

SFL

2006 RESULTS PRESENTATION

9 February 2007

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 **Introduction & Key Figures**

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 **2006 Business Review**

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 **2006 Results**

 **Appendices**

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Key Figures (Fair Value Model)

	2006 FMV	2005 FMV	% change
Property rentals (IFRS)	€161.5m	€153.3m	+5.4%
Operating profit before fair value adjustments	€134.8m	€126.7m	+6.4%
Fair value adjustments	€533.8m	€128.1m	+316.6%
Operating profit	€668.6m	€254.8m	+162.4%
Disposal gains	€49.5m	€8.0m	+521.1%
Profit attributable to equity holders	€606.6m	€226.5m	+167.8%
Cash Flow attributable to equity holders	€79.2m	€92.8m	-14.7%
Portfolio value, excl. transfer costs, attributable to equity holders at 31 Dec.	€3,320m	€2,615m	+27.0%
NAV per share, incl. transfer costs	€57.4	€44.6	+28.6%

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The Paris-Area Commercial Property Market in 2006

Commercial property investment market

Volumes up **56%** to €18.6 bn
Prime yields down slightly to 4.3% from 4.5% in 2005
Strong growth in office market (82% of total investment)
Small shift from Paris area (80% of total investment or €23.1bn) towards regions
Increase in portfolio sales (70) and major individual transactions (€55m>€100m)

Office rental market

31% rise in completed lettings to 2.86 million sq.m.
Available supply down 8% to 2.5 million sq. m.
Modest increase in average rents: 2% for new/renovated properties to €307/sq.m./year and 4% for older properties to €222/sq.m./year.
Further decline in vacancy rate to 5.2% (from 5.6% in Jan. 2006)

Office rental market in central & western Paris

22% of Paris-area completed lettings (627,000 sq.m., o/w 515,200 sq.m. in the CBD). Volume up 29% on 2005 with slight shift towards western crescent).
Prime nominal rent up 9% over the year to €698, reduced signing incentives
Vacancy rate down at 4.4%.

Retail rental and investment market

Rental: Rents have stabilised at a high level; good outlook for business parks, downward pressure on city centre and shopping centres.
Foreign retailers increasingly present, strong demand for luxury and services.
Continued strong and varied investment demand; further decline in yields.

European Comparison

Commercial property investment market

Main markets	Investment			2006 investment by sector			Prime yield		
	2006 (€ bn)	2005 (€ bn)	% change	Office	Retail	Other ⁽¹⁾	2006	2005	% change
Central London	22.1	22.2	-0.5%	91%	5%	4%	3.75	4.25	-11.8%
Paris & Paris area	19.6	13.4	46.2%	82%	7%	11%	4.30	4.50	-4.4%
Munich	4.9	1.5	227.6%	52%	34%	14%	4.75	4.95	-4.0%
Frankfurt	4.3	3.2	37.3%	81%	9%	10%	4.85	5.05	-4.0%
Berlin	4.2	1.7	139.3%	27%	45%	28%	4.75	5.35	-11.2%
Madrid	3.5	2.9	22.8%	26%	10%	64%	3.90	4.50	-13.3%
Brussels	1.7	1.4	20.3%	95%	1%	4%	5.85	6.00	-2.5%
TOTAL	60.3	46.3	30.3%						

(1) Other: warehouses, hotels, medical facilities, recreational facilities, etc.

Source: AtisReal

Strong growth in Germany (especially Munich) and Paris; London market flat, now only just ahead of Paris.

Offices still the star investment product, but greater diversification (hotels, medical facilities, recreational facilities, etc.), notably in Germany.

Yields down in all markets, particularly London and Madrid.

European Comparison

Office rental market

Main markets	Take-up			Vacancy rate (End of period)			Prime rent (End of period)			Avg. rent CBD end 2006 (€/sq.m./year)
	2006 (thousands of sq.m.)	2005 (thousands of sq.m.)	% change	2006	2005	% change	2006 (€/sq.m./year)	2005 (€/sq.m./year)	% change	
Paris & Paris area	2,863	2,179	31.4%	5.2%	5.6%	-7.1%	698	639	9.2%	506
Central London	1,153	985	17.1%	6.1%	8.5%	-28.2%	1,517	1,253	21.1%	752
Madrid	795	665	19.6%	8.3%	9.2%	-9.8%	372	330	12.7%	255
Munich	671	586	14.5%	8.8%	10.3%	-14.6%	354	342	3.5%	206
Frankfurt	621	530	17.2%	14.5%	15.2%	-4.6%	420	408	2.9%	256
Brussels	613	609	0.7%	10.2%	10.1%	1.0%	295	275	7.3%	200
Berlin	586	464	26.3%	8.3%	8.3%	-	246	246	-	167
TOTAL	7,302	6,018	21.3%							

Source: AtisReal

▶ Paris is booming, Madrid is active and Brussels is flat.

▶ Central London has firmed up, with a sharp drop in the vacancy rate and a strong rise in rents.

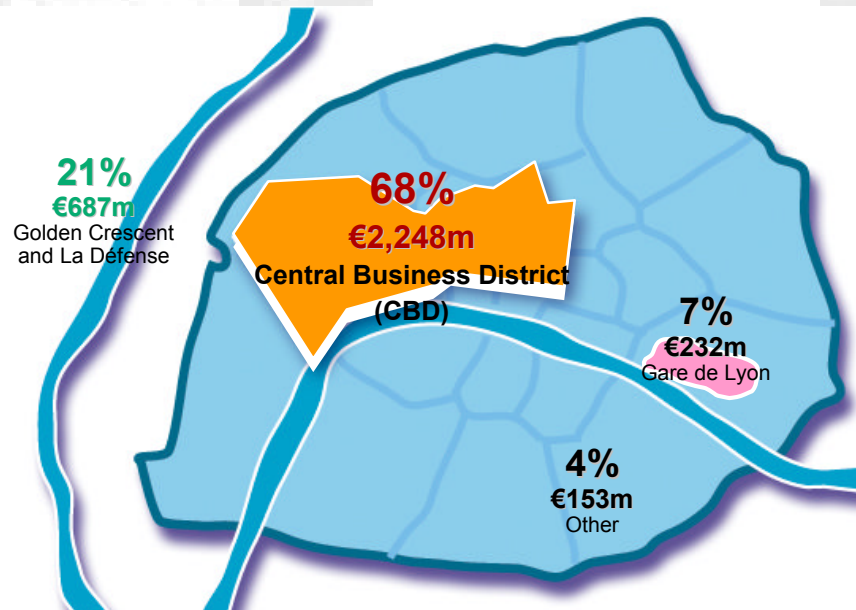
▶ Paris seems to be in a virtuous circle, with sharply higher take-up, moderate growth in rents and a low vacancy rate.

