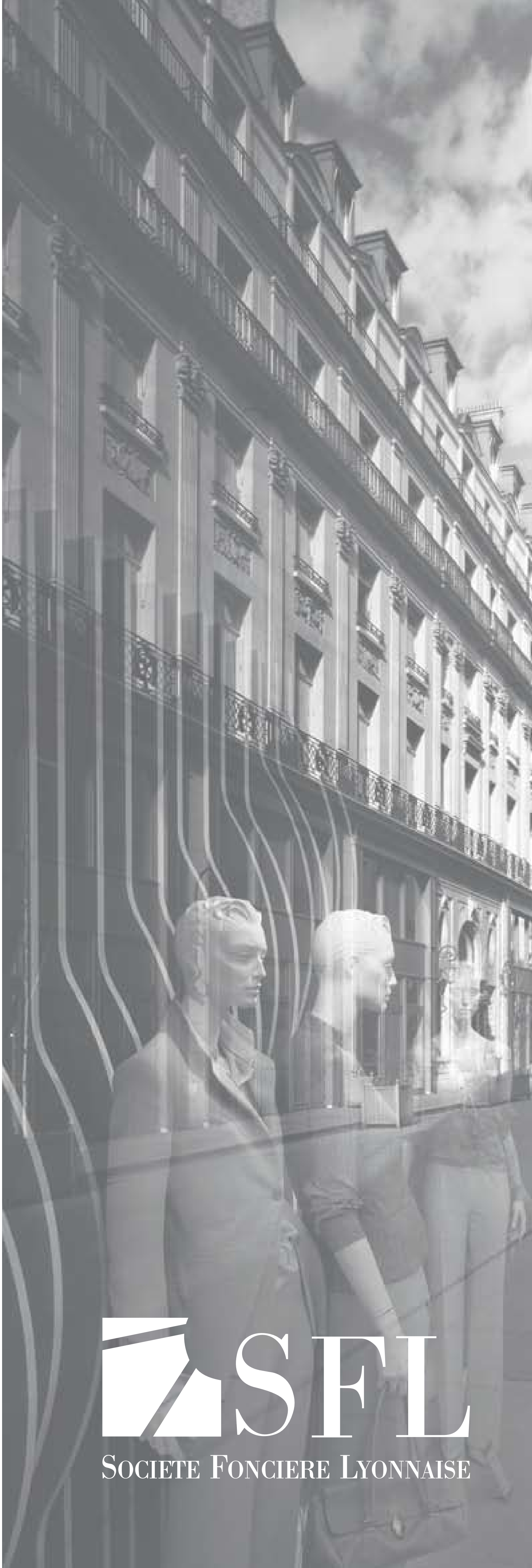
SFL Financial and Legal Report 2009



SFL

SOCIETE FONCIERE LYONNAISE

Contents

This registration document was filed with the French securities regulator (Autorité des Marchés Financiers - AMF) on 13 April 2010, in accordance with article 212-13 of the AMF's Règlement Général. It may be used for a financial transaction provided that is accompanied by an Information Memorandum approved by the AMF.

This English language version of the Registration Document is a free translation from the original, which was prepared in Franch. All possible care has been taken to ensure that the translation is an accurate representation of the original. However in all matters of interpretation of information, views or opinion expressed therein the original language version of the document in French takes precedence over the translation.

SFL 2009 Management Report

Annual General Meeting of 19 April 2010

Management report for the year ended 31 December 2009

We have called the Annual General Meeting in accordance with the Company's Articles of Association and the French Commercial Code to report to shareholders on Société Foncière Lyonnaise's operations and earnings for the year ended 31 December 2009 as well as its future outlook, and to submit for shareholder approval the 2009 financial statements of the Company and the Group.
All documents required by law were sent or made available to shareholders within the applicable time frames.

1. Business Review and Significant Events of the Year

1.1. Property Portfolio Value

Our property portfolio's appraisal value totalled €3.1 billion excluding transfer costs (€3.3 billion including transfer costs) at 31 December 2009, an 11% decrease compared with the year-earlier figure. All of the properties are located in Paris and the Paris region, with 72% (representing €2.2 billion excluding transfer costs) located in the Paris Central Business District.

The portfolio essentially comprises fully modernised office properties and retail units, which account for 76% and 20% respectively. Residential units now represent just 1% of the total and are located in mixed-use buildings primarily made over to retail space. Parking garages account for 3% of the portfolio.

The average value per square metre excluding transfer costs was €7,497 in 2009 and the spot yield[1] was 6.3%.

The portfolio includes a number of major office complexes, such as the Centre d'Affaires Le Louvre, Edouard VII, Washington Plaza and Cézanne Saint-Honoré. The properties are leased to first-class covenants, mainly businesses operating in a wide range of industries. The occupancy rate, excluding properties undergoing renovation, is close to the effective maximum at 93.9%, reflecting the assets' strategic location in Paris's main business districts.

