

**SFL**

# **2010 INTERIM RESULTS**



## I. Introduction & Key Figures

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## II. Property Portfolio at 30 June 2010

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## III. First-Half Business Review

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## IV. First-Half Financial Statements and Results

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## Appendices

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# Key Figures

	H1 2010	H1 2009	% change
<b>Property rentals (IFRS)</b>	€80.9m	€96.0m	-15.8%
<b>Operating profit before fair value adjustments and disposals</b>	€67.2m	€84.6m	-20.6%
<b>Profit/(loss) on disposal of investment properties</b>	€0.5m	(€13.5m)	
<b>Fair value adjustments to investment properties</b>	€22.4m	(€312.0m)	
<b>Profit/(loss) attributable to equity holders</b>	€50.6m	(€236.8m)	
<b>Current cash flow</b> attributable to equity holders	€48.8m	€63.0	-22.6%
<b>Current cash flow per share</b> attributable to equity holders	€1.05	€1.36	-22.6%

	30 June 2010	31 Dec. 2009	% change
<b>Portfolio value</b> (excluding transfer costs) attributable to equity holders	€3,139m	€3,094m	+1.5%
<b>NAV per share</b> including transfer costs	€42.3	€43.3	-2.3%
<b>Loan to value</b>	36.7%	34.2%	



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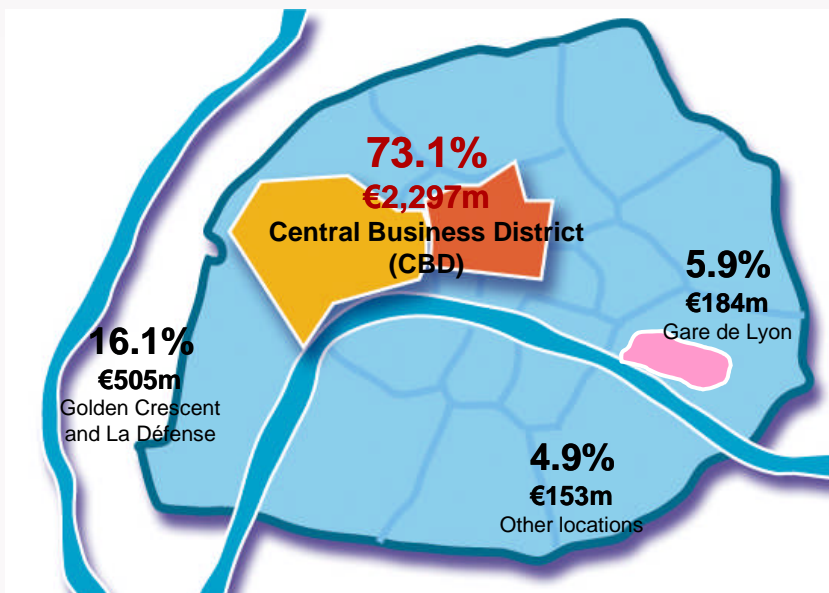
## Appendices

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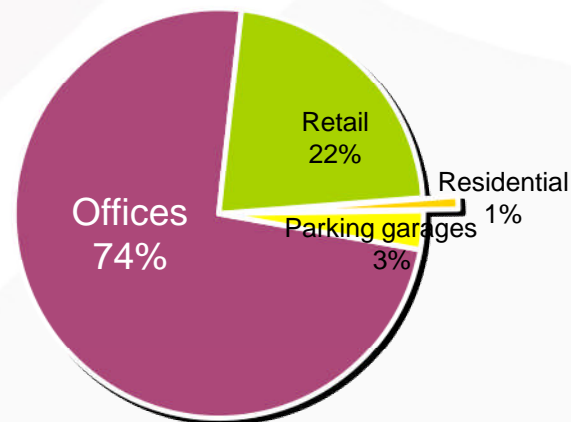
# Property Portfolio at 30 June 2010

Appraisal value at 30 June 2010  
€3,139m excluding transfer costs  
(up 1.6% on 31 Dec. 2009/up 1.6% YoY like-for-like)

