the award is subordinated to a condition of working for the company, the purchase price is spread out over the acquisition period. Any allocations of provisions, reversals and charge-offs relating to awarding equity shares are disclosed as personnel expenses.

4.3.3 – EQUITY INTERESTS AND OTHER LONG-TERM INVESTMENTS

Equity interests are entered on the balance sheet at their acquisition cost as per the provisions of CRC Regulation no. 2004-06 pertaining to the definition, recognition and valuation of assets. The company has opted to include acquisition expenses in the value of securities.
If the inventory value of these shares proved to be lower than their purchase cost, an impairment provision would be made.
The inventory value is determined based on the equity interest's value in use and takes regarding a real estate company into account the market value of the owned company's assets. These assets are subject to an appraisal every half year according to their type and location, which is conducted in an uncertain environment making it difficult to grasp market outlooks

4.3.4 – RECEIVABLES

Receivables are recorded at their nominal value. A write-down is recorded when the inventory value is lower than the book value.
At 31 December 2010, an impairment of the receivable for the tenant occupying the building in Amiens was booked for €629,959. The receivable was partially admitted by the Amiens Commercial Court on 26 January 2012 for €816,835 including VAT. Accordingly, the sum of €44,229 was recorded in the Irrecoverable receivables item and a reversal of write-down for the same amount was booked.

4.3.5 – DEBT ISSUANCE COSTS

Bond issue expenses are reallocated from operating expenses to expenses to be amortised over the term of these borrowings.

4.3.6 – FUTURE FINANCIAL INSTRUMENTS – INTEREST HEDGING OPERATIONS

Société de la Tour Eiffel took out interest rate hedging contracts (caps and swaps) with banks for itself and for its subsidiaries with bank loans up until 26 June 2012. The effects of these contracts are booked at the Société de la Tour Eiffel level.

CAP :

The initial premium paid and covering several periods is reported as an expense over the contract term. Any eventual unrealised gains are not recorded at period end.

SWAP :

At period end, the accrued interest differential on the Swaps is recorded.

Potential losses on the financial instruments do not carry a liabilities provision inasmuch as these instruments are used in a hedging transaction.

4.4 – ADDITIONAL INFORMATION

4.4.1 – STAFF

The company employs a Property Director.

4.4.2 –REMUNERATION OF MEMBERS OF MANAGEMENT AND GOVERNING BODIES

Board members' attendance fees paid in 2012 totalled €120,000.

On 4 September 2012, the Board of Directors took note of the resignation of the Managing Director and a Deputy Managing Director. In addition, the mandate of the new Managing Director, appointed on 27 July 2011, took effect from 1st September 2012, as did that of a new Deputy Managing Director.

On 5 December 2012, the Board of Directors took note of the resignation of another Deputy Managing Director.

Gross remuneration paid in 2012 to members of governing bodies for their director mandates totalled €480,000.

4.4.3 – APPROPRIATION OF 2011 EARNINGS

The Combined General Meeting of 24 May 2012 decided to allocate the profit for the 2011 financial year, i.e. €11,557,457 plus retained earnings in the amount of €13,879,824 as follows:

- allocation of €71,994 to the statutory reserve,
- distribution of an interim dividend of €11,832,988 (€2.1 per share) as approved by the Board of Directors on 27 July 2011,
- distribution of €11,849,506 as the remaining dividend (€2.1 per share),
- appropriation of the remaining €1,682,793 to retained earnings.

4.4.4 – DISTRIBUTION 2012

On 4 September 2012, the Board of Directors voted to distribute an interim dividend of €2.10 per share in light of the interim balance sheet closing 30 June 2012. This amounted to €12,232,095.
A proposal to distribute the amount of €2.10 per share will be submitted to the General Shareholders Meeting of 30 May 2013 for a vote.

4.4.5 – APPROPRIATION OF THE SUBSIDIARIES' 2012 EARNINGS

Net financial income – up streaming the 2012 results

The articles of association of those subsidiaries organised as non-trading real estate investment companies (SCI) or as partnerships (SNC) contain a clause for appropriating the period-end earnings, unless the partners decide otherwise.

The subsidiaries all have the same account closing date of 31 December.

The decisions to appropriate the 2012 earnings by the various general shareholders' meetings are taken prior to that of the Société de la Tour Eiffel Board of Directors' meetings.

Consequently, as at 31 December 2012, the net financial income of Société de la Tour Eiffel includes the proportionate shares in the 2012 earnings of those subsidiaries organised as non-trading real estate investment companies or as partnerships.

4.4.6 – TAXABLE INCOME – TRACKING OF THE OBLIGATIONS UNDER THE SIIC REGIME

Société de la Tour Eiffel reported a €23,428K profit corresponding to a €18,086K profit for tax purposes.

4.4.6.1 – Tax exempt income and tracking of the distribution obligations

The 2012 tax exempt income came to €19,642,000 and breaks down as follows:

- €8,108,000 from property rentals subject to an 85% distribution rate,
- €(369,000) from capital gains or losses
- €11,904,000 from dividends received from subsidiaries which opted for and are subject to a 100% distribution rate.

The distribution obligation therefore stood at €18,795,000 in 2013 for the 2012 financial period.

4.4.6.2 – Taxable income

The income liable to corporation tax for 2012 totalled (€1,557,000), mainly equalling the portion of expenses which cannot be allocated to the exempted activity; the fees for non-performed investments, and the upstreaming of the taxable fiscal income of the non-REIT subsidiary, SNC Tour Eiffel Asset Management, and the charge related to the allocation of bonus shares.