1. Passing rents + market rent on vacant properties/Appraisal value including transfer costs + discounted capex

Marketing programme

2009 saw the signature of leases on just 12,307 square meters. The total included 10,365 sq.m. of office space let at an average rent of €610 per sq.m. per year, representing annual revenue of €6,327 thousand (all of which was attributable to SFL) and 1,267 sq.m. of retail space at an average €3,038 per sq.m. per year, representing annual revenue of €3,849 thousand (including €2,225 thousand attributable to SFL).

The average rent for our office portfolio at 31 December 2009 was €549 per sq.m. per year and the average remaining life of leases to the next renewal date was 2.8 years.
Based on estimates produced by our valuers[2], the portfolio's total reversionary potential was 27%, breaking down as 11% for offices and 153% for retail properties.
Since electing for the REIT-style (SIIC) structure in 2003, SFL has been able to pursue a reasonably active portfolio management strategy. Our performance has also been enhanced by the strategic refocusing on offices and retail properties, which now generate 95.8% of rental revenues.

2. CBRE, JLL and BNP Paribas Real Estate

1.2. Property purchases and sales during the year

In last year's challenging economic environment, which caused the real estate investment market to slow considerably, we maintained a prudent approach to portfolio turnover.

Property sales in 2009 totalled €116.8 million excluding transfer costs and tax. Most of these assets were deemed to be fully mature, given their operating cycle and current market conditions. Based on appraisal values at 31 December 2008, these assets represented approximately 3.70% of the total portfolio (€3.48 billion excluding transfer costs and tax). The gross spot yield on the sold properties was 6.31%, corresponding to the ratio of passing rents on the transaction date to the sale price including transfer costs.

A total of 12,268 sq.m. were sold, excluding parking garages, comprising 11,757 sq.m. of offices and 511 sq.m. of retail space.

The properties concerned were as follows:

• 5 rue Alfred de Vigny:	€27.8 million, excluding tax
• 63 boulevard Haussmann:	€27.0 million, excluding transfer costs
• 11 rue de Prony:	€27.0 million, excluding transfer costs
• 62 rue Beaubourg:	€22.3 million, excluding transfer costs
• 6 avenue Vélasquez:	€12.5 million, excluding transfer costs
• 1 rue de Stockholm and 38 avenue Bugeaud (7 parking spaces):	€0.2 million, excluding transfer costs

The average price of the buildings sold in the Paris Central Business District (excluding 62 rue Beaubourg) was €10,432 per sq.m., excluding transfer costs and tax, and the average yield was 6.24%.

On average, these disposals were completed for 9.3% less than their appraisal values at 31 December 2008.

The above sales generated:
- A capital gain of €53.9 million on a French GAAP basis.
- A capital loss of €14 million under IFRS (i.e. based on the fair value model).

Only one purchase was made during the year, at the end of December, through Parchamps (Parholding group). Our share of this investment was €8.3 million excluding transfer costs. The transaction concerned two floors of offices in the building at 90 avenue des Champs-Elysées, of which our share represented 1,250 sq.m. The average purchase price came to €6,640 per sq.m., excluding transfer costs. This acquisition has expanded Parholding's interest in the complex comprising the ground-floor Galerie des Champs-Elysées shopping arcade and the office space above it.

1.3. Investments in progress

On 26 October 2007, we signed an agreement with SEMAPA concerning the acquisition of construction rights for the "T8" project at the intersection of rue Tolbiac and avenue de France in Paris's 13th district. In light of various developments in the second half of 2009, we met with SEMAPA to discuss whether to pursue the project based on a new set of downwardly revised financial terms reflecting prevailing market conditions, or whether to withdraw.

After several meetings, by the end of the year it had become clear that no agreement on revised terms would be forthcoming and on 27 January 2010, we signed a memorandum of understanding confirming SFL's withdrawal from the T8 project and transferring the corresponding building permit and CDAC authorization to SEMAPA.

The loss resulting from the discontinuation of the T8 project – corresponding to the costs incurred up to the date of the decision to withdraw, primarily for the building permit application – amounted to €13.5 million and were recognised in the 2009 financial statements.

2. Results

2.1. Consolidated Results

Accounting methods

At 31 December 2006, SFL decided to measure investment properties using the fair value model, as provided for in IAS 40. Prior to that date, investment properties were measured using the cost model, in accordance with IAS 16.

This change of method was adopted to facilitate comparisons with other property companies, the majority of which apply the fair value model.

The fair value of investment property is the amount at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. It reflects market conditions at the balance sheet date and not those prevailing at any past or future date. It does not reflect future capital expenditure that will improve or enhance the property or the related future benefits from this future expenditure. No deduction is made for transaction costs that may be incurred on sale or other disposal.

The fair values of investment properties carried in the balance sheet at 31 December 2009 correspond to the prices including transfer costs obtained from independent valuations performed by the method described in Note 2-3 to the consolidated financial statements, less a 6.20% discount for transfer costs.

Changes in fair value, which are recognised in the profit and loss account under "Gains and losses from remeasurement at fair value of investment properties", are calculated as follows:

Change in fair value = Market value at the period-end – Market value at the prior period-end – Work and other costs capitalised during the period.