## Geographic focus

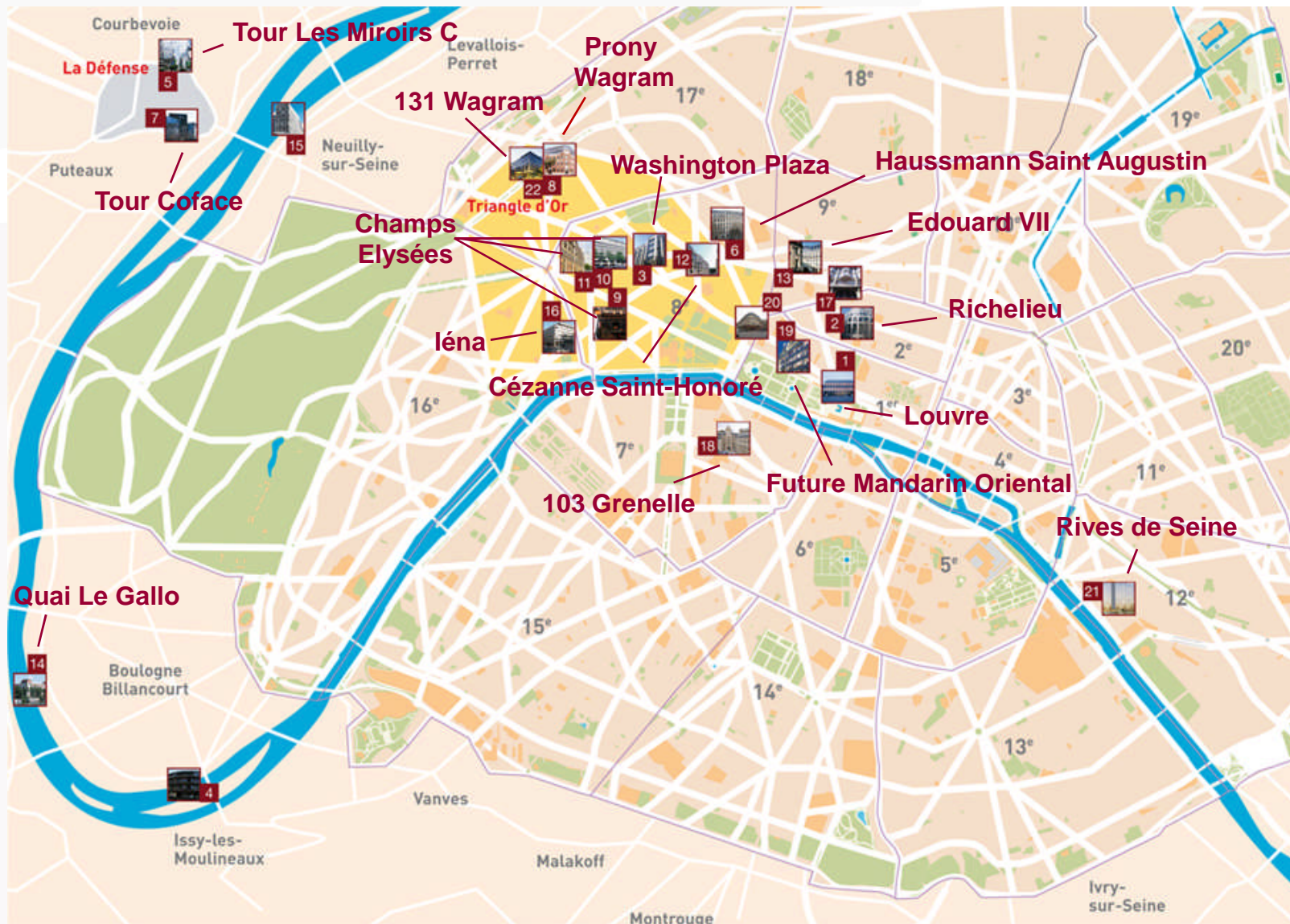


## Property focus



Value including transfer costs = €3,314m

# Property Portfolio: 410,000 sq.m./22 buildings





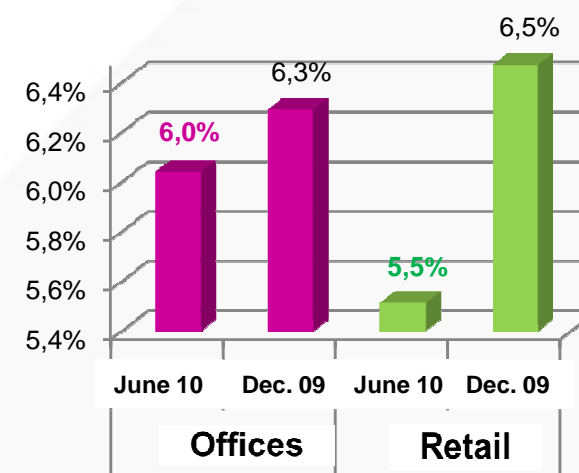
# Appraisal Values at 30 June 2010

Appraisal value (attributable): €3,139m excluding transfer costs  
(up 1.5% on 31 Dec. 2009)  
€3,314m including transfer costs

Like-for-like portfolio  
(excl. transfer costs)  
up 1.6% vs. 31 Dec. 2009  
(down 7.8% in 2009)

Average value per sq.m.  
(excl. transfer costs)  
€7,721  
(€7,497 at 31 Dec. 2009)

Spot yield<sup>(1)</sup>  
5.9%  
(6.3% at 31 Dec. 2009)



<sup>(1)</sup> (Net passing rent + Market rent on vacant properties) / (Appraisal value including transfer costs + Capex)



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# Paris Region Office Rental Market in First-Half 2010

## PARIS REGION

- Total rental volume in H1 2010: 1m sq.m., up 16% on H1 2009
  - ✓ Immediately available stock: 3.6m sq.m., stable vs. end-2009
  - ✓ → Vacancy rate stable at 7.3%
- Average rent in H1 2010: €309/sq.m./year. Rents are stabilising, deal sweeteners remain very common and marketing periods are still long.

## PARIS CENTRE WEST & CBD

- **Total rental volume in H1 2010:** 229,603 sq.m. (22% of Paris region market), up 74% vs. H1 2009
  - ✓ Immediately available stock: 0.5m sq.m., down 6% vs. end-2009
  - ✓ → Vacancy rate has risen to 6.2%
- Nominal rents for prime property at end-June 2010: €724/sq.m./year
- Average rents:
  - ✓ CBD: €504/sq.m./year, up 1.8% vs. end-2009
  - ✓ Paris Centre West: €363/sq.m./year, down 1% vs. end-2009

## TREND

- Office transaction volume rose in H1 2010, particularly for small and medium-sized offices (52%)
- Rent adjustments and more offices on offer → opportunity for users to lease high-quality offices at competitive rents

Sources: Immostat, JLL and BNP Paribas Real Estate

# Paris Region Commercial Property Investment Market in First-Half 2010

## FRANCE & PARIS REGION

- France: Total deal flow in H1 2010: €3.7bn (up 40% vs. H1 2009)
- Paris region: Total deal flow in H1 2010: €2.3bn (up 85% vs. H1 2009)
  - ✓ Investors are looking for high-quality, no-risk assets but they are in very short supply
  - ✓ Office and commercial property yields stable or down 20 to 50 bps on the best assets

## PARIS CENTRE WEST & CBD

- Total deal flow: €1bn (44% of Paris region market), up 69% vs. H1 2009
- Prime CBD yields at 30 June 2010 between 4.75% and 5.25%, down 50 bps vs. end-2009
- Strong investor competition for core prime assets and limited availability is putting pressure on yields, which are continuing to trend downwards

## TREND

- Total 2010 deal flow expected to be no higher than €10bn
- Risk aversion remains very high among investors
- Bank financing is once again an option for bigger deals than in H1 2009

Sources: Immostat, JLL and BNP Paribas Real Estate

Commercial property: offices, retail units, warehouses

# Current Renovation Projects

Property	District	Type	Renovated surface area	Forecast rent (100% basis)	Delivery
Galerie des Champs Elysées (100%)	Central Business District	Retail	6,239 sq.m.	-	H2 2010
247-251, rue Saint Honoré	Central Business District	Hotel/ Retail	16,422 sq.m.	€10.8m	H1 2011
92, av. des Champs Elysées	Central Business District	Offices/ Retail	7,078 sq.m.	€9m	H2 2012
Quai Le Gallo - Boulogne	Golden Crescent	Offices	26,800 sq.m.	-	H2 2012
<b>Total</b>			<b>56,539 sq.m.</b>		



