

Board's reasoned opinion

Société de la Tour Eiffel's Board (Paris: EIFF), convened on 20 February 2014, having taken note of the take-over bid initiated by SMABTP and having studied the revised Offer document filed with the AMF (French stock exchange authority) on 20 February 2014, has unanimously issued the following reasoned opinion.

A draft response will be filed with the AMF at the latest five days after the AMF's compliance statement.

BOARD'S REASONED OPINION

A Board meeting of the Société de la Tour Eiffel (the "Company") was held on 20 February 2014 at its Registered Office, under the chairmanship of Mr. Mark Inch, to consider the public tender offer that the SMABTP (the "**Offeror**") has filed to the Autorité des Marchés Financiers ("**AMF**") on the shares of the Company (the "**Offer**").

The reasoned opinion which follows was given unanimously by the directors, namely Mr. Mark Inch, Mr. Renaud Haberkorn, Mr. Robert G. Waterland, Mr. Frédéric Maman, Ms. Mercedes Erra, Mr. Aimery Langlois-Meurinne, Mr. Richard Nottage and Mr. Philippe Prouillac.

There was produced to the meeting and considered the following documents:

- Notice of filing of the Offer which was published by the AMF on 29 January 2014 (Notice of Filing No. 214C0170);
- The draft offer document filed with the AMF on 29 January 2014 setting out the reasons of the Offer, the Offeror's objectives, as well as the characteristics and elements used to evaluate the price of the Offer;
- The revised offer document filed with the AMF on 19 February 2014 (the "**Offer Document**"), and
- The summary of the preliminary analysis and valuation work of Rothschild & Cie, financial adviser of the Company.

In light of the Offer Document, it was observed that:

- The Offer is a voluntary tender offer, following a standard procedure, relating to all of the shares of the Company (including the treasury shares), pursuant to which the Offeror irrevocably offers to the Company's shareholders, for a period of 25 trading days, to purchase their shares at a price of 48 euros per share;
- The Offer is subject to the condition that the number of shares of the Company tendered the Offer is such that the Offeror holds, at the expiry date of the Offer more than 51% of the capital and voting rights of the Company on a fully diluted basis;

- If the Offer is successful, it will be automatically reopened within 10 trading days following the publication of the result of the Offer, for a minimum period of 10 trading days; and
- On the date the Offer Document has been filed, the Offeror held no shares in the Company.

In order to give its opinion on the Offer, the Board was assisted in its analysis by the financial and legal advisors of the Company, respectively Rothschild & Cie and Weil Gotshal & Manges. To this end, Board meetings were held on 30 January 2014, and on 12 and 20 February 2014.

In accordance with Article 231-19 of the General Regulation of the AMF, the Board has been asked to review and assess the benefits of the Offer and its consequences thereof for the Company, its shareholders and employees.

The Board has considered the intentions and objectives stated by the Offeror in the Offer Document.

i. On the Company's strategy, business and commercial policy

The Board acknowledges that the Offer is in line with the pro-active growth strategy of the Company sought by the management. In particular, the Board noted the following:

- The Offeror indicated in the Offer Document its intention to strengthen, following the Offer, the capital and financial structure of the Company in order to finance a resumption of its investment programme and to pursue the key strategic directions established by the Company (redeployment and focus on Paris offices). In that respect, the Board notes that the Offeror is investigating the opportunity of a share capital increase of the Company to enable the Company to implement its investment strategy.
- The Offer is coherent with the consolidation of the Company's balance sheet. The possibility for the Company to benefit from a long-term investor would allow it to strengthen its equity base and carry out the growth operations foreseen in its strategic plan without it having to continue its programme of asset disposals.
- The Offeror does not intend to request the AMF the implementation of a squeeze-out procedure for the shares not tendered pursuant to Articles 237-14 *et seq* of the AMF General Regulations. Furthermore, the Offeror will not request NYSE Euronext Paris to delist the shares of the Company.
- In the event that the Offeror acquires more than 60% of the shares of the Company, the Offeror will undertake all the necessary measures for the reallocation of its shareholding exceeding this threshold so that the Company can maintain its SIIC status. However, the Board noted that the Offeror reserves the right not to maintain the SIIC status of the Company, depending on the consequences of the loss of the SIIC status in relation to the adopted strategy and synergies with the SMABTP group.
- The Offer Document indicates that the Offeror does not intend to merge with the Company.