On closing the 2012 accounts, loss carry-forwards for taxable activity amounted to €17,967,000.

4.4.6.3 – Income tax

The income tax expense consists of:

- An additional contribution to the corporate income tax equal to 3% of the amounts distributed from 17 August 2012 for an amount of €154,809
- A deferred tax credit recorded in 2010 for an amount of € (24,757),
- An income tax benefit of €6,000 corresponding to the foundation tax credit the Company has benefited from owing to payments made to the Société de la Tour Eiffel Foundation in 2012.

4.4.7 – SHARE SUBSCRIPTION OPTION PLANS

4.4.7.1 – Summary table of the share option plans issued, granted and expired

General Shareholders' Meeting date	Date granted by the Board of Directors	Exercise period	Subscription Price	Nb of options granted	Nb of options exercised	Nb of options lapsed or unexercised	Nb of potential shares
29 March 2007	11/12/2008	from 11/12/2008 to 11/12/2013	32.87	28,198	1,500		26,698
	15/10/2009	from 15/10/2009 to 15/10/2014	45.95	28,427			28,427
24 May 2012	04/09/2012	from 04/09/2012 to 04/09/2017	43.49	85,000			85,000
	11/10/2012	from 11/10/2012 to 11/10/2017	41.54	14,862			14,862
Total				**156,487**	**1,500**		**154,987**

4.4.7.2 – Assigning a value to the social security contributions liability

In light of the €44.75 December 2012 average share price, management monitored a risk that €190,923 of employer social security contributions would be taxed at the 45% rate should all of the subscription stock option beneficiaries sell their shares within the four-year period from the options that will probably be exercised.

The calculation of the social security contributions liability takes into account the plans prior to 28 September 2012 for which the December 2012 average share price is higher than the strike price.

This is because as of 28 September 2012, the exemption from social security contributions of the gain on acquisition is no longer subject to compliance with the blocked period of 4 years.

4.4.7.3 – Employer's contribution on the granting of stock options for Société de la Tour Eiffel shares

A social security withholding payment in the amount of €107,100 was recognised as the social security contribution for grants of stock options and the establishment as of 16 October 2007 on an employer's contribution on options granted at the rate of 30%.

This contribution is calculated, at the discretion of the employer, on a basis equal to the fair value of the options as estimated for the establishment of the consolidated accounts, or 25% of the value of the options on the date of the decision to grant them by the Board of Directors.

Once made, the choice is irrevocable for the duration of the financial period for all the allocations.

For the 2012 financial period, the basis of the employer's contribution is the fair value of the options.

4.4.8 – ALLOCATION OF BONUS SHARES FOLLOW-UP

4.4.8.1 – Summary table of bonus shares granted

General Shareholders' Meeting date	Granting date by the Board of Directors	Date of final allocation	Minimum holding period	Nb of bonus shares granted
18 May 2011[(a)]	08/12/2011	08/12/2013	2 years	20,000
	04/09/2012	04/09/2014	2 years	30,000
	11/10/2012	11/10/2014	2 years	1,900
	05/12/2012	05/12/2014	2 years	2,100
Total				**54,000**

(a) Allocation of 55,937 existing shares or shares to be issued (or 1% of the share capital at the date of the Meeting).

The company will deliver the free shares to the beneficiaries, subject to meeting the performance or presence conditions, either within the framework of a share buy-back scheme, or a capital increase paid for by a withdrawal from a reserve account.

4.4.8.2 – Employer's contribution on the allocation of bonus Société de la Tour Eiffel shares

A social security withholding payment in the amount of €328,680 was recognised as the social security contribution for grants of bonus shares and the establishment as of 16 October 2007 onfan employer's contribution on shares granted at the rate of 30%.
This contribution is calculated, at the discretion of the employer, on a basis equal to the fair value of the shares as estimated for the establishment of the consolidated accounts, or to the value of the shares on the date of the decision to grant them by the Board of Directors.
Once made, the choice is irrevocable for the duration of the financial period for all allocations.
For the 2012 financial period, the basis of the employer's contribution is the fair value of the shares.

4.4.8.3 – Theoretical dilutive effect on earnings per share

The theoretical dilutive effect on 2012 earnings per share would be:

- 2012 net result per share: €3.83
- Theoretical diluted net income per share for 2012: €3.71

The diluted net income per share stems from the effect of a possible delivery of the bonus shares granted by means of a capital increase and the probability that stock subscription plans will be exercised at financial year end.

4.4.9 – FINANCIAL COMMITMENTS

4.4.9.1 – Given commitments

Commitments made are as follows:

- On 14 January 2008, a first lien mortgage was given to Société Générale when it extended a €4,000,000 loan to finance the building in Amiens.
- On 16 January 2008, a first lien mortgage was given to Société Générale when it extended a €9,700,000 loan to finance the building in Saint-Cloud.
- The equity stake in SCI Arman F02 to be kept with an agreement not to require repayment of the subordinated loans extended to it during the term of SCI Arman F02's credit agreement entered into with Société Générale and Crédit Foncier de France.
- Keep the share it holds in SCI Arman Ampère and pledge it following amendment 1 dated 31 March 2009 as collateral for the loan extended to SCI Arman F02 on 28 March 2008 by Société Générale and Crédit Foncier de France.
- The Saint-Cloud building, acquired on 16 January 2008, will be kept for a 5-year term in accordance with the requirements of Article 210 E of the General Tax Code under the "SIIC 3" tax scheme.
- The Amiens building, acquired on 14 January 2008, will be kept for a 5-year term in accordance with the requirements of Article 210 E of the General Tax Code under the "SIIC 3" tax scheme.
- As part of the acquisition prior to completion (Fr. VEFA) concluded by SCI Montrouge Arnoux with the seller IDFIMM, Société de la Tour Eiffel issued a first demand guarantee on first request for a maximum amount of €23.5m valid until the month following the attestation of completion and compliance of the building.