Galerie des Champs-Élysées  
Paris 8<sup>ème</sup>



247-251, rue Saint Honoré  
Paris 1<sup>st</sup>



92, av. des Champs-Élysées  
Paris 8<sup>th</sup>



46, Quai Le Gallo  
92100 Boulogne-Billancourt

# Rental Revenue

In €m

H1-2009 rental revenue

96.0

Like-for-like decrease

-9.3

Increase due to acquisitions and post-renovation remarketing

+0.6

Decrease due to sales and major renovations

-6.4

H1-2010 rental revenue

80.9

Reported decrease

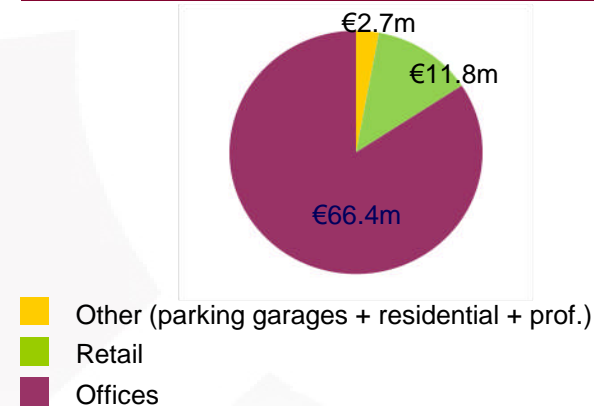
15.8%

Like-for-like decrease\*

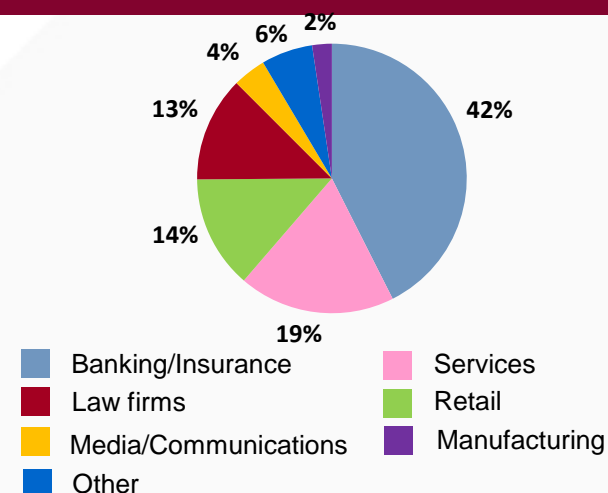
6.7%

\* Excluding lease termination penalties

H1-2010 rental revenue: €80.9m



Breakdown by tenant business  
30 June 2010



# Marketing Programme

New leases: 29,977 sq.m.

## Offices

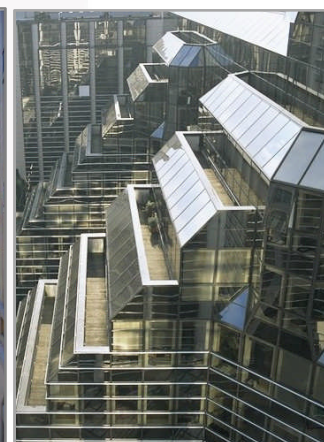
- 24,442 sq.m. newly let or relet
- Total rent: €14,691k or €601/sq.m./year
- Attributable to SFL: €14,673k

## Retail

- 5,161 sq.m. newly let
- Total rent: €7,581k or €1,469k/sq.m./year
- Attributable to SFL : €4,283k



*Cezanne Saint-Honoré  
Paris 8<sup>ème</sup>*



*Washington Plaza  
Paris 8<sup>ème</sup>*



*Galerie des Champs-Élysées  
Paris 8<sup>ème</sup>*

Rents on new leases  
down 17% <sup>(1)</sup>

## Main leases signed in H1 2010

Property	Type	Surface (sq.m.)	Tenant
Cezanne Saint-Honoré	Offices	11,336	FRESHFIELDS
Washington Plaza	Offices	3,367	CCR ASSET MANAGEMENT
Galérie Champs Elysées	Retail	3,274	H & M
176 CDG Neuilly	Offices	3,038	HUDSON GLOBAL
Edouard VII	Offices	2,972	BIRD & BIRD
Edouard VII	Retail	1,669	ZARA

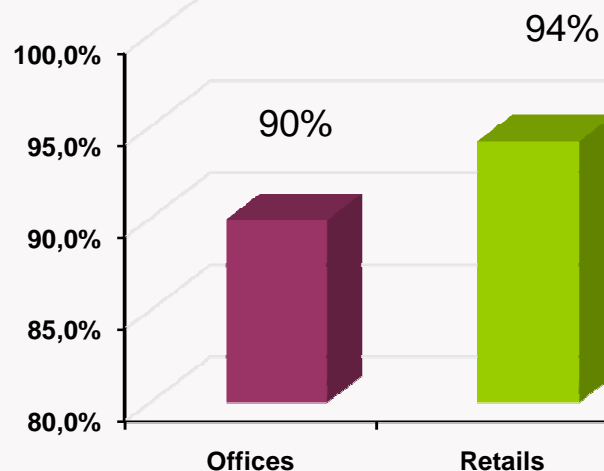
(1) Based on nominal rents on new leases signed in H1 2010.



# Occupancy Rates

Occupancy rate<sup>(1)</sup> at 30 June 2010: 91.0%  
(93.9% at 31 Dec. 2009)

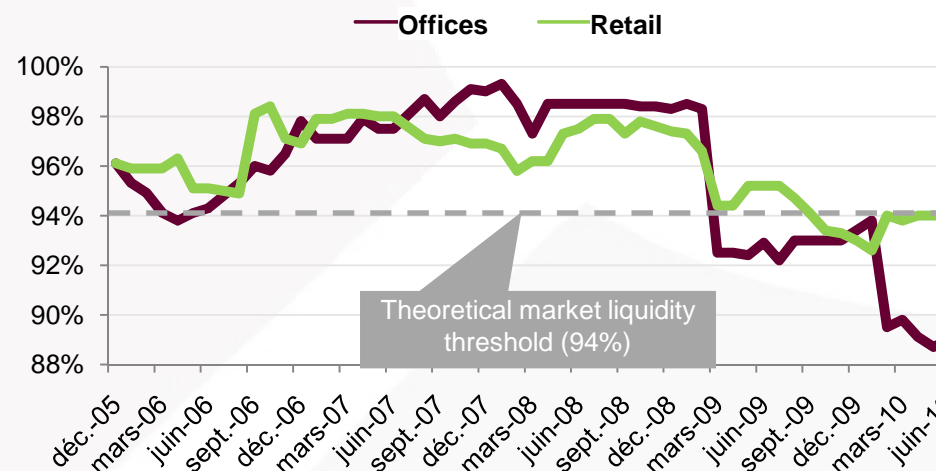
## Occupancy rate by property type



## Office occupancy rates at 30 June 2010

SFL:	89.9%
CBD <sup>(3)</sup> :	93.8 %
La Défense <sup>(3)</sup> :	93.8 %
Paris region <sup>(3)</sup> :	92.7 %

