SFL
SOCIETE FONCIERE LYONNAISE

Press release

SFL Enjoys Another Year Of Earnings Growth

Current cash flow excluding capital gains up 15.9% to €103.1 million
NAV (including transfer costs) up 11.2% to €44.6 per share

- **The Board of Directors of Société Foncière Lyonnaise, chaired by Yves Mansion, met on 2 February 2006 to approve the 2005 financial statements prepared in accordance with IFRS using the cost model.**

- **The consolidated financial statements show a further increase in operating profit and NAV per share.**

- **The Board decided to call the Annual General Meeting on 4 May and to recommend increasing the dividend by 2.4% to €2.10 per share, including the interim dividend of €0.70 per share paid in October 2005.**

Results

Profit for the year amounted to €89.5 million, representing an increase of 0.3% compared with the 2004 figure which included significant exceptional gains.

Current cash flow excluding capital gains rose by a strong 15.9% to €103.1 million, making 2005 the fifth consecutive year of double-digit growth.

Current cash flow per share was unchanged at €2.40, due to the 16% increase in the average number of shares compared with 2004. This shows that the 2004 bond conversions did not have any dilutive impact.

Rental activity

The increase in current cash flow was attributable to the improved underlying profitability of the property portfolio.

Thursday 2 February 2006

The modest 2.2% decline in reported rental revenue, to €153.3 million, was due to the net effect of property purchases and sales. On a comparable portfolio basis, rental revenue was up 4.7%.

The occupancy rate at 31 December 2005 was an exceptionally high 96.1%, reflecting the strategic location of property assets in the Paris business districts.

2005 was a very active year on the marketing front, with the signature of leases on some 100,000 square meters of offices.

Major long-term leases were signed or renewed, for example with TV5 Monde at 131 avenue de Wagram, with Unilocations (Crédit Agricole Group) at the Louvre Business Centre, with Areva at Tour Areva and with Citibank at the Cézanne-Saint-Honoré complex.

The average remaining life of the Group's leases has been extended to 6.3 years and the expiry profile for the next three years is very favourable.

Property sales and purchases

Property sales netted €32.2 million, including €28 million in capital gains and a €4.2 million margin on sales as a property trader. The main transactions concerned the remaining primarily residential properties in the portfolio, for a total of €143.4 million.

Property purchases totalled €159 million. They included occupied properties (Tour Les Miroirs building C in La Défense) and vacant properties for renovation. In addition, an option was signed on 103 rue de Grenelle in Paris' 7th *arrondissement.* The deal is expected to be completed in mid-2006, after which the property will be restructured and renovated.

Portfolio

The property portfolio at 31 December 2005 totalled €2,615 million excluding transfer costs and €2,761 million including transfer costs, representing an increase of 8.7% over 2004.

Eighty-one percent of the portfolio is invested in office properties in Paris' main business districts, 14% is in retail property located on the main shopping streets of the capital, 3% in parking garages and 2% in residential property, illustrating SFL's strategic focus on business property.

The loan-to-value ratio at 31 December 2005 stood at 25.8%, providing clear evidence of the Group's borrowing capacity and growth potential.

NAV per share, including transfer costs, amounted to €44.6 at 31 December 2005, an increase of 11.2% compared with the year-earlier figure of €40.1.

Dividends

At the Annual General Meeting scheduled for 4 May, the Board intends to recommend increasing the dividend to €2.10 per share, including the interim dividend of €0.70 per share paid in October 2005.

This recommended payout confirms SFL's status as a yield stock, in line with the strategy underpinning the Group's election for the SIIC (REIT-style) tax regime.

Profile : With an exceptional portfolio of properties valued at some €2.6 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.
Société Foncière Lyonnaise is quoted on the Premier Marché of Euronext Paris (ISIN code 0000033409)

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