

MANAGEMENT REPORT

CONTENTS

1 – BUSINESS AND HIGHLIGHTS	04	5 – SOCIÉTÉ DE LA TOUR EIFFEL'S SHAREHOLDERS	47
1.1 GROUP REAL ESTATE HIGHLIGHTS	04	5.1 INFORMATION RELATING TO CAPITAL	47
1.2 HIGHLIGHTS IN COMPANY AND GROUP FINANCING	05	5.2 GROUP OWNERSHIP STRUCTURE	48
1.3 OTHER HIGHLIGHTS	06	5.3 DIVIDENDS PAID OVER THE PAST FIVE YEARS	50
2 – ECONOMIC AND FINANCIAL RESULTS	09	5.4 COMPANY SHARES TRANSACTIONS	50
2.1 CORPORATE FINANCIAL STATEMENTS	09	5.5 FACTORS WHICH COULD AFFECT A TAKE-OVER BID	54
2.2 FINANCIAL RESOURCES	12	6 – EMPLOYMENT AND SUSTAINABLE DEVELOPMENT INFORMATION	54
2.3 ASSET APPRAISAL AND NAV	15	6.1 SOCIAL ORGANISATION	54
2.4 EPRA PERFORMANCE INDICATORS	21	6.2 THE COMPANY'S FOUNDATION	55
2.5 CORPORATE FINANCIAL STATEMENTS	23	6.3 CORPORATE SUSTAINABILITY REPORT	57
2.6 ACTIVITIES OF THE MAIN SUBSIDIARIES	24	7 – APPENDICES TO THE MANAGEMENT REPORT	94
2.7 RESEARCH AND DEVELOPMENT	24	7.1 SPECIAL REPORT TO THE ANNUAL GENERAL SHAREHOLDERS' MEETING OF 30 MAY 2013 ON SHARE SUBSCRIPTION OR PURCHASE OPTIONS	94
2.8 PAYMENT DELAY PERIODS	25	7.2 SPECIAL REPORT ON BONUS SHARE ATTRIBUTIONS	95
3 – CORPORATE GOVERNANCE	25	7.3 TABLE OF RESULTS FOR THE LAST FIVE YEARS	96
3.1 COMPOSITION OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT	25	7.4 AUTORISATION DE CAUTIONS, AVALS ET AUTRES GARANTIES	96
3.2 ROLE AND OPERATION OF THE BOARD OF DIRECTORS	26	7.5 SUMMARY TABLE OF DELEGATIONS OF POWERS IN RESPECT OF CAPITAL INCREASES	97
3.3 MANDATES HELD BY THE MANAGEMENT IN 2012	26	8 – GLOSSARY	104
3.4 SPECIALISED COMMITTEES	29		
3.5 REMUNERATION, ALLOWANCES AND BENEFITS OF CORPORATE OFFICERS	30		
4 – FUTURE PROSPECTS AND RISK MANAGEMENT	36		
4.1 EVENTS SINCE CLOSING OF YEAR-END ACCOUNTS	36		
4.2 OUTLOOKS AND NEW STRATEGIC PLAN	37		
4.3 RISK FACTORS AND INSURANCE	37		

1 – BUSINESS AND HIGHLIGHTS

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

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

1.1 – GROUP REAL ESTATE HIGHLIGHTS

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

a) Investment policy

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

b) Valuation of group land reserves

Redevelopment of the Massy Ampère site

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

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

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

c) Business parks

The Group continued to renovate its business parks and studied the construction of new buildings, particularly at the Parcs Eiffel in Vénissieux, Villeneuve d'Ascq, Marseille, Mérignac, Aix-en-Provence and Nantes.

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

d) Non-business park development

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

e) Change in value of property assets

61% of the Group's property assets, valued at €915 million in the consolidated accounts dated 31 December 2012 compared with €999 million at year-end 2011, **are either new or less than 10 years old, and almost 20% are HQE-certified.**

The net decrease in value is the combined result of:

- On the upside, of investments in buildings under construction at 31 December 2012, and works expenditures on the existing portfolio (€17 million);
- On the downside, of disposals made in 2012 (€71 million) and the adjustment of portfolio values on a like-for-like basis (-€30 million).

f) Business activity

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

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

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

g) Divestment policy

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

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

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

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

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

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

1.2 - HIGHLIGHTS IN COMPANY AND GROUP FINANCING

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

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

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

New financing:

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

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

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

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

- Firstly, a new mortgage loan of €8 million divided into two tranches, one redeemable for €5.2 million over 15 years, the other repayable in fine for €2.8 m over 10 years.
 - And secondly, by an equity contribution of €3.4 million.
- After taking into account hedging instruments, the overall cost of the new mortgage finance is lower than previously.

Hedging arrangements:

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

- As part of the aforementioned refinancing of €116.9 million with a German bank, eight SWAP contracts and one CAP contract were concluded on 26 June 2012, thus limiting the overall cost of the new debt to a level lower than that of the previous debt.
- The aforementioned mortgage of €8 million on 29 June 2012 included a SWAP contract. After taking into account hedging instruments, the overall cost of the new mortgage is lower than the previous one.

- As part of the aforementioned refinancing of €287 million on 14 November 2012, a SWAP contract was entered into. Two other SWAPs and one CAP will take effect on 28 June 2013, replacing the current contracts expiring on that date. The overall cost of the debt stands around 3.9% per year after factoring in these new interest rate hedging instruments.

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

1.3 - OTHER HIGHLIGHTS

a) Stock options

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

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

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

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

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

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

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

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

b) Bonus shares

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

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

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

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

Corporate officers and senior executives who are recipients are also subject to an obligation to purchase shares in order to receive all the shares to which they would be entitled. In addition, the recipients, in their capacity as senior executives of Société de la Tour Eiffel or of its subsidiaries, will be required to retain a third of their shares whilst in office.

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

c) Distribution

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

On 4 September 2012, the Board of Directors also decided to distribute an interim dividend of 2.10 euros per share on account of the dividend for fiscal year 2012, shareholders again having the choice between payment in cash or in shares.

d) Capital increase

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

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

e) Share buyback programme - liquidity contract

The Board of Directors, by reason of the authority granted it by the General Shareholders' Meeting of 24 May 2012, in its fifteenth resolution, moved on 21 June 2012 to implement a new share buyback programme under the conditions set by the said Meeting for a maximum term of eighteen months as from the date of the Meeting. The purpose is to:

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

The maximum purchase price is set at €85 per share. The maximum number of shares for which buyback is authorised is equivalent to 10% of the capital of Société de la Tour Eiffel. This authorisation may not be used during a period of takeover bid or swap.

At 31 December 2012, Société de la Tour Eiffel held 92,594 treasury shares acquired through the share buyback programme and 2,003 treasury shares acquired through the liquidity contract.

The implementation of the liquidity contract, entered into with Natixis and linked to the share buyback programme, continued during the 2012 financial period.

f) Governance

The directorships of Messrs. Renaud Haberkorn and Aimery Langlois-Meurinne being due to expire were renewed for three years by the General Shareholders' Meeting of 24 May 2012, during which Frédéric Maman was also appointed as a director .

The executive succession plan set up in 2011 by the Board of Directors entered into effect on 1 September 2012. The roles of Chairman and Managing Director were separated. Mr Mark Inch, while retaining his position as Chairman of the Board of Directors, has resigned from his position as Managing Director and was replaced in that position by Mr Renaud Haberkorn. Mr Robert Waterland has resigned from his position as Deputy Managing Director and remains a Board Member and Chairman of the Investment Committee (committee related to the executive management). Mr Frédéric Maman has been appointed Deputy Managing Director.

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

g) Internal reorganisation

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

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

h) Tax audits

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

i) Strategic plan

On 5 December 2012, the Board of Directors approved the strategic plan proposed by senior management aimed at projecting Société de la Tour Eiffel as the benchmark listed company for investment in Paris offices.

The strategy is based on the shift towards a targeted real estate portfolio consisting of modern, efficient office buildings that are sustainable development-certified or qualify for certification at moderate rents in the Paris region. Greater emphasis will be placed upon value creation by the teams' real estate expertise together with the adoption of a measured risk profile.

This should result in a debt level of some 45%, a target that the Company is expected to reach by year-end 2014. The medium-term outlooks assume renewed investment in 2014 to restore the company's asset base to a size similar to that of today and more if market conditions allow.

j) Société de la Tour Eiffel foundation

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

2 – ECONOMIC AND FINANCIAL RESULTS

2.1 – CORPORATE FINANCIAL STATEMENTS

2.1.1 – PRINCIPLES AND ACCOUNTING METHODS

The consolidated financial statements of the Société de la Tour Eiffel Group have been prepared at 31 December 2012 in accordance with IFRS standards as adopted by the European Union and applicable on the date of preparation.

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

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

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

2.1.2 – ANALYSIS OF CONSOLIDATED RESULTS

a) Consolidated income statement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b) Consolidated financial statements

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

• On the assets side:

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

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

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

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

- The net decrease in cash of €13.2 million.

• On the liabilities side:

- The decrease in equity of €16.5 million is mainly due to:

- o The increase in share capital of Société de la Tour Eiffel of €1.9 million resulting from the partial exercise of the option for payment of the final dividend for 2011 and the interim dividend for 2012 by scrip issue;

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

c) Cash flow statement

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

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

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

d) Cash flow courant

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

Per share in €

Current cash flow after dilution ^(*)	5.8	5.8	0%
Current cash flow before dilution ^(*)	6.2		8.2%

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

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

2.2 - FINANCIAL RESOURCES**2.2.1 - LIQUID ASSETS**

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

- Reimbursement through new mortgage financing of €116.9 million from the German bank SAAR LB, of all of one of the Group's main credit lines, one year before maturity;
- The early repayment of the corporate credit line set up in March 2010 and maturing on 30 September 2012. This refinancing was achieved through:
 - Firstly, the establishment of a mortgage of €8 million divided into two tranches, one depreciable for €5.2 million over 15 years, the other repayable in full for €2.8 million upon its 10 year maturity date
 - And secondly, €3.4 million out of the company's cash.

- The refinancing in advance of its main line of credit. A renewed, 5-year mortgage financing for €287 million was granted by a syndicate of banks led by pbb Deutsche Pfandbriefbank ("pbb"), together with Crédit Foncier de France, Société Générale and Crédit Agricole Corporate and Investment Bank.

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

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

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

2.2.2 - STRUCTURE OF DEBT AT 31 DECEMBER 2012

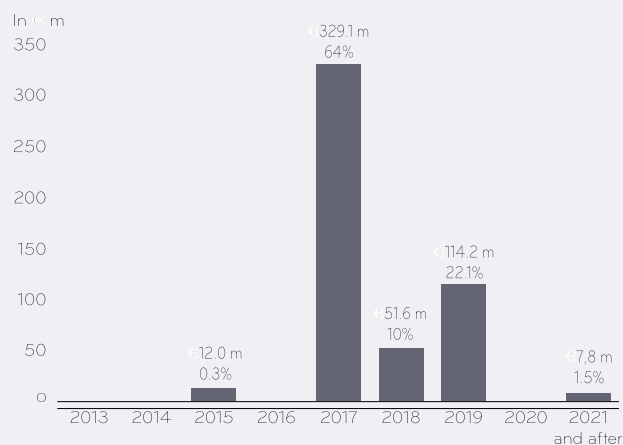
Gross bank debt amounted to €514.6 million at 31 December 2012 against €591.6 million at 31 December 2011. The amount of net bank debt, obtained by deducting from gross bank debt the Group's cash investments and cash from its various subsidiaries, amounted to €511.5 million at the end of 2012 against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

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

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

Debt maturity

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



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

Average cost of debt

The average cost of funding for the Group was 3.2% in 2012, compared with 3.5% in 2011.

This decrease in the average cost of debt is due to the combined effect of a decline in interest rates and the refinancing lines set up in 2012, together with the more favourable overall costs (interest rates + margin + interest rate hedging instrument).

2.2.3 - MANAGEMENT OF MARKET RISKS

Société de la Tour Eiffel is only concerned by the market risk resulting from the change in interest rates relating to

loans contracted to finance its investment strategy and maintain requisite financial liquidity.