## Change in occupancy rate <sup>(2)</sup>



## Occupancy rates

Average for the period <sup>(4)</sup>

92.7%

Economic<sup>(5)</sup>

Q2-2010: 87.8%

(1) Surface area attributable to SFL, excluding surface areas being refurbished or buildings being renovated

(2) End-of-month spot rate, based on surface area attributable to SFL

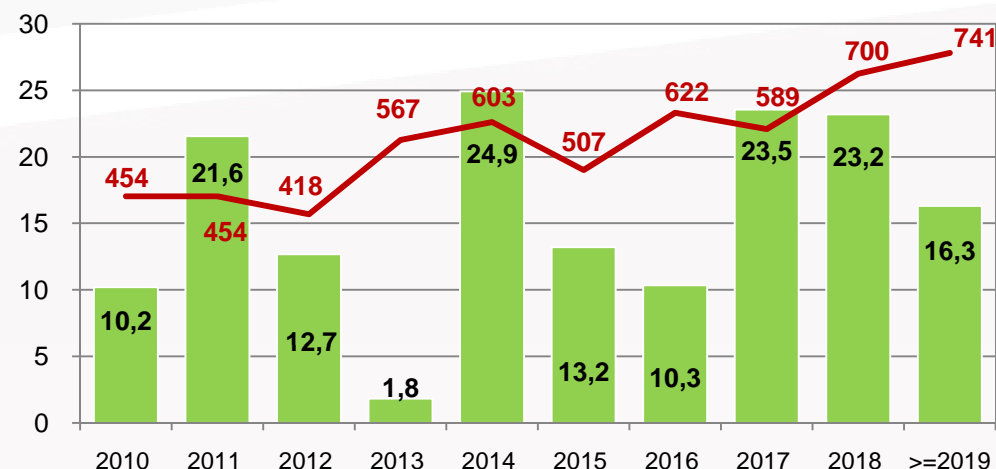
(3) Source: BNP Paribas Real Estate, At a Glance Bureaux Ile de France July 2010

(4) Average end-of-month spot rate based on surface areas attributable to SFL, excluding surface areas being refurbished or buildings being renovated

(5) Surface area attributable to SFL, excluding surface areas being refurbished or buildings being renovated (Assumed rent for vacant units / Passing rent + assumed rent)

# Lease Renewals and Reversionary Potential

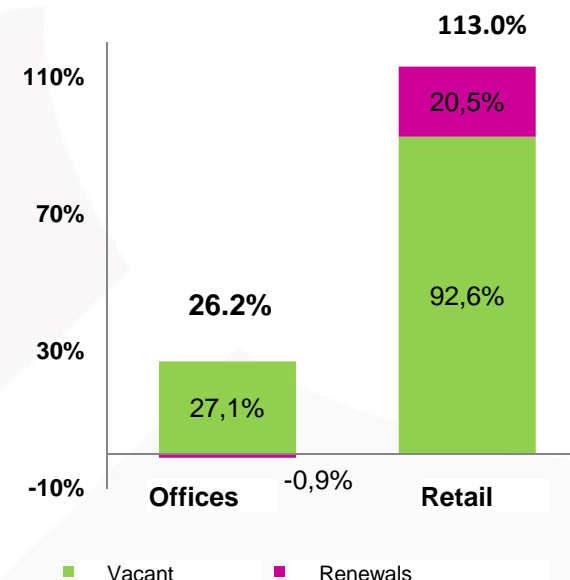
## Commercial lease expiry dates



Lease renewals calculated on the basis of 30 June 2010 rent roll (in €m)

Average annual rent for leases expiring in the year indicated (€/sq.m.)

## Potential supplementary rental income<sup>(3)</sup>



Average rent, SFL office properties, 30 June 2010:

**€559/sq.m./year**  
(€549 at 31 Dec. 2009, up 1.8%)

Legal lease term<sup>(1)</sup>

**5.0 years**

Remaining lease term<sup>(2)</sup>

**3.15 years**

Reversionary potential<sup>(3)</sup>

**37.7%**

<sup>(1)</sup> Weighted average period remaining for leases in progress as of 30 June 2010, up to lease expiry date

<sup>(2)</sup> Weighted average period remaining for leases in progress as of 30 June 2010, up to next potential exit date

<sup>(3)</sup> As a percentage of current rents





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# First-Half 2010 Results

€m	H1 2010	H1 2009	% change	Full-year 2009
Property rentals	80.9	96.0	-15.8%	183.0
Property expenses, net of recoveries	(6.7)	(4.3)	+55.5%	(10.3)
<b>Net property rentals</b>	<b>74.2</b>	<b>91.7</b>	<b>-19.1%</b>	<b>172.7</b>
Service and other revenues	2.9	4.2		6.2
Depreciation, amortisation and provision expense, net	0.3	(1.0)		(1.1)
Employee benefits expense and other expenses	(10.2)	(10.3)		(19.7)
<b>Operating profit before disposals and fair value adjustments</b>	<b>67.2</b>	<b>84.6</b>	<b>-20.6%</b>	<b>158.1</b>
Profit/(loss) on asset disposals	0.5	(13.5)		(14.0)
Fair value adjustments to investment properties	22.4	(312.0)		(385.5)
Finance costs and other financial income and expense	(29.3)	(17.7)		(40.9)
Income tax expense	(6.0)	8.8		15.4
<b>Profit/(loss) for the period</b>	<b>54.8</b>	<b>(249.8)</b>		<b>(266.9)</b>
Minority interests	(4.2)	12.9		14.7
<b>Attributable profit/(loss)</b>	<b>50.6</b>	<b>(236.8)</b>		<b>(252.2)</b>

