

Press release

First Half 2006 Results

Profit attributable to equity holders of the parent: €31.6 million
Current cash flow (before disposal gains): €40.4 million
NAV per share (including transfer costs): €53.3

The Board of Directors of Société Foncière Lyonnaise, chaired by Yves Mansion, met on 25 July 2006 to approve the financial statements for the six months ended 30 June 2006, which show a healthy level of rental revenues and a sharp rise in NAV..

Results

- Rental revenues for the period totalled €78.7 million, an increase of 2.9% compared with €76.4 million for the first half of 2005.
- Operating profit came to €45.9 million, an increase of 4.9%.
- Capital gains on property disposals amounted to €4.1 million compared with €29.2 million in the year-earlier period. A limited number of properties were sold during the period, whereas in 2005 substantially all of the disposal programme was carried out in the first six months.
- Profit for the period declined to €31.6 million from €59.2 million, primarily reflecting the lower volume of capital gains.
- Current cash flow before disposal gains contracted to €40.4 million from €57.1 million, which represented a high basis of comparison due to the gains realised on sales of treasury stock and of an equity interest.

Business review

- The occupancy rate at 30 June 2006 was a high 95.4%.
- Renovation programmes underway during the period concerned four properties, all located in the Golden Triangle, representing nearly 27,000 square meters of office

and retail space. These programmes, which are scheduled for completion in 2007/2008, will increase the underlying value of the properties, as well as their rental value.

- In July, three new properties were acquired for a total of €250 million:
 - 247-251 rue St Honoré, Paris 1: 22,000 square meters, to be renovated for use as either offices or a luxury hotel
 - 103 rue de Grenelle, Paris 7: 17,000 square meters, to be renovated for use as offices
 - Issy les Moulineaux: 5,600 square meter office building, fully let.

Portfolio value and NAV

- The estimated market value of the property portfolio at 30 June 2006 was €2,977 million excluding transfer costs, an increase of 13.8% compared with €2,615 million at 31 December 2005. The estimated replacement value – including transfer costs – at 30 June 2006 was €3,149 million. The portfolio continues to comprise mainly office properties in the prime business districts of Paris, together with a number of retail properties on the capital's finest shopping streets.
- At 30 June 2006, the loan-to-value ratio stood at 24.4%.
- On this basis, at 30 June 2006 SFL's fully diluted NAV per share including transfer costs stood at €33.3, up 19.5% compared with €44.6 at 31 December 2005 and 30.6% compared with €40.8 at 30 June 2005. NAV per share excluding transfer costs was €49.1 versus €41.3 at 31 December 2005 and €37.8 at 30 June 2005.

Prospect of a change of control

- The Board of Directors has been informed of the cash offer made by Spain's Inmocaral for the entire capital of Colonial, the parent company of SFL. If this offer is successful, it may trigger a cash offer for the 20.4% of SFL's capital not held by Colonial. The Board has retained the services of two investment banks, Calyon and UBS, and the Orrick Rambaud Martel law firm to act as its advisors in this matter.

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Profile : With an exceptional portfolio of properties valued at some €3 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.
Stock Market: Eurolist Compartiment A – Euronext Paris ISIN FR0000033409 – Bloomberg: FLY FP – Reuters : FLYP PA

This is a free translation of the original press release in French.

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