SFL'S 2010 RESULTS

Paris, 10 February 2011 - The financial statements for the year ended 31 December 2010 were approved by the Board of Directors of Société Foncière Lyonnaise on 10 February 2011, at its meeting chaired by Juan-José Brugera.
These financial statements presented by Bertrand Julien-Laferrière, CEO, show that the Group's performance indicators held firm in a rental market that remained challenging during the first three quarters, while the portfolio's appraisal value gained 7.1% on a comparable basis, with increased investor presence in the Paris prime real estate segment bringing to an end two years of declining values.
The financial statements have been audited and the auditors' report is being prepared.

Consolidated data (€ millions)

	2010	2009
Property rentals	174.9	183.0
Operating profit before disposals and fair value adjustments	146.6	158.1
Attributable net profit (loss)	164.6	(252.2)
of which underlying attributable profit	*96.7*	*108.3*
Attributable current cash flow	104.1	110.1

	2010	2009
Attributable equity	1,865	1,816
Portfolio value excluding transfer costs	2,960	3,094
Portfolio value including transfer costs	3,120	3,266
Diluted NAV/share excluding transfer costs	€40.6	€39.6
Diluted NAV/share including transfer costs	€44.1	€43.3

■ These results reflected the impact of:

- A 10.7% decrease in underlying attributable profit
- A €416.8 million favourable swing from a net loss in 2009 to attributable net profit in 2010
- A 7.1% increase in the value of the portfolio, on a comparable basis.

■ Underlying attributable earnings per share declined to €2.08 in 2010 from €2.33 the previous year, while diluted NAV per share excluding transfer costs rose to €40.6 from €39.6 over the same period.

With an exceptional portfolio of properties valued at nearly €3.1 billion including transfer costs, essentially located in the Paris Central Business District, SFL is a preferred vehicle for investors wishing to invest in the Paris office and retail property market. As the leading player in this market, the Group is firmly focused on pro-actively managing high-quality property assets. SFL has elected to be taxed as an SIIC since 2003.

STOCK MARKET:
Euronext Paris Compartment A – Euronext Paris ISIN FR0000033409 – Bloomberg: FLY FP – Reuters: FLYP PA

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COMMENTS

Results

- Property rentals for the year amounted to €174.9 million, down €8.1 million from the €183.0 million reported in 2009. On a comparable portfolio basis, property rentals declined €9.0 million or 6.5%, reflecting the negative effect in 2010 of applying rent indexation clauses and the impact of rent renegotiations. The buildings sold in 2009 and 2010 and the properties undergoing renovation at Quai Le Gallo and 92 Champs-Elysées represented lost revenues of €16.0 million in 2010. On the other hand, the Galerie des Champs-Elysées property, where H&M's new Paris flagship store is located, and the building at 103 Grenelle contributed additional revenue of €3.7 million in 2010. Lastly, the lease termination penalty received from a tenant of the Les Miroirs property in La Défense added €16.9 million to 2010 property rentals, whereas termination penalties received in 2009 on the Washington Plaza building came to €3.8 million.

- Operating profit before disposals and fair value adjustments to investment properties stood at €146.6 million for 2010, versus €158.1 million for the previous year.

- Property disposals during the year concerned the Pavillon Henri IV hotel property in Saint Germain-en-Laye, sold in the first half, and the Coface and Les Miroirs C buildings in La Défense, sold to SIIC de Paris in December. These disposals generated a total loss of €33.9 million compared to their most recent appraisal value, due to the termination of the lease with the Les Miroirs tenant during the year and the announcement that the lease on the Coface building would not be renewed.

- The property portfolio's appraisal value increased by 7.1% between 31 December 2009 and 31 December 2010 on a comparable portfolio basis, leading to the recognition of a net positive fair value adjustment of €107.0 million compared with a negative adjustment of €385.5 million in 2009.

- The SIIC de Paris transaction generated a gain of €13.3 million in 2010, corresponding to the difference between the fair value of the net assets acquired and the net acquisition cost.