▶ German rents are stable.

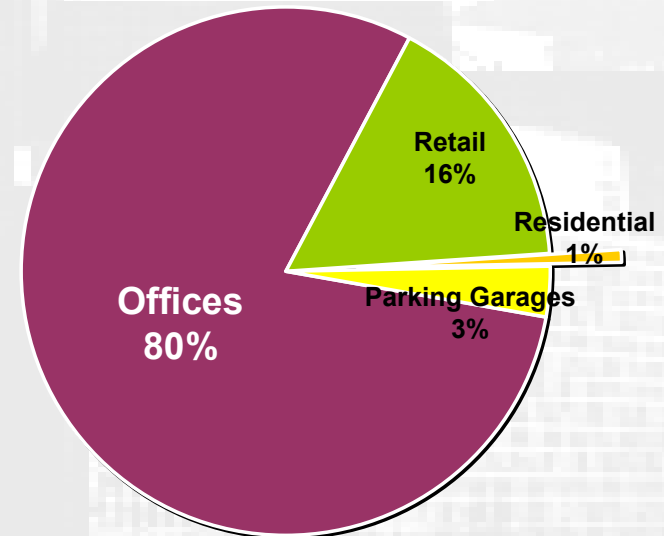
2006 Portfolio

Appraisal value at 31 December 2006
€3,320 million excluding transfer costs
(up 11.5% on 30 June 2006, up 27% on 31 December 2005)

Geographic focus



Market focus



2006 Purchases: €250m

Property	Date	Current surface (sq.m.)	Price (€m, excl. transfer costs and tax)	Project
247-251, rue Saint Honoré 75001 Paris	5 July 2006	22,000 sq.m. net floor space (offices and shops)	€94m	Property to be extensively renovated, to create a 4-star luxury hotel
Télégraphe 103, rue de Grenelle 75007 Paris	24 July 2006	14,200 sq.m. offices 300 sq.m. shops 86 parking spaces	€125m	Office property to be extensively renovated (demolition and building permits obtained) Work to begin in Q1 2007
Le Vaisseau 39-51 Pierre Poli Issy les Moulineaux	25 July 2006	5,600 sq.m. offices 350 sq.m. archives 124 parking spaces	€31m	Entirely building let to Dalkia 9-year lease running from 1 April 2006
TOTAL			€250m	



247 – 251, rue Saint-Honoré
75001 Paris



Télégraphe
103, rue de Grenelle
75007 Paris



Le Vaisseau
39-51 Pierre Poli
Issy les Moulineaux

2006 Sales: €231m

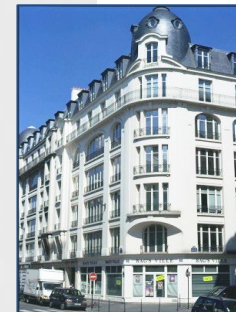
Property	Surface (sq.m.)	Date	Price (€m, excl. transfer costs and tax)
87-89 Faisanderie	2,404	14 Feb.	20.0
Rome-Vienne	1,630	Feb - Oct.	4.8
82 Beaubourg	2,387	6 Sept.	12.3
91-93-95 Sébastopol	12,417	5 Dec.	51.5
12-14 Grande Armée	6,537	12 Dec.	42.0
3 Boétie	6,261	15 Dec.	53.3
118 Champs-Élysées (50%)	1,994	15 Dec.	46.0
Vauban (sales as a property trader)	264		1.2
Total			231.1



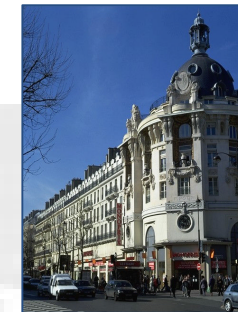
87-89, rue de la Faisanderie
75016 Paris