Changes in accounting method applied in 2009:

• IAS 1 (revised 2007) – Presentation of Financial Statements. The main changes compared with the previous version of IAS 1 are as follows:
– The balance sheet has been renamed "statement of financial position".
– In addition, (i) recognised income and expense is now to be presented in a single statement of comprehensive income or in an income statement and a statement of comprehensive income, and (ii) total comprehensive income is to be disclosed in the financial statements. SFL has elected to present a single statement of comprehensive income.

• Annual improvements to IFRSs issued in May 2008. The improvements to IAS 40 and IAS 16 stipulate that buildings under construction should be measured according to the fair value model if the entity has chosen to apply this method for all of its investment properties. Application of the resulting amendment to IAS 40 as from 1 January 2009 led to the reclassification as investment property of buildings under construction or remodelling (that previously fell within the scope of IAS 16) for an amount of €175,128 thousand. The buildings concerned are 247 rue Saint-Honoré and 108-112 avenue de Wagram.

Revenue growth

Property rentals rose 0.8% to €183 million in 2009, and management fees totalled €241 thousand, bringing total revenue for the year to €183.2 million, up 0.7% from €181.9 million in 2008.

Profitability analysis

In 2009, the Group reported a €252 million loss attributable to equity holders of the parent, down from the €393 million loss reported in 2008. This improvement was attributable to a more moderate decline in appraisal values in 2009 compared with 2008, with negative fair value adjustments amounting to €385 million versus €529 million.

All other profit indicators increased year-on-year:
- Property rentals for the year amounted to €183 million, an increase of 0.8% compared with €181.5 million in 2008. On a comparable portfolio basis, property rentals were up 2.9%, mainly due to the application of rent escalation clauses.
- Operating profit before capital gains and losses and fair value adjustments stood at €158.1 million, up 3.8% on the previous year's €152.3 million.
- Current cash flow attributable to equity holders of the parent (excluding disposals) rose 10.1% to €110.1 million in 2009 from €100 million in 2008, primarily led by higher rents, lower operating expenses and reduced finance costs. Current cash flow per share – based on the average number of shares outstanding during the year – climbed 10.1% to €2.37 from €2.15 in 2008.

NAV and financing

The appraisal value of the portfolio at 31 December 2009 was €3,094 million excluding transfer costs, down 11.02% from €3,477 million a year earlier. The estimated replacement value (including transfer costs) was €3,266 million. On a like-for-like basis, portfolio value contracted 7.8% over the year. SFL continues to focus on high quality office properties in the prime business districts of Paris.

Net debt at 31 December 2009 amounted to €1,117 million, representing a loan-to-value ratio of 34.2%. The average cost of debt was 4.6% and the average maturity was 3.2 years.

On this basis, at 31 December 2009, fully diluted NAV including transfer costs totalled €2,015 million, down 15.5% on 31 December 2008. NAV excluding transfer costs was €1,843 million, representing a year-on-year decrease of 15.9%.

NAV per share amounted to €43.3 including transfer costs at 31 December 2009, a decrease of 15.5% compared with the year-earlier figure of €51.3, and €39.6 excluding transfer costs versus €47.1 at 31 December 2008.

2.2 Parent company results

Accounting methods

The 2009 parent company financial statements were prepared on a going concern basis in accordance with French generally accepted accounting principles, including the principles of prudence and segregation of accounting periods. Accounting policies have been applied consistently from one year to the next.

Parent company results and financial position

Net revenue rose 1.29% in 2009 to €130.5 million from €128.9 million in 2008. Total operating income came to €160.3 million versus €153.4 million, representing an increase of 4.51%, and total operating expense rose by 9.51% to €129.8 million from €118.5 million.

Operating profit fell 12.48% to €30.5 million from €34.8 million the previous year.

Wages and salaries totalled €6.5 million, up 1.04% from the 2008 figure of €6.4 million. Payroll taxes amounted to €3.1 million. The average number of employees at the parent company was 68.75, a 7.14% decrease on 2008 when the average was 74.04.

After deducting net financial expense of €12.2 million in 2009, compared with €14.7 million in 2008, profit before tax and other income and expense came in at €18.3 million versus €20.2 million in 2008, down 9.32%.

Other income and expense represented net income of €13.8 million, employee profit-sharing totalled €120.9 thousand and income tax expense on an adjusted basis came to €386.3 thousand. As a result, the Company ended the year with a net profit of €31.6 million compared with a net loss of €3.1 million in 2008.

At 31 December 2009, the Company's total assets amounted to €2.38 billion, down 1.80% from €2.42 billion at the previous year-end.

The risks associated with economic conditions and the property market are discussed on page 21.

A five-year financial summary for the parent company is provided in the appendix to this Management Report (as required pursuant to Article R.225-102 of the French Commercial Code).

Transfer from the share premium account

The balance of the share premium account at 31 December 2009 amounts to €1,180,899,135.16 following the issue of 3,375 new shares on exercise of the same number of stock options. Subject to shareholder approval, €675 will be transferred from this account to the legal reserve to increase the latter to one tenth of the Company's new capital, thereby reducing the balance of the share premium account to €1,180,898,460.16.

