



SOCIÉTÉ FONCIÈRE LYONNAISE

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SFL – 2014 Annual Results

Paris, 11 February, 2015

Rental income: €151.5 million (+4.3% on a comparable portfolio basis)

Attributable net profit: €197.7 million

EPRA NNAV: €49.4/share (+5.7%)

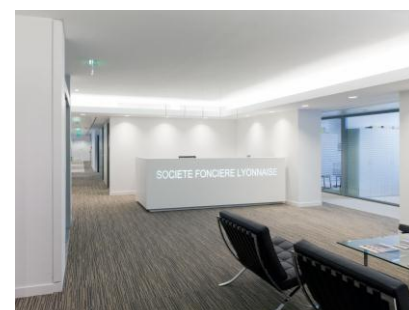
The financial statements for the year ended 31 December, 2014, were approved by the Board of Directors of the Société Foncière Lyonnaise on 11 February, 2015 at a meeting chaired by Juan-José Brugera. These statements include a new increase in rental income on a comparable portfolio basis (+4.3%) and a significant rise in the portfolio's appraisal value (+9.5% on a comparable portfolio basis).

The financial statements have been audited and the auditors' report is being prepared.

Consolidated data (€ millions)

	31/12/2014	31/12/2013
Rental income	151.5	149.3
Operating profit before disposals and fair value adjustments	121.5	119.8
Attributable net profit	197.7	147.3
Underlying attributable profit (EPRA earnings)	52.5	58.7

	31/12/2014	31/12/2013
Attributable equity	2,325	2,215
Consolidated portfolio value excluding transfer costs	4,466	3,874
Consolidated portfolio value including transfer costs	4,703	4,071
EPRA NNAV	2,297	2,172
EPRA NNAV per share	€49.4	€46.7



ABOUT SFL:

Leader on the prime segment of the Parisian tertiary real estate market, the Société Foncière Lyonnaise stands out for the quality of its property portfolio, which is valued at 4.5 billion euros and is concentrated on the Central Business District of Paris (Louvre Saint-Honoré, Edouard VII, Washington Plaza, etc.), and for the quality of its client portfolio, which is composed of prestigious companies in the consulting, media, digital, luxury, finance and insurance sectors.

STOCK MARKET:

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

S&P RATING: BBB- Stable
outlook

www.fonciere-lyonnaise.com

Results

- Rental income stood at €151.5 million on 31 December, 2014, versus €149.3 million on 31 December, 2013:

- On a comparable portfolio basis, rents increased by €5.8 million (+4.3%) as a result of leasing activities in 2013 and 2014.
- Revenues from assets undergoing renovation during the period in question fell by €4.5 million.
- Variations in the perimeter saw rental income fall by €0.5 million, due on the one hand to the sale of the *Mandarin Oriental* in February 2013 (-€1.2 million), and on the other to the entry into the portfolio of the Condorcet building, acquired on 4 December, 2014 (+€0.7 million).
- In addition, SFL received a compensation payment of €1.5 million following the early termination of a lease.

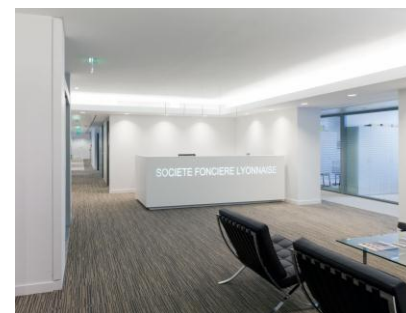
- Operating profit before disposal gains and losses and fair value adjustments to investment properties stood at €121.5 million on 31 December, 2014, versus €119.8 million on 31 December, 2013.

- The portfolio's appraisal value on 31 December, 2014, showed an increase of 9.5% over the year on a comparable basis, resulting in positive fair value adjustments to investment properties worth €227.5 million in 2014 (versus €145.3 million in 2013).

- The contribution from associated companies arising from the stake owned in SIIC de Paris prior to its sale in July 2014 stood at -€2.2 million on 31 December, 2014, including a €4.3 million profit that contributed to the EPRA earnings. The respective figures on 31 December, 2013, were €21.0 million and €11.5 million. The disposal of this stake, for a sum of €304.9 million, generated a capital gain of €8.5 million.

- Net financial charges stood at €87.0 million on 31 December, 2014, versus €70.6 million on 31 December, 2013. Derivative instrument fair value adjustments and recycling during the reporting period, as well as the repurchase in December 2014 of bonds for a nominal amount of €300 million, had a cost impact of €32.0 million in 2014 (compared to €18.2 million in 2013). Recurring financial costs were up by €1.5 million on 31 December, 2014.

- After taking account of these key items, attributable net profit on 31 December, 2014 stood at €197.7 million, compared to €147.3 million on 31 December, 2013. Excluding the impact of disposals, changes in the fair value of investment properties and financial instruments and the related tax effect, underlying attributable net profit (EPRA earnings) amounted to €52.5 million on 31 December, 2014, versus €58.7 million on 31 December, 2013.