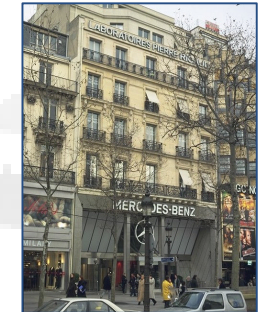
Rome-Vienne
75008 Paris



82, rue Beaubourg
75003 Paris



91-93-95, Bd de Sébastopol
75002 Paris



118, av des Champs-Élysées
75008 Paris



12-14, av de la Grande Armée
75017 Paris



3, rue la Boétie
75008 Paris

Capital gain
(FMV)
€49m

Margin on sales as
a property trader
€0.5m

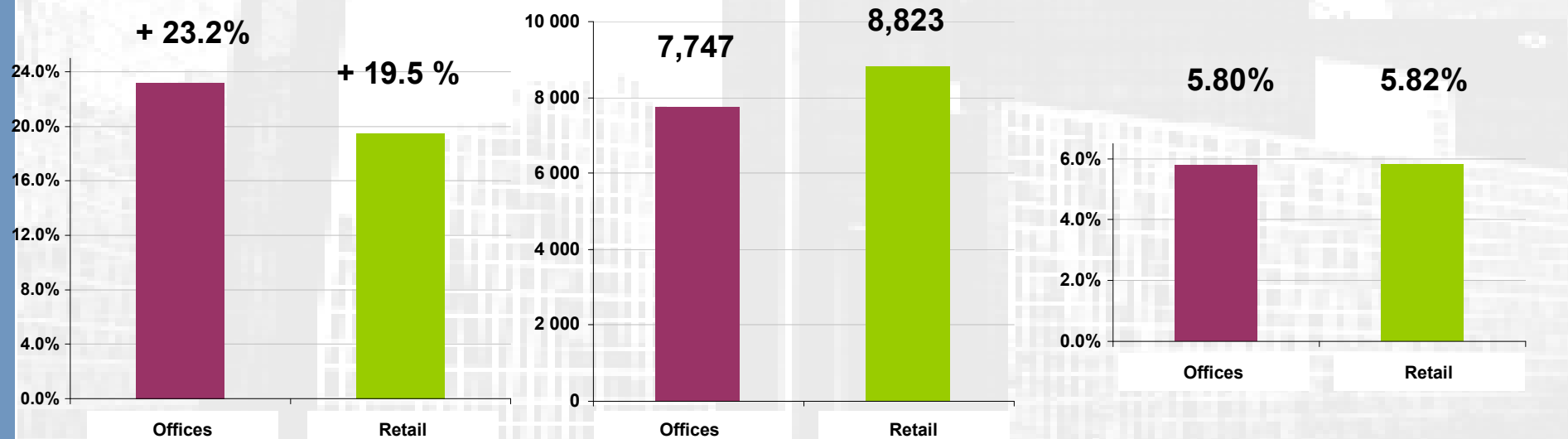
Appraisal Values at 31 December 2006

Appraisal values (Group share): €3,320m excl. transfer costs (up 27% YOY)
€3,511m incl. transfer costs (up 27.2% YOY)

Like-for-like
(excl. transfer costs)
up 22.4% YOY
(up 7.9% in 2005)

Average value per sq.m.
(excl. transfer costs)
€7,884/sq.m.
(€6,648/sq.m. at 31/12/05)

Spot yield⁽¹⁾
(excl. transfer costs)
5.77%
(6.38% at 31/12/05)



(1): = (passing rent + assumed rent)/appraisal value excluding transfer costs

Current Renovation Projects

New growth drivers

Properties	District	Type	Renovated surface area	Forecast rentals (100% basis)	Delivery
5, rue Alfred de Vigny	CBD	Offices	2,558 sq.m.	€1.7m	<i>Delivered (12/06)</i>
104-110 Bd Haussmann (100%)	CBD	Offices	11,990 sq.m.	€8.0m	H1 2007
Galerie des Champs Elysées (100%)	CBD	Retail	6,239 sq.m.	€9.2m	H2 2008
92, av. des Champs Elysées	CBD	Offices/ Retail	6,000 sq.m.	€12.0m	H2 2008
103, rue de Grenelle	7th arr.	Offices	17,875 sq.m.	€11.3m	H2 2008
247-251, rue Saint Honoré	CBD	Hotel/ Retail	18,712 sq.m.	€10.5 - €12.7m	H2 2010
Total			63,374 sq.m.		



5, rue Alfred de Vigny,
75008 Paris



104-110 Bd Haussmann,
75008 Paris



Galerie des Champs Elysées,
75008 Paris



92 av. des Champs Elysées,
75008 Paris

Rental Revenues

2006 versus 2005

€m

2005 rental revenues	153.3
Like-for-like growth	+3.5
Increase due to purchases and post-renovation remarketing	+10.2
Decrease due to sales and major renovations	-5.5
2006 rental revenues	161.5

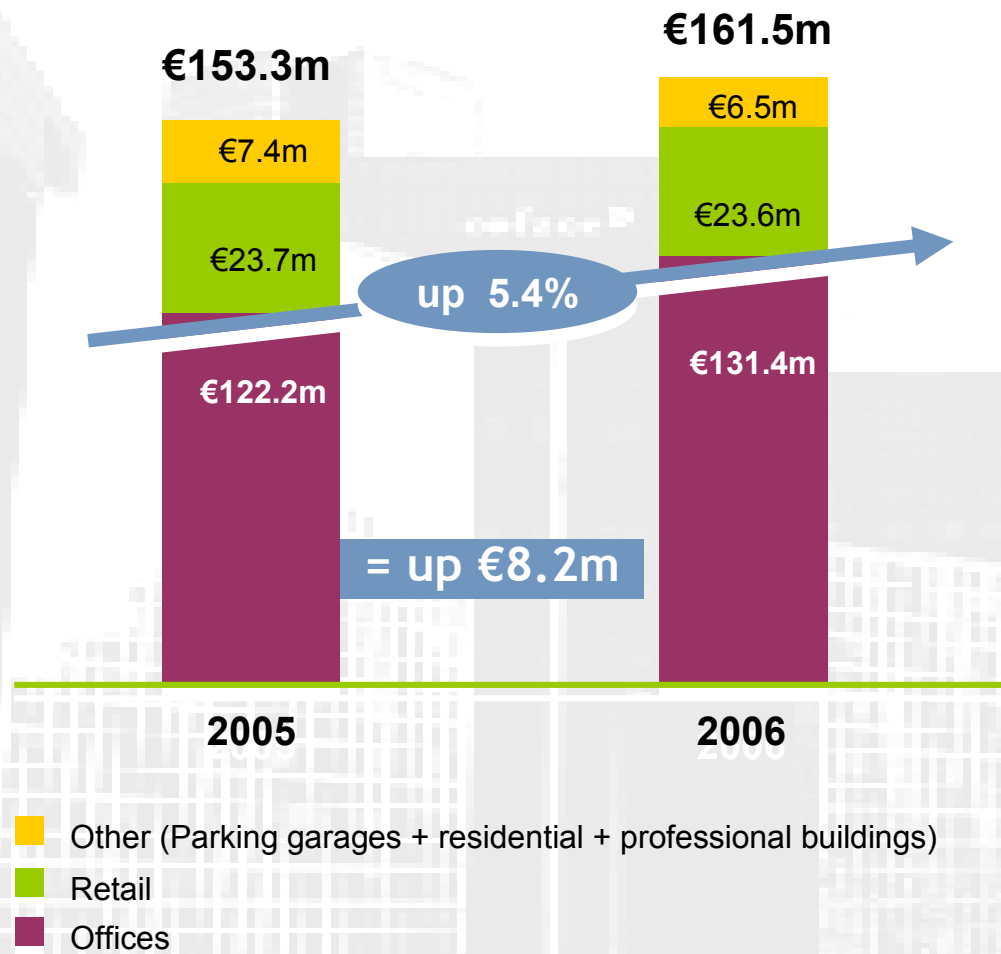
**Reported increase in
rental revenues**

+5.4%

**Like-for-like increase in
rental revenues**

+2.7%

Rental Revenues



Marketing Programme

New leases: 27,274 sq.m.