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

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

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

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

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

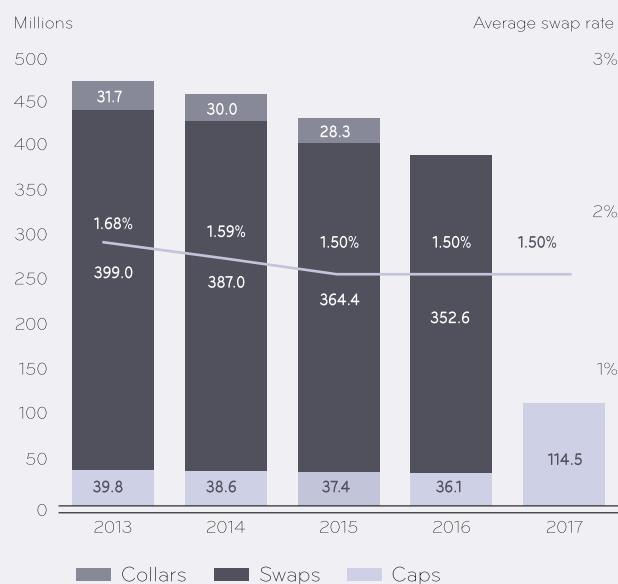
Type of contract	Company	Notional (in millions of euros)	Starting date	Maturity date	Rate
SWAP	Société de la Tour Eiffel	8	28/09/2012	29/09/2017	1.5% ^(*)
SWAP	SCI Arman F02	39.6	28/06/2012	28/06/2017	2.46% ^(**)
SWAP	SCI Montrouge Arnoux	13.3	28/06/2013	30/06/2018	1.91%
SWAP + CAP	8 SCI ^(*) refinanced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

(*) SCI Berges de l'Ourcq, SCI Comète, SCI Champigny Carnot, SCI 153 av Jean Jaurès, SCI Caen Colombelles, SCI Etupes de l'Allan, SCI Grenoble Pont d'Oxford, SCI Rueil National.

(**) Rate including the restructuring of the previous SWAP.

(***) Rates include the restructuring of the previous SWAP covering the same scope.

FORECAST HEDGING FOR THE NEXT FIVE YEARS (€ M)



Evaluation of interest rate risk

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

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

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

2.2.4 - FINANCIAL STRUCTURE RATIOS

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

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

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

Loan covenant ratios

The status relative to financial ratios that the Group has committed to respect as part of its bank financings is summarised in the table below, for amounts posted at 31 December 2012 per bank.

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

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

Risks on treasury shares

As part of the share buyback programme authorised by the General Shareholders' Meeting of 24 May 2012, the characteristics of which are described in paragraph 1.3 above and 5.1.2 below, the company is subject to a risk on the value of the shares it is liable to hold.

Based on the number of shares held the end of the 2012 financial year, i.e. 94,597 shares, the sensitivity of results to a decrease or increase of 10% of the Société de la Tour Eiffel share price is estimated to be €0.4m.

2.3 – ASSET APPRAISAL AND NAV

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

2.3.1 – PRESENTATION OF THE GROUP'S PROPERTY ASSETS

Offices	Location	Total floor area (s. qm)	Held Share	Acquisition Date	Valuer	Valuation baiss	Report	Completion date
Saint-Cloud	Paris/IDF	4,104	100%	2008	BNP Paribas Real Estate	Desktop valuation	detailed	
Le Plessis Robinson	Paris/IDF	16,597	100%	2004	Cushman & Wakefield	Full revaluation	detailed	
Massy	Paris/IDF	16,339	100%	2004	BNP Paribas Real Estate	Desktop valuation	detailed	2009
Massy Ampère	Paris/IDF		100%	2004	BNP Paribas Real Estate	Desktop valuation	detailed	
Paris Porte des Lilas	Paris/IDF	12,341	100%	2006	BNP Paribas Real Estate	Desktop valuation	detailed	2008
Asnières Quai Dervaux	Paris/IDF	10,391	100%	2005	BNP Paribas Real Estate	Desktop valuation	detailed	
Montigny-le-Bretonneux	Paris/IDF	7,586	100%	2005	BNP Paribas Real Estate	Full revaluation	detailed	
Bobigny	Paris/IDF	6,405	100%	2004	Cushman & Wakefield	Full revaluation	detailed	
Caen-Colombelles	Regions	15,782	100%	2005	Cushman & Wakefield	Full revaluation	detailed	2008
Vélizy Energy II	Paris/IDF	5,444	100%	2006	BNP Paribas Real Estate	Desktop valuation	detailed	2008
Grenoble - Polytech	Regions	5,133	100%	2006	Cushman & Wakefield	Desktop valuation	detailed	2007
Vélizy - Topaz	Paris/IDF	14,106	100%	2006	BNP Paribas Real Estate	Desktop valuation	detailed	2010
Champigny Carnot	Paris/IDF	14,153	100%	2005	Savills	Full revaluation	detailed	
Rueil - City Zen	Paris/IDF	6,829	100%	2006	Cushman & Wakefield	Desktop valuation	detailed	2007
Herblay Langevin 12	Paris/IDF	4,778	100%	2005	Savills	Desktop valuation	detailed	
Roissy Fret*	Paris/IDF	454	50%	2005	Savills	Desktop valuation	detailed	
Orléans Université	Regions	6,470	100%	2004	Savills	Desktop valuation	detailed	
Nancy Lobau	Regions	2,187	100%	2004	Savills	Desktop valuation	detailed	
Montrouge Arnoux (VEFA)	Paris/IDF	5,200	100%	construction in hand	Savills	Desktop valuation	detailed	
Sub total Offices		154,299					% of desktop valuation	71.2%
							% of full revaluations	28.8%
Value excl transfer rights in €m		495.8						
Value incl transfer rights in €m		512.8						

* Compagny share of property.

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

Sub total Business parks 230,237

% of desktop valuation 100%

% of full revaluations 0%

Value excl transfer rights in €m 285.9

Value incl transfer rights in €m 301.0

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

Sub total Light industrial 46,622

% of desktop valuation 85.0%

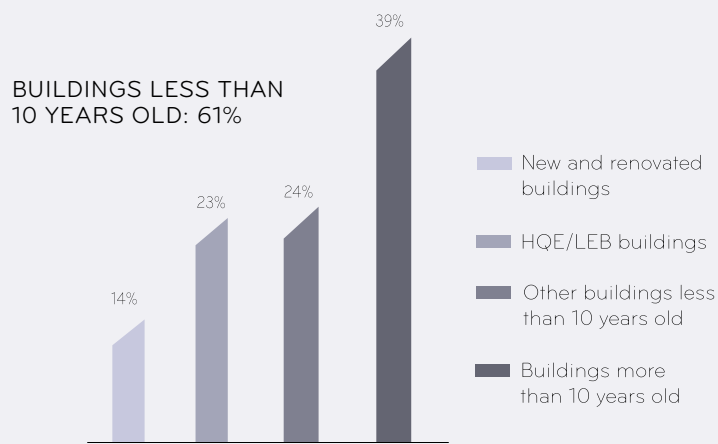
% of full revaluations 15.0%

Value excl transfer rights in €m 40.5

Value incl transfer rights in €m 43.0

Warehouses / Sorting centres	Location	Total floor area (s. qm)	Held Share	Acquisition Date	Valuer	Valuation baiss	Report	Completion date
Amiens	Regions	18,244	100%	2008	Crédit Foncier Expertise	Desktop valuation	detailed	
Gennevilliers	Paris/IDF	20,569	100%	2004	Savills	Desktop valuation	detailed	
Mitry-Mory	Paris/IDF	9,756	100%	2004	Savills	Desktop valuation	detailed	
Sochaux	Regions	27,571	100%	2005	Savills	Desktop valuation	detailed	2005
Toulouse Capitols	Regions	13,814	100%	2004	Crédit Foncier Expertise	Full revaluation	detailed	
Marseille Provence Vitrolles	Regions	15,084	100%	2004	Savills	Desktop valuation	detailed	2010
Saint-Gibrien	Regions	11,350	100%	2004	Savills	Desktop valuation	detailed	2008
Les Souhesmes 1 & 2 Verdun	Regions	9,958	100%	2004	Savills	Desktop valuation	detailed	
Caen Mondeville	Regions	13,230	100%	2004	Crédit Foncier Expertise	Full revaluation	detailed	2010
Vannes	Regions	7,750	100%	2004	Crédit Foncier Expertise	Full revaluation	detailed	
La Roche-sur-Yon	Regions	5,980	100%	2004	Crédit Foncier Expertise	Full revaluation	detailed	
Orléans/Ingré	Regions	4,436	100%	2004	Crédit Foncier Expertise	Full revaluation	detailed	
Sub total Warehouses		157,742					% of desktop valuation	66.2%
							% of full revaluations	33.8%
Value excl transfer rights in €m		93.2						
Value incl transfer rights in €m		98.9						

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



2.3.2 – GROUP PROPERTY ASSETS

All the property assets of the Société de la Tour Eiffel Group were appraised at 31 December 2012 by one or the other of the following independent valuers: BNP Paribas Real Estate Valuation, Savills, Cushman & Wakefield Expertise and Crédit Foncier Expertise.

During the year, the Group completed the valuers rotation for 15 properties, or 23.7% in value of its property portfolio. Attributions between firms are determined by the geographical location and nature of the properties appraised.

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

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

Change in property assets 31 December 2012

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

Effective rates of return at 31 December 2012

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

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

Methodology retained by the valuers

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

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

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

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

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

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

Within the framework of the appraisals at 31 December 2012, the rates of return applied by the valuers range from 6% (for a Paris office property) to 9.75% (for light industrial premises in the provinces) being determined according to the risk posed by a particular asset class and include the impact of vacant premises.

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

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

2.3.3 - NET ASSET VALUE

Net asset value according to EPRA recommendations

• EPRA Triple NAV

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

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

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

• EPRA Net Asset Value

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

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

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

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

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

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

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

	In € m	Per share in €
EPRA Triple NAV as at 31/12/2011	392.8	69.2
Impact of the change in number of shares		-4.6
Recurring net income	34.9	5.7
Distribution 2012	-11.3	-1.9
Capital gains & losses from disposals	-1.2	-0.2
Valuation of property assets	-30.0	-4.9
Valuation of hedging instruments	-8.3	-1.4
Other	1.1	0.2
EPRA Triple NAV as at 31/12/2012	378.1	62.2
Diluted number of shares as at 31 December 2012:	6,079,909	
Diluted number of shares as at 31 December 2011:	5,678,114	

2.4 - EPRA PERFORMANCE INDICATORS

EPRA recurring net income

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

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

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

EPRA NAV and EPRA Triple NAV

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

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

EPRA yields

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

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

(**) Annualized rent as 31 December, adjusted for running rental concessions, net of expenses, divided by the value of the property assets, including tax.

EPRA vacancy rate

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

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

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

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

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

2.5 – CORPORATE FINANCIAL STATEMENTS

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

On the assets side:

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

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

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

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

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

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

On the liabilities side:

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

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

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

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

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

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

In 2012, Société de la Tour Eiffel repaid €13.7 million of its four bank loans. In particular, it repaid in advance its Natixis loan of €13.1 million, partly refinanced by a loan of €8 million contracted with the CA Ile de France.

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

Income statement:

Company turnover amounted to €7.6m (compared with €6.3m at year-end 2011), comprising re invoicing to subsidiaries (€5.6m) of various investment, financing and administrative costs, and asset management services (according to the terms of the asset management master agreement entered into with Tour Eiffel Asset Management and paid on their behalf) as well as rental income from the Vélizy, Saint-Cloud and Amiens properties (€2m).

Operating charges (€13m) are made up of the costs relating to the Tour Eiffel Asset Management master asset management agreement, certain financing and investment charges, allocations to depreciation of buildings, and Société de la Tour Eiffel's general overheads.

The net operating loss at 31 December 2012 amounted to -€5.3m versus -€4.6m at 31 December 2011.

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

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

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

Sumptuary costs and not tax deductible expenses

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

2.6 - ACTIVITIES OF THE MAIN SUBSIDIARIES

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

A table of subsidiaries and holdings, included as an appendix to the balance sheet, shows the key indicators for sales turnover and earnings in 2012.

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

At 31 December 2012, the consolidation of the Société de la Tour Eiffel Group encompassed 17 companies (not including Société de la Tour Eiffel), all of which are wholly-owned as per the list appended to the consolidated accounts. One of these 17 subsidiaries provides consultancy services (SNC Tour Eiffel Asset Management), the 16 other subsidiaries being property companies.

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

2.7 - RESEARCH AND DEVELOPMENT

Pursuant to Article L232-1 of the French Commercial Code, we inform you that, in the course of the past financial year, the Company did not carry out activities in research and development.