Appropriation of net profit

The Company reported net profit for the year, after tax and provision charges, of €31,566,022.82.
Profit available for distribution, including retained earnings brought forward from the prior year, is as follows:

Net profit for the year ended 31 December 2009	€31,566,022.82
Retained earnings brought forward from the prior year	€931,440.80
Profit available for distribution	€32,497,463.62

We recommend paying a dividend of €2.10 per share, representing a total payout of €97,661,919.60, of which €65,164,455.98 will be taken from additional paid-in capital, reducing this account from €1,180,898,460.16 to €1,115,734,004.18.

If approved, the dividend will be paid as from 26 April 2010. Dividends on SFL shares held by the Company on that date – which are stripped of dividend rights – will be credited to retained earnings.

In principle, individual shareholders resident in France for tax purposes are eligible for the 40% tax relief referred to in paragraph 3-2 of Article 158 of the French Tax Code on their total dividend, except when they elect to pay the flat-rate dividend withholding tax under Article 117 *quater* of the Tax Code. However, as stipulated under Article 112-1 of the Tax Code, the portion of the dividend paid out of additional paid-in capital is not eligible for the 40% relief.

Non-deductible expenses

The SFL parent company financial statements do not include any expenses that cannot be deducted for tax purposes (disclosure made in accordance with Articles 223 *quater* and 223 *quinquies* of the French Tax Code). The 2009 financial documents required under Article L.2323-8 of the French Labour Code were provided to the Works Council at its March 2010 meeting.

INFORMATION ON TRADE PAYABLES (provided in compliance with Articles L.441-6-1 and D.441-4 of the French Commercial Code and Article 24-II of France's LME Act)

The table below analyses trade payables by type of supplier and payment schedule at 31 December 2009 (in €)

	More than 60 days old	Less than 60 days old	Less than 30 days old	No fixed due date	Total
Goods and services suppliers	43,594	119,015	563,410	-	726,019
Fixed assets suppliers	501,164	1,275,650	530,552	319,096	2,626,461
Retention monies	-	-	-	528,820	528,820
Total	**544,758**	**1,394,665**	**1,093,961**	**847,915**	**3,881,300**

Invoices more than 60 days old correspond to disputed invoices where payment has been withheld by the Company because the delivered goods or services were unsatisfactory.

Retention monies correspond to final payments for renovation work that are withheld until the problems listed on the snag list have been resolved. They are payable to the supplier when the problems have been resolved to the Company's satisfaction or automatically one year after delivery of the project unless the Company or the prime contractor has valid grounds for opposing their payment.

2.3. Review of the Group's main subsidiaries

The consolidated financial statements for the year ended 31 December 2009 were prepared using the fair value model. The scope of consolidation was as follows:

Consolidated companies	Registration no.	Percentage	
		Interest	Voting rights
Parent company			
SA Société Foncière Lyonnaise	552 040 982	-	-
Fully-consolidated companies			
SA SEGPIM	326 226 032	100	100
SAS Locaparis	342 234 788	100	100
SAS SB1	444 310 247	100	100
SAS SB2	444 318 398	100	100
SAS SB3	444 318 547	100	100
SCI SB3	484 425 450	100	100
SCI Washington	432 513 299	66	66
SCI,5 de Vigny	327 469 607	100	100
SCI,103 Grenelle	440 960 276	100	100
SCI Paul Cézanne	438 339 327	100	100
SNC FLY Tolbiac	507 436 921	100	100
Proportionately consolidated companies			
SAS Parholding	404 961 351	50	50
SC Parsherbes	413 175 639	50	50
SC Parchamps	410 233 498	50	50
SC Pargal	428 113 989	50	50
SC Parhaus	405 052 168	50	50
SC Parchar	414 836 874	50	50

At 31 December 2009, Société Foncière Lyonnaise was 53.48%-owned by the Spanish company Inmobiliaria Colonial SA.

SUBSIDIARIES AND AFFILIATES AT 31 DECEMBER 2009 (in euros)

Company	Share capital	Reserves before appropriation of profit	% interest	Carrying amount of investment		Outstanding loans and advances granted by SFL	Guarantees provided by SFL	2009 net revenue	2009 net profit/ (loss)	Dividends paid to SFL in 2009	Fair value adjustments to the investment during the year
				Gross	Net						
A – INVESTMENTS WITH A GROSS VALUE IN EXCESS OF 1% OF SOCIÉTÉ FONCIÈRE LYONNAISE'S CAPITAL											
Subsidiaries (at least 50%-owned)											
SCI PAUL CEZANNE	56,934,400	116,693,166	100.00%	291,847,234	291,847,234	-	-	20,790,861	16,293,860	-	-
SCI 5 DE VIGNY	1,926,448	110,021	100.00%	20,111,069	1,932,139	-	-	705,914	20,089,966	-	-
SEGPIM SA	1,292,500	2,086,693	100.00%	2,987,373	2,987,373	-	-	-	1,374,844	395,991	-
SCI 103 GRENELLE	150	(21,520,644)	100.00%	1,169,740	-	182,503,194	-	264,235	(22,159,747)	-	-
SNC FLY TOLBIAC	150	(28,483)	90.00%	135	135	1,556,853	-	-	(28,483)	-	-
SCI WASHINGTON	94,872,000	16,359,483	66.00%	79,788,878	79,788,878	103,839,936	-	26,062,885	18,463,141	-	-
Associates (10-50%-owned)											
SAS PARHOLDING	15,000,000	15,271,332	50.00%	18,400,300	18,400,300	37,834,321	-	-	12,718,749	-	-
B – AGGREGATE INFORMATION ABOUT INVESTMENTS NOT LISTED IN A											
Subsidiaries (at least 50%-owned)	-	-	-	121,635	121,500	1,711,143	-	-	(1,142,240)	-	-
Associates (less than 50%-owned)	-	-	-	2,286,735	783,686	-	-	-	-	-	-