Offices

- 21,528 sq.m. (€476/sq.m./year)
- Total rent: €10.3m
- Group share: €8.0m

Retail

- 4,347 sq.m. (€1,559/sq.m./year)
- Total rent: €6.8m
- Group share: €3.6m

**Increase in average rents
for new leases, 2006/2005:
+ 26%**

Main leases signed in 2006

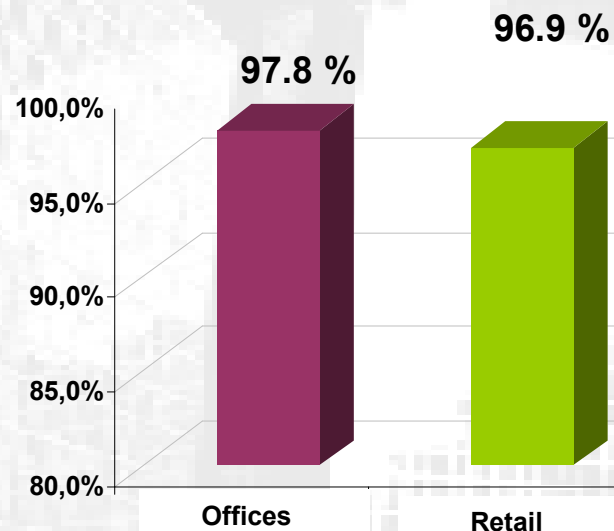
Property	Type	Surface (sq.m.)	Tenant
63 Haussmann	Offices	1,989	SUMMIT SYSTEMS
TOUR AREVA (1)	Offices	1,979	BURO FACILITY (BFI)
CEZANNE SAINT HONORE	Offices	1,940	PROUDREED
WASHINGTON	Offices	1,822	DEXIA
QUAI LE GALLO	Offices	1,507	NBC
QUAI LE GALLO	Other	1,190	IDEX SEGUIN
IENA (1)	Offices	1,184	COMPAGNIE GENERALE DE SANTE
WASHINGTON	Offices	1,100	VTG
WASHINGTON	Offices	935	NORTON ROSE

(1) Accounted for by the equity method

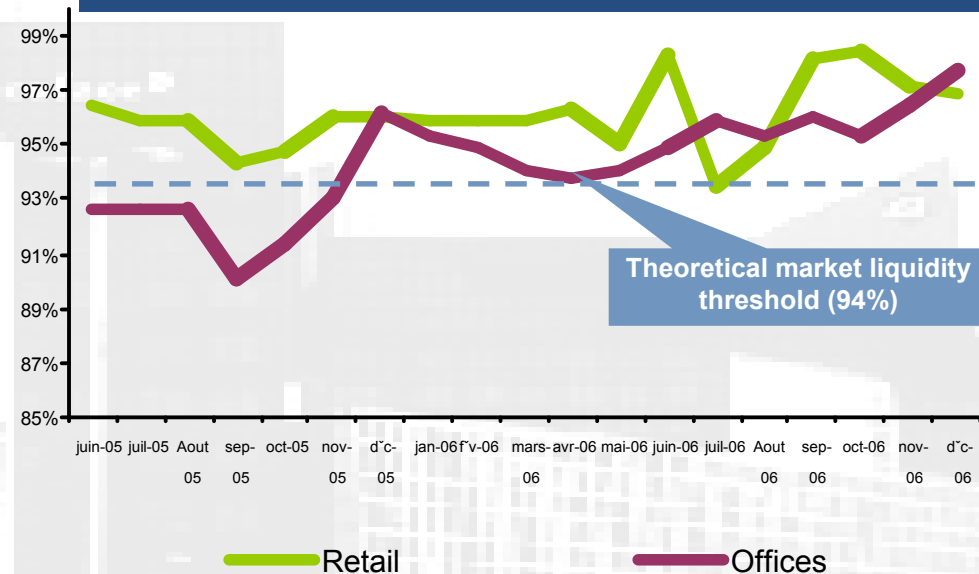
Occupancy Rates

Occupancy rate⁽¹⁾ as of 31 December 2006
97.8%

Occupancy Rate by Property Type



Occupancy Rates, June 2005-Dec. 2006 (2)



Office Occupancy Rates as of 31 December 2006

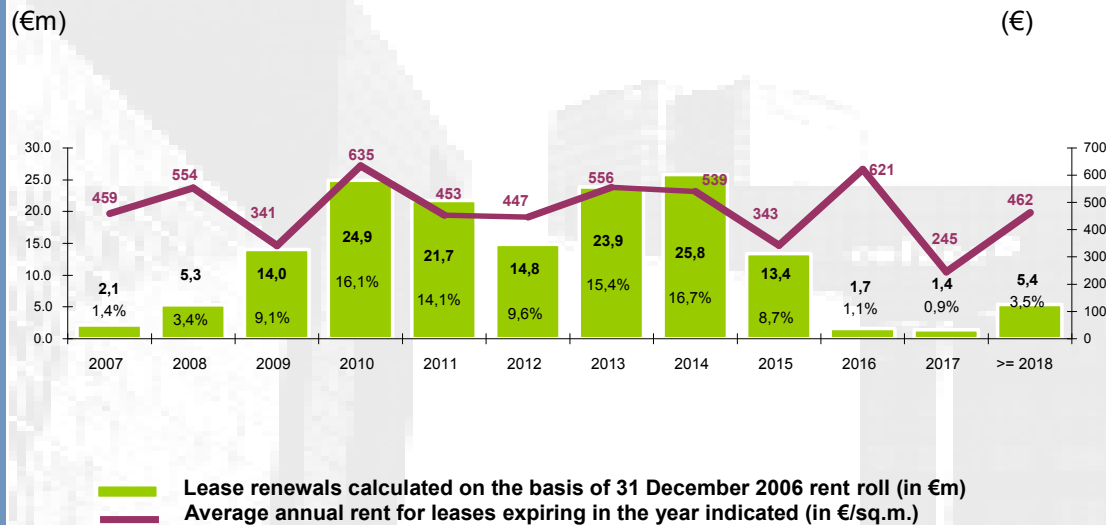
SFL:	97.8%
Central Business District*:	95,6%
Paris region *:	94.8%

(1): Excluding surface areas and properties under renovation
 (2): Month-end spot rates