2.8 – PAYMENT DELAY PERIODS

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

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

Trade payables (in €)					
2011 financial year	Invoices within 30 days	Invoices within 45 days	Invoices within 60 days	Other lead-times	Total
2011 Invoices	511,790,83				511,790.83
Accounts payable not received				1,557,371.89	1,557,371.89
Trade notes and accounts payable	511,790,83			1,557,371.89	2,069,162.72

3 – CORPORATE GOVERNANCE

3.1 – COMPOSITION OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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

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

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

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

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

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

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

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

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

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

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

3.2 – ROLE AND OPERATION OF THE BOARD OF DIRECTORS

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

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

There is a service contract between the Company and the Bluebird Investissements Company, of which Mr Mark Inch is the manager. This contract is in particular for assistance in managing the property portfolio, the acquisition of new buildings and advice in debt restructuring, and gives rise to a fixed annual fee of €670,000 excluding VAT. The Company shares the cost between itself and its subsidiaries. This contract was terminated by mutual agreement and a new contract for services was entered into on 1 January 2013 between the Company and Bluebird Investissements, for assistance to executives in raising capital and transferring assets, for an annual retainer fee of €295,000 excluding VAT.

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

Given the size of the company and its mono-sectoral activity, all strategic issues and decisions are handled by the Board, which nevertheless has an Audit Committee and an Appointment and Remuneration Committee, both of which have an advisory role.

3.3 – MANDATES HELD BY THE MANAGEMENT IN 2012

RENAUD HABERKORN

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

Main function held in the Company:

Managing Director

Dates of appointment:

Managing Director as of 1 September 2012
Board Member: 14 May 2009, last renewed 24 May 2012

Expiry of term of office of mandates as Managing Director and Board Member: 2015

Other offices and mandates held outside the Company at 31 December 2012:

Board member, Polish Investments Real Estate Holding II B.V., foreign company

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

Member of the Investment Committee, Redwood Grove International, foreign company (mandate expired in 2012)

Board member, Polish Investments Real Estate Holding II B.V., foreign company (mandate expired in 2012)

Board member, Grove International Partners (UK) Limited, foreign company (mandate expired in 2011)

Member of the Investment Committee, Captiva 2 SCA and Captiva SCA, foreign companies (mandate expired in 2011)

Member of the Supervisory Board, Event Hospitality Group BV, foreign company (mandate expired in 2011)

Member of the Supervisory Board, Coöperatieve Redwood Grove International U.A., foreign company (mandate expired in 2011)

Board member, Nowe Ogrody 5 Sp., foreign company (mandate expired in 2011)

Board member, Newswanlake BV, foreign company (mandate expired in 2011)

Board member, Stichting Administratiekantoor Douglasshire International Holding, foreign company (mandate expired in 2011)

Board member / Chairman, SI Real Estate Holding B.V., foreign company (mandate expired in 2011)

Member of the Société de la Tour Eiffel audit committee (mandate expired in 2011)

Board Member, Cypress Grove International.D Coöperatief U.A. (until 12/11/10)

Board Member, Cypress Grove International.E Coöperatief U.A. (until 12/11/10)

Board member, Hellenic Land Holding BV (until 9/11/10)

Board member, Progetto Magnolia Srl (until 9/02/2009)

Chairman, Nowe Ogrody 5 Sp. (until 28/01/09)

Board Member, Med Group Leisure Investment BV (until 22/12/08)
Board member, Induxia Srl (until 3/11/08)

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

MARK INCH

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

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

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

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

Other offices and mandates held outside the Company at 31 December 2012:
Manager, Bluebird Investissements SARL
Director, Emirates REIT Management (Private) Limited, foreign company
Director, Eiffel Holding Limited, foreign company

Other effective mandates and functions having expired during the past five years:
Board member, Fédération des Sociétés Immobilières et Foncières (mandate expired in 2012)
Managing Director, Société de la Tour Eiffel (until 31 August 2012)
Manager, Bluebird Holding SARL (until 29/12/09)
Manager, SNC Albion (until 14/01/09)
Chairman and Managing Director, Osiris Gestion de Entidades S.L.U. (until 15/09/08), foreign company

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

FRÉDÉRIC MAMAN

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

Main function held in the Company:
Deputy Managing Director

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

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

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

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

MERCEDES ERRA

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

Main function held in the Company:
Board Member

Dates of appointment: 18 May 2011
Expiry of term of office: 2014

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

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

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

Managing Director, Havas, listed company (mandate expired in 2012)

Chairwoman of the Board, Euro RSCG, until 29 May 2011

Number of shares held as at 31 December 2012: 52

AIMERY LANGLOIS-MEURINNE

Born 27 May 1943 in Paris

Address: 6 rue Jean-Gabriel Eynard, 1205 Genève - Switzerland

Main function held in the Company:

Board Member

Dates of appointment: 15 October 2009, last renewed 24 May 2012

Expiry of term of office: 2015

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

Chairman of the Appointment and Remuneration Committee of Société de la Tour Eiffel

Other offices and mandates held outside the Company at 31 December 2012:

Member of the Supervisory Board, PAI PARTNERS SAS, Member of the Supervisory Board, Louis Dreyfus Commodities Holding BV, foreign company, Board member and Vice-Chairman, IMERYS SA, listed company

Board member, IDI, listed company

Board member, PARGESA NETHERLANDS, foreign company

Board member, E.I. STURDZA STRATEGIC MANAGEMENT LIMITED, foreign company

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

Chairman, IMERYS SA, listed company (mandate expired in 2011)

Board member and General Manager, PARGESA HOLDING SA (mandate expired in 2010)

Board member, GROUPE BRUXELLES LAMBERT (mandate expired in 2010)

Board member, PARGESA LUXEMBOURG SA (mandate expired in 2010)

Board Member, CLUB MEDITERRANEE (mandate expired in 2009)

Board Member, EIFFAGE (mandate expired in 2008)

Number of shares held as at 31 December 2012:

61,000

RICHARD NOTTAGE

Born 10 February 1959 in Wellington, United Kingdom

Address: 3 rue Eugène Delacroix, 75116 Paris

Main function held in the Company:

Board member

Dates of appointment: 18 May 2011

Expiry of term of office: 2014

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

Member of the Société de la Tour Eiffel audit committee

Other offices and mandates held outside the Company at 31 December 2012:

Manager, Genviva Capital SARL,

Chairman, Hôtel La Falaise Dinard SAS,

Member of the Executive Committee, Hôtel du Parvis de l'Europe SAS

Board member, Société Hôtelière Toulouse Centre SA,

Board member, WBA Saint Honoré SA,

Groupe Société Hôtelière Paris les Halles:

- Chairman, Société Hôtelière Paris les Halles SAS,

- Member of the Executive Committee, Hôtel de Nantes SAS,

- Manager, Elorac SARL,

- Director, St James Hotel Limited (United Kingdom), foreign company,

- Managing Director, The Grand Real Estate B.V. (Netherlands), foreign company,

- Sole Director, Samorais Ltée (Canada), foreign company,

- Sole Director, 9007-2521 Québec Inc (Canada), foreign company,

- Sole Director, 1180 Québec Inc (Canada), foreign company

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

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

PHILIPPE PROUILLAC

Born 6 April 1953 in Dakar (Senegal)

Address: 6 Villa Pauline, 92100 Boulogne

Main function held in the Company:

Board member

Dates of appointment: 12 February 2008 (renewed during the General Shareholders' Meeting of 20 May 2010)

Expiry of term of office: 2013

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

Chairman of the Société de la Tour Eiffel audit committee

Other offices and mandates held outside the Company at 31 December 2012:

Acting Manager, CIPA company

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

Member of the Appointment and Remuneration Committee of Société de la Tour Eiffel (mandate expired in 2011)
Chairman of Atisreal Expertise (mandate expired in 2008)
Chairman of Atisreal Consult (mandate expired in 2008)

Number of shares held as at 31 December 2012: 100

ROBERT GUY WATERLAND

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

Main function held in the Company:

Board Member

Dates of appointment: 22 July 2003, last renewed 20 May 2010

Expiry of term of office: 2013

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

Chairman of the Société de la Tour Eiffel foundation
Chairman, SAS Locafimo

Other offices and mandates held outside the Company at 31 December 2012:

Manager, SNC Awon Participations – SNTF
Manager, SC Layla

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

Manager, SCI du 153 avenue Jean Jaurès (mandate expired in 2012)
Manager, SCI Arman F02 (mandate expired in 2012)
Manager, SCI Arman Ampère (mandate expired in 2012)
Manager, SCI Caen Colombelles (mandate expired in 2012)
Manager, SCI Cogolin Gaou (mandate expired in 2012)
Manager, SCI Comète (mandate expired in 2012)
Manager, SCI de Brou (mandate expired in 2012)
Manager, SCI de la Crau (mandate expired in 2012)
Manager, SCI des Berges de l'Ourcq (mandate expired in 2012)
Manager, SCI Etupes de l'Allan (mandate expired in 2012)
Manager, SCI Grenoble Pont d'Oxford (mandate expired in 2012)
Manager, SCI Marceau Bezons (mandate expired in 2012)
Manager, SCI Montrouge Arnoux (mandate expired in 2012)

Manager, SCI Nowa (mandate expired in 2012)
Manager, SCI Porte des Lilas (mandate expired in 2012)
Manager, SCI Rueil National (mandate expired in 2012)
Manager, SCI Vélizy Topaz (mandate expired in 2012)
Manager, SCI Malakoff Valette (until 21/07/11)
Manager, SCI Lyon Genlis (until 23/05/11)
Manager, SCI Duranne Sud (until 25/05/10)
Manager, SCI Massy Campus 2 (until 19/10/09)
Manager, SNC Foncière Eiffel Développement (until 9/03/09)
Manager, SNC Albion (until 14/01/09)
Managing Director, Osiris Gestion de Entidades S.L.U. (until 15/09/08)
Chairman, SAS Parcoval (until 21/07/08)

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

3.4 – SPECIALISED COMMITTEES

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

The Audit Committee's main role is:

- i) to monitor the conditions in which the annual and consolidated accounts are prepared,
- ii) to verify that the company has suitable means (audit, accounting and legal) to prevent risks and anomalies in managing the company's affairs,
- iii) to track the financial reporting process,
- iv) to track the effectiveness of the internal control and risk management systems.

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

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

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

The attendance rate of the members was 100%.

The Appointment and Remuneration Committee's main role is:

- i) to ensure that the remunerations of corporate officers and changes to these remunerations are consistent with the interests of the shareholders and the performance of the company;
- ii) regarding the selection of new board members, the Committee is responsible for making proposals to the Board after reviewing in detail all the items that must be taken into account in its deliberations, in particular, it must organise a procedure for the selection of the future independent directors and carry out its own studies on potential candidates;
- iii) regarding the succession of executives: establishing an executive succession plan in order to submit to the Board alternative solutions in the event of an unforeseen vacancy.

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

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

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

The attendance rate of the members was 100%.

3.5 - REMUNERATION, ALLOWANCES AND BENEFITS OF CORPORATE OFFICERS

TABLE 1

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

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

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

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

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

TABLE 2

Summary table of the remunerations of each corporate officer

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

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

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

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

(2) compensation paid by Tour Eiffel Asset Management, a controlled company, in his capacity as Director.

(3) the variable remuneration was subject for 2012 to the achievement of the objectives identified by the Board.

At the Board meeting of 20 March 2013 it was decided that the variable remuneration Mr Frédéric Maman for 2013 may represent up to 40% of his fixed remuneration under the following conditions:

- 40% of the variable remuneration is subject to the completion of four qualitative criteria, taking into account the issues of the company in the medium term, each of which shall obtain a maximum of 10% of the variable remuneration.
- The remaining 60% are subject to three quantitative criteria based on the sale of assets to reduce the company's indebtedness and the renewal of leases in advance, each of which shall obtain a maximum of 20% of the variable remuneration. Levels of achievement have been set up.

TABLE 3

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

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

TABLE 4

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

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

(1) Performance-based conditions:

Qualitative criteria:

2/3 of the share options may be exercised provided that:

- the Company's equity capital first be reinforced and that banking debt (notably expiring in 2013) be refinanced under conditions that are favourable to the Company;

- that the management team present a strategic plan for the Company following the refinancing.

Quantitative criterion:

1/3 of shares would be definitively allocated on the condition that the increase in the consolidated operating cash flow on a like-for-like basis, adjusted for capital gains or losses on disposals during the last financial year, be at least 5% higher than the average of the cash flow for three previous financial years preceding the date of strike.

Obligation to purchase shares:

Recipients of stock options will only receive 1/4 of the options granted in the event that they do not directly and/or indirectly purchase on the market within 6 months before or after the allotment of the bonus shares decided on 4 September 2012 or on 10 October 2012 by the Board of Directors, a number of shares in Société de la Tour Eiffel similar to the number of bonus shares allocated to them.