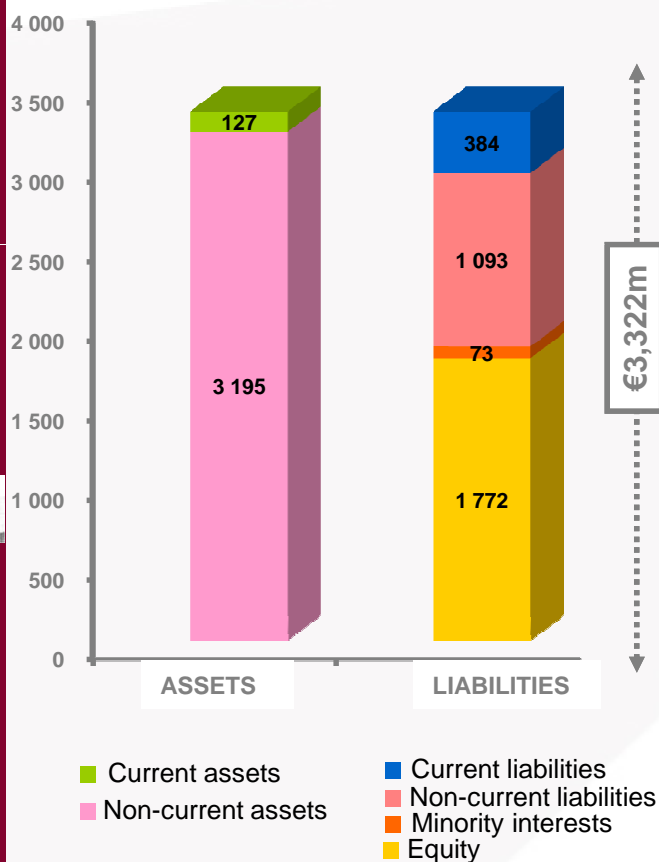
# Current Cash Flow<sup>(1)</sup>

€m	H1 2010	H1 2009	% change	Full Year 2009
Property rentals, net	74.2	91.7	-15.8%	172.7
IFRS adjustments - Property rentals	4.1	1.2		2.2
Other income	2.9	4.2		6.2
Employee benefits expense and overheads	(9.9)	(9.9)		(18.9)
Finance costs, net	(20.0)	(18.8)		(43.9)
<b>Current Cash Flow</b>	<b>51.3</b>	<b>68.5</b>	<b>-25.1%</b>	<b>118.2</b>
<b>Attributable Current Cash Flow</b>	<b>48.8</b>	<b>63.0</b>	<b>-22.6%</b>	<b>110.1</b>
Average number of shares (in thousands)	46,522	46,502		46,503
<b>Attributable Current Cash Flow per share</b>	<b>€1.05</b>	<b>€1.36</b>	<b>-22.6%</b>	<b>€2.37</b>

<sup>(1)</sup> Excluding disposals

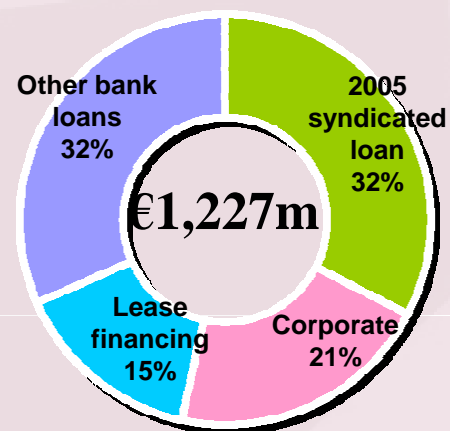
# Consolidated Balance Sheet

## Consolidated balance sheet at 30 June 2010 (€m)

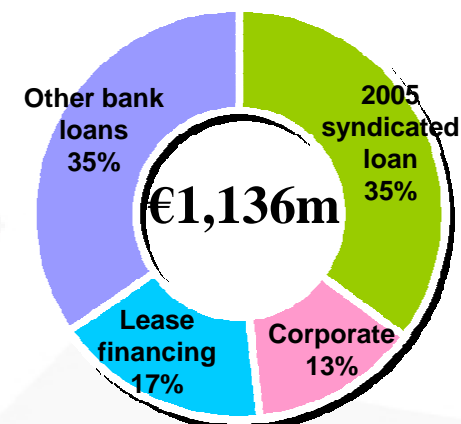


## Debt structure

At 30 June 2010



At 31 Dec. 2009



## Loan-to-value ratio

At 30 June 2010

36.7%

At 31 Dec. 2009

34.2%

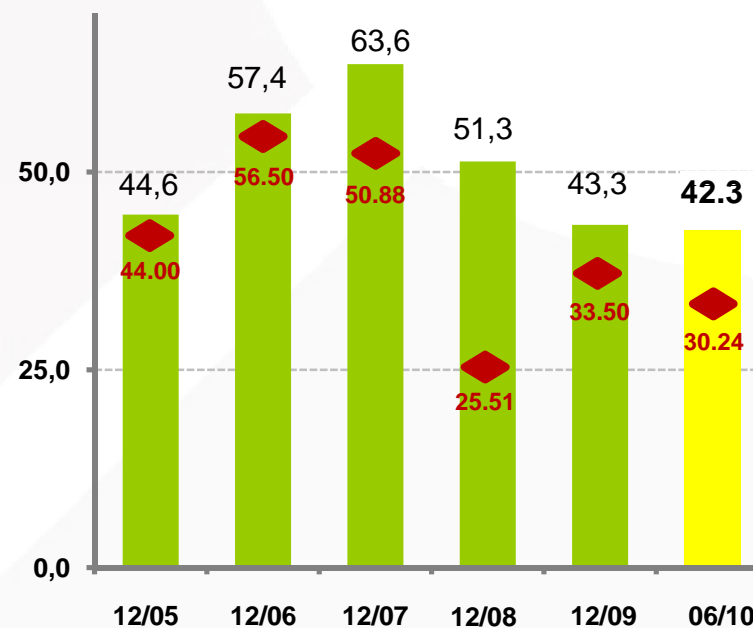
(€m)	30 June 2010	31 Dec. 2009	Change
Syndicated loan	400.0	400.0	-
2009 corporate loan <sup>(1)</sup>	255.0	150.0	+105.0
Lease financing	184.2	192.6	-8.4
Other bank loans	388.1	393.8	-5.7
<b>Total debt</b>	<b>1,227.3</b>	<b>1,136.3</b>	<b>91.0</b>
Average life (years)	2.6	3.2	-0.6
Average spot cost (after hedging)	4.6%	4.6%	0.0pt
Cash and cash equivalents	11.4	19.6	-8.2
<b>Net debt (debt – cash and cash equivalents)</b>	<b>1,215.9</b>	<b>1,116.7</b>	<b>99.2</b>
Estimated value of assets (incl. transfer costs)	3,313.6	3,266.3	47.3
<b>Loan-to-value</b>	<b>36.7%</b>	<b>34.2%</b>	<b>+2.5pts</b>