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Business review

Rental operations:

In a rental market that remained difficult and selective, albeit with volumes that increased by 13% relative to 2013, SFL successfully leased more than 31,000 sq.m. of surfaces in 2014. Highlights included:

- **Louvre Saint-Honoré**, with 7,500 sq.m. of offices leased to Fast Retailing,
- **Edouard VII**, with 7,000 sq.m. of offices leased, including the renewal of the Ashurst lease (4,300 sq.m.),
- **90 Champs-Élysées**, with the pre-leasing of 5,700 sq.m. to a major international consulting firm,
- **Cézanne Saint-Honoré**, with 3,800 sq.m. leased to Apax Partners Midmarket (1,900 sq.m.) and a global financial institution (1,900 sq.m.).

Nominal office rents for lease agreements in 2014 averaged €649/sq.m. with effective rents of €558/sq.m.

The occupancy rate (excluding properties undergoing renovation) on 31 December, 2014, stood at 87.1% compared to 82.0% on 31 December, 2013. The **In/Out** building at Boulogne, the leasing process for which is still in progress, accounts for 10.6% of portfolio vacancy.

Development operations:

During 2014, buildings undergoing redevelopment accounted for approximately 50,000 sq.m.. Notable projects include:

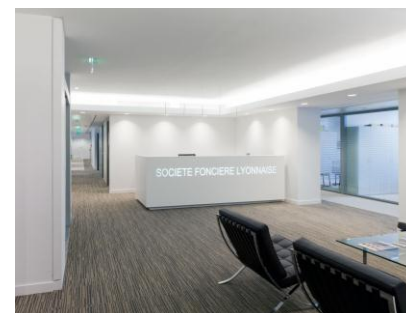
- the **#Cloud.paris** project (33,000 sq.m. of offices) on the rue de Richelieu, where work has continued and which is due to be delivered in the fourth quarter of 2015,
- the complete refurbishment of the shared reception areas at **Washington Plaza**, which began in 2013 and were delivered at the end of 2014,
- the complete refurbishment of the 57-room Hotel Indigo in the **Edouard VII** complex, which was inaugurated in October 2014,
- the redevelopment of **90 Champs-Élysées**, which will be delivered in April 2015.

In total, the investments made in 2014 amounted to €118 million.

Portfolio operations:

On 23 July, 2014, SFL sold the whole of its 29.63% stake in the capital of SIIC de Paris to Eurosic for a total of €304.9 million, generating a capital gain of €8.5 million in the consolidated accounts.

On 4 December, 2014, SFL acquired an office building of approximately 25,000 sq.m. located on the rue Condorcet in the 9th arrondissement of Paris. This property, which represents an investment of €230 million, is fully leased by GrDF, the long-standing occupant of the building, for a fixed term expiring in 2024.



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Financing

On 26 November, 2014, SFL issued a new €500 million bond with a term of 7 years and a coupon of 1.875%. In parallel, SFL undertook a tender offer for two public bonds maturing in May 2016 and November 2017 for a nominal amount of €300 million.

In 2014, SFL also signed two 5-year, €150 million revolving credit facilities, which replaced facilities that had matured or were about to do so.

Net debt at 31 December, 2014, amounted to €1,572 million compared to €1,457 million on 31 December 2013, which represents a loan-to-value ratio of 33.4%. At that time SFL also had €600 million in undrawn lines of credit. On 31 December, 2014, the average cost of debt after hedging had fallen to 2.9% (versus 3.3% the previous year) and the average maturity had risen to 4.0 years (versus 3.4).

Net Asset Value

On 31 December, 2014, the market value of SFL's portfolio was evaluated at €4,466 million, excluding transfer costs, an increase of 15.3% in one year (€3,874 million on 31 December, 2013) that is due in particular to the acquisition of the Condorcet building. On a comparable basis, the value of the portfolio increased by 9.5% in 2014, with yields for prime assets experiencing yet more compression during this period.

The portfolio comprises 19 prestigious properties, most of which are office buildings located in the heart of Paris (93%) and the most attractive parts of the Western Crescent (7%).

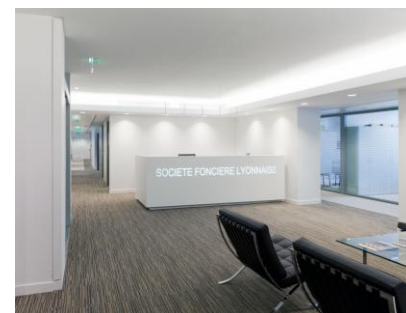
The average rental yield stood at 4.8% on 31 December, 2014, compared with 5.1% on 31 December 2013.

EPRA NNAV came to €2,297 million or €49.4 per share on 31 December, 2014, compared with €46.7 per share on 31 December, 2013, an increase of 5.7%.

Dividend

At the Annual General Meeting to be held on 22 April 2015, the Board of Directors will recommend paying a dividend of €1.40 per share.

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



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