SFL – SOCIETE FONCIERE LYONNAISE

- Yves Mansion named Chairman and Chief Executive Officer.

- First-half 2008 sees further growth in operating profit and a modest decline in appraisal values.

First-half property rentals up 7.8% to €89.7 million
Operating profit before fair value adjustments up 3.6% to €74.9 million
Attributable current cash flow up 4.2% to €50.2 million
NAV/share including transfer costs: €57.5

Paris, 23 July 2008 – At its meeting today, the Board of Directors appointed Juan José Brugera Clavero, Carlos Fernandez-Lerga Garralda and Pere Vinolas as directors to replace three Board members who had resigned, including Mariano Miguel, the former Chairman of the Board.

Yves Mansion was renamed Chairman, following the Board's decision to once again combine this position with that of Chief Executive Officer. At the same time, Philippe Depoux's position as Chief Operating Officer was confirmed.

The Board also approved the interim financial statements for the six months ended 30 June 2008.

Consolidated results (€ millions)

	First-half 2008	First-half 2007
Property rentals	89.7	83.3
Operating profit before fair value adjustments	74.9	72.3
Attributable (loss) profit	(180.8)	306.4
Attributable current cash flow	50.2	48.2

	30 June 2008	30 June 2007
Portfolio value excluding transfer costs	3,714	3,827
Portfolio value including transfer costs	3,924	4,047
Diluted NAV/share excluding transfer costs	€53.0	€57.7
Diluted NAV/share including transfer costs	€57.5	€62.5

With an exceptional portfolio of properties valued at nearly €4 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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Results

- Property rentals totalled €89.7 million in the first six months of 2008, an increase of 7.8% compared with the €83.3 million reported in the first half of 2007. On a comparable portfolio basis, property rentals were up 2.7% for the period. Excluding the Louvre des Entreprises – Louvre des Antiquaires (LDE-LDA) complex, part of which is currently being renovated, the increase on a comparable portfolio basis was 8.3%.

- Operating profit before fair value adjustments rose 3.6% to €74.9 million from €72.3 million in first-half 2007.

- The estimated market value of the property portfolio declined by 5.0% between 31 December 2007 and 30 June 2008, leading to the recognition of a net negative fair value adjustment of €253.0 million in first-half 2008, compared with a net positive adjustment of €274.2 million in the year-earlier period.

- The Group ended the period with a €180.8 million loss versus a €306.4 million profit in first-half 2007. This was entirely due to the negative fair value adjustment to investment property and all other profit indicators improved over the period.

- Current cash flow attributable to equity holders (excluding disposal proceeds) amounted to €50.2 million in first-half 2008, up 4.2% from €48.2 million in the same period of 2007.

Business review

At 30 June 2008, the occupancy rate (excluding properties undergoing renovation) stood at a very high 98.5%, with over 10,000 sq.m. of offices and retail units let during the first half on very good terms. The whole of the renovated 62 rue Beaubourg property was let as soon as it was put back on the market, and leases were signed on units in the Louvre des Entreprises (LDE) building that are scheduled for delivery at the end of the year.

In February, SFL agreed the off-plan purchase of a 6,000 sq.m. property at 108 avenue de Wagram in Paris, consisting essentially of offices. Contracts are expected to be exchanged before the end of the year.

NAV

The estimated market value of the portfolio at 30 June 2008 was €3,714 million excluding transfer costs, down 5.0% on a comparable portfolio basis from €3,909 million at 31 December 2007. The estimated replacement value, including transfer costs, at 30 June 2008 was €3,924 million.

The composition of the portfolio was unchanged, with prime office properties in Paris's Central Business District accounting for 80% of the total and retail units on the capital's best shopping streets representing 15%.

Net debt at 30 June 2008 amounted to €1,136 million, representing a loan-to-value ratio of 29%. The average cost of debt was stable in the first-half at 5.4%.

On this basis, at 30 June 2008 fully-diluted NAV per share stood at €57.5 including transfer costs – down 9.6% from €63.6 at 31 December 2007 – and €53.0 excluding transfer costs.

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