- As security for the loan granted on 15 April 2011 to SCI Nowa by Société Générale and the BECM, the shares held by Société de la Tour Eiffel in the latter were pledged until 15 April 2018,
- On 30 June 2011, as part of the loan to SCI Montrouge Arnoux, Société de la Tour Eiffel pledged not to sell its shares in the SCI and to provide it with the necessary cash until 30 June 2018.
- On 16 January 2012, Société de la Tour Eiffel pledged to pay a total allocation of €150,000 over 5 years to the Société de la Tour Eiffel Corporate Foundation. At 31 December 2012, the remaining allocation to pay amounted to €140,000.
- Guarantee issued to a bank until 31 March 2018 under the interest rate hedging contract entered into on 23 March 2012 by SCI Montrouge Arnoux and starting on 28 June 2013.
- The shares of the following non-trading property investment companies are pledged as collateral with banks:
    - Jean-Jaurès,
    - Comète,
    - Berges de l'Ourcq,
    - Champigny Carnot,
    - Grenoble Pont d'Oxford,
    - Rueil National,
    - Caen-Colombelles,
    - Étupes de l'Allan,
- On 29 June 2012, in conjunction with the loan of €8,000,000 granted by Crédit Agricole Ile De France, a first rank mortgage on the "Energy II" building located in Velizy and the Cash deposit account were pledged as collateral to the bank until 29 June 2027. The outstanding loan amounted to €7,859K on 31 December 2012.
- Pledge of a financial instruments account holding SAS Locafimo shares and the revenue account as collateral for the financing bank, for an amount of €287,537,000 until 13 November 2017.

4.4.9.2 – Commitments received

The following commitments were received:

- A surety bond was issued on 3 February 2011 in favour of Société de la Tour Eiffel by Linda Textile as security for the moneys owed by the tenant of the asset in Amiens (Lee Cooper) for the whole duration of the lease and 6 months after the tenant leaves. The amount is capped at two years of rent incl. VAT as at 3 February 2011 i.e. €478,400,
- A first-demand guarantee was issued on 5 March 2012 in favour of Société de la Tour Eiffel by Altran CIS using the moneys owed by the tenant of the Velizy building (Energy II) until 31 May 2021. The amount is capped at an amount of €127,000 indexed annually.

4.4.10 – RECIPROCAL COMMITMENTS

- The reciprocal commitments relating to swap contracts totalled €19,961,400 at 31 December 2012,
- A promise of sale indenture relating to the building in Amiens was signed on 3 February 2011. The sale price amounted to €3,225 K and the sale will be completed at the earliest on 31 January 2013 and no later than 29 April 2013. The date of sale is set for is 21 March 2013.

4.4.11 – FINANCING OF THE SUBSIDIARIES

4.4.11.1 – Treasury agreement

The subsidiaries of Société de la Tour Eiffel acceded to the treasury agreement signed on 2 April 2004 and to its amendments of 24 June 2004 and 19 June 2012.
The interest rate applied within the Group is 3-month Euribor plus 25 basis points.

4.4.11.2 – Subordinated loans

Société de la Tour Eiffel, as lender, loans money to its subsidiaries under subordinated loan agreements. The interest rate applied for these is 3-month Euribor plus 100 basis points.

By an amendment dated 26 June 2012, the life of the subordinated loan was changed to match a term identical to that of the loan agreement signed by the subsidiaries with the SAAR bank as part of their refinancing, i.e. maturing on 26 June 2019.

Repayment of these loans is subordinated to the creditors' agreement in accordance with the line of credit framework agreement signed with the bank.

4.4.12 – RETIREMENT BENEFITS

The Company did not set aside any retirement plan provision in the financial statements.

The study factors in the various parameters that apply to the Société de la Tour Eiffel employee as well as a range of data that pertain to Société de la Tour Eiffel. The following parameters were chosen:

- discount rate: 2.69%,
- wage increases: 3.92%,
- employer social security contributions: 50%,
- employer's contribution: 50%,
- asset mobility: average,
- voluntary retirement at 65-67 years.

These commitments were assessed at €27,277 as of 31 December 2012.

4.4.13 – SEVERANCE PACKAGE

The total amount of compensation that may be paid to the Managing Director in case of a forced departure unrelated to any fault of his own is capped at two years' (fixed) remuneration or €1,200,000.

4.4.14 – RIGHT TO PROFESSIONAL TRAINING

The company's commitment to the sole employee as part of the French "right to professional training" (DIF) scheme totalled 126 hours at the close of the financial year.