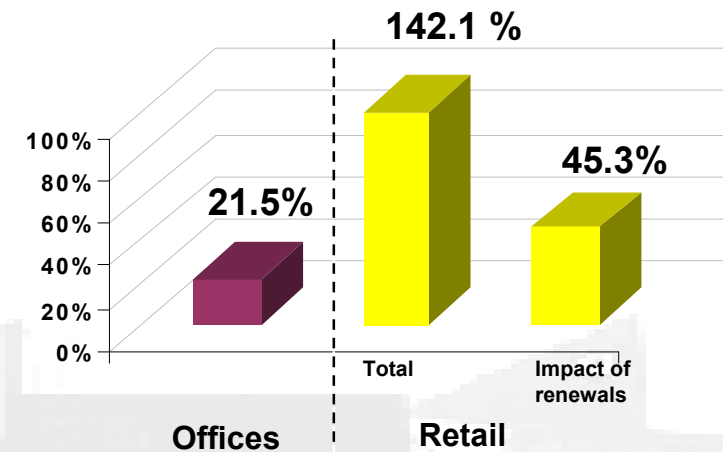
* Source CB Richard Ellis – 4T Market View

Lease Renewals and Reversionary Potential

Commercial Lease Expiry Dates



Reversionary Potential



Average rent, SFL office properties:
€477/sq.m./year

Legal lease term⁽¹⁾
6.42 years

Remaining lease term⁽²⁾
4.24 years

Reversionary potential⁽³⁾ (Group share)
35.0%

- (1) Weighted average period remaining for leases in progress as of 31 December 2006, up to lease expiry date.
- (2) Weighted average period remaining for leases in progress as of 31 December 2006, up to next potential exit date.
- (3) Based on estimated rents after renewal (30.3% based on market rental values)

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Change of Method (1/2)

- Investment properties now measured using the fair value model (IAS 40)
 - ➔ Previously, measured using the cost model
 - ➔ Investment properties have been remeasured at fair value in the 2006 accounts

- Impact on profit:
(In €m)

	2006	2005
Profit - Cost Model	132.3	89.5
Change in fair value (investment properties)	+533.8	+128.1
Depreciation	+34.6	+33.7
Profit on asset disposals	-48.0	-24.2
Deferred taxes	-25.9	+3.4
Share of profit of associates	+5.4	+4.7
Minority interests	-25.6	-8.7
Impact on profit	+474.3	+137.0
Profit - Fair Value Model	606.6	226.5

Change of Method (2/2)

■ Balance sheet impact:

(In €m)

	31/12/06	31/12/05
Assets - Cost Model	2,560	2,428
Carrying amount of investment properties	+876	+355
Carrying amount of investments in associates	+17	+12
Impact on assets	+893	+367
Assets - Fair Value Model	3,453	2,796
Equity and Liabilities - Cost Model	2,560	2,428
Equity attributable to equity holders of the parent	+792	+317
Minority interests	+44	+19
Deferred taxes	+57	+31
Impact on equity and liabilities	+893	+367
Equity and Liabilities - Fair Value Model	3,453	2,796

2006 Results

In €m	2006 (FMV)	2005 (FMV)	% change
Property rentals	161.5	153.3	5.4%
Property expenses, net of recoveries	(8.2)	(8.1)	1.9%
Net property rentals	153.3	145.2	5.6%
Gains and losses from remeasurement at fair value of investment properties	533.8	128.1	316.6%
Service and other revenues	4.5	8.4	-46.6%
Depreciation, amortisation and provision expense, net	1.5	(4.1)	-136.9%
Employee benefits expense and other expenses	(24.5)	(22.8)	7.7%
Operating profit	668.6	254.8	162.4%
Profit on asset disposals	49.5	8.0	521.1%
Finance costs and other financial income and expense	(54.6)	(34.8)	56.9%
Share of profit of associates	6.0	6.1	-2.7%
Profit before income tax	669.4	234.1	185.9%
Income tax expense	(32.8)	6.3	-619.7%
Profit for the year	636.6	240.4	164.8%
Minority interests	(30.0)	(13.9)	116.2%
Attributable profit	606.6	226.5	167.8%

Property Expenses

In €m	2006	2005	% change
Property expenses	37.3	35.4	+5.2%
Expense recoveries	29.0	27.4	+6.2%
Property expenses, net of recoveries	8.2	8.1	+1.9%
Recovery rate	77.9%	77.2%	-
Cost ratio (property expenses/property rentals)	23.1%	23.1%	-

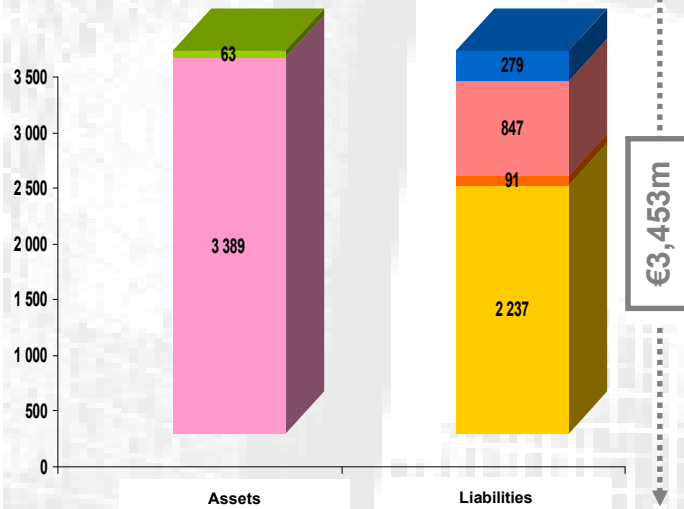
Cash Flow

In €m	2006	2005	% change
Operating profit	668.6	254.8	162.4%
Gains and losses from remeasurement at fair value of investment properties	(533.8)	(128.1)	
Finance costs and other financial income and expense	(54.6)	(34.8)	
Depreciation, amortisation and provision expense, net	(1.5)	4.1	
Other adjustments	(5.8)	3.0	
Cash Flow	(84.5)	99.0	-14.6%
Attributable Cash Flow	(79.2)	92.8	-14.7%
Average number of shares (thousands)	43,069	43,034	
Cash Flow per share	€1.96	€2.30	-14.7%
Attributable Cash Flow per share	€1.84	€2.16	-14.7%