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

TABLE 5

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

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

TABLEAU 6

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

Performance-based shares granted during the financial period to each corporate officer by the issuer and by any company of the Group	Plan number and date	Number of shares granted during the financial period	Valuation of the shares according to the method selected for the consolidated financial statements	Date of acquisition	Date of availability	Performance conditions
Renaud Haberkorn	Plan n° 7 4/09/12	20,000	€730,400	04/09/14	04/09/16	(1)
Mark Inch	Plan n° 7 4/09/12	10,000	€365,200	04/09/14	04/09/16	(1)
Frédéric Maman	Plan n° 8 11/10/12	1,900	€66,061	11/10/14	11/10/16	(1)

(1) Performance-based conditions:

Qualitative criteria:

1/3 of the shares will be definitively granted provided that:

- the Company's equity capital be first reinforced and that banking debt (notably expiring in 2013) be refinanced under conditions that are favourable to the Company;
- that the management team has present a strategic plan for the Company following the refinancing.

Quantitative criterion:

2/3 of the shares would be definitively allocated on the condition that the increase in the consolidated operating cash flow on a like-for-like basis, adjusted for capital gains or losses on disposals during the last financial year preceding definitive attribution, be at least 5% higher than the average of the cash flow for the three previous financial years.

Obligation to purchase shares:

Recipients of bonus shares will only receive 1/4 of the bonus shares allocated in the event that they not directly and/or indirectly purchase on the market within 6 months before or after the present allotment of bonus shares, a number of shares in Société de la Tour Eiffel similar to the number of shares they have received.

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

TABLE 7

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

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

TABLE 8**Table of outstanding share subscription or purchase options**

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

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

TABLE 9**Share subscription or purchase options granted during fiscal 2012 to the top ten non-corporate officer employees and options exercised by them**

	Total number of options granted / shares subscribed or purchased	Weighted average price	Plan no.
Options granted during the financial period by the issuer and all companies included within the scope of option allocation, to the ten employees of this issuer and all companies included within this perimeter, of which the number of options granted is the highest (overall information)	None	None	None
Options held on the issuer and the previously noted companies, exercised during the financial period by the ten employees of the issuer of these companies, of which the number of options granted is the highest (overall information)	None	None	None

TABLE 10

2012 financial year

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

(1) Mr Renaud Haberkorn will receive compensation for revocation of 1.2 million euros in case of a forced departure unrelated to any personal fault. The payment of this compensation is subject, for the first two years of office of Mr Renaud Haberkorn, to meeting the following performance criteria:

- Cash flow from operations before cost of financial debt and tax adjusted for non-recurring items of €52 million for the year 2012 (in case of a forced departure in 2012 or 2013)

- Cash flow from operations before cost of financial debt and tax adjusted for non-recurring items of €54 million for the year 2013 (in case of a forced departure in 2014).

(2) with a subsidiary.

4 – FUTURE PROSPECTS AND RISK MANAGEMENT

4.1 – EVENTS SINCE CLOSING OF YEAR-END ACCOUNTS

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

- Sale of the Parc de l'Espace in Le Bourget, signed on 11 January 2013;
- Commitment to sell the reception building for the NXP campus at Caen Colombelles signed on 16 January 2013;
- Sale of two properties in the La Poste portfolio (Vitrolles and Orléans) signed on 18 and 31 January 2013;
- Establishment of a multi-annual equity financing line by creating share issuance warrants (BEAs) exercisable for three years in maximum tranches of 75,000 shares at the request of Société de la Tour Eiffel. The purpose of this equity financing line is to afford the company additional resources for investment in existing assets, including the

Massy site, while improving its capital structure and limiting dilution for shareholders. The total number of shares that may be issued at the end of the three years will not exceed 600,000, or 9.8% of current capital;

- Commitment to sell the La Poste Caen Mondeville building signed on 7 March 2013;
- Commitments to sell the Parc du Millénaire in Montpellier (excluding buildings 8 and 29) and separately building 8, signed on 19 March 2013.

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

4.2 – OUTLOOK AND NEW STRATEGIC PLAN

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

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

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

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

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

New strategic plan

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

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

The ambition of the company is to become the «listed benchmark for investment in Paris offices.» The reasoning behind this choice is the unique nature of the market in

terms of both stock and take-up, representing as it does 80% of French office activity. Another reason is that the acquired expertise of the company's teams in this sphere can achieve maximum benefit.

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

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

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

4.3 – RISK FACTORS AND INSURANCE

Risk factors

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

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

Management of market risks

The changes in interest rates have a direct impact on the borrowing collected to finance the Group's investment policy and when the rates go up, they are likely to lead to a rise in the cost of financing the investments. Similarly, a rise in the interest rates is likely to have an effect on the Group's ability to maintain its necessary financial liquidity. Against a global backdrop of historically low interest rates, the Group's management policy for the interest rate risk is intended to secure these low interest rates over the long term and limit the impact of a change in interest rates on its earnings and cash flow. To achieve these objectives, the Group's companies generally borrow at a variable rate and use derivatives (caps and swaps) to cover their risk of exposure to rate changes. They do not perform market

transactions for any purpose other than to hedge their interest rate risk, and they personally centralise and manage all transactions performed.

Société de la Tour Eiffel did not record any losses on its open-end fund investments. This is because the investment vehicles used are liquid, secure and with low volatility, and can therefore be classified as “Cash and cash equivalents”. At 31 December 2012, the IFRS gross bank debt of the Group amounted to €514.6 million, consisting of €311.4 million at fixed rates by SWAPs and €203.3 million at variable rates, the latter amount being hedged by €196.8 million of CAP contracts. Hence, at year-end 2012, the debt was hedged overall to a total ratio of 99%.

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

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

Risks on treasury shares

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

Counterparty risk

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

Currency risk

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

Liquidity risk

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

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

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

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

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

- LTV ratio: amount of committed financings over that of the fixed assets financed;
- ICR ratio: interest coverage for the 4th quarter of 2012 and projections of interest expense over the following 3 first quarters of 2013 over net rentals for the 4th quarter of 2011 and those projected over the first 3 quarters of 2013.

Banking financing and main covenants at 31/12/2012

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

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

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

Risks related to the change in the economic environment

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

General economic conditions are likely to encourage or depress demand in the industry in which the Group operates, and thus, the need for development of its office buildings. It can also affect the occupancy rate of its property assets and the capacity of tenants to pay their rents.

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

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

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

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

Risks related to the competitive environment

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

The Group is in competition with a number of players, some of which benefit from a larger financial base and control bigger portfolios. These operators and independent operators can also, in some cases, have better regional or local presence than the Group. This financial ability and capability to undertake substantial projects on their own may give the major market operators a competitive edge in bidding for property assets as well as leading them to adopt investment criteria which are unacceptable to our company's objectives.

Risks related to the office and service industry property markets

The levels of rental income and the valuation of office property and service industry premises are considerably influenced by the state of supply and demand. An unfavourable change in demand versus supply is likely to affect the results, activity, property assets and financial position of the Group. Furthermore, the development of the Group's business partly depends on the availability of property assets with the requisite characteristics and qualities, in particular in terms of location and rental area.

Risks related to valuation of the property portfolio

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

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

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

The sensitivity analysis of our portfolio consists in calculating, based on the appraisal values at 31 December 2012, their change using only the net income capitalisation method, according to the assumption of a positive and negative variation of 25 bp and 50 bp in the rates of return used by the experts, i.e. -0.50%, -0.25%, +0.25% and +0.50%.

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

- 1) For an increase of 25 and 50 bp, the value of the portfolio at 31 December 2012 would decrease respectively by 3% and 5.9%, which, all other things being equal, would result in an overall adjustment in consolidated income of -€28.6 million and -€56.1 million respectively.
- 2) For a decrease of 25 and 50 bp, the value of the portfolio at 31 December 2012 would increase respectively by 3.4% and 6.9%, which, all other things being equal, would result in an overall adjustment in consolidated income of +€32.1 million and +€65.6 million respectively.

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

Risks related to the failure of information systems

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

Legal risks

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

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

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

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

Dependence on patents or licenses

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

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

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

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

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

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

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

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

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

The Loi de Finances Rectificative 2006 introduced new provisions entitled "SIIC 4", effective as of 1 January 2007. Two specific measures need to be mentioned due to their risk potential:

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

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

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

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

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

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

Given the aforementioned provisions, introduced by article 208 C II ter of the General Tax Code, the articles of association of the Company were modified by decision of the special general shareholders' meeting held on 27 March

2008, on the one hand in order to oblige shareholders affected by these provisions to register their shares under penalty of having their maximum voting rights reduced to a tenth of the number of shares held (article 8) and, on the other hand, to transfer liability to the aforementioned shareholders for the sum due by the Company as a result of the situation of the said shareholders (article 33).

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

Risks associated with tax regulations

Because of the complexity and formality that characterise the fiscal environment in which the Company's business is carried out, it is exposed to tax risks. In such cases, the Company may be subject to adjustment and tax litigation. Any adjustment or litigation for which no or inadequate provision has been made may have adverse consequences on the results of the Company. Société de la Tour Eiffel and Locafimo were subject to tax audits in 2012 (see paragraph 1.3 h).

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

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

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

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

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

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

Risks related to changes in sustainable development

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

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

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

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

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

During fiscal 2012, the company implemented a strategy primarily to gain more detailed knowledge about its assets in terms of energy and environmental issues, and then to structure a methodology for collecting the data to ensure the reliability and sustainability of the information obtained, and invited Sinteo, a specialised firm, to do so. In this way, the group can more efficiently focus operations involving the maintenance, renovation and renewal of its portfolio.

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

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

Rental risks

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

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

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

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

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

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

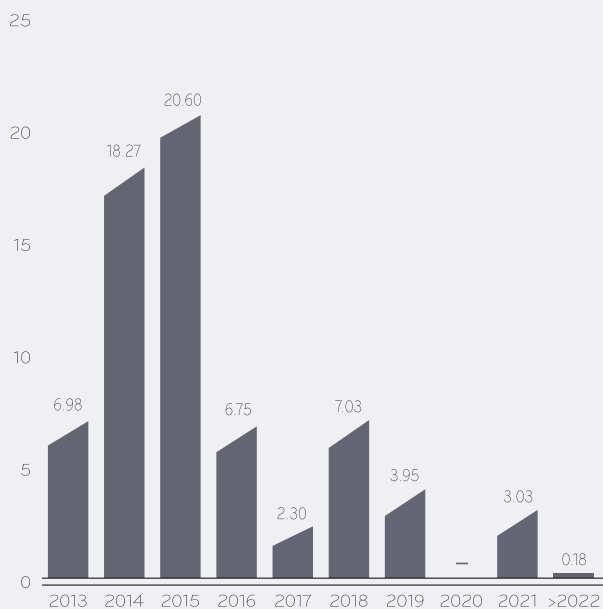
Late payments are systematically followed by a reminder and may give rise to penalties. Outstandings are monitored by Tour Eiffel Asset Management staff members who decide on the preliminary procedures or legal actions required.

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

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

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

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



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

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

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

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

Risks related to the dependence with respect to certain key directors

These risks were greatly mitigated by the adoption in 2011 by the Board of a succession plan, under which the Group’s Managing Director from 1 September 2012 will be Mr Renaud Haberkorn, who previously was a board member of Société de la Tour Eiffel. To ensure the succession is gradual and sustainable, on that date the current founding directors, Messrs. Mark Inch (President and Managing Director) and Robert Waterland (Deputy Managing Director), became on 1 September 2012 respectively Chairman of the Board and Group Real Estate Consultant.