NOTES

4.5 – ASSETS

A. FIXED ASSETS

Framework A	Gross value		Increases
In €	Beginning of year	Revaluation	Acquisitions
Intangible fixed assets			
Other intangible fixed assets	12,005		
Total I	**12,005**		
Tangible fixed assets			
Land	10,966,696		
Buildings on own land	19,403,755		292,636
Office equipment and furnishings	11,672		4,406
Tangible fixed assets under development			
Total II	**30,382,123**		**297,042**
Financial fixed assets			
Equity interests	251,764,214		10
Receivables linked to equity interests	54,187,387		19,642,244
Other long-term investments			
Total III	**305,951,601**		**19,642,254**
GRAND TOTAL (I + II + III)	**336,345,729**		**19,939,296**

Framework B		Decreases	Gross value	Revaluation
In €	By transfer	By disposal	End of year	Initial value
Intangible fixed assets				
Other intangible fixed assets			12,005	12,005
Total I			**12,005**	**12,005**
Tangible fixed assets				
Land			10,966,696	10,966,696
Buildings on own land	7,962		19,688,428	19,688,428
Office equipment and furnishings			16,078	16,078
Tangible fixed assets under development				
Total II	**7,962**		**30,671,203**	**30,671,203**
Financial fixed assets				
Equity interests		1,055,413	250,708,811	250,708,811
Receivables linked to equity interests		14,714,956	59,114,675	59,114,675
Other long-term investments				
Total III		**15,770,369**	**309,823,486**	**309,823,486**
GRAND TOTAL (I + II + III)	**7,962**	**15,770,369**	**340,506,694**	**340,506,694**

B. RECEIVABLES AND DEBT STATEMENTS

In €	Gross amount	Under 1 year	Over 1 year
Fixed assets			
Receivables linked to equity interests	59,114,675	11,418,231	47,696,444
Other long-term investments			
Current assets			
Bad and doubtful debts	700,347	700,347	
Other trade receivables	3,647,507	3,647,507	
Personnel and related accounts	1,234	1,234	
Income tax	155,243	155,243	
Value-added tax	683,195	683,195	
Group and partners	32,711,764	32,711,764	
Sundry accounts receivable	34,087	34,087	
Prepaid expenses	176,833	176,833	
TOTAL	**97,224,885**	**49,528,441**	**47,696,444**

C. ACCRUED INCOME

In €	31/12/2012	31/12/2011
Receivables linked to equity interests	176,559	312,949
Trade and related receivables	2,391,109	1,071,792
Other receivables	153,681	452,720
GRAND TOTAL	**2,721,349**	**1,837,461**

D. PREPAID EXPENSES

In €	31/12/2012	31/12/2011
VARIOUS PREPAID EXPENSES	156,231	108,410
PUBLIC RELATIONS PREPAID EXPENSES	20,603	35,880
CAP PREMIUMS PREPAID EXPENSES		14,625
GRAND TOTAL	**176,833**	**158,915**

E. DEFERRED CHARGES

In €	31/12/2012	31/12/2011
Debt issuance costs	133,558	306,703
GRAND TOTAL	**133,558**	**306,703**

F. INVENTORY OF THE MARKETABLE SECURITIES PORTFOLIO (Commercial code Articles L 232-7 and L 232-8)

EQUITY INVESTMENTS

The equity investments are only composed of the shares of non-trading real estate investment companies, shares of a partnership, and shares in a simplified public limited liability company.

MARKETABLE SECURITIES

Treasury shares

At 31 December 2012, Société de la Tour Eiffel held 2,003 treasury shares for a gross amount of €89,745 under the liquidity agreement.

At 31 December 2012, Société de la Tour Eiffel held 92,594 treasury shares acquired through the share buyback programme:
• 38,594 unallocated shares for a gross amount of €2,470,963,
• 54,000 allocated shares for a gross amount of €4,842,807.

G. ITEMS RELATING TO SEVERAL BALANCE SHEET ITEMS (Decree 83-1020 dated 29-11-1983 – Articles 10 and 24-15)

Items relating to several balance sheet items	Amount concerning companies		Amount of debts or receivables represented by commercial paper
In €	Linked	With which the company has a participating interest	
Financial fixed assets			
Equity interests	250,708,811		
Receivables linked to equity interests	59,114,675		
Total Fixed Assets	**309,823,486**		
Receivables			
Trade and related receivables	2,955,609		
Other receivables	32,711,764		
Total Receivables	**35,667,373**		

H. TABLE OF SUBSIDIARIES AND HOLDINGS AT 31/12/12

Financial information Subsidiaries Equity interests	Share capital	Reserves and retained earnings before appropriation of net profit/loss	Share of capital held held as a percentage	Book value of holdings GROSS	Book value of holdings NET	Loans and advances granted by the Company not yet repaid
I- Detailed information on each security whose gross value exceeds 1% of the affiliated company's share capital bound to publication						
1 - Subsidiaries (over a 50% equity interest)						
SCI JEAN-JAURÈS	152		99.00	5,094,425	5,094,425	599,536
SCI NOWA	5,293,090	6	99.99	14,526,401	14,526,401	2,533,544
SCI BERGES DE L'OURCQ	1,000		99.00	990	990	3,847,917
SCI COMÈTE	1,000		99.00	16,375,070	16,375,070	2,622,939
SCI CHAMPIGNY CARNOT	1,000		99.00	990	990	7,811,766
SCI ÉTUPES DE L'ALLAN	1,000		99.00	990	990	3,862,285
SCI CAEN COLOMBELLES	1,000		99.00	990	990	15,436,080
SCI ARMAN F02	11,192,100	450,956	99.99	20,254,699	20,254,699	24,718,028
SAS LOCAFIMO	3,989,590	80,300,258	100.00	190,333,743	189,710,781	
SCI GRENOBLE PONT D'OXF.	1,000		99.00	990	990	4,409,864
SCI RUEIL NATIONAL	1,000		99.00	990	990	14,709,248
SNC TOUR EIFFEL ASSET M.	150,000		100	4,117,533	4,117,533	345,060
SCI MONTROUGE ARNOUX	1,000		99.00	990	990	11,180,202
2 - Equity interests (from 10 to 50% of the capital held)						
II – General information on securities whose gross value does not exceed 1% of the affiliated company's capital bound to publication						
1 – Subsidiaries:						
a) French (all)						
b) Foreign (all)						
2 - Participating interests:						
a) French (all)	1,000		1.00	10	10	
b) Foreign (all)						