Related party transactions correspond to transactions between fully and proportionately consolidated companies.

RELATED PARTY TRANSACTIONS IN 2009 (in thousands of euros)

	Between fully consolidated companies and proportionately consolidated companies	Between proportionately consolidated companies
Balance sheet		
Trade receivables	1,389	-
Current account advances (assets)	37,834	76,434
Other receivables	-	1,236
Trade payables	(1,389)	-
Current account advances (liabilities)	(37,834)	(76,434)
Other liabilities	-	(1,236)
Profit and loss account		
Service revenue	482	-
Interest on loans and receivables	1,379	3,346
Fees	(482)	-
Interest on current accounts	(1,379)	(3,346)

3. Corporate governance

3.1. Members of the Board of Directors and Management Committee at 31 December 2009

Members of the Board of Directors:

Yves Mansion: Chairman and Chief Executive Officer
Jean Arvis: Director
Juan José Brugera Clavero: Director
Jacques Calvet: Director
Yves Defline: Director
Jean-Jacques Duchamp: Director
Manuel Fernando Menendez Lopez: Director
Carmina Gañet Cirera: Director
Julian Zamora Saiz: Director
Pere Viñolas Serra: Director
Tony Wyand: Director
Francisco José Zamorano Gomez: Director
Carlos Fernandez-Lerga Garralda: Director
José Maria Sagardoy Llonis: Director
Reig Capital Group Luxembourg: Director represented by José Caireta Riera

Members of the Management Committee:

Yves Mansion: Chairman and Chief Executive Officer
Nicolas Reynaud: Managing Director, Chief Financial Officer, Secretary to the Board of Directors
François Sebillotte: Company Secretary
Franck Dattée: Technical Director
Olivier Rochefort: Asset Management Director
Jean-Luc Potier: Development Director
Marc Stravopodis: Marketing Director

Yves Mansion, 59, joined SFL in 2002 as Chairman and Chief Executive Officer. He has over 30 years' experience in financial and property management. He began his career with the French Treasury Department, as Inspecteur des Finances (1977-1981) before becoming chief administrator for the Budget Ministry (1981-84) in charge of the transportation, industry and international trade budgets, and then deputy head of the French Treasury Department's Inspection Générale des Finances unit. He then joined Finance Minister Pierre Beregovoy's team as Technical Advisor on the budget and finance acts (1984-86) and later became the Minister's deputy Principal Private Secretary (1988-89). In 1989, he moved to Assurances Générales de France (AGF) as Deputy Managing Director, becoming Managing Director in 1990, a position he held until 2001. He has been a member of the Board of the French securities regulator AMF since 2003.

Nicolas Reynaud, 48, is SFL's Managing Director and Chief Financial Officer. He began his career at Sophia, where he held various positions between 1988 and 2005, including Deputy Managing Director and Chief Financial Officer. He then joined SFL as a member of the Management Committee and Chief Financial Officer, Secretary to the Board and Deputy Managing Director.

François Sebillotte, 54, has been Company Secretary since 2001. He began his career in 1982 by joining law firm KPMG Fidal. From 1987 to 1992, he worked as Director of Legal Affairs for business guide publisher Editions Liaisons, later serving as the head of Legal Affairs and a member of the Management Committee for investment fund Unigrains, until joining SFL. He holds a post-graduate private law degree and an Executive MBA from HEC business school (formerly CPA).

Franck Dattée, 42, is SFL's Technical Director. A graduate of France's ESTP engineering school, he joined the Group in 2003.

Olivier Rochefort, 43, the Group's Asset Management Director, is a graduate of the ESLSCA and ICH business schools and has an Executive MBA from HEC business school, (formerly CPA). He joined the Group in 2002.

Jean-Luc Potier, 53, has been Development Director since 2002. A Member of the Royal Institute of Chartered Surveyors with an engineering degree from ENSTIMD, a post-graduate degree in business administration from the IAE Nantes and a degree in property valuation from Paris University, he joined the Group in 1997.

Marc Stravopodis, 48, Marketing Director, has worked for 15 years in various management positions at Jones Lang Lasalle, most notably as head of the Western Ile de France agency and Associate Director Key Clients. Holding a degree in economics, he joined the Group in 2005.

3.2. Role and practices of the Board of Directors

The role and practices of the Board of Directors are described in the Chairman's report on internal control provided in Appendix 7.5 to this Management Report.