<sup>(1)</sup> Corresponding to €255m drawn down on a €300m facility

# NAV Per Share

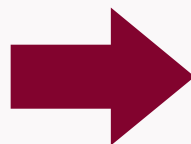
NAV calculation (€m)	30 June 2010	31 Dec. 2009	% change
Equity	1,772	1,816	
Unrealised capital gains	8	11	
Dilution gain	14	16	
<b>Diluted NAV excl. transfer costs</b>	<b>1,794</b>	<b>1,843</b>	<b>-2.6%</b>
Transfer costs on property portfolio	174	172	
<b>Diluted NAV incl. transfer costs</b>	<b>1,968</b>	<b>2,015</b>	<b>-2.3%</b>
Diluted shares outstanding (thousands)	46,529	46,529	
<b>Diluted NAV/share excl. transfer costs</b>	<b>€38.6</b>	<b>€39.6</b>	<b>-2.6%</b>
<b>Diluted NAV/share incl. transfer costs</b>	<b>€42.3</b>	<b>€43.3</b>	<b>-2.3%</b>

Growth in NAV per share incl. transfer costs (€)



◆ Period-end share price

■ [www.fonciere-lyonnaise.com](http://www.fonciere-lyonnaise.com)



bienvenue sur le site internet de la Foncière Lyonnaise Language

**ACTEUR DE RÉFÉRENCE DU MARCHÉ DE L'IMMOBILIER TERTIAIRE PARISIEN**

**ACTUALITÉS**  
**29 avril 2010 :**  
 SFL - 1er Trimestre 2010  
 > en savoir plus  
**12 février 2010 :**  
 SFL : Résultats Annuels 2009  
 > en savoir plus

**COURS DE BOURSE**  
 21/07/2010 - 09:47:12  
 € 31.49  
 ISIN: FR0000033409  
 Rapport Annuel 2009

**AGENDA**  
**23 juillet 2010 :**  
 Présentation des résultats semestriels 2010 à 10h00  
 Centre de conférences Edouard VII  
 23, square Edouard VII - 75009 PARIS

**LA SOCIÉTÉ** **LE PATRIMOINE**  
**LES FINANCES** **LES ENGAGEMENTS DURABLES**  
 GESTION ET COMMERCIALISATION DE NOTRE PATRIMOINE IMMOBILIER **CARNET DE L'ACTIONNAIRE**

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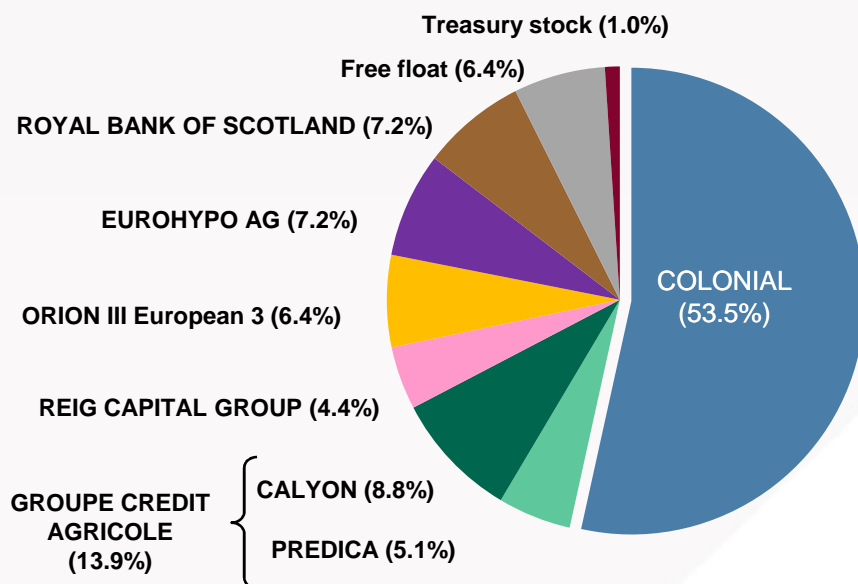


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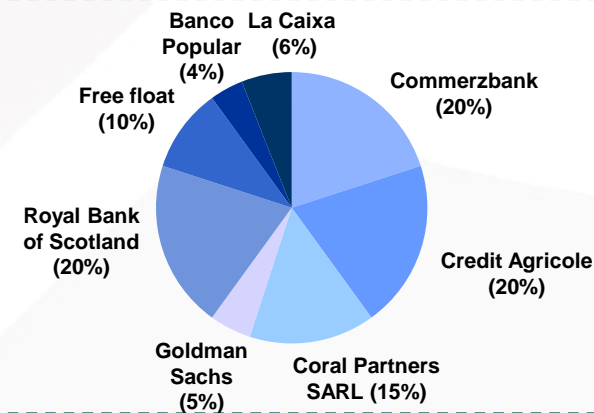
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# Ownership Structure at 30 June 2010

## SFL's Ownership Structure (46.5m shares)



## Colonial's Ownership Structure



## Board of Directors

Juan José Brugera Clavero	(Chairman and CEO, Colonial)
Jean Arvis	(Independent director)
Jacques Calvet	(Independent director)
Anne-Marie de Chalambert	(Director, Colonial)
Jean-Jacques Duchamp	(Director, Prédica)
Carlos Fernandez-Lerga Garraida	(Director, Colonial)
Carmina Gañet Cirera	(Director, Colonial)
Aref H. Lahham	(Director, Orion)
Bertrand Letamendia	(Director, Colonial)
Carlos Losada Marrodan	(Director, Colonial)
Luis Maluquer Trepas	(Director, Colonial)
Pere Viñolas Serra	(Director, Colonial)
Tony Wyand	(Independent director)
Reig Capital Group Luxembourg SARL	(Director, represented by José Caireta Riera)
Yves Defline	(Independent non-voting director)

 Representing Colonial  Other

## Executive & Strategy Committee

### Juan José Brugera Clavero (Chairman)

Jean-Jacques Duchamp  
Carmina Gañet Cirera  
Aref H. Lahham  
Pere Viñolas Serra