(CONT'D) TABLE OF SUBSIDIARIES AND HOLDINGS AT 31/12/12

Subsidiaries Equity interests	Financial information	Sureties and guarantees given by the company	Turnover (excl. VAT) for last financial year	Net profit (loss) for last financial year	Dividends received by the Company during the financial year	Comments
I- Detailed information on each security whose gross value exceeds 1% of the affiliated company's share capital bound to publication						
1 - Subsidiaries (over a 50% equity interest)						
SCI JEAN-JAURÈS		12,523,500	2,722,371	1,356,161	1,494,396	
SCI NOWA		42,082,351	9,469,527	2,942,363	2,678,257	
SCI BERGES DE L'OURCQ		8,910,000	1,531,400	628,117	623,979	
SCI COMÈTE		21,186,000	4,557,638	2,206,101	2,205,155	
SCI CHAMPIGNY CARNOT		20,443,500	3,497,433	1,403,534	1,370,270	
SCI ÉTUPES DE L'ALLAN		10,890,000	1,784,428	319,863	466,874	
SCI CAEN-COLOMBELLES		16,087,500	3,727,140	2,315,296	1,936,329	
SCI ARMAN F02			6,560,191	3,354,572	4,222,961	
SAS LOCAFIMO			34,333,156	12,808,367	11,683,799	
SCI GRENOBLE PONT D'OXF.		5,989,500	1,076,310	250,521	216,645	
SCI RUEIL NATIONAL		19,701,000	3,068,277	1,186,962	1,130,075	
SNC TOUR EIFFEL ASSET M.			5,274,458	366,832	784,553	
SCI MONTROUGE ARNOUX		10,496,364	26,920	(243,126)		
2 - Equity interests (from 10 to 50% of the capital held)						
II – General information on securities whose gross value does not exceed 1% of the affiliated company's capital bound to publication						
1 – Subsidiaries:						
a) French (all)						
b) Foreign (all)						
2 - Participating interests:						
a) French (all)				(455,724)	4,778	
b) Foreign (all)						

4.6 – LIABILITIES

I. COMPOSITION OF SHARE CAPITAL
(Decree 83-1020 dated 29-11-1983 – Article 24-12)

Different categories of securities In €	Nominal value	Number of securities At start of year	Created during the year	Repaid during year	At end of year
ORDINARY SHARES	5	5,736,272	374,339		6,110,611

J. IMPAIRMENTS AND PROVISIONS IN THE BALANCE SHEET

In €		Amount at beginning of year	Increases Allowances for year	Decreases: Reversals used	not used	Amount at end of year
Provisions for expenses						
Provisions for expenses related to bonus shares		762,400	1,386,489			2,148,889
Total I		**762,400**	**1,386,489**			**2,148,889**
Impairments						
Tangible fixed assets		1,682,481	12,511			1,694,992
Equity investments		993,944	622,962	993,944		622,962
On receivables		629,959		44,229		585,730
Other impairments		3,908,037	2,024,793	2,581,637		3,351,193
Total II		**7,214,421**	**2,660,266**	**3,619,810**		**6,254,877**
GRAND TOTAL (I+II)		**7,976,821**	**4,046,766**	**3,619,810**		**8,403,766**
Including allowances and reversals	- operating		12,511	44,229		
	- financial		2,647,755	3,575,581		
	- extraordinary		1,386,489			

K. STATEMENT OF LIABILITIES

In €	Gross amount	Under 1 year	1 to 5 years	Over 5 years
Borrowings and debt owed to credit institutions:				
- under 1 year at the outset	111,333	111,333		
- over 1 year at the outset	19,870,869	778,897	12,751,286	6,340,678
Miscellaneous borrowings and financial debt	285,115	53,421	189,441	42,253
Trade and related payables	3,214,419	3,214,419		
Personnel and related accounts	2,703	2,703		
Social security and other welfare agencies	231,853	231,853		
Value-added tax	709,433	709,433		
Taxes, duties and similar payments	99,472	99,472		
Payables to fixed asset suppliers and related accounts	10,066	10,066		
Group and partners	34,769,919	34,769,919		
Other debts	194,789	194,789		
Prepaid income	576,168	576,168		
TOTAL	60,076,131	40,752,473	12,940,727	6,382,931

L. DETAIL OF ACCRUED EXPENSES

In €	31/12/2012	31/12/2011
Borrowings and debt owed to credit institutions	111,333	589,942
Miscellaneous borrowings and financial debt	165,162	444,333
Trade notes and accounts payable	2,955,614	1,557,372
Tax and social security liabilities	120,541	95,800
Payables to fixed asset suppliers and related accounts		
Other debts	16,371	10,451
GRAND TOTAL	3,369,021	2,697,899

M. ITEMS RELATING TO SEVERAL BALANCE SHEET ITEMS (Decree 83-1020 dated 29-11-1983 – Articles 10 and 24-15)

Items relating to several balance sheet items	Amount concerning companies		Amount of debts or receivables represented by commercial paper
In €	Linked	With which the company has a participating interest	
Debts			
Miscellaneous borrowings and financial debt	34,769,919		
Trade notes and accounts payable	2,062,033		
Other debts			
Total Debts	36,831,952		