3.3 Directorships and other positions held by the Chairman and Chief Executive Officer and the Managing Director

Yves Mansion – Chairman and Chief Executive Officer – First elected in 2002 – Current term expires in 2011
Directorships and other positions held at 31 December 2009
• Chairman and Chief Executive Officer, Société Foncière Lyonnaise, SA
• Chairman, Parholding, SAS*
• Legal Manager of SCI Paul Cézanne*
• Legal Manager of SCI Washington*
• Legal Manager of SCI de la Sorbonne*

• Member of the Board of the French securities regulator, Autorité des Marchés Financiers (AMF) and Chairman of the Issuers Advisory Committee*
• Member of the Supervisory Board and Audit Committee of Euler Hermes, SA
• Chairman of Mansions, SAS*
• Member of the Board of Directors of Aviva Participations, SA
• Member of the Board of Directors and Audit Committee of Aviva France, SA

Nicolas Reynaud – Managing Director – First elected in 2008
Directorships and other positions held at 31 December 2009
• Managing Director, Société Foncière Lyonnaise, SA
• Chairman and Chief Executive Officer and Director of SEGPIM, SA*
• Chief Executive Officer, Parholding, SAS*

* Directorships not taken into account to determine compliance with Articles L.225-1 and L.225-77 of the French Commercial Code on multiple directorships.

Director	Number of SFL shares held at 31 December 2009(1)
Yves MANSION	25,000
Jean ARVIS	500
Yves DEFLINE	362
Jean-Jacques DUCHAMP	25
Tony WYAND	100
REIG CAPITAL GROUP Luxembourg, represented by José Caireta Riera	2,038,955
Jacques CALVET	825
Carmina GAÑET CIRERA(2)	30
Julian ZAMORA SAIZ	50
Manuel Fernando MENENDEZ LOPEZ	50
Francisco José ZAMORANO GOMEZ	25
José Maria SAGARDOY LLONIS	25
Juan José BRUGERA CLAVERO	25
Pere VIÑOLAS SERRA	25
Carlos FERNANDEZ-LERGA GARRALDA	50
Total	**2,066,047**

(1) The Directors' Charter stipulates that each Director must disclose to SFL the shares held directly and indirectly, within the meaning of Article L. 225-109 of the French Commercial Code. Under Article 17 of the Articles of Association, each Director is required to hold at least 25 shares.
(2) Since 20 July 2009.

The attendance fees paid to Directors in 2008 and 2009 are disclosed in section 3.5 of this Management Report (see pages 16).

Since 1 January 2009, Directors' fees are as follows:

- Directors and non-voting directors:	€ 18,000 per year
- Members of a Committee of the Board:	€ 24,000 per year
- Chairman of the Board and or of a Committee of the Board:	€ 36,000 per year

Directors' fees are prorated to the number of months served on the Board, with no reductions for not attending meetings.

Ratification/re-election of directors

Shareholders are invited to ratify the appointment as director of:
- Carmina Gañet Cirera, to replace Pedro Ruiz Labourdette upon his resignation, from 20 July 2009 up to the close of the Annual General Meeting to be called in 2011 to approve the financial statements for the year ending 31 December 2010.
- Aref Lahham, to replace Yves Defline upon his resignation, from 12 February 2010 up to the close of this Annual General Meeting.

The terms of office of the following directors are due to expire at the close of this meeting: Aref Lahham, Juan José Brugera Clavero, Carlos Fernandez-Lerga Garralda, Pere Viñolas Serra, Jean-Jacques Duchamp, Tony Wyand and Reig Capital Group Luxembourg, SARL. Shareholders are invited to re-elect these directors for a further three-year term expiring at the Annual General Meeting to be called in 2013 to approve the 2012 financial statements.

The terms of office of Jean Arvis and Jacques Calvet are also due to expire at the close of this Annual General Meeting. Shareholders are invited to re-elect these directors for a further one-year term expiring at the close of the Annual General Meeting to be called in 2011 to approve the 2010 financial statements.

3.4 Committees of the Board

A description of the Committees of the Board is provided in the Chairman's report on internal control in Appendix 7.5 to this Management Report.

3.5 Remuneration

Remuneration paid to executive directors

The following information on remuneration paid to executive directors was prepared in accordance with the AFEP-MEDEF recommendations of October 2008 and the AMF recommendations of December 2009. The amounts in the tables below are presented in euros.

TABLE 1 - SUMMARY OF REMUNERATION PAID AND STOCK OPTIONS AND SHARES GRANTED TO EACH EXECUTIVE DIRECTOR

Yves MANSION **Chairman and Chief Executive Officer**	**2008**	**2009**
Remuneration due for the year[1]	883,158.00	909,783.00
Fair value of stock options granted during the year	0.00	0.00
Fair value of performance shares granted during the year	0.00	0.00
Total	**883,158.00**	**909,783.00**

(1) Remuneration due for 2008 = salary, benefits in kind and matching employer payments on voluntary contributions to the SFL Group Pensions Savings Plan Total (PERCO) in 2008 + directors' fees for 2008 + bonus paid in 2009 in respect of 2008.
Remuneration due for 2009 = salary, benefits in kind and matching employer payments on voluntary contributions to the SFL Group Pensions Savings Plan Total (PERCO) in 2009 + directors' fees for 2009 + bonus paid in 2010 in respect of 2009.

