SOCIETE FONCIERE LYONNAISE

SFL – ANOTHER YEAR OF GROWTH IN OPERATING PROFIT AND ASSETS

Property rentals up 5.5% to €170.4 million
Operating profit up 9.3% to €147.3 million
Current cash flow up 15.8% to €2.13 per share
Property portfolio up 17.7% to €3,909 million excluding transfer costs

Paris, 14 February 2008 - The Board of Directors of Société Foncière Lyonnaise, chaired by Mariano Miguel, met on 14 February 2008 to approve the financial statements for the year ended 31 December 2007. Presented by Yves Mansion, these financial statements show further growth in property rentals, operating profit and current cash flow, along with increases in the value of the property portfolio and NAV.

Consolidated results (€ millions)

	2007	2006
Property rentals	170.4	161.5
Operating profit before fair value adjustments	147.3	134.8
Attributable profit	416.5	606.6
Attributable current cash flow	97.2	79.2

	31 December 2007	31 December 2006
Portfolio value excluding transfer costs	3,909	3,320
Portfolio value including transfer costs	4,132	3,511
Diluted NAV/share excluding transfer costs	€58.8	€53.0
Diluted NAV/share including transfer costs	€63.6	€57.4

Results

- Property rentals for the year amounted to €170.4 million, an increase of 5.5% compared with €161.5 million in 2006. Based on a comparable scope of consolidation, the increase was 3.6%.

- Operating profit before fair value adjustments rose 9.3% to €147.3 million from €134.8 million in 2006.

- Fair value adjustments to investment properties, as determined by independent valuers, came to a positive €365.1 million, representing a 12% increase in aggregate market value over the year on a comparable portfolio basis. Fair value adjustments in 2006 were a positive €533.8 million.

With an exceptional portfolio of properties valued at more than €3.9 billion net of 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.

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- Net gains from property disposals during the year amounted to €3.3 million versus €49.5 million in 2006 when the volume of disposals was significantly higher.

- Profit attributable to equity holders of the parent came to €416.5 million in 2007. The decline compared with 2006 was entirely due to lower fair value adjustments to the property portfolio. All other profit indicators increased year-on-year.

- Current cash flow attributable to equity holders of the parent (excluding disposals) rose 22.8% to €97.2 million in 2007 from €79.2 million the previous year, primarily led by higher rents and a reduced impact of rent-free periods. Current cash flow per share – based on the average number of shares outstanding during the year – rose 15.8% to €2.13 from €1.84 in 2006.

Business review

At 98.9%, the occupancy rate at 31 December 2007 remained very satisfactory. During the year, the Company let the remodelled 12,000 square-meter building at 104/110 boulevard Haussmann, as well as two renovated properties on avenue Velasquez and rue Alfred de Vigny.

In addition, SFL acquired full ownership of two properties, as follows:

- Prédica sold its 50% interest in SCI Paul Cézanne to SFL for €198.7 million, paid in newly-issued SFL shares, thereby raising SFL's interest in the Cézanne Saint-Honoré property to 100%.
- SFL and Teachers agreed to an asset swap, whereby SFL acquired 75% of the building at 96 avenue d'Iéna for €75 million, in addition to the 25% it already held.

In October 2007, SFL signed an agreement with Semapa (the Paris city authorities' development agency) for the acquisition of building rights for the T8 project comprising some 35,000 square metres of offices, retail units and residential units. The building will be constructed above the railway tracks leading into Austerlitz station in the Paris Rive Gauche district. The cover will be built by Semapa and the building is scheduled to be delivered at the end of 2012.

Disposals for the year concerned the sale to Teachers of minority stakes in the Tour Areva (La Défense) for €72.4 million, as part of the asset swap referred to above, and the sale of the 46 avenue Kléber building owned jointly with IDF, for which SFL's share of the proceeds amounted to €20.7 million.

Renovation and remodelling projects in progress at 31 December 2007 concerned four properties together representing some 47,000 square metres. In the first quarter of 2008, remodelling work will begin on 12,000 square metres of offices in the Centre d'Affaires Le Louvre that have recently been vacated. These transactions represent a potential €40 million in incremental rental revenue over the period 2008 to 2010.

NAV and Financing

The estimated market value of the portfolio at 31 December 2007 was €3,909 million excluding transfer costs, an increase of 17.7% compared with €3,320 million at 31 December 2006. The estimated replacement value, including transfer costs, at 31 December 2007 was €4,132 million. On a like-for-like basis, portfolio value rose 12% over the year.

SFL continues to focus on high quality office properties in the prime business districts of Paris.

The $125 million in US Private Placement Notes were redeemed in advance at the beginning of the year, as planned, and three new 5 and 7-year corporate lines of credit were set up for a total of €250 million at a spread of around 50 bps.

Net debt at 31 December 2007 amounted to €1,043 million, representing a loan-to-value ratio of 25.2%. The average cost of debt in 2007 was 5.3%.

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On this basis, at 31 December 2007 fully diluted NAV per share including transfer costs stood at €63.6, up 10.7% compared with €57.4 at 31 December 2006. NAV per share excluding transfer costs was €58.8 versus €53.0 at 31 December 2006.

Governance

Following its decision on 5 February to open a data room for Investment Corporation of Dubai (ICD), the Board has today decided to create a Committee of Independent Directors made up of Tony Wyand, Jean Arvis, Jacques Calvet and Yves Defline.

This temporary committee will be responsible for making recommendations to the Board concerning any proposed transactions related to a possible change of control of the Company.

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