N. CHANGE IN EQUITY CAPITAL

In €	Share capital	Premiums	Legal reserve	Reserves	Special reserve	Retained earnings	Net profit (loss)	Dividends	Total
At 31/12/2010	**27,961,420**	**34,477,781**	**2,716,518**	**0**	**215,933,372**	**0**	**36,739,798**	**-10,680,106**	**307,148,784**
Options exercised	7,500	41,805							49,305
GSM of 18 May 2011									
Appropriation of net profit/loss			79,624			13,677,043	-36,739,798	22,983,131	
Balance of 2010 dvd payment	690,965	7,215,057				202,781		-12,303,025	-4,194,222
Board meeting at 27/07/2011									
2011 interim dividend	21,475	212,388						-11,832,988	-11,599,125
2011 result							11,557,457		11,557,457
At 31/12/2011	**28,681,360**	**41,947,031**	**2,796,142**	**0**	**215,933,372**	**13,879,824**	**11,557,457**	**-11,832,988**	**302,962,198**
GSM of 24 May 2012									
Appropriation of net profit/loss			71,994			-12,393,696	-11,557,457	23,879,159	0
Balance of 2011 dvd payment	917,080	4,812,836				196,006		-12,046,171	-6,120,249
Board meeting at 04/09/12									
2012 interim dividend	954,615	6,117,173						-12,232,095	-5,160,307
2012 result							23,428,277		23,428,277
At 31/12/2012	**30,553,055**	**52,877,038**	**2,868,136**	**0**	**215,933,372**	**1,682,134**	**23,428,277**	**-12,232,095**	**315,109,918**

O. SUMMARY OF INTEREST RATE HEDGING INSTRUMENTS (IN EUROS)

O.1 SWAP

Period	Rate	Notional at 31/12/2012
01/02/2008 to 01/02/2015	Variable rate 3-month Euribor as against a fixed rate of 4.61%	8,555,400
14/01/2008 to 14/01/2015	Variable rate 3-month Euribor as against a fixed rate of 4.20%	3,456,000
28/09/2012 to 29/09/2017	Variable rate 3-month Euribor as against a fixed rate of 1.50%	7,950,000

P. DETAIL OF PREPAID INCOME

In €	31/12/2012	31/12/2011
Operating revenues	576,168	336,662
GRAND TOTAL	**576,168**	**336,662**

4.7 – INCOME STATEMENT

Q. TURNOVER

Société de la Tour Eiffel and its subsidiaries signed a rebilling contract to specify and confirm the terms for rebilling the subsidiaries for costs borne by Société de la Tour Eiffel (management expenses paid for technical functions, financing or refinancing costs, etc.).

The turnover of Société de la Tour Eiffel is mainly produced by rebilling Group subsidiaries for real estate, administration, asset management, financing and consulting services rendered, as well as by the rents and expenses rebilled to the tenants in the "Energy II", Saint-Cloud and Amiens properties.

R. DEPRECIATION

Framework A

DEPRECIABLE FIXED ASSETS	Value at beginning of year	Increases Allocations	Decreases Exits / Reversals	Value at end of year
	POSITION AND MOVEMENTS DURING THE YEAR (in €)			
Tangible fixed assets				
Buildings on own land	2,630,560	661,431	7,963	3,284,028
Office equipment and furnishings	7,862	2,519		10,381
TOTAL	2,638,422	663,950	7,963	3,294,409
GRAND TOTAL	2,638,422	663,950	7,963	3,294,409

Framework B

MOVEMENTS IN EXPENSES TO BE AMORTISED OVER SEVERAL YEARS	Net amount at year end	Increases	Amortisation expense	Net amount at year end
Expenses amortised over several years	306,702	100,070	273,215	133,558

S. REALLOCATIONS OF EXPENSES

Reallocations of operating expenses during the 2012 financial period relate to:

- €100,070 corresponding to debt issuance costs,
- €8,055 corresponding to an insurance payment received.

A transfer of extraordinary expenses was recorded amounting to €1,386,490 corresponding to the provision for expenses related to bonus shares.

T. STATUTORY AUDITORS' FEES

During 2012, the statutory auditors' fees totalled €232,686 for the legal audit of the financial statements, of which €219,186 were in respect of the statutory audit of the accounts and €13,500 were in respect of the audit report on Corporate Social Responsibility.

U. TRANSACTIONS PERFORMED WITH RELATED PARTIES

Société de la Tour Eiffel gave Bluebird Investissements the task of notably helping the top executives to manage both the existing property portfolio and subsequent acquisitions of new buildings and assisting with the debt restructuration. In relation to this contract, Bluebird Investissements receives an annual lump sum remuneration of €670,000.

This contract took indefinite effect on 17 January 2007, with a 2-year termination notice.

The contract was concluded under normal market conditions between these companies with executives in common.

On 5 December 2012, the Board of Directors authorised the signing of a new contract with Bluebird Investissements with effect from 1 January 2013 and the termination of the existing contract with effect from 1 January 2013. The fixed remuneration to be perceived by Bluebird Investissements will amount to a total of €295,000. The contract will be for a fixed term of twenty months and will end on 31 August 2014.