Balance Sheet

Significant investment capacity

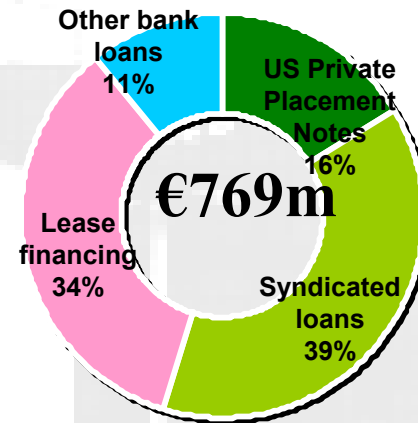
FMV Balance Sheet at 31 December 2006
(in €m)



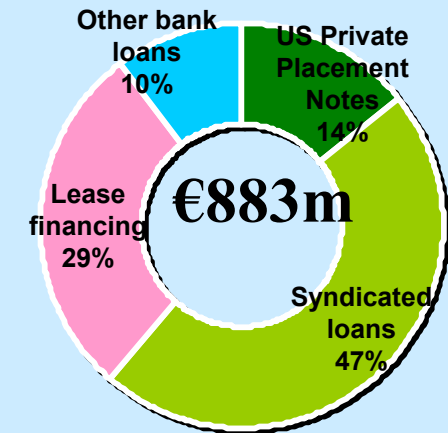
- Assets held for sale
- Current assets
- Non-current assets
- Current liabilities
- Non-current liabilities
- Minority interests
- Equity

Debt Structure

At 31/12/05



At 31/12/06



Loan-to-Value Ratio

At 31/12/05

25.8%

At 31/12/06

24.5%

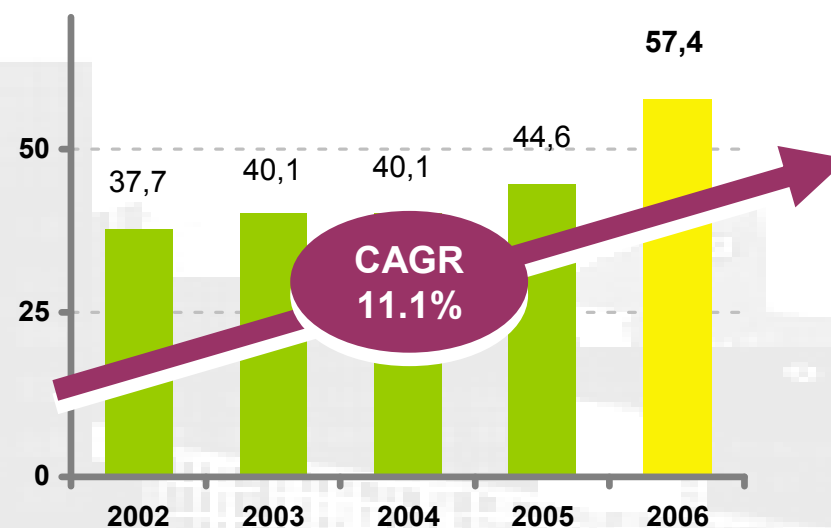
NAV Per Share

NAV Calculation (in €m)

31/12/06

Equity	2,237
Capital gains on property portfolio (excl. transfer costs)	45
Capital gains on Locaparis	6
Deferred taxes	(11)
Dilution gain	6
NNNAV excl. transfer costs	2,283
Transfer costs on property portfolio	191
NNNAV incl. transfer costs	2,474
Shares and potential shares (thousands)	43,104
NNNAV/share excl. transfer costs	€53.0
NNNAV/share incl. transfer costs	€57.4

NAV per share (incl. transfer costs) 2002-2006 (in €)



**NAV/share (incl. transfer costs):
up 28.6% over 12 months**

2006 Results

- www.fonciere-lyonnaise.com



The screenshot shows the SFL website homepage. At the top left is the SFL logo. The main header includes the text 'bienvenue sur le site internet de la Foncière Lyonnaise' and a 'Language' dropdown menu. Below this is a banner with the text 'ACTEUR DE RÉFÉRENCE DU MARCHÉ DE L'IMMOBILIER TERTIAIRE PARISIEN'. The 'ACTUALITÉS' section features two news items: one dated 26 October 2006 regarding administrative decisions, and another dated 25 July 2006 regarding semi-annual results. A 'COURS DE BOURSE' section displays a share price of € 58.50 and the ISIN FR0000033409. A 'Spécial OPAS' button is located below the stock information. A navigation menu includes links for 'LA SOCIÉTÉ', 'LE PATRIMOINE', 'LES FINANCES', 'LES ENGAGEMENTS DURABLES', and 'CARNET DE L'ACTIONNAIRE'. The footer contains a 'Language' dropdown and a list of links: 'crédits', 'plan du site', 'contact', 'recherche/aide', 'avertissement', and 'mentions légales'.

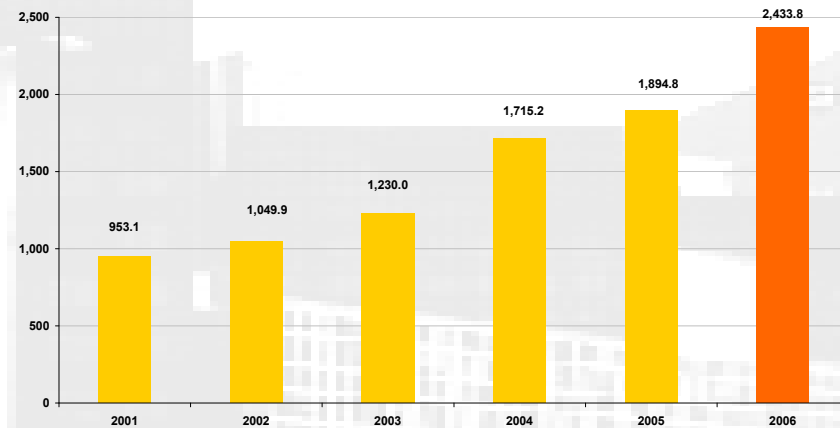
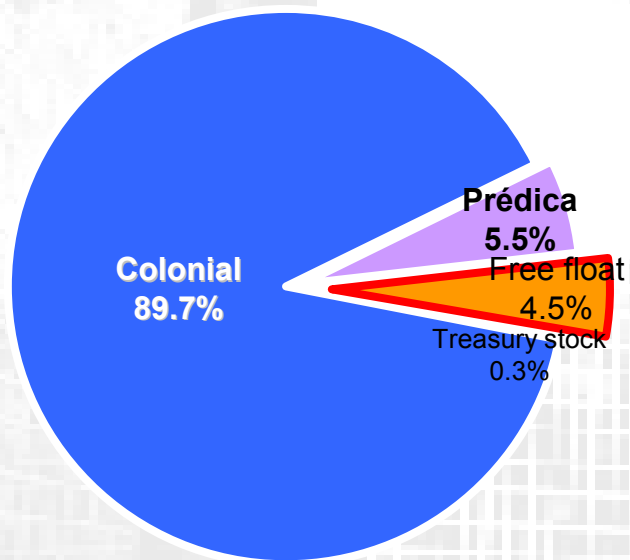
APPENDICES