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

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

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

Risks related to the dependence on asset management and consultancy contracts

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

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

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

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

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

Risks related to the dependence upon property managers

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

Insurance and risk coverage

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

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

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

The total amount of insurance premiums paid in 2012 stands at €1,269K. The breakdown of this overall figure is as follows:

- "Multi-risk Building: €1,049K
- "Civil Liability" and "corporate" insurance: €212K
- Other insurance: €8K

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

Legal procedures and arbitration

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

5 – SOCIÉTÉ DE LA TOUR EIFFEL'S SHAREHOLDERS

5.1 – INFORMATION RELATING TO CAPITAL

5.1.1 – CHANGES IN CAPITAL OVER FIVE YEARS

Date	Transaction	Amount of changes in capital		Successive amount of capital	Number of shares issued	Number of shares after transaction	Nominal share value
		Nominal	Share premium				
Situation as at 31 December 2008		-	-	€249,264,144	-	5,193,003	€48
10 June 2009	Reduction in capital	€223,299,129	-	€25,965,015	-	5,193,003	€5
10 June 2009 ⁽²⁾	Capital increase	€1,200,165	€3,922,139	€27,165,180	240,033	5,433,036	€5
27 October 2009	Distribution of part of the premium	-	-€10,677,220	€27,165,180	-	5,433,036	€5
Situation as at 31 December 2009		-	-	€27,165,180	-	5,433,036	€5
20 May 2010	Distribution of part of the premium	-	-€7,318,611	€27,165,180	-	5,433,036	€5
30 September 2010 ⁽²⁾	Capital increase	€796,240	€5,898,545.92	€27,961,420	159,248	5,592,284	€5
Situation as at 31 December 2010		-	-	€27,961,420	-	5,592,284	€5
18 May 2011 ⁽¹⁾	Capital increase	€7,500	€41,805.00	€27,968,920	1,500	5,593,784	€5
20 June 2011 ⁽²⁾	Capital increase	€690,965	€7,215,056.53	€28,659,885	138,193	5,731,977	€5
19 September 2011 ⁽²⁾	Capital increase	€21,475	€212,387.75	€28,681,360	4,295	5,736,272	€5
Situation as at 31 December 2011		-	-	€28,681,360	-	5,736,272	€5
21 June 2012 ⁽²⁾	Capital increase	€917,080	€4,812,835.84	€29,598,440	183,416	5,919,688	€5
3 October 2012 ⁽²⁾	Capital increase	€954,615	€6,117,172.92	€30,553,055	190,923	6,110,611	€5
Situation as at 31 December 2012		-	-	€30,553,055	-	6,110,611	€5

(1) Exercise of share subscription options.

(2) Exercise of option for payment of dividend in shares.

5.1.2 – SHARE PURCHASING OPTIONS

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

2012 Buy-back programme summary

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

Number of shares registered in the name of the Company on the year end accounts: 94,597

Total value of these shares valued at purchase cost: €5,841,364.75 (value per share: €61.75)

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

Number of shares used: 0

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

Forthcoming share buyback programme

At the next General Shareholders' Meeting to be held on 30 May 2013, it will be proposed that the Board of Directors be authorised to implement a new share buyback program of the Company's own shares, in order to:

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

The conditions for the new share buyback programme proposed to the General Shareholders' Meeting on 30 May 2013 will be as follows:

- The maximum number of shares for which buyback is authorised will be equivalent to 10% of the capital of Société de la Tour Eiffel.
- The maximum purchase price will be set at €80 per share.
- The duration of the programme will be eighteen months from the date of the General Shareholders' Assembly on 30 May 2013, i.e. until 30 November 2014.

Breakdown by objective of equity securities held at 28 February 2013

Liquidity contract: 1,593 shares.

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

5.2 – GROUP OWNERSHIP STRUCTURE

Statutory thresholds

There is no statutory threshold requiring a crossing declaration.

Double voting rights

No double voting right exists.

Changes in the ownership structure over 2012

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

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

Ownership structure on 31 December 2012

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

Material changes in the ownership structure over the three past years

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

• *BNP Paribas Asset Management*

BNP Paribas Asset Management, acting on behalf of funds it manages, declared that it crossed the 5% threshold of capital and voting rights on the downside on 22 November 2010, and that the shareholding in our company was due to the resumption of the management activities of Fortis Investment Management SA which occurred further to the merger/absorption on 3 May 2010.

BNP Paribas Asset Management declared that during the 2011 fiscal year it crossed the thresholds of 5% of capital and voting rights:

- on the upside on 2 June 2011,
- on the downside on 14 June 2011,
- on the upside on 16 June 2011,
- on the downside on 21 June 2011,
- on the upside on 27 July 2011.

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

• *F&C Asset Management Plc*

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

• *Nomura Asset Management Co. Ltd*

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

• *DLIBJ Asset Management Co. Ltd / DIAM Co.*

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

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

Ownership structure	Balance at 31/12/2012			Balance at 31/12/2011			Balance at 31/12/2010		
	Number of shares	% of capital	% of voting rights ⁽¹⁾	Number of shares	% of capital	% of voting rights ⁽¹⁾	Number of shares	% of capital	% of voting rights ⁽¹⁾
Corporate officers and companies controlled by corporate officers / directors⁽²⁾									
Corporate officers and companies controlled by corporate officers / directors ⁽²⁾	676,486	2.62	2.62	577,095	10.06	10.06	574,407	10.27	10.27
Other shareholders holding more than 5% of capital⁽³⁾									
Eiffel Holding Ltd <i>non resident</i>	516,567	9.51	9.51	516,567	9.51	9.51	516,567	9.51	9.51
ING Clarion now CBRE Clarion <i>non resident</i>	165,800	6.53	6.53	165,800	6.53	6.53	165,800	6.53	6.53
BNP Paribas Asset Management SAS <i>resident</i>	na ⁽⁴⁾	na ⁽⁴⁾	na ⁽⁴⁾	402,778	7.03	7.03			
Treasury shares									
Treasury shares	94,597	1.54	1.54	93,650	1.63	1.63	96,041	1.72	1.72

(1) Percentage calculated on the basis of all the shares to which voting rights are attached.

(2) The shares of directors are taken into account from the 2012 financial period onwards. Also included are the shares held by the Eiffel Holding company, of which Mr Mark Inch is a partner and corporate officer, and Mr Robert Waterland is a partner.

(3) Based on the latest declaration of threshold crossing.

(4) Na : shareholders having crossed the 5% threshold on the downside.

For the record, the number of shares forming the share capital:

as at 31 December 2012: 6,110,611 ; as at 31 December 2011: 5,736,272 ; as at 31 December 2010: 5,592,284.

5.3 – DIVIDENDS PAID OVER THE PAST FIVE YEARS

Dividends over five years

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

^(*) Distribution of 2€ per share paid out of the share premium further to the approval of the Ordinary General Shareholders' Meeting of 15 October 2009.

^(**) Levied on the "other reserves" and "legal reserve" items, plus an amount of €1.38 per share paid out of the share premium.

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

The Ordinary General Shareholders' Meeting of 20 May 2010 moved to distribute €2 per share deducted from the reserves and the share premium.

Distribution of dividends

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

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

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

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

5.4 – COMPANY SHARES TRANSACTIONS

5.4.1 – BUYBACK PROGRAMME

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

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

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

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

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

The second one, adopted on 21 June 2012 by the Board as delegated by the Ordinary General Meeting held on 24 May 2012, was to:

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

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

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

The liquidity contract associated with the first share buy-back programme continued in 2012.

5.4.2 - SHARE SUBSCRIPTION OR PURCHASE OPTIONS

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

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

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

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

Summary table of valid share subscription or purchase options

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

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

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

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

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

5.4.3 - TRANSACTIONS BY DIRECTORS

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

Transactions during the 2012 financial period

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

5.5 – FACTORS WHICH COULD AFFECT A TAKE-OVER BID

In accordance with Article L225-100-3 of the French Commercial Code based on Law 2007-387 of 31 March 2007 which stipulates that companies must disclose factors which could have an effect during a take-over bid, we report the following:

- The services contract entered into with Tour Eiffel Asset Management (previously named “Awon Asset Management”) on 26 April 2004 as amended beginning on 1 January 2007 for a 5-year renewable term stipulates a rescission penalty equal to two times the remuneration received over the year previous to the rescission ;
- In a bank borrowing agreement, the change of control of Société de la Tour Eiffel, within the meaning of Article L.233-3 of the Commercial Code is a mandatory case of prepayment. The same applies in a second bank borrowing agreement, if the takeover is not approved by the majority of the Board of Directors.

- The service contract signed with Bluebird Investissements on 17 January 2007 with effect from 1 January 2007 for an indefinite period, as modified by an amendment dated 10 June 2009, provides for a two-year notice for termination. It should be noted that this contract ended on 1 January 2013, when a new contract took effect, for a period ending on 31 August 2014.
- Mr Robert Waterland’s employment contract stipulates a maximum two years of severance pay in the event of termination. It should be noted that the employment contract ended on 28 February 2013. A new fixed-term employment contract was entered into by and between Mr Robert Waterland and the Tour Eiffel Asset Management Company, a subsidiary, which will end on 31 August 2014.
- Mr Renaud Haberkorn will receive compensation for revocation of 1.2 million euros in case of a forced departure unrelated to any fault of his own. The payment of this compensation is subject to meeting performance criteria.

6 – EMPLOYMENT AND SUSTAINABLE DEVELOPMENT INFORMATION

6.1 – SOCIAL ORGANISATION

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

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

A framework asset management contract was concluded on 26 April 2004 with Tour Eiffel Asset Management and authorised as a regulated agreement by the Board of Directors on 2 April 2004 and ratified by the General Shareholders’ Meeting on May 18 2004. Under the terms of the contract, the company, which originally had no connection with the capital of Société de la Tour Eiffel, has the following functions: advising in the acquisition of buildings, management of properties held by the Group in order to optimise rental income and valuation of the property, and administration of group companies.

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

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

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

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

6.2 – THE COMPANY’S FOUNDATION

The Société de la Tour Eiffel Foundation, initiated in 2007 by the SIIC’s managers with the support of the Board of Directors, commits the Company to a socially oriented approach in line with its business and heritage. Chaired by Robert Waterland, in January 2012, operation of the Foundation was extended for five years with a new multiannual budget of €150,000.

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

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

During its first programme from 2007 to 2012, the Foundation organised two competitions, the first in 2008 on the design of a high-rise building on the Champ de Mars in Paris, the second in 2010 on the redevelopment of the former railway gantry spanning the River Garonne in Bordeaux engineered in 1860 by Gustave Eiffel. In 2011 the Foundation offered a grant on the subject of little-known or forgotten constructions by Gustave Eiffel in a foreign country. The winners were awarded an allocation of €17,000 for a study trip to South America resulting in a film and a book, reflecting the true presence of Gustave Eiffel in the region.

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

CORPORATE SUSTAINABILITY REPORT 2012



**SOCIETE
DE LA
TOUR EIFFEL**



CONTENTS

01 EDITORIAL

- 02 FROM TRANSPARENT APPROACH...
- 03 ... TO TANGIBLE INPUT
- 04 KEY FIGURES FOR 2012
- 05 REPORTING FOR 2012 PERFORMANCE INDICATORS
- 06 METHODOLOGICAL NOTE

09 A COMMITMENT TO COPROATE CITIZENSHIP

- 11 GENDER DIVERSITY
- 11 TRANSPARENCY AND ETHICS
- 11 CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY
- 12 CORPORATE CARBONE® FOOTPRINT

14 ASSET MANAGEMENT BASED ON AN ENVIRONMENTAL STRATEGY

- 16 AN INTRINSICALLY EFFICIENT PORTFOLIO
- 17 KEY INDICATORS FOR 2012

19 A PROACTIVE ROADMAP FOR 2015

- 20 A MULTI-YEAR ACTION PLAN
- 22 DEVELOPMENTS WITH HIGH ENVIRONMENTAL QUALITY
- 23 THE ENVIRONMENTAL RIDER, AN IMPROVEMENT RACHET
- 24 AN INNOVATIVE APPROACH TO ENVIRONMENTAL MANAGEMENT
- 25 SHARING POINTS OF VIEW

26 CONCLUSION

28 APPENDICES

- 29 OVERVIEW OF REGULATORY ART. 225: GRENELLE 2
- 32 GRI CORRESPONDENCE
- 34 DETAILED EPRA INDICATORS PER ASSET
- 36 CONFIRMATION OF AUDITOR'S PRESENCE AND LIMITED ASSURANCE REPORT

EDITORIAL



“ACCEPTING OUR RESPONSIBILITIES.”

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

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

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

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

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

Renaud Haberkorn, Chief Executive Officer

FROM TRANSPARENT APPROACH...

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

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

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

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

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

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

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



GLOBAL REPORTING INITIATIVE

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

The GRI correspondence index can be found in the appendix.

... TO TANGIBLE INPUT



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

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



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

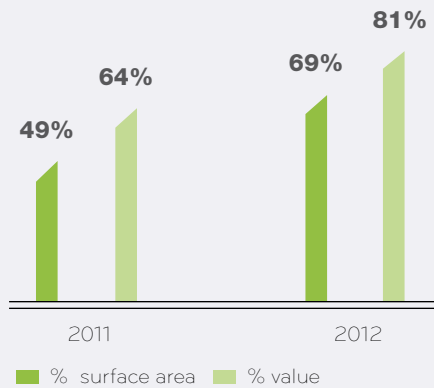
SOCIÉTÉ DE LA TOUR EIFFEL IS AN ADHERENT OF THE FRENCH FEDERATION OF REAL-ESTATE COMPANIES (FSIF) AND AS SUCH IS A MEMBER OF THE SUSTAINABLE DEVELOPMENT COMMITTEE.



