SFL 2006 RESULTS

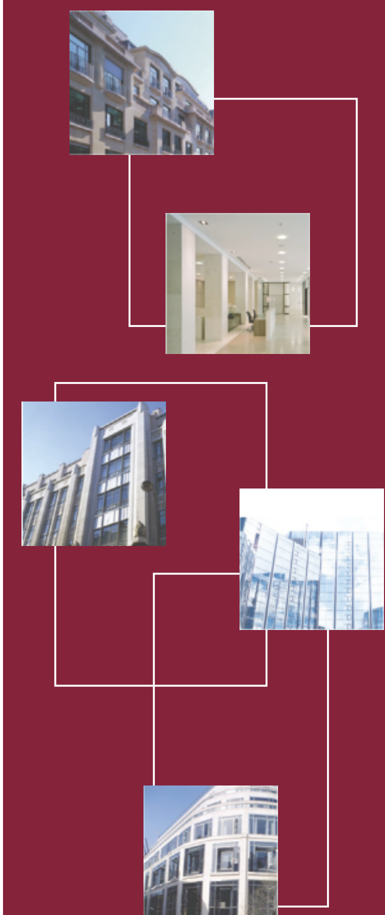
Another year of growth in operating profit and portfolio values

Adoption of the fair value model

Rental revenues up
+5,4 % to 161,5 M€

Net profit up
+ 167,8 % to 606,6 M€

NAV per share (including transfer costs) up
28.6% at €57.4



Paris, February 9th - The Board of Directors of Société Foncière Lyonnaise, chaired by Luis Portillo, met on 8 February 2007 to approve the 2006 financial statements prepared for the first time using the fair value model, corresponding to the benchmark method under IFRS. These financial statements show a continued increase in rental revenues, despite the disposals carried out during the year, and a sharp rise in the value of the investment portfolio which is reflected in the growth in NAV.

Results

Rental revenues for the period totalled €161.5 million, an increase of 5.4% compared with €153.3 million in 2005. Like-for-like rental revenues were up 2.7%.
The investment portfolio increased by €533.8 million over the year compared with €128.1 million in 2005, reflecting a 22.4% rise in fair market values before the effect of property purchases and sales.
Property sales generated a profit of €49.5 million, up from €8.0 million in 2005.
Attributable net profit for the year came to €606.6 million compared with pro forma profit of €226.5 million for 2005, determined by retrospectively applying the fair value model.
Attributable current cash flow, excluding the effect of property disposals, declined to €79.2 million in 2006 from €92.8 million the previous year, partly as a result of higher interest payments in 2006. In addition, 2005 current cash flow was boosted by the proceeds from sales of treasury shares and from the disposal of an equity investment.

Business Review

The occupancy rate at 31 December 2006 stood at a very satisfactory 97.8%.

During the year, seven properties containing residential units were sold for a total of €218.1 million, marking the final stage of the Company's strategic refocusing on office and retail property. The bulk of the sales were completed in the fourth quarter, at prices that were higher than the most recent valuations.

Three properties were purchased for a total of €250 million. Two of the buildings – at 247-251 rue Saint-Honoré and 103 rue de Grenelle in Paris – will be extensively renovated, while the third – located in Issy les Moulineaux – was acquired fully let.

The property at 247-251 rue Saint Honoré, which currently comprises 22,000 square meters of office and retail space, is being converted into a luxury hotel with 150 rooms and suites scheduled for delivery at the end of 2010. Ideally located in the first *arrondissement*, between Place Vendôme and the Tuileries gardens, the building will become the first Mandarin Oriental hotel in Paris, under an agreement that provides for the signature of a 12-year renewable lease once the necessary permits have been obtained. The architect for the building is Jean-Michel Wilmotte.

Including these acquisitions, renovation programmes underway during the period concerned five properties, located for the most part in Paris's Central Business District, representing nearly 60,000 square meters. Renovation of the rue Alfred de Vigny property was completed on schedule at the end of December. In all, these properties will potentially represent some €40 million in additional rental revenues from 2010, once they have all been handed over.

Portfolio value and NAV

The estimated market value of the property portfolio at 31 December 2006 was €3,320 million excluding transfer costs, an increase of 27% compared with €2,615 million at 31 December 2005. The estimated replacement value – including transfer costs – at 31 December 2006 was €3,511 million. On a like-for-like basis, the underlying market value of the portfolio rose 22.4% over the year, attesting to the effectiveness of SFL's strategic focus on office properties in the prime business districts of Paris, as well as on retail properties on the capital's finest shopping streets.

At 31 December 2006, the loan-to-value ratio stood at 24.5%.

On this basis, at 31 December 2006 SFL's fully diluted NAV per share including transfer costs stood at €57.4, up 28.6% compared with €44.6 at the 2005 year-end. NAV per share excluding transfer costs was €53.0 compared with €41.3 at 31 December 2005.

The Board of Directors will meet again on 12 March to call the Annual General Meeting scheduled for 9 May.

With an exceptional portfolio of properties valued at more than €3.3 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

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