Ownership Structure

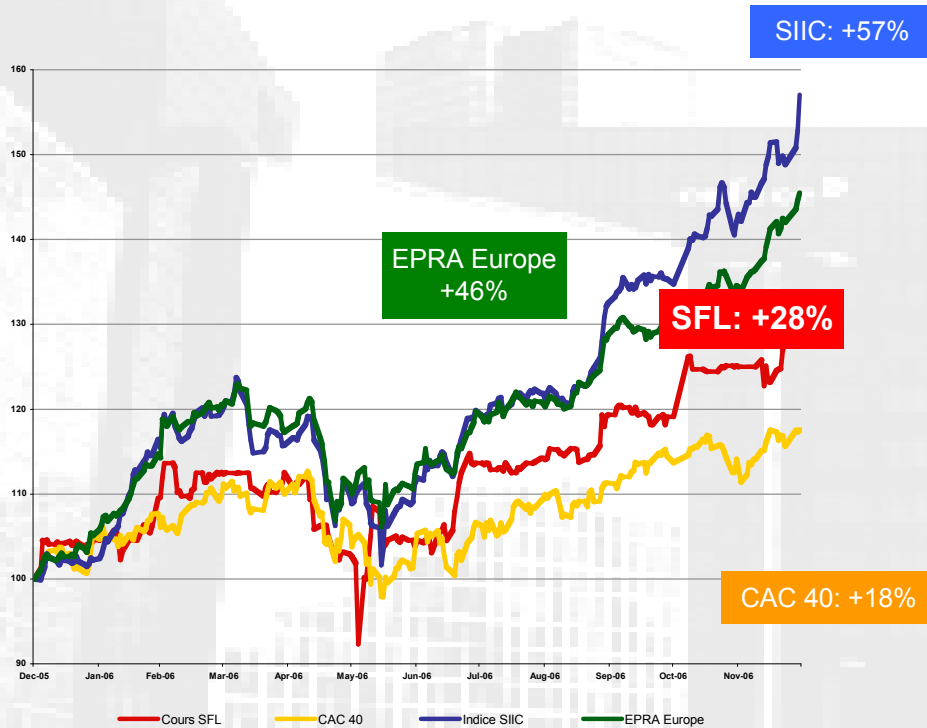
31/12/2006
(43.1 million shares)

Market capitalisation
(in € millions)



Share Performance

2006 share performance (1)



2006 key figures

Number of shares at 31/12/06	43,075,952
Average daily trading volume (shares)	29,601
Average daily trading volume (amount)	€1,578,000
High (22 December)	€56.50
Low (2 June)	€40.61
Year-end closing price	€56.50

(1) Base 100: 31 December 2005; data up to 31 December 2006

Sources: Bloomberg/Euronext

Loan To Value

(in €m)	31/12/2006
US Private Placement Notes	125.0
Syndicated loan	416.0
Lease financing	250.9
Other bank loans	91.2
Total debt	883.1
Average life (years)	4.2
Average spot cost (after hedging)	5.4%
Cash and cash equivalents	23.6
Net debt (debt – cash and cash equivalents)	859.6
Estimated value of assets (incl. transfer costs)	3,511.0
Loan-to-Value ratio	24.5%

Property Valuation and NAV Calculation

Independent experts

Jones Lang LaSalle, CBRE, AtisReal

Methodology

Discounted cash-flow or capitalisation of net rental revenues or comparison with recent transactions

Frequency

Entire portfolio valued at 6-monthly intervals
(December and June)