4.8 – OTHER

CASH FLOW STATEMENT

In K€	2012	2011
Net profit	23,428,277	11,557,457
Elimination of income and expenses not affecting cash:		
+ Amortisation and provisions	2,959,128	2,019,214
- Reversal of amortisation and provisions	-1,038,173	-4,162,978
- Value of disposed assets	51,459	
Change in WCR	192,139	171,111
Cash flow from operating activities	**25,476,629**	**9,584,805**
- Acquisition of fixed tangible and intangible assets	-297,042	-29,514
- Acquisition of long-term investments and current accounts	-21,473,708	-7,763,514
- Deferred expenses	-100,070	206,119
+ decrease in long-term investments and current accounts	14,081,394	22,683,503
+ decrease in tangible and intangible fixed assets		
Cash flow linked to investment transactions	**-7,789,425**	**15,096,595**
- Distribution of dividends	-24,082,260	-16,463,983
- Capital variations	12,801,704	719,940
- Net variation in financial debts	-6,199,740	-10,452,941
Cash flow linked to financing transactions	**-17,480,297**	**-26,196,984**
Cash flow at opening	4,575,665	6,091,249
Cash flow at closing	4,782,572	4,575,665
Cash flow variation	**206,907**	**-1,515,584**

The variation of the current accounts of the subsidiaries is henceforth presented in investment transactions.

5 – STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Financial year ending 31 December 2012

To the shareholders of:

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

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

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

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

5.1 – OPINION ON THE ANNUAL FINANCIAL STATEMENTS

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

We certify that, with regard to the French accounting principles and standards, the financial statements are a true and fair representation of the results of the past year's operations and of the company's financial position and assets and liabilities at the financial year end.

5.2 – JUSTIFICATION FOR OUR ASSESSMENTS

As stated in paragraph 3 of the accounting policies of the notes to the financial statements, the accounting estimates relating to the valuation of properties for the determination of equity in the financial statements at 31 December 2012 were prepared in a context making it difficult to grasp the market opportunities for certain assets according to their geographical location. In this context of uncertainty and in accordance with the provisions of Article L.823-9 of the Commercial Code, we have conducted our own assessments and bring to your attention:

- Paragraph 1.1.2 of the "Accounting Rules and Methods" in the Notes explains that the Company commissions an appraisal of its property portfolio by independent experts every six months to estimate any possible building impairments. Our work consists in examining the methodology used by the experts to determine that their assessments back the net book values of the real estate assets.
- Paragraph 3 of the "Accounting Rules and Methods" in the Notes describes the principles for assigning a value to equity securities and other long-term investment securities at period end. It states in particular that in the case of real estate investment companies, the going-concern value factors in the market value of the assets of the company held, assets which are subject to independent appraisal. Our duty consisted in assessing the methodology used by the experts and checking that any impairments required to bring the historical value of some securities down to their useful value had been booked.

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

5.3 – SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by law.

We have no matters to report regarding the fair presentation and consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders on the financial position and the financial statements.

As for information given pursuant to Article L. 225-102-1 of the French Commercial Code, on the remuneration and benefits paid to the company officers and directors and on commitments made in their favour, we have checked their consistency with the financial statements or with data used to prepare these statements, as well as with data your company collected from companies with a stake in your company or in which your company has a stake, if applicable. On the basis of this work, we certify the accuracy and fairness of this information.

Pursuant to the law, we made sure that the various pieces of information relating to the acquisition of equity interests and controlling stakes and to the identity of the equity holders were reported to you in the management report.

Paris and Neuilly-sur-Seine, 20 March 2013

The Statutory Auditors

Expertise & Audit SA
3, rue Scheffer
75016 Paris

Hélène Kermorgant

PricewaterhouseCoopers Audit
63, rue de Villiers
92000 Neuilly-sur-Seine

Yves Nicolas

6 – SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

The General Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2012

To the shareholders of:

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

In our capacity as your company's statutory auditors, we present our report on the regulated agreements and commitments.

We are responsible for reporting on the essential characteristics and terms and conditions of the possible agreements and commitments of which we have been informed or which we may have discovered during the performance of our duties, without having either to render an opinion as to their utility and merit or to seek out the existence of other agreements and commitments. It is your responsibility under the terms of Article R. 225-31 of the French Commercial Code to assess the value gained from entering into these agreements and commitments so as to decide whether or not to approve them.

If applicable, we are also responsible for reporting information addressed under article R. 225-31 of the French Commercial Code relating to the performance during the previous financial year of agreements and commitments already approved by the General Shareholders' Meeting.

We performed the due diligence we deemed necessary under the professional standards of the Compagnie Nationale des Commissaires aux Comptes in respect of this mission. This due diligence consisted of verifying that the information given to us was consistent with that provided in the primary documents from which it came.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE GENERAL SHAREHOLDERS' MEETING FOR APPROVAL

Agreements and commitments authorised during the last financial year

Pursuant to Article L225-40 of the French Commercial Code, we have been informed of the following agreements and commitments which were previously authorised by your Board of Directors.

Employment contract with Mr Robert Waterland (Board meeting of 4 September 2012)

A part-time employment contract for 18 months between the Tour Eiffel Asset Management Company, a subsidiary of Société de la Tour Eiffel, and Mr Robert Waterland, was signed on 25 September 2012 with effect from 1 March 2013, at the outset of the employment contract between Société de la Tour Eiffel and Mr Waterland, in order to ensure a smooth transition and the transfer of skills to the new management team.

The gross annual remuneration over twelve months was set at €276,000. A discretionary bonus may be granted to him in accordance with the objectives set by the manager.

Director involved: Mr Robert Waterland.

Amendment no. 6 to the contract committing the subsidiaries to the asset management master agreement entered into with TOUR EIFFEL ASSET MANAGEMENT (Board Meeting of 5 December 2012)

On 11 December 2012, your company entered into a new amendment to the master agreement of 30 November 2006. Its purpose was to determine the fees covered by Article 8.3 of the aforesaid master agreement (amount paid for by SOCIÉTÉ DE LA TOUR EIFFEL).