## Audit Committee

### Carlos Fernandez-Lerga Garraida (Chairman)

Jean Arvis  
Jacques Calvet  
Yves Defline  
Jean-Jacques Duchamp

## Remuneration & Selection Committee

### Pere Viñolas Serra (Chairman)

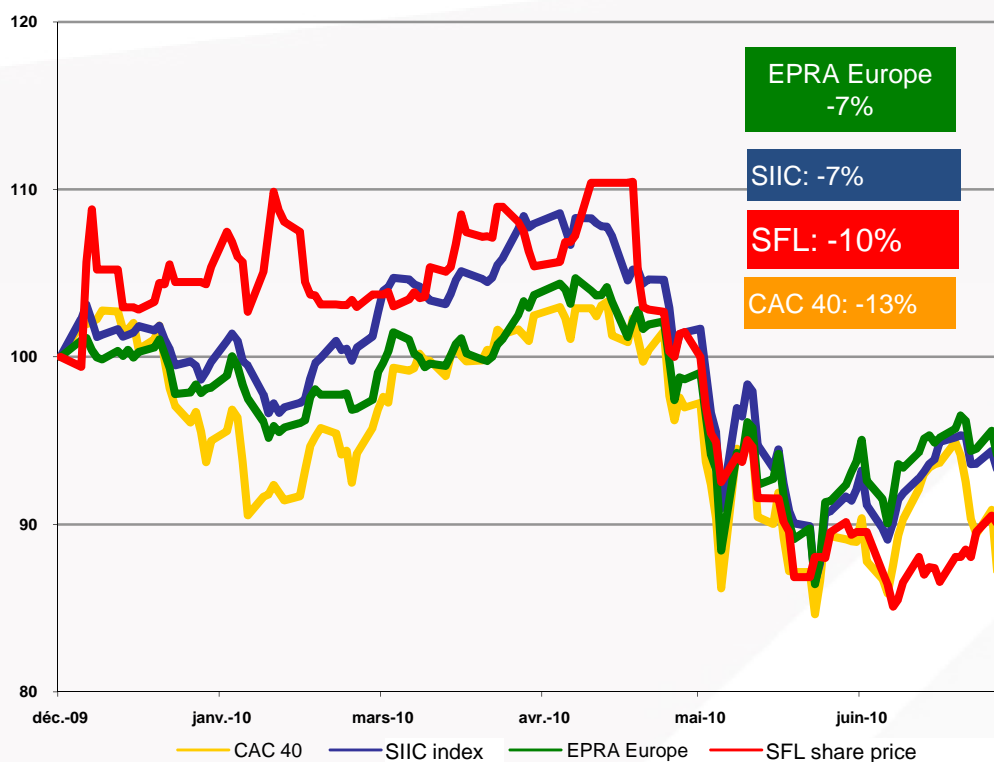
Jean Arvis  
Juan José Brugera Clavero  
Tony Wyand

## Committee of Independent Directors

Jean Arvis  
Jacques Calvet  
Yves Defline  
Tony Wyand

# Share Performance

## H1-2010 share performance<sup>(1)</sup>



<sup>(1)</sup> Base 100: 31 December 2009; data up to 30 June 2010

Sources: Euronext/Epra

## H1-2010 key figures

Shares outstanding at 30 June 2010 (in thousands)	46,529
Average daily trading volume (shares)	2,725
Average daily trading volume (amount)	€92,000
High for the period (6 January)	€37.98
Low for the period (25 May)	€27.65
Closing price on 30 June	€30.24

# Property Valuation and NAV Calculation

Independent experts

Jones Lang LaSalle, CBRE, BNP Paribas Real Estate

Methodology

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

Frequency

Entire portfolio valued at least every six months

NAV calculation

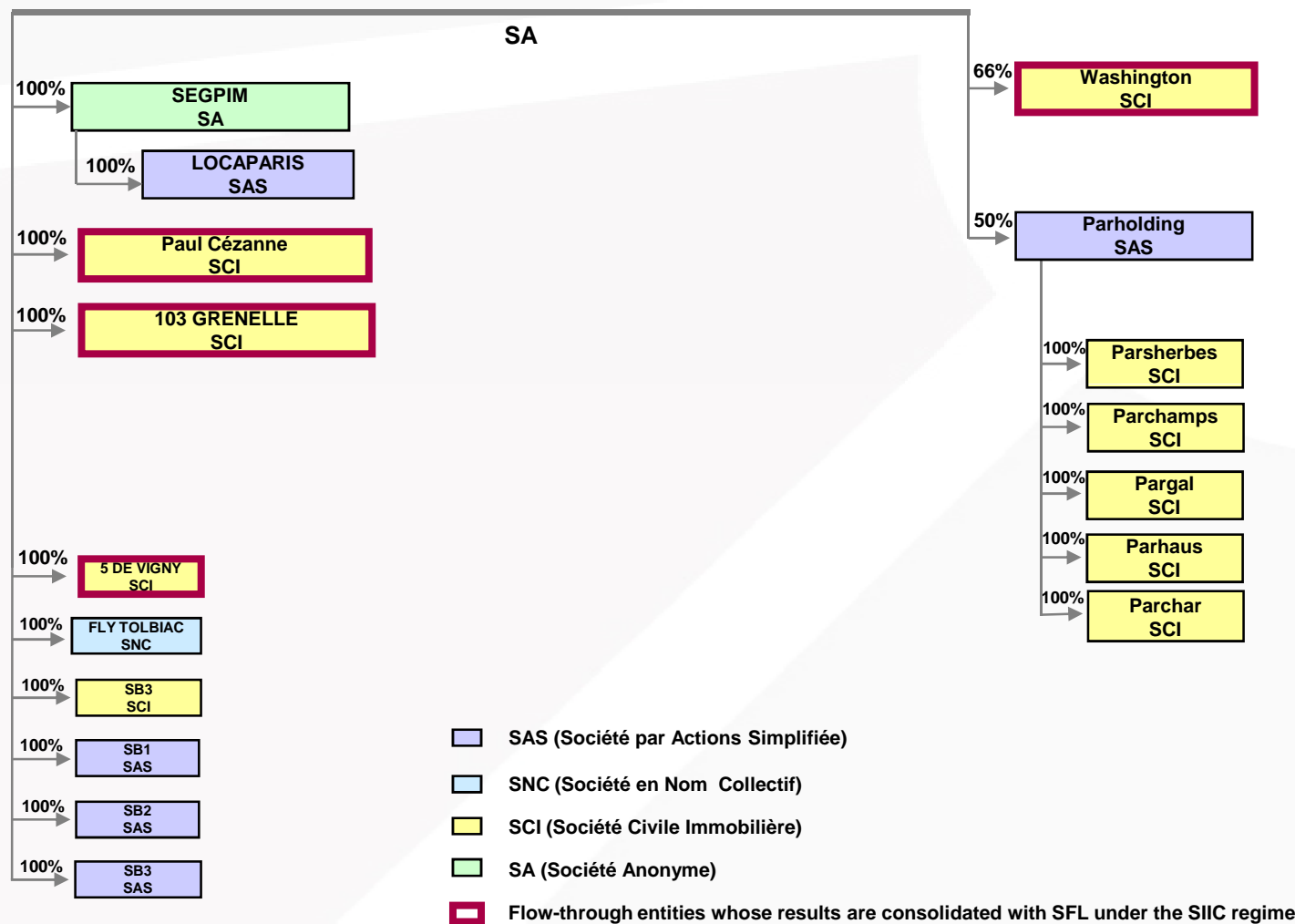
With and without transfer costs  
Fully diluted  
Financial instruments marked-to-market