NAV calculation

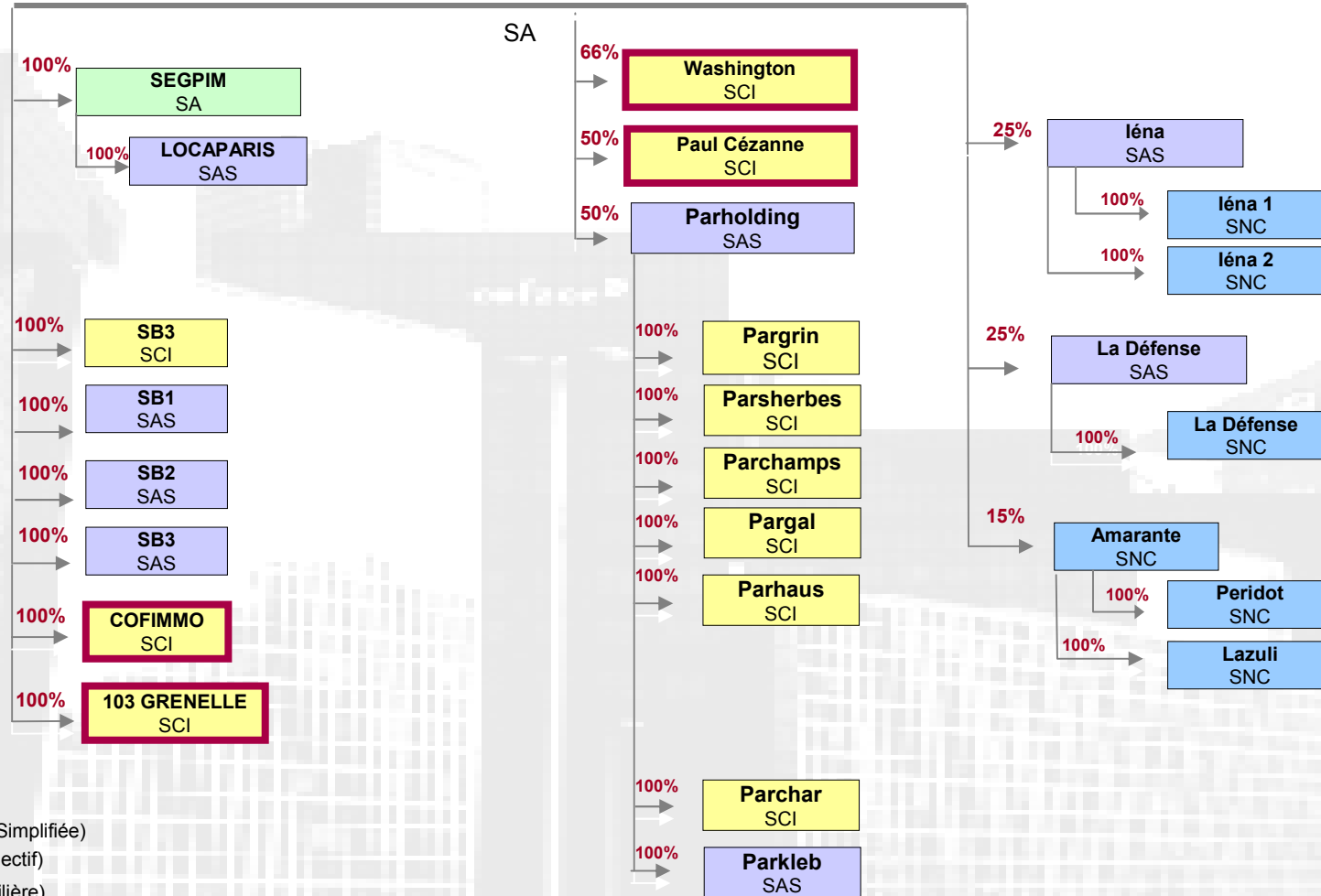
With and without transfer costs
Fully diluted
Financial instruments marked-to-market

Validation

NAV calculation is reviewed by the Auditors

Group Structure at 31 December 2006

SOCIÉTÉ FONCIÈRE LYONNAISE



- SAS (Société par Actions Simplifiée)
- SNC (Société en Nom Collectif)
- SCI (Société Civile Immobilière)
- SA (Société Anonyme)
- Flowthrough entities whose results are consolidated with SFL under the SIIC regime

Organisation Structure



BOARD OF DIRECTORS
Luis Manuel Portillo Munoz
Chairman

Number of employees February 2007

Head office	95
Building staff and caretakers	4

Total	99
--------------	-----------



SENIOR MANAGEMENT
Yves Mansion CEO
Alec Emmott MD



François Sebillotte
Company Secretary



Nicolas Reynaud
Chief Financial Officer



Philippe Depoux
Asset & Property Management
Chief Operating Officer, Deputy MD



Joan Torreguitart
Coordination and
Control Dir.



Jean-Luc Potier
Development Dir.



Olivier Rochefort
Asset Manag. Dir.



Franck Dattée
Technical Dir.

**HR / Company law
IT / General services**

10 people

**Accounting, Control
and Reporting**

17 people

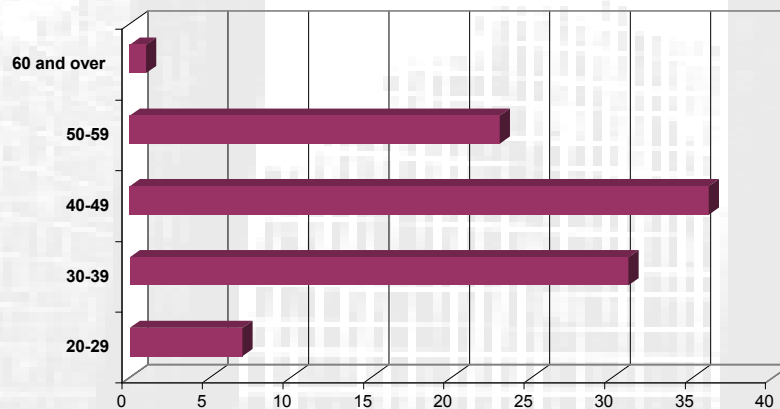
Marketing

4 people

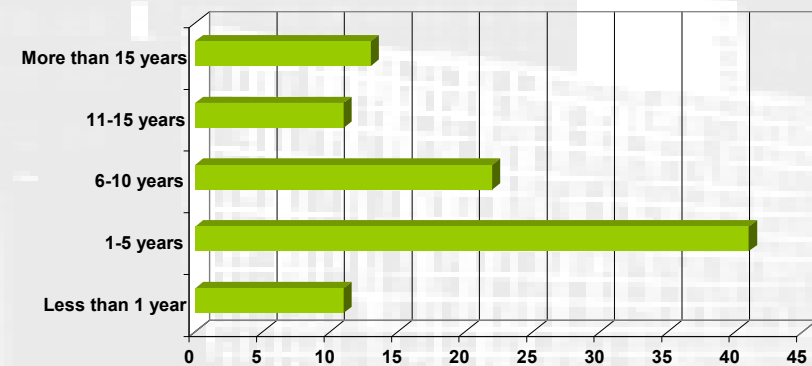
Human Resources

Number of employees	31 Dec. 2005	31 Dec. 2006
Building staff	11	4
Administrative staff	19	18
Supervisors	18	18
Managers	60	58
Total	108	98

Administrative staff by age group
(at 31/12/06)



Administrative staff by years of service
(at 31/12/06)



Expenditures (in €m - 100% basis)	2006	2005	% change
Major renovation projects ⁽¹⁾ (capitalised)	51.9	23.7	+119.0%
Other capitalized expenditure	18.0	12.7	+41.7%
Total	69.9	36.4	+92.0%

Capex = 2.0% of portfolio value (Group share)

(1) Of which: 104-110 Haussmann (50%): €10.0m; 63 Haussmann: €1.9m; 92 Champs Elysées: €19.2m ; 82-88 Champs Elysées (50%): €8.3m; Vigny: €6.7m.