The fees charged by TOUR EIFFEL ASSET MANAGEMENT and left to your company in 2012 under this contract amounted to €150,000.

Directors involved: Messrs Mark Inch, Robert Waterland, Jérôme Descamps, Frédéric Maman and Renaud Haberkorn.

Modification of the contract with Bluebird Investissements (Board Meeting of 5 December 2012)

The contract dated 17 January 2007, modified by an amendment dated 10 June 2009, was terminated by mutual agreement, without compensation or notice, with effect from 1 January 2013.

A new contract was signed on 7 January 2013 for a fixed term of twenty months ending on 31 August 2014. It entrusts to BLUEBIRD INVESTISSEMENTS, of which Mark Inch is the manager, with the task of assisting the executives in raising capital and contributions of assets.

The annual retainer fee amounts to €295,000.

Some Tour Eiffel Asset Management staff costs will be rebilled to Bluebird Investments.

Director involved: Mr Mark Inch.

Amendment No. 1 to the agreement to appoint Mr Renaud Haberkorn as Managing Director of the company changing his remuneration (Board Meeting of 17 January 2013)

This amendment, which was signed on 17 January 2013, states that as of 1 January 2013 and throughout Mr Renaud Haberkorn's term of office as manager of Tour Eiffel Asset Management, his compensation as Managing Director of the Company will reduced to:

- A fixed annual salary of €100,000 gross, payable monthly,
- A variable compensation of €100 000, consisting of a bonus payable on 31 December.

For the period September 2012 - September 2014, the total remuneration paid by the Company to Mr Renaud Haberkorn will be a guaranteed gross salary of €200,000 per annum including a variable compensation of €100,000 per annum, payable respectively on 31 December 2013 and on 31 December 2014.

Director involved: Mr Renaud Haberkorn.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

Agreements and commitments approved during previous years which continued to be implemented during the financial year

In accordance with Article R. 225-30 of the Commercial Code, we have been informed that the following agreements and commitments already approved by the General Shareholders' Meeting in previous years, continued during the year.

• With TOUR EIFFEL ASSET MANAGEMENT

The asset management framework contract entered into on 24 April 2004 and amended on 30 November 2006 continued during the year.

The remuneration paid by SOCIÉTÉ DE LA TOUR EIFFEL to TOUR EIFFEL ASSET MANAGEMENT during the 2012 financial year came to €5,197,564.

• With the subsidiaries

- The contract committing the subsidiaries to the asset management master agreement (30 November 2006), resulting in a chargeback to the subsidiaries of €4,260,086.
- The contract for rebilling the expenses borne by SOCIÉTÉ DE LA TOUR EIFFEL to the subsidiaries (dated 30 November 2006) resulted in a chargeback of €1,299,073 for management costs.
- The application agreements between the subsidiaries and the Royal Bank of Scotland, which were approved as part of the general authorisation issued by the Board of Directors on 10 December 2004, ended on 26 June 2012.

• With BLUEBIRD INVESTISSEMENTS

This contract, which gives BLUEBIRD INVESTISSEMENTS the task of helping the top executives to manage the existing property portfolio and upon subsequent acquisitions of new buildings, searching new shareholders, negotiating with investors and advising on debt structuration, resulted in the payment of €670,000 for the 2012 financial year.

The contract was terminated with effect from 1 January 2013 without compensation for either party to be replaced by a new contract.

• Mr Robert Waterland's employment contract

Mr Robert Waterland received a gross remuneration of €500,000 for the 2012 financial year as Property Director responsible for the management and the growth of your company's property portfolio and those of its subsidiaries.

Mr Robert Waterland resigned his employment contract, which expired at the end of a period of notice of six months on 28 February 2013, and therefore the termination indemnity capped at two years' remuneration (fixed and variable), ceased to be potentially due.

Commitments and agreements approved during previous financial years that were not performed during the financial year

We were also informed that the following agreements and commitments approved by the General Shareholders' Meeting during previous financial years, were not performed during the last financial year.

• With Eiffel Holding Limited (formerly Fanar Investment Holding Limited)

- The deed signed in 2007, transferring the rights and obligations linked to the "Tour Eiffel" and "Burj Eiffel" trademarks held by Société de la Tour Eiffel in the United Arab Emirates, stipulates a variable remuneration fixed at 15% of any royalties on the trademark which FANAR may receive over a 5-year period with the understanding that the amount relinquished must not exceed 30% of Fanar Investment Holding Limited's profit.
- Eiffel Holding Limited did not pay any amount under this contract, in 2012, which ended on 25 October 2012.

• **Agreement to appoint the Managing Director**

On 17 October 2011, your Company entered into an agreement specifying the terms of the mandate of Mr Renaud Haberkorn as Managing Director of the company with effect from 1 September 2012 and providing compensation for revocation of 1.2 million euros in case of a forced departure unrelated to any fault of his own, subject for the first two years of Mr Renaud Haberkorn's term of office to the following performance criteria:

- In the event of a forced departure in 2012 or 2013: cash flow from operations before cost of debt and taxes adjusted for nonrecurring items of €52 million for 2012,
- In the event of a forced departure in 2014: cash flow from operations before cost of debt and taxes adjusted for nonrecurring items of €54 million for 2013.
- This agreement had no effect in 2012.

Paris and Neuilly-sur-Seine, 20 March 2013

The Statutory Auditors

Expertise & Audit SA
3, rue Scheffer
75016 Paris

Hélène Kermorgant

PricewaterhouseCoopers Audit
63, rue de Villiers
92000 Neuilly-sur-Seine

Yves Nicolas