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

KEY FIGURES FOR 2012

MAPPED PORTFOLIO



81%

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

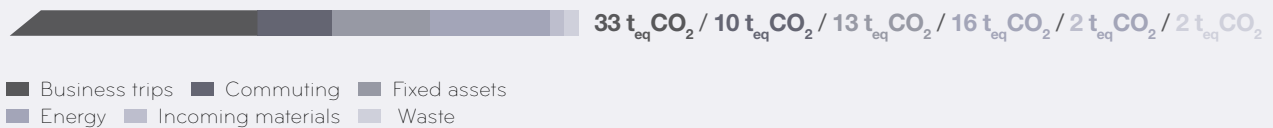
AVERAGE PORTFOLIO CONSUMPTION



354 kWh_{PE}/m².year

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

CARBONE® FOOTPRINT



3 T CO₂e

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

REPORTING FOR 2012

PERFORMANCE INDICATORS

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

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

✓ Indicators audited by Pricewaterhouse Coopers.

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

METHODOLOGICAL NOTE

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

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

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

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

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

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

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

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



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

(1) Waste collected according to type (CIW/household, paper, cardboard, etc.)

✓ Indicators audited by Pricewaterhouse Coopers.

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

✓ Indicators audited by Pricewaterhouse Coopers.

Category	Reference	Reliability	Unit	Indicators	
				Year % of the portfolio mapped	
LIGHT INDUSTRIAL	GRI CRESS - EPRA	Collecting data rate (2012)		2012 25%	2011 25%
ENERGY					
CarbonScreen© mark - intrinsic performance	-	100%	/100	40	40
Total energy consumption	EN 3 & 4	100%	MWh _{FE}	3,210 ✓	3,401
including fossil fuels	EN 3		MWh _{FE}	0	0
including electricity	EN 4		MWh _{FE}	2,518	2,485
including district heating	EN 4		MWh _{FE}	692	917
... Per m ²	CRE 1		kWh _{FE} /m ²	95 ✓	101
	CRE 1		kWh _{PE} /m ²	213 ✓	217
GHG					
Total emission	EN 16	100%	T CO ₂ e	362 ✓	410
including direct emissions	EN 16		T CO ₂ e	0	0
including indirect emissions	EN 16		T CO ₂ e	362	410
... Per m ²	EN 8		kg CO ₂ e / m ²	11	12
WATER					
Total consumption	EN 8	36%	m ³	656 ✓	4,500
... Per person	CRE 3		m ³ / nbETP	np	np
WASTE					
Total mass	EN 22		T	174	149
% of upgraded waste	-	36%			
	EN 22		%	59%	55%
WAREHOUSES/ SORTING CENTRES					
	GRI CRESS - EPRA	Collecting data rate (2012)	Unit	2012 71%	2011 71%
ENERGY					
CarbonScreen© mark - intrinsic performance	-	100%	/100	37	0
Total energy consumption	EN 3 & 4	33%	MWh _{FE}	2,414 ✓	2,521
including fossil fuels	EN 3		MWh _{FE}	1,313	0
including electricity	EN 4		MWh _{FE}	1,101	2,521
including district heating	EN 4		MWh _{FE}	0	0
... Per m ²	CRE 1		kWh _{FE} /m ²	182 ✓	191
	CRE 1		kWh _{PE} /m ²	314 ✓	335
GHG					
Total emission	EN 16	33%	T CO ₂ e	400 ✓	408
including direct emissions	EN 16		T CO ₂ e	307	307
including indirect emissions	EN 16		T CO ₂ e	92	102
... Per m ²	EN 8		kg CO ₂ e/m ²	30	31
WATER					
Total consumption	EN 8	30%	m ³	2,072 ✓	0
... Per person	CRE 3		m ³ /nbETP	np	np
WASTE					
Total mass	EN 22	0%	T	0	0
% of upgraded waste	-				
	EN 22		%	0%	0%

✓ Indicators audited by Pricewaterhouse Coopers.

A COMMITMENT TO CORPORATE CITIZENSHIP



2012 HIGHLIGHTS

- > Implementation of a free share allocation plan for employees
- > **70%** of Asset Managers are female
- > **100%** of employees have permanent contracts
- > **45%** of employees have taken at least one training course

OUR SOCIAL VALUES

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

2012 SOCIAL DATA

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

(1) Net of Directors.

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

Sylviane Beaumont,
Human Resources Manager

GENDER DIVERSITY

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

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

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

TRANSPARENCY AND ETHICS

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

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

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

A RELATIONSHIP OF TRUST

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

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

2012 HIGHLIGHTS

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



Focus on the Société de la Tour Eiffel Foundation

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

In January 2012, the Board of Directors of the Société de la Tour Eiffel decided to extend its activities for five years under the presidency of Robert Waterland, one of the founding directors, and to appoint Mercedes Erra to the Board.

Support for young students in key moments of their careers will continue to be its central focus, privileging projects related to the history of the company and the legacy of Gustave Eiffel. The sum of €150,000 has been allocated for the implementation of the multi-year program.

<http://www.fondationsocietetoureiffel.org/>

CORPORATE CARBONE® FOOTPRINT

CARBONE® FOOTPRINT FOR SOCIÉTÉ DE LA TOUR EIFFEL IN 2012



- Business trips ■ Commuting ■ Fixed assets
- Energy ■ Incoming materials ■ Waste

CORPORATE ENVIRONMENTAL DATA

	AT 31/12/2012	AT 31/12/2011
EMISSIONS OF GREENHOUSE GASES		
Société de la Tour Eiffel (tCO₂e)	82	153
<i>For business trips</i>	33	108
<i>For Energy</i>	21	17
Total per employee (tCO₂e)	3.0	5.9
CONSUMPTION		
Energy (kWh)⁽¹⁾	218,468	179,591
Water (m³)	226	383
Paper (t)	1.8	2.2
TRAVEL		
Commuting (km)	131,000	129,000
<i>By car and two-wheeled vehicles</i>	36,000	35,000
<i>By public transport</i>	95,000	94,000
Business trips (km)	275,000	306,000
<i>By air</i>		156,000
<i>By rail</i>		115,000
<i>By professional vehicle</i>	33,000	35,000

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

2012 HIGHLIGHTS

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

> **3.0 t CO₂e**
per employee

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



IMPROVEMENT IN THE CARBON FOOTPRINT

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

The study shows an impressive improvement including a 47% reduction in emissions mainly due to a decrease in air travel last year: company staff made three times fewer flights.

This major fact, however, should not distract from in-house disciplines aimed at limiting the company's carbon footprint such as waste sorting and recycling, reducing paper consumption or the choice of economic company vehicles.

WHAT IS A TON OF CO₂ EQUIVALENT?

The unit used in the Carbone® footprint method is a tonne of CO₂ equivalent (tCO₂e), which represents the emission of greenhouse gases of each studied workstation, converted into the CO₂ equivalent. In the Bilan Carbone® footprint method, **six different greenhouse gases** are assessed, which are then related to a common unit in order to facilitate understanding and communication.



ASSET MANAGEMENT BASED ON AN ENVIRONMENTAL STRATEGY





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

- **All categories of property:** business parks, office buildings, light industrial sites, warehouses;
- All the assets with tenants subject to **a lease with an environmental rider agreed** before July 2013. These assets were the subject of a detailed inventory in terms of their technical facilities, tenants fixtures and fittings and stringent reading of consumption data;
- **The overall scope of the use of each asset is reviewed.** It therefore includes both the share of consumption controlled by Société de la Tour Eiffel and that controlled by its tenants;
- **The complete environmental impact of the assets:** energy consumption, emissions of greenhouse gases, production and sorting of waste, water consumption, intrinsic qualities of the asset compared with influences such as the number of workstations, weather conditions, and the levels of operating contracts;

- **All occupiers are made aware of the study and included within scope**, be they industrial, for which energy cost control methods are commonplace, or CAC 40-listed companies that have introduced a structured CSR policy for all their areas of activity, without overlooking SMEs and SMIs occupying small floor areas.

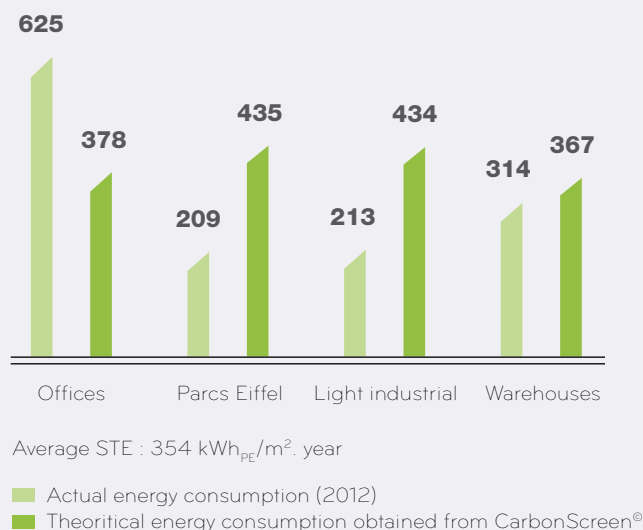
Reflecting the company's pragmatism which, over and above the comprehensive data collection, seeks to implement an environmental management processes adapted to both its assets and tenants, and this action makes a significant improvement to the widest possible range of environmental indicators. Aware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

AN INTRINSICALLY EFFICIENT PORTFOLIO

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

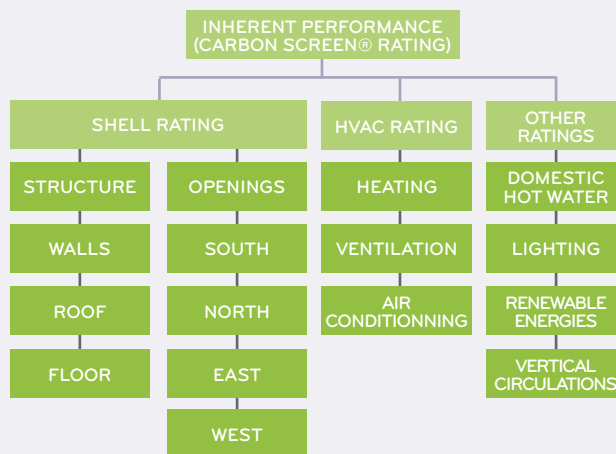
- The average overall consumption for the audited property portfolio represented **354 kWh_{PE} / sq. m per year**, or about 25% less than the French average; as a whole, the buildings are therefore relatively energy-efficient;
- **Over 70% of the assets are subject to standard occupation**, i.e. their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

COMPARISON BETWEEN THEORETICAL AND ACTUAL ANNUAL CONSUMPTION (annual average consumption of the mapped assets in kWh_{PE}/m²)



WHAT IS CARBONSCREEN®?

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



KEY INDICATORS FOR 2012

A GLOBAL VISION OF ENVIRONMENTAL ISSUES

ENERGY CONSUMPTION

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

The energy performance characteristics for the property portfolio are generally superior to the average for French commercial property⁽¹⁾. **Most of the sites are rated from B to D.**

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

IMPACT ON CLIMATE CHANGE

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

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

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

WASTE MANAGEMENT

The widespread use of CSR reporting in 2012 showed the difficulty of establishing the traceability of tenant waste production. In 2013, a study will be conducted on all of our sites to determine the possibilities of measurable selective collection of waste especially in the Parcs Eiffel.

According to available data, most of the waste from buildings is at present **selectively sorted at the initiative of tenants**.



WATER CONSUMPTION

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

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

PROTECTING BIODIVERSITY

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

REFRIGERANT-RELATED POLLUTION

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

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

A PROACTIVE ROADMAP FOR 2015



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

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

Actions scheduled	Reference CSR Report 2012	Measuring the objective	Status	Ref
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NESS

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

DEVELOPMENTS WITH HIGH ENVIRONMENTAL QUALITY

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

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

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

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

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

The consistency between the intrinsic quality associated with building design and its use by a tenant with occasionally specific needs represents the major challenge in the management of new or recent assets, whether they are certified or not. Certification initiatives for assets in service of the BREEAM In-Use type will be undertaken in 2013 in order to implement best practices. If necessary, energy audits will be undertaken to identify paths for potential optimization.

For instance, an energy audit carried out in 2012 on the Caen Colombelles property, which was delivered in 2005, highlighted the excessive consumption stemming from the tenant's activities which triggered the establishment of a corrective action plan.

20%

of the value of the property portfolio is certified.



THE ENVIRONMENTAL RIDER, AN IMPROVEMENT RACHET

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

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

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



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

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

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

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

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

AN INNOVATIVE APPROACH TO ENVIRONMENTAL MANAGEMENT

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

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

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

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

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

EXTRACT OF AN ENVIRONMENTAL MANAGEMENT MANUAL



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

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

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

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

SHARING POINTS OF VIEW

Jean-Marc Peyron, Lawyer
Herbet Smith Freehills

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

ODILE BATSERE: What have our European colleagues chosen?