Validation

NAV calculations are reviewed by the Auditors

# Legal Structure at 30 June 2010

## SOCIÉTÉ FONCIÈRE LYONNAISE



# Organisation Structure



**Juan José Brugera Clavero**  
Chief Executive Officer



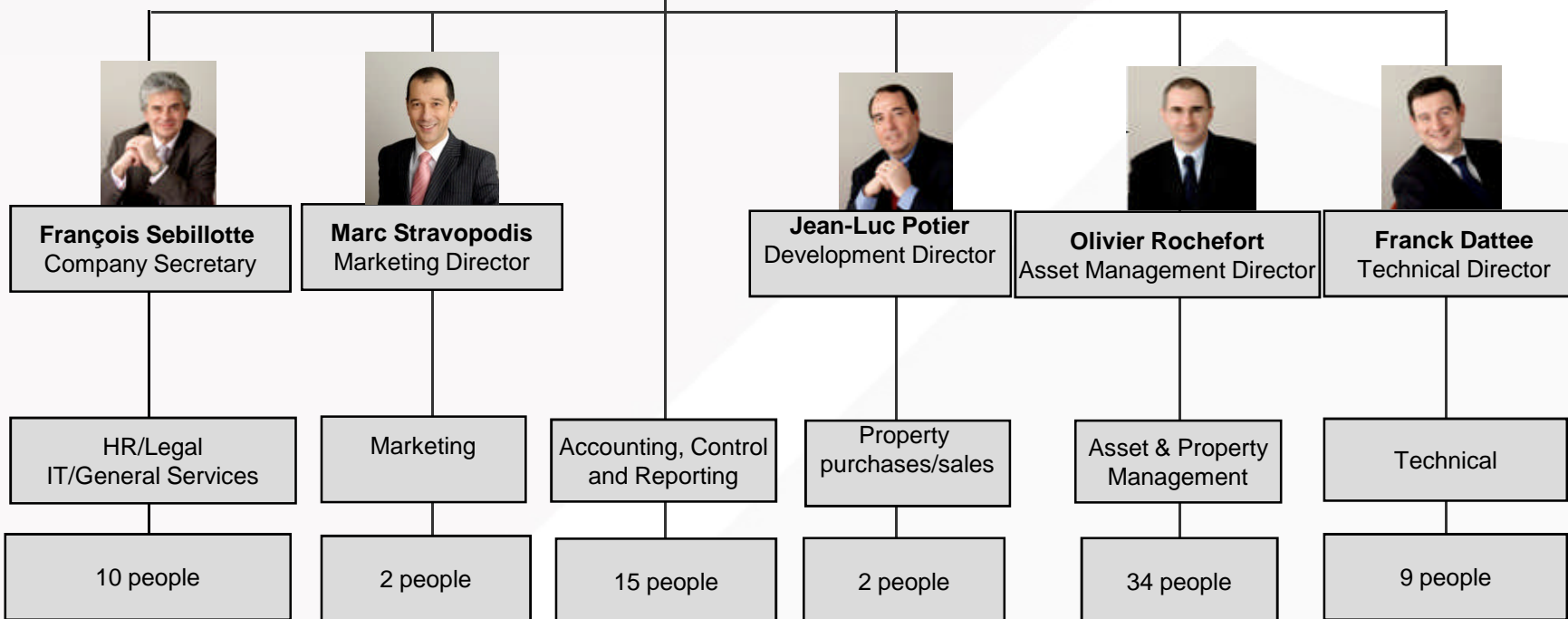
**Nicolas Reynaud**  
Managing Director  
Chief Financial Officer

## Number of employees

Head office	81
Building staff and caretakers	3

<b>Total</b>	<b>84</b>
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Internal Audit

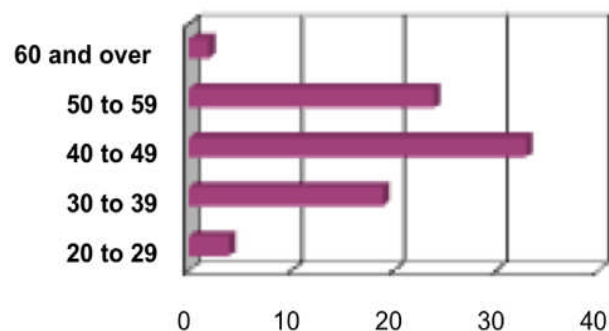




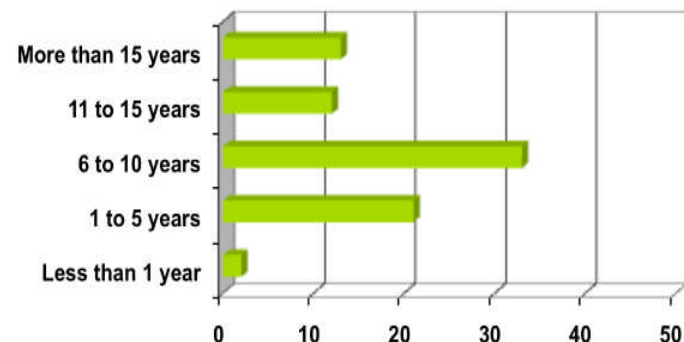
# Human Resources

Number of employees	30 June 2010	31 Dec. 2009
Building staff	3	3
Administrative staff	14	14
Supervisors	15	16
Managers	52	51
<b>Total</b>	<b>84</b>	<b>84</b>

**Number of employees<sup>(1)</sup>  
by age group  
(at 30 June 2010)**



**Number of employees<sup>(1)</sup>  
by years of service  
(at 30 June 2010)**



<sup>(1)</sup> Excluding building staff and caretakers

Expenditure (€m)	H1 2010	H1 2009	% change	Full Year 2009
Major renovation projects <sup>(1)</sup> (capitalised)	19.7	28.2		59.7
Other capitalised expenditure	8.4	10.8		36.9
<b>Total</b>	<b>28.1</b>	<b>39.0</b>	<b>-28%</b>	<b>96.6</b>

<sup>(1)</sup> Of which: 247 St-Honoré ⇒ €13.0m; 92 Champs Elysées ⇒ €3.4m; Galerie des Champs Elysées ⇒ €2.3m; Quai Le Gallo ⇒ €1.0m