- Net finance costs came to €47.9 million for the year, compared with €40.9 million for 2009, representing an increase of €7.0 million of which €3.6 million corresponded to mark-to-market adjustments to financial instruments.

- After taking into account these key items, the Company reported a attributable net profit for the year of €164.6 million on an IFRS basis, compared with a €252.2 million loss for 2009. Excluding the impact of disposals, changes in fair value of both property assets and financial instruments and the related tax effect – which make comparisons difficult – underlying attributable net profit totalled €96.7 million for 2010 compared with €108.3 million for 2009.

Business review

At 31 December 2010, the occupancy rate (excluding properties undergoing renovation) stood at 90%, compared with 94% a year earlier. The main vacancy challenges concern the properties at 103 Grenelle, Washington Plaza and 112 Wagram. This latter property was acquired off plan in 2008 and delivered in October 2010. In all, leases were signed on around 50,000 sq.m. in 2010 in a market that picked up in the fourth quarter after a lacklustre first nine months. In particular, two leases taking effect in January 2011 were signed in December 2010, one with the European Securities and Markets Authority (ESMA) for around 3,100 sq.m. at 103 Grenelle and the other with Louis Vuitton Malletier for roughly 2,100 sq.m. in the Louvre des Entreprises (LDE) complex.

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SOCIETE FONCIERE LYONNAISE

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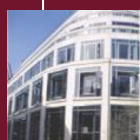

Capitalised work carried out in 2010 amounted to €56 million, including renovation and remodelling work on the future Paris Mandarin Hotel at 247 rue Saint-Honoré, the building at 92 Champs-Elysées and the Galerie des Champs-Elysées shopping arcade. Also, the building permit application concerning the renovation of the building on Quai Le Gallo in Boulogne in line with benchmark standards was filed in late 2010, and the permit should be obtained in early 2011.

SFL did not make any direct property purchases in 2010, but acquired a significant minority interest in SIIC de Paris. The acquisition was financed by selling two of SFL's non-strategic buildings in La Défense (the Coface and Les Miroirs C buildings) in exchange for new shares in SIIC de Paris, a portion of which was immediately sold to Realia for €50 million. Following these transactions, SFL held roughly 29.99% of SIIC de Paris and Realia around 59.73%.

Financing

In 2010, SFL obtained a new, five-year corporate revolving line of credit for €350 million, extending its average debt maturity to 3.4 years at 31 December 2010 from 3.2 years at the prior year-end.

NAV and Financing

The appraisal value of the portfolio at 31 December 2010 was €2,960 million excluding transfer costs, down 4.3% from €3,094 million a year earlier. The estimated replacement value (including transfer costs) was €3,120 million. On a comparable portfolio basis, portfolio value increased 7.1% over the year.

Prime office properties in Paris's Central Business District accounted for 74% of the total portfolio and retail units on the capital's best shopping streets represented 25%, such that 94% of the portfolio was located in the heart of Paris.

Rental yield stood at 5.8% at 31 December 2010, compared with 6.3% at 31 December 2009.

Net debt at 31 December 2010 amounted to €1,202 million, compared with €1,117 million at 31 December 2009, representing a loan-to-value ratio of 35.6%, including the minority interest held in SIIC de Paris.

At 31 December 2010, fully-diluted NAV per share stood at €44.1 including transfer costs – up 1.7% from €43.3 at 31 December 2009 - and €40.6 excluding transfer costs.

Dividend per share

The Board of Directors has decided to recommend to the Shareholders' Meeting a dividend of €2.10 per share, corresponding to a final dividend of €1.40 per share after deducting the interim dividend paid in December 2010.

Outlook

In a real estate market showing signs of renewed momentum, the growing tendency of investors and corporate clients to select high-quality products has confirmed the validity of SFL's positioning in Paris's prime commercial property segment.

More information is available at www.fonciere-lyonnaise.com.

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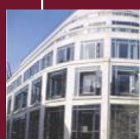

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