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

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

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

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

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

Odile Batsere, Asset Management Director
Société de la Tour Eiffel

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

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

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

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

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

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

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

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

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

CONCLUSION





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

WHAT IS YOUR ASSESSMENT OF THE FIRST TWO YEARS?

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

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

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

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

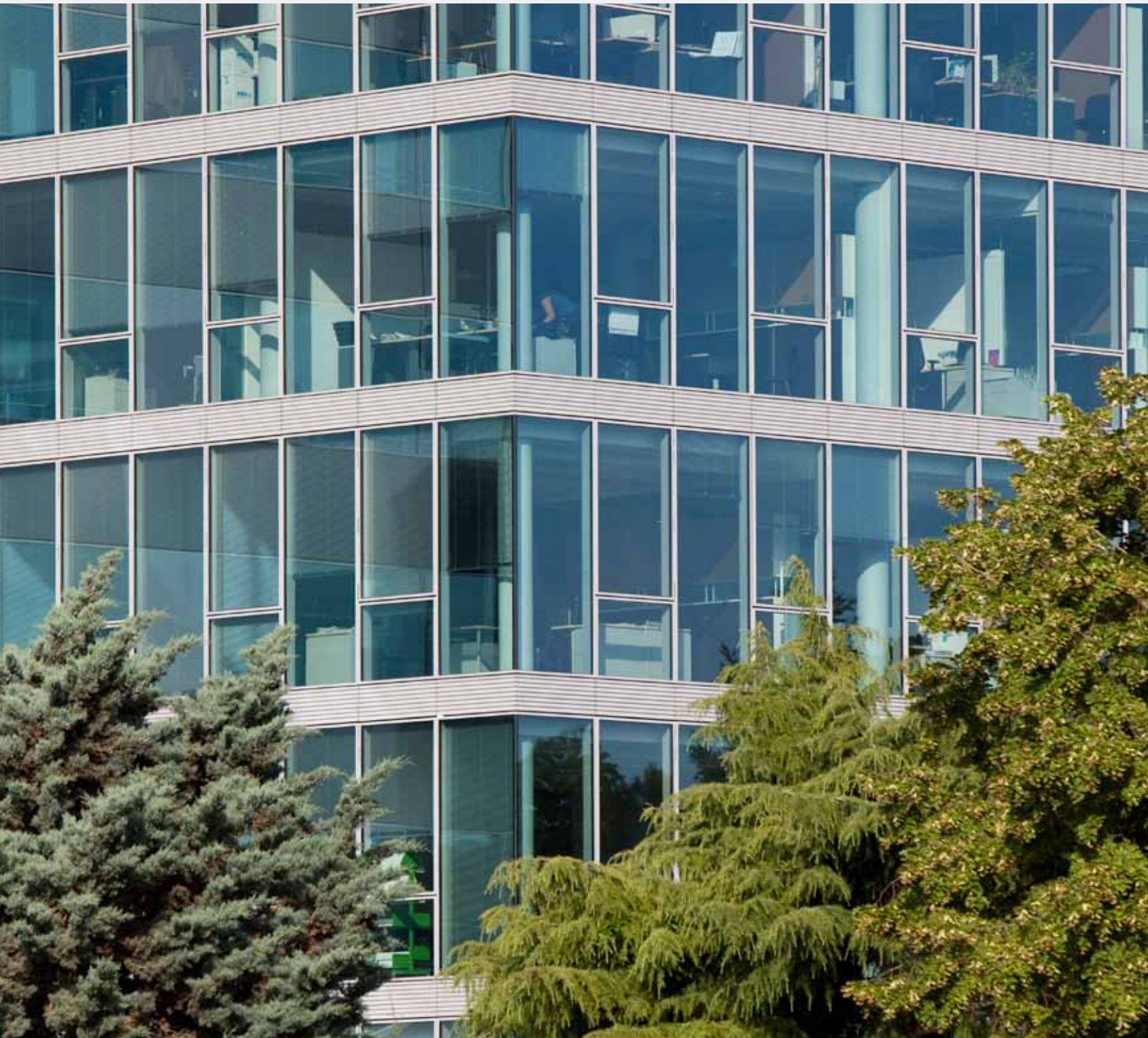
DOES THE APPROACH HELP YOU CREATE VALUE?

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

WHAT DEVELOPMENTS ARE PLANNED FOR THE COMING YEARS?

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

APPENDICES



OVERVIEW OF REGULATORY ART. 225: GRENELLE 2

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

Categories	Sub-category	Indicators	Page of report	Comment
Environmental information	General environment policy	The organisation of the company to take into account environmental issues, and where appropriate environmental assessment or certification approaches	Complete	Nicolas de Saint-Maurice, Financial Engineering and Development Director, supervises these issues.
		Training and information for employees in environmental protection	-	To develop their understanding of these issues, asset managers have been trained in environmental certification.
		Resources devoted to the prevention of environmental risks and pollution	Complete	"The whole approach of Société de la Tour Eiffel fits in with this framework.
		The amount of provisions and guarantees for environmental risks	-	210 hours have been invested in this project by its backers".
	Pollution and waste management	Measures to prevent, reduce or repair emissions to the air, water and soil seriously affecting the environment	Complete	The whole approach of Société de la Tour Eiffel fits in with this framework.
		Measures for waste prevention, recycling and disposal	7-10 & 13	On its premises, the company sorts and recycles waste, toners and plastic caps, which are taken care of by an association.
		Taking into account noise and other forms of pollution specific to an activity	-	The Montrouge site in 2012 has the guarantees of the Vinci Oxygen eco-commitment approach. In its premises, the company has provided anti-noise headphones.
	Sustainable use of resources	Water consumption and supply according to local constraints	7-10 & 17	Mapping of the property portfolio covers this indicator.
		Consumption of raw materials and measures to improve efficiency in their use	-	On its premises, the company has bought double-sided photocopiers to limit (successfully this year) paper consumption.
		Energy consumption Measures taken to improve energy efficiency and the use of renewable energy	7-10 & 17	Mapping of the property portfolio covers this indicator.
		Land use	-	The Parcs Eiffel systematically include 30% of green space. Demolition waste is recovered as gravel for roads.
	Climate change	Greenhouse gas emissions	7-10 & 13	On its premises, the Company has completed a corporate carbon footprint ⁹ . The mapping was used to estimate the emissions due to the property portfolio.
		Adaptation to the impacts of climate change	19-20	The action plan presented covers this indicator.
Protection of biodiversity	Measures to preserve or enhance biodiversity	-	On several rooftops, beehives have been installed.	

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

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

GRI CORRESPONDENCE

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

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

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

DETAILED EPRA INDICATORS PER ASSET FOR 2012

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

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

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

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

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

FINANCIAL YEAR ENDING 31 DECEMBER 2012

For the attention of Renaud Haberkorn, Managing Director,

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

MANAGEMENT'S RESPONSIBILITY

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

INDEPENDENCE AND QUALITY CONTROL

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

RESPONSIBILITY OF THE AUDITOR

It is our responsibility, based on our work:

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

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

1. CONFIRMATION OF PRESENCE

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

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

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

2. MODERATE ASSURANCE REPORT

NATURE AND SCOPE OF UNDERTAKING

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

We performed the following:

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

representativeness by asset type, their contribution to the consolidated results, their location and risk analysis, we:

- o conducted interviews to verify the correct application of the procedures;
- o following soundings, implemented detailed tests, consisting in verifying the calculations and reconciling the data with the back-up documents.

The resulting sample depending on the relevant indicator, represents between 29% and 52% of the quantitative environmental information we tested.

- For the consolidated qualitative information that we considered to be the most important, we conducted interviews and reviewed the related documentary sources in order to corroborate the information and appreciate their sincerity.
 - For the other published consolidated information, we assessed consistency with our knowledge of the company and, where appropriate, through interviews or by consulting documentary sources.
 - Finally, we assessed the relevance of the explanations, if any, for the absence of certain information.

CONCLUSION

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

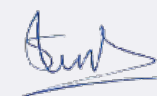
Neuilly-sur-Seine, March 1st, 2013

One of the Auditors
Pricewaterhouse Coopers Audit

Yves Nicolas
Partner
Statutory Auditor



Sylvain Lambert
Partner in the Sustainable
Development Department



Design, creation and execution:

TERRE DE SIENNE *Paris* | www.terredesienne.com

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Text: Sinteo



**SOCIETE
DE LA
TOUR EIFFEL**

7 – APPENDICES TO THE MANAGEMENT REPORT

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

Pursuant to Article L.225-184 of the French Commercial Code, we are providing information on the share subscription and purchase options transactions conducted during the financial year ended 31 December 2012 (articles L225-177 to L225-186 of the French Commercial Code).

1) Number, maturity dates and prices of share subscription or purchase options which, during fiscal 2012 and for the mandates and functions exercised in the company, were granted to each of these corporate officers by the company and those associated with it in accordance with Article L225-180:

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

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

2) Number, maturity dates and prices of share subscription or purchase options that were granted during fiscal 2012 to each of these officers for the mandates and functions they perform by the companies controlled within the meaning of Article L. 233-16: NONE

3) Number and prices of shares subscribed or purchased during the year by officers of the company by exercising one or more of the options held in the company, or companies related to it in accordance with Article L. 225-180 as well as in controlled companies within the meaning of Article L. 233-16: NONE

4) Number, price and maturity dates of share subscription or purchase options granted during the year by the company and by the companies or groups linked to it in accordance with Article L. 225-180, to each of the ten employees of the company who are not corporate officers and with the highest number of options granted: NONE

5) Number and price of shares which, during the year were subscribed or purchased, by exercising one or more of the options held in the company and in the companies or groups related to it in accordance with Article L. 225-180, for each of the ten employees of the company who are not corporate officers and with the highest number of shares purchased or subscribed: NONE

6) Number, price and maturity dates of share subscription or purchase options granted during the year by the company and by the companies or groups related to it in accordance with Article L225-180, to all employee beneficiaries and the number thereof and the distribution of the options granted between the categories of beneficiaries: NONE

The Board of Directors

7.2 - SPECIAL REPORT ON BONUS SHARE ATTRIBUTIONS

Pursuant to Article L225-197-4 of the French Commercial Code, under the terms of this report, we are providing information on the bonus share attributions which took place during the financial year ended on 31 December 2012 (articles L225-197-1 to L225-197-3 of the French Commercial Code).

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

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

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

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

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

The Board of Directors

7.3 - TABLE OF RESULTS FOR THE LAST FIVE YEARS

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

(1) The earnings per share are computed based on a weighted average number of shares during the year.

(2) The payroll figure includes remuneration paid to the company officers and directors and cost of bonus share attributions.

(3) Of which during FY 2012: €2.1 of interim dividends paid and €2.1 of proposed balance.

7.4 - AUTHORISATION TO ASSUME SURETIES, GUARANTEES AND OTHER WARRANTIES

Pursuant to Articles L225-35 and R 225-28 of the French Commercial Code, the Board of Directors authorised the Managing Director at its meeting held on 14 March 2012 to give sureties, guarantees and other warranties up to a total cap of €200m.

This authorisation was given for a one-year term.

7.5 – SUMMARY TABLE OF DELEGATIONS OF POWERS IN RESPECT OF CAPITAL INCREASES

Authorisation granted	Use
<p>I - Delegation of powers granted to the Board of Directors to increase the share capital by the issue of any marketable securities giving access, immediately or in the long term, to Company shares while maintaining pre-emptive subscription rights.</p> <p>On 18 May 2011, the extraordinary general meeting of shareholders, in its 11th resolution, delegated to the Board of Directors the full powers required to proceed with the capital increase, in one or several instalments, while maintaining pre-emptive subscription rights, to the extent and at that time that it sees fit, through the issue of shares, warrants and/or marketable securities issued with or without cost, in euros or foreign currencies, regulated by Articles L. 228-91 et seq. of the Commercial Code, giving immediate or delayed access, at any moment or a precise date, to ordinary shares of the company through subscription, conversion, trade, redemption, presentation of a warrant, or any other means.</p> <p>Limits of the authorised issue amounts:</p> <p>(i) The total nominal amount of the capital increases, immediate or future, which may be performed in application of this resolution may not exceed the overall ceiling for all capital increases performed under resolutions 11, 12, 13, 14, 15, 16, and 17, namely, thirteen million five hundred thousand (13,500,000) euros, to which must be added, if applicable, the additional nominal amount of shares issued, as required by law, to guarantee the rights of bearers of marketable securities giving the right to shares;</p> <p>(ii) The total nominal value of marketable securities representing borrowings giving access to capital which may be issued under resolutions 11, 12, 13, and 14, in accordance with Articles L. 228-91 and L. 228-92 of the Commercial Code is limited to one hundred and fifty (150) million euros or its equivalent in foreign currency.</p> <p>Term of the delegation: 26 months as of the date of the aforementioned meeting.</p>	<p>This authorisation has not been used.</p>

Authorisation granted

Use

II - Delegation of powers granted to the Board of Directors to increase the share capital by the issue of any marketable securities giving access, immediately or in the long term, to Company shares, while eliminating pre-emptive subscription rights but introducing a period of right of priority for shareholders totalling at least five trading days.