Nicolas REYNAUD **Managing Director (since 24 October 2008)**	**2008**	**2009**
Remuneration due for the year[1]	228,087.00	448,949.00
Fair value of stock options granted during the year	0.00	0.00
Fair value of performance shares granted during the year	0.00	0.00
Total	**228,087.00**	**448,949.00**

(1) Nicolas Reynaud does not receive any remuneration as a director. His 2008 remuneration described above corresponds to amounts paid to him under his employment contract while holding office as Managing Director from 24 October to 31 December 2008.
Remuneration due for 2008 = salary, benefits in kind and matching employer payments on voluntary contributions to the SFL Group Pensions Savings Plan Total (PERCO) in 2008 + statutory and discretionary profit-sharing paid in respect of 2008 + bonus paid in 2009 in respect of 2008.
Remuneration due for 2009 = salary, benefits in kind and matching employer payments on voluntary contributions to the SFL Group Pensions Savings Plan Total (PERCO) in 2009 + bonus, excluding statutory and discretionary profit-sharing, to be paid in 2010 in respect of 2009 (not yet determined at the date this document was published).

TABLE 2 – BREAKDOWN OF REMUNERATION PAID TO EACH EXECUTIVE DIRECTOR

Yves MANSION Chairman and Chief Executive Officer	2008		2009	
	Due during the year	Paid during the year	Due during the year	Paid during the year
Salary	440,000.00	440,000.00	440,000.00	440,000.00
Bonus (1)	405,035,00	405,035.00	415,239.00	415,239.00
Exceptional bonus	0.00	0.00	0.00	0.00
Directors' fees (2)	21,000.00	21,000.00	36,000.00	36,000.00
Benefits in kind (3)	4,039.00	4,039.00	5,486.00	5,486.00
Other (4)	2,880.00	2,880.00	3,800.00	3,800.00
Total	**872,954.00**	**872,954.00**	**900,525.00**	**900,525.00**

(1) The method for calculating Yves Mansion's bonus was decided by the Board of Directors on 13 March 2007 for the bonus due for 2007 and paid in 2008 and on 14 February 2008 for the bonus due for 2008 and paid in 2009.
His 2009 bonus paid in 2010 – which was calculated according to the method decided by the Board of Directors on 20 July 2009 – totalled €424,497.00. The criteria and methods used for calculating this bonus are described on page 21.
(2) For 2008: €9,000.00 paid in July 2008 and €12,000.00 paid in January 2009; for 2009: €18,000.00 paid in June 2009 and €18,000.00 paid in December 2009.
(3) Company car.
(4) Matching payment from the Company on voluntary contributions to the SFL Group Pensions Savings Plan (PERCO) set up on 31 January 2005.

Nicolas REYNAUD Managing Director (as of 24 October 2008)	2008 *		2009	
	Due during the year	Paid during the year	Due during the year	Paid during the year
Salary	51,923.00	51,923.00	225,098.00	225,098.00
Bonus (1)	0.00	0.00	153,355.00	153,355.00
Exceptional bonus	0.00	0.00	0.00	0.00
Directors' fees	0.00	0.00	0.00	0.00
Benefits in kind (2)	599.00	599.00	3,539.00	3,539.00
Other (3)	2,160.00	2,160.00	23,290.00	23,290.00
Total	**54,682.00**	**54,682.00**	**405,282.00**	**405,282.00**

* Nicolas Reynaud does not receive any remuneration as a director. His 2008 remuneration described above corresponds to amounts paid to him under his employment contract while holding office as Managing Director from 24 October 2008 to 31 December 2008. The criteria and methods used for calculating his remuneration are described in the Management Report on page 13 of the 2008 Registration Document.
(1) The method for calculating Nicolas Reynaud's bonus was decided by the Board of Directors on 14 February 2008 for the bonus due for 2008 and paid in 2009. His 2009 bonus paid in 2010 – which was calculated according to the method decided by the Board of Directors on 20 July 2009 – totalled €217,072.00.The criteria and methods used for calculating this bonus are described on page 21 of this document.
(2) Company car.
(3) Matching payment from the Company on voluntary contributions to the SFL Group Pensions Savings Plan (PERCO) set up on 31 January 2005 and statutory and discretionary profit-sharing for 2008 paid in accordance with the collective bargaining agreements of 20 June 2002 and 26 June 2008.