- The Offeror undertook to ensure that the dividend distribution policy is determined in accordance with the distribution obligations resulting from the Company's SIIC status, and take into account the financial capacity of the Company. However, the Board notes that the Offeror indicates that the distribution capacity of the Company might have to take into account the potential decrease of the Company's profitability resulting from the fact that half of the Company rental revenues have to be renegotiated in 2014 and 2015.
- The Offeror stated in the Offer Document that the Offer will be funded directly through the Offeror's own resources or those of its group.

ii. On the implications for the employees and the management of the Company

The Board noted that the Offer is in line with the continuation of the Company's activity and development and should not have any particular impact on the Company's policy regarding employment and the management of labour relations and human resources. In particular, the Board noted the following items resulting from the intentions stated by the Offeror in the Offer Document:

- The Offeror does not intend to reduce the number of employees of the Company and intend to pursue the activity and development of the Company.
- The Offeror, which has indicated it does not have sufficient in-house resources available to assume the Company's operational management, expressed its intention to rely in whole or part on the Company's acknowledged real estate expertise and skills.

The Board noted that, contrary to customary practice in the context of a public tender offer, the Offeror has not provided a liquidity mechanism to the benefit of the holders of free shares or stock options who will be unable to respond to the Offer as a result of the applicable legal and contractual lock-up periods.

The Board indicated that the Offeror's stake building in the Company may significantly reduce the free float of the shares of the Company, thus making it difficult to sell the shares emanating from the exercise of stock options and free shares at the end of their legal lock-up periods. Thus, it encourages the Offeror to supplement the Offer and foresee such a liquidity mechanism which is customary in the context of public tender offers for 100% of the share capital of a company.

iii. On the proposed price by the Offeror

After having reviewed the evaluation work prepared by Rothschild & Cie, financial advisor of the Company, and after having discussed it, the Board observes that:

- The price stated in the Offer represents a discount of 2.8% on the closing price of the last trading day preceding the filing of the Offer;
- The price stated in the Offer is in the lower range of the set of evaluation criteria usually used for this type of transaction (multi-criteria approach), in particular, the discount on NAV is substantially greater than for comparable transactions;
- The Offer provides all the shareholders of the Company with an immediate liquidity opportunity at a price close to the volume-weighted average share price recorded over the last twelve months.

In conclusion:

In view of the foregoing, the Board of Directors of the Company unanimously considers that, subject to the items to be clarified set out below, the Offer is in the interests of the Company and its employees and will enable the Company to have a stable shareholder structure in order to pursue its development.

However, the Board notes that the Offeror reserves the right to forego the SIIC status. It emphasizes, in the context of the Offer, that it is important, specifically for shareholders wishing to remain invested in the Company, that the Offeror promptly clarifies its intentions with regard to retaining the Company's SIIC status.

The Board furthermore considers that the price of € 48.0 per share proposed by the Offeror does not sufficiently reflect the intrinsic value of the Company, while noting that the Offer does represent an opportunity for shareholders who wish to benefit from a full and immediate liquidity.

The Board decides not to tender the 72,594 treasury shares held by the Company, in so far as these are earmarked for attribution to beneficiaries of existing free shares and stock options and for external growth operations.

The Board notes that all of the Company's directors have expressed their intentions to tender to the Offer 51% of the shares they hold in the Company, provided that the shares in question are not subject to a fiscal or legal lock-up period or an obligation to retain them because of the holders' capacity as a corporate officer in accordance with the Company's articles of association.

In compliance with French regulations, the take-over documentation setting out the terms of conditions of the Offer will be submitted to the AMF. The present communication is given for information only. It does not constitute a take-over bid for the shares of Société de la Tour Eiffel and is not valid outside France. Distribution of this communiqué can be legally restrained in certain jurisdictions and, consequently, all persons in possession of it must refer to and respect the prevailing legal restrictions. The Company declines all responsibility in the event of transgression of local rulings.

About Societe de la Tour Eiffel

A listed real estate investment company (SIIC) on NYSE Euronext Paris, the company pursues a strategy focused on the ownership and the development of quality offices mainly in Paris and its region capable of attracting a wide range of tenants. The company's portfolio stood at 809 million Euros of assets as at 30 June 2013. Societe de la Tour Eiffel is listed on NYSE Euronext Paris (compartment B) – ISIN code: 0000036816 – Reuters: TEIF.PA – Bloomberg EIFF.F. Indexes: GIEIF Foncières, IEIF Immobilier France.

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