This authorisation has not been used.

On 18 May 2011, the extraordinary general meeting of shareholders, in its 12th resolution, delegated to the Board of Directors the full powers required to proceed with the capital increase by issuing shares, warrants and/or marketable securities giving immediate or delayed access to ordinary shares of the company, at one time or in several instalments, at any time or on a specific date, to the extent and at that time that it sees fit, on the French or international stock markets, through a public offering, in euros or in a foreign currency, or giving access to equity of another company in which it directly or indirectly holds more than half of the share capital, through subscription, conversion, trade, redemption, presentation of a warrant, or any other means.

The General Meeting eliminated the pre-emptive subscription rights, provided that the Board gives shareholders a right of subscription priority for at least 5 trading days.

Limits of the authorised issue amounts:

- (i) The total nominal amount of the capital increases, immediate or future, which may be performed in application of the 12th resolution may exceed neither (a) the overall ceiling for all capital increases without pre-emptive subscription rights performed under resolutions 12, 13, 14, 15, and 16, namely, six million five hundred thousand (6,500,000) euros, nor (b) the overall ceiling of thirteen million five hundred thousand euros (13,500,000) provided for by resolution 11, to which must be added, if applicable, the additional nominal amount of shares issued, as required by law, to guarantee the rights of bearers of marketable securities giving the right to shares;
- (ii) The nominal value of marketable securities representing borrowings giving access to capital which may be issued by virtue of this delegation of power in accordance with Articles L228-91 and L228-92 of the Commercial Code is limited to seventy five (75) million euros or its equivalent in foreign currency.

Term of the delegation: 26 months as of the date of the aforementioned meeting.

III - Delegation of power granted to the Board of Directors to increase the share capital, while eliminating pre-emptive subscription rights, by the issue of any marketable securities giving access, immediately or in the long term, to Company shares.

This authorisation has not been used.

On 18 May 2011, the extraordinary general meeting of shareholders, in its 13th resolution, delegated to the Board of Directors the full powers required to proceed with the capital increase by issuing shares, warrants and/or marketable securities giving immediate or delayed access to ordinary shares of the company, at one time or in several instalments, at any time or on a specific date, to the extent and at that time that it sees fit, on the French or international stock markets, through a public offering, in euros or in a foreign currency, or giving access to equity of another company in which it directly or indirectly holds more than half of the share capital, through subscription, conversion, trade, redemption, presentation of a warrant, or any other means.

The General Meeting eliminated the pre-emptive subscription rights, but the Board is entitled to give shareholders a right of subscription priority.

Limits of the authorised issue amounts:

- (i) The total nominal amount of the capital increases, immediate or future, which may be performed in application of the 13th resolution may exceed neither (a) the overall ceiling for all capital increases without pre-emptive subscription rights and without a compulsory period of priority performed under resolutions 13, 14, 15, and 16, namely, four million (4,000,000) euros, nor (b) the overall ceiling of thirteen million five hundred thousand euros (13,500,000) provided for by resolution 11, to which must be added, if applicable, the additional nominal amount of shares issued, as required by law, to guarantee the rights of bearers of marketable securities giving the right to shares;
- (ii) The nominal value of marketable securities representing immediate and/or long-term borrowings which may be issued under this delegation of power in accordance with Articles L228-91 and L228-92 of the Commercial Code is limited to fifty (50) million euros or its equivalent in foreign currency.

Term of the delegation: 26 months as of the date of the aforementioned meeting.

Authorisation granted

Use

IV - Delegation of power granted to the Board of Directors in order to increase share capital through an issue, while eliminating pre-emptive subscription rights, through offers of any marketable securities giving access to Company shares immediately or in the long term, reserved to qualified investors and/or a limited circle of investors.

On 18 May 2011, the extraordinary general meeting of shareholders, in its 14th resolution, delegated to the Board of Directors the full powers required to proceed with the capital increase by issuing shares, warrants and/or marketable securities giving immediate or delayed access to ordinary shares of the company for qualified investors and/or a limited circle of investors, at one time or in several instalments, to the extent and at that time that it sees fit, on the French or international stock markets, in euros or in a foreign currency, through subscription, conversion, trade, redemption, presentation of a warrant, or any other means.

The General Meeting eliminated the pre-emptive subscription rights of shareholders in securities to the benefit of qualified investors and/or a limited circle of investors.

Limits of the authorised issue amounts:

- (i) The total nominal amount of the capital increases, immediate or future, which may be performed in application of this resolution are to be deducted from the ceiling provisions indicated in the eleventh and thirteenth resolution, to which must be added, if applicable, the additional nominal amount of shares issued, as required by law, to guarantee the rights of bearers of marketable securities giving the right to shares;
- (ii) The nominal value of marketable securities representing immediate and/or long-term borrowings which may be issued under this delegation of power in accordance with Articles L228-91 and L228-92 of the Commercial Code is limited to fifty (50) million euros or its equivalent in foreign currency.

Term of the delegation: 26 months as of the date of the aforementioned meeting.

On 5 December 2012 the Board of Directors authorised a capital increase through the issuance of 600,000 warrants for the benefit of KEPLER CAPITAL MARKETS, a qualified investor, which may be exercised in several instalments, at the request of the Company and in accordance with its needs for a period of 36 months from their date of issue. They have not yet been exercised.

V - Delegation of power granted to the Board of Directors to increase the number of shares to issue in the event of a capital increase with or without pre-emptive subscription rights within the framework of a greenshoe option.

This authorisation has not been used.

On 18 May 2011, the extraordinary general meeting of shareholders, in its 15th resolution, authorised the Board of Directors, which may further delegate to any person authorised by law, to decide for each of the issues decided under the 11th, 12th, 13th and 14th resolutions, that the number of ordinary shares and marketable securities to be issued may be increased by the Board of Directors, with authority to delegate to any person authorised by law, when it has noted an excess demand, within thirty days of the close of the subscription, up to a limit of 15% of the initial issue and at the same price as for the initial issue, and up to the ceilings set out in the 11th, 12th and 13th resolutions.

Term of the delegation: 26 months as of the date of the aforementioned meeting.

VI - Delegation of power granted to the Board of Directors to increase the share capital, while eliminating pre-emptive subscription rights, by the issue of any marketable securities giving access, immediately or in the long term, to Company shares for the purpose of remunerating contributions in kind of equity securities or marketable securities giving access to capital, up to a limit of 10% of capital.

This authorisation has not been used.

On 18 May 2011, the extraordinary general meeting of shareholders, in its 16th resolution, delegated to the Board of Directors the powers necessary to increase share capital by the issue of shares, warrants and/or marketable securities giving immediate or future access to ordinary securities in the Company, at any time or on a set date, in one or several instalments, in such proportion and at such time as it may deem fit, said issues being intended to remunerate share contributions made to the Company limited to 10% of the share capital for the purpose of remunerating contributions in kind made to the Company that comprise rights in share capital or marketable securities giving access to share capital provided the provisions of article L225-148 of the French Commercial Code do not apply.

Limits of the authorised issue amounts:

The share issues performed in execution of this delegation of power will be deducted from the ceilings described in resolutions 11 to 13.

Term of the delegation: 26 months as of the date of the aforementioned meeting.

Authorisation granted

Use

VII - Delegation of power granted to the Board of Directors to increase shareholders' capital by incorporation of profits, premiums and reserves.**This authorisation has not been used.**

On 18 May 2011, the Extraordinary General Meeting of shareholders, in its 17th resolution, delegated to the Board of Directors the full powers required to proceed, at one time or in several instalments, to the extent and at that time that it sees fit, with the incorporation of profits, premiums, reserves or other funds, the capitalisation of which is legally possible in the form of attribution of free shares and/or raising the nominal value of existing shares.

Limits of the authorised issue amounts:

The maximum nominal amount of capital increases likely to be performed may not exceed €13,500,000.

Term of the delegation: 26 months as of the date of the aforementioned meeting.

VIII - Authorisation granted to the Board of Directors in order to increase capital while eliminating pre-emptive subscription rights for corporate officers and employees, as per the provisions of Articles L225-129-6 of the Commercial Code and L3332-18 et seq. of the Labour Code.**This authorisation has not been used.**

On 18 May 2011, the extraordinary general meeting of shareholders, in its 18th resolution, delegated to the Board the powers required to proceed, under the provisions of Articles L225-129, L225-129-2, L225-138, L225-138-1 of the French Commercial Code and L3332-18 and L3332-19 of the Labour Code, to capital increases reserved for corporate officers and employees of the company and its related companies as currently defined by law, joining a company savings plan or a voluntary employee savings partnership plan, subject to a maximum of one (1,000,000) million euros of nominal amount.

Term of the delegation: 26 months as of the date of the aforementioned meeting.

Authorisation granted

Use**IX - Authorisation granted to the Board of Directors to award bonus shares up to a percentage of 1% of share capital.**

On 18 May 2011, the Extraordinary General Meeting of shareholders, in its 19th resolution, authorised the Board of Directors, to the benefit of certain directors and/or employees of the Company or its subsidiaries, of its choice, provided that the legal conditions for the award are met, to allocate bonus shares existing or to be issued up to a limit of 1% of shareholders' capital of the Company as recorded at the end of the aforesaid Meeting.

Term of the delegation: 38 months as from the above Meeting.

1) At its meeting of 8 December 2011, the Board decided to allocate the following bonus shares:

- to Mr Mark Inch 7,000 shares,
- to Mr Robert Waterland 7,000 shares,
- to Mr Jérôme Descamps 2,000 shares,
- to Mr Frédéric Maman 2,000 shares,
- to employees of the Tour Eiffel Asset Management company, 2,000 shares.

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

2) At its meeting of 4 December 2012, the Board decided to allocate the following bonus shares:

- to Mr Mark Inch 10,000 shares,
- to Mr Renaud Haberkorn 20,000 shares

The final allocation of shares granted to executives of Société de la Tour Eiffel is conditional on the achievement of performance criteria and an obligation to purchase shares.

3) On 11 October 2012, the Board of Directors decided to grant 1,900 bonus shares to Mr Frédéric Maman

The final allocation of shares granted to executives of Société de la Tour Eiffel is conditional on the achievement of performance criteria and an obligation to purchase shares.

4) On 5 December 2012, the Board of Directors decided to allocate 2,100 bonus shares to employees of the subsidiary Tour Eiffel Asset Management, without performance conditions.

X - Authorisation to be granted to the Board of directors to award options to subscribe or purchase shares up to a limit of 2% of capital .

On 24 May 2012, the Extraordinary General Meeting of shareholders, in its 16th resolution, authorised the Board of Directors to grant to the benefit of certain corporate officers and/or employees of the Company and its affiliates, options to subscribe for or purchase shares within the limit of 2% of the share capital of the Company at the date of the meeting referred to above.

Term of the delegation: 38 months as from the above Meeting.

1) At its meeting of 4 December 2012, the Board decided to allocate the following share subscription options:

- to Mr Mark Inch 25,000 options
- to Mr Renaud Haberkorn 60,000 options

The final allocation of shares is conditional on the achievement of performance criteria and an obligation to purchase shares.

2) On 11 October 2012, the Board of Directors decided to grant 14,862 free stock options to Mr Frédéric Maman

The final allocation of shares is conditional on the achievement of performance criteria and an obligation to purchase shares.

8 – GLOSSARY

ASSETS IN SERVICE

Leased assets or assets available for rent

CHANGE ON A LIKE-FOR-LIKE BASIS

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

COVENANT

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

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

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

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

CURRENT CASH FLOW

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

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

DEBT RATIO

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

DEVELOPMENT PROJECT

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

EPRA EARNINGS

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

EPRA NAV AND EPRA TRIPLE NAV

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

GROSS FINANCIAL DEBT

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

LOAN TO VALUE (LTV)

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

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

NET FINANCIAL DEBT

Gross debt minus cash and cash equivalents.

NUMBER OF DILUTED SHARES

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

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

RENTAL INCOME

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

VACANCY

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

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

YIELDS

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

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