SFL
SOCIETE FONCIERE LYONNAISE

SFL – GROWTH IN OPERATING PROFIT AND A DECLINE IN ASSET VALUE IN 2008

Property rentals up 6.5% to €181.5 million
Operating profit before fair value adjustments up 3.4% to €152.3 million
Attributable current cash flow up 2.8% to €100.0 million
Property portfolio down 11% to €3,672 million including transfer costs
NAV/share including transfer costs: €51.3

Paris, 17/02/09 - The financial statements for the year ended 31 December 2008 were approved by the Board of Directors of Société Foncière Lyonnaise on 17 February 2009, at its meeting chaired by Yves Mansion.
These financial statements show further growth in property rentals, operating profit and current cash flow, which all reached record highs in 2008. However, negative fair value adjustments to the property portfolio led to a significant loss for the year under IFRS.

Consolidated results (€ millions)

	2008	2007
Property rentals	181.5	170.4
Operating profit before fair value adjustments	152.3	147.3
Attributable (loss) profit	(393.0)	416.5
Attributable current cash flow	100.0	97.2

	2008	2007
Portfolio value excluding transfer costs	3,477	3,909
Portfolio value including transfer costs	3,672	4,132
Diluted NAV/share excluding transfer costs	€47.1	€58.8
Diluted NAV/share including transfer costs	€51.3	€63.6

Results

- Property rentals for the year amounted to €181.5 million, an increase of €11.1 million or 6.5% over €170.4 million in 2007. On a comparable portfolio basis, property rentals were up 3.6% for the year or 8.5% excluding the Louvre des Entreprises-Louvre des Antiquaires (LDE-LDA) complex, part of which has been undergoing renovation since the beginning of the year. Buildings purchased or delivered in 2007 – Cézanne Saint-Honoré, Iéna and 104-110 boulevard Haussmann – generated €9.0 million in incremental rental revenue in 2008, while the loss of revenue from properties sold or being renovated during the period reduced property rentals by €3.3 million.

With an exceptional portfolio of properties valued at nearly €3,7 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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- Operating profit before fair value adjustments stood at €152.3 million, up €5.0 million or 3.4% on the previous year's €147.3 million.

- The property portfolio's appraisal value declined by11.5% between 31 December 2007 and 31 December 2008 on a comparable portfolio basis. As a result, the Company recorded a €546.5-million loss from remeasurement at fair value of investment properties in 2008, compared with a €365.1-million gain in 2007.

- No material profit was realised on asset disposals in 2008 or 2007.

- The Company recorded an income tax benefit of €31.6 million in 2008, compared with income tax expense of €36.4 million the year before. Income taxes mainly correspond to deferred taxes arising on fair value adjustments to properties not qualifying for the SIIC (REIT-style) regime.

- After taking into account these items, the Company reported a €393.0-million loss attributable to equity holders of the parent under IFRS, compared with a €416.5-million profit in 2007, even though all other profit indicators improved over the year.

- Current cash flow attributable to equity holders (excluding disposals) amounted to €100.0 million, up 2.8% from €97.2 million the previous year. Current cash flow per share – based on the average number of shares outstanding during the year – stood at €2.15 versus €2.13 in 2007.

Business review

At 31 December 2008, the occupancy rate (excluding properties undergoing renovation) stood at 98.3%, after more than 43,000 square metres of offices and retail units were let during the year. Taking into account the property at 103 rue de Grenelle, which represents around 17,000 square metres of vacant office space and is scheduled for delivery in first-quarter 2009, the occupancy rate was 93.5%.

The only asset purchases and sales in 2008 were the sale of the property at 19 boulevard Malesherbes for €12.8 million and the off-plan purchase of 6,000 square metres of office and retail space at 108 avenue Wagram in Paris for €56 million. Completed in the fourth quarter, both transactions were initiated before summer 2008. Since then, the financial crisis has prevented any new transactions.

Renovation and remodelling projects in progress at 31 December 2008 concerned four properties together representing some 47,000 square metres. The building at 103 rue de Grenelle is scheduled for delivery in first-quarter 2009 and work began on the Mandarin Oriental Hotel at 247 rue Saint-Honoré in November 2008. In addition, extensive renovation of the 12,000 square metres of office space vacated in the LDE-LDA building at end-December 2007 has partially been completed, and more than half of the renovated space has already been let.

NAV and Financing

The appraisal value of the portfolio at 31 December 2008 was €3,477 million excluding transfer costs, down 11.0% from €3,909 million a year earlier. The estimated replacement value (including transfer costs) was €3,672 million. On a comparable portfolio basis, the decline over the year was 11.5%.

The composition of the portfolio was unchanged, with prime office properties in Paris's Central Business District accounting for 79% of the total and retail units on the capital's best shopping streets representing 17%.

Rental yield stood at 5.8% at end-2008, compared with 4.9% a year earlier.

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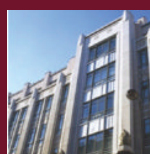

Net debt at 31 December 2008 amounted to €1,159 million, versus €1,043 million at 31 December 2007, representing a loan-to-value ratio of 31.5%. The average cost of debt was 4.4% and the average maturity was 2.6 years.

On this basis, at 31 December 2008 fully-diluted NAV per share stood at €51.3 including transfer costs – down 19.3% from €63.6 at 31 December 2007 – and €47.1 excluding transfer costs.

Ownership structure

SFL's ownership structure changed significantly in January 2009, due to the partial withdrawal of the controlling shareholder Colonial, announced in September 2008.

To the best of the Company's knowledge, the current ownership structure is as follows:

		Percent interest	Percent voting rights
Colonial		53.41%	53.99%
Crédit Agricole Group		13.89%	14.04%
of which:	*- Prédica*	*5.09%*	*5.15%*
	- Calyon	*8.80%*	*8.89%*
Orion		7.25%	7.33%
Eurohypo AG		7.25%	7.33%
Royal Bank of Scotland		7.25%	7.33%
Reig Capital Group		4.38%	4.43%
Other		6.57%	5.55%

The reduction in Colonial's interest to below 60% ensures that SFL will continue to qualify for the SIIC tax regime.

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