TABLE 3 – DIRECTORS' FEES AND OTHER REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS

Non-executive directors	Amounts paid in 2008	Amounts paid in 2009
Yves DEFLINE		
Directors' fees	18,000.00	24,000.00
Other remuneration	0.00	0.00
Tony WYAND		
Directors' fees	18,000.00	24,000.00
Other remuneration	0.00	0.00
Jean ARVIS		
Directors' fees	18,000.00	24,000.00
Other remuneration	0.00	0.00
Jean-Jacques DUCHAMP		
Directors' fees	18,000.00	24,000.00
Other remuneration	0.00	0.00
Jacques CALVET		
Directors' fees	18,000.00	24,000.00
Other remuneration	0.00	0.00
REIG Capital Group Luxembourg		
Directors' fees	12,000.00	18,000.00
Other remuneration	0.00	0.00
Juan José BRUGERA CLAVERO		
(term began 23 July 2008)		
Directors' fees	12,000.00	36,000.00
Other remuneration	0.00	0.00
Pere VIÑOLAS		
(term began 23 July 2008)		
Directors' fees	6,000.00	23,500.00
Other remuneration	0.00	0.00
Carlos FERNANDEZ-LERGA GARRALDA		
(term began 23 July 2008)		
Directors' fees	12,000.00	36,000.00
Other remuneration	0.00	0.00

Non-executive directors	Amounts paid in 2008	Amounts paid in 2009
Pedro RUIZ LABOURDETTE		
(term ended 30 June 2009)		
Directors' fees	16,500.00	12,000.00
Other remuneration	0.00	0.00
Julian ZAMORA SAIZ		
(term began 5 February 2008)		
Directors' fees	11,000.00	18,000.00
Other remuneration	0.00	0.00
Francisco ZAMORANO GOMEZ		
(term began 23 May 2008)		
Directors' fees	10,500.00	24,000.00
Other remuneration	0.00	0.00
José Maria SAGARDOY LLONIS		
(term began 23 May 2008)		
Directors' fees	7,000.00	18,000.00
Other remuneration	0.00	0.00
Manuel MENENDEZ LOPEZ		
(term began 23 May 2008)		
Directors' fees	7,000.00	18,000.00
Other remuneration	0.00	0.00
Carmina GAÑET CIRERA		
(term began 20 July 2009)		
Directors' fees	0.00	10,000.00
Other remuneration	0.00	0.00
Total	**184,000.00**	**333,500.00**

Fourteen directors resigned in 2008 and were paid €53,000 in directors' fees for that year in addition to the €184,000 analysed above.

TABLE 4 – STOCK OPTIONS GRANTED DURING THE YEAR TO EXECUTIVE DIRECTORS BY SFL OR OTHER GROUP COMPANIES

Executive director	Plan no. and date	Type of stock options (purchase or subscription)	Fair value of stock options as calculated in the consolidated accounts	Number of stock options granted during the year	Exercise price	Exercise period
Yves MANSION	No stock options were granted during the year					
Nicolas REYNAUD	No stock options were granted during the year					

TABLE 5 – STOCK OPTIONS EXERCISED BY EXECUTIVE DIRECTORS DURING THE YEAR

Executive director	Plan no. and date	Number of options exercised during the year	Exercise price
Yves MANSION	No stock options were exercised during the year		
Nicolas REYNAUD	No stock options were exercised during the year		

TABLE 6 – PERFORMANCE SHARES GRANTED TO EXECUTIVE DIRECTORS

Performance shares granted to executive directors by SFL or other Group companies	Plan no. and date	Number of shares granted during the year	Fair value of shares as calculated in the consolidated accounts	Vesting date	End of lock-up period	Performance criteria
Yves MANSION	No performance shares were granted during the year					
Nicolas REYNAUD	No performance shares were granted during the year					
Directors	No performance shares were granted during the year					

TABLE 7 – PERFORMANCE SHARES THAT BECAME AVAILABLE DURING THE YEAR

Performance shares that became available during the year	Plan no. and date	Number of performance shares that became available during the year	Vesting conditions
Yves MANSION	No performance shares became available during the year		
Nicolas REYNAUD	No performance shares became available during the year		
Directors	No performance shares became available during the year		

TABLE 8 – SUMMARY OF STOCK OPTIONS GRANTED IN PREVIOUS YEARS (AT THE GRANT DATE))

Date of General Meeting	17 October 1997	17 October 1997	16 May 2002	21 April 2005
Date of Board meeting	**6 April 2000**	**21 March 2002**	**25 April 2003**	**13 March 2007**
Total number of shares available under options	280,952	309,000	346,000	273,000
exercisable by:				
Executive directors in office at the grant date	85,340	165,000	165,000	79,000
Executive directors in office at 31 December 2009	0	100,000	100,000	69,000
Yves MANSION	0	100,000	100,000	44,000
Nicolas REYNAUD	0	0	0	25,000
Starting date of exercise period	**6 April 2005**	**21 March 2002**	**25 April 2003**	**13 March 2007**
Expiry date	**5 April 2010**	**20 March 2012**	**24 April 2013**	**12 March 2015**
Exercise price (in €)	27.59	27.78	26.41	62.60
Exercise periods (plans comprising several tranches	-	-	-	-
Number of options exercised at 31 December 2009	230,506	306,000	311,000	0
Number of options cancelled or forfeited at 31 December 2009	27,148	0	0	19,000
Number of options outstanding at 31 December 2009	23,298	3,000	35,000	254,000

TABLE 9 – STOCK OPTIONS GRANTED TO AND EXERCISED BY THE TEN EMPLOYEES OTHER THAN EXECUTIVE DIRECTORS WHO RECEIVED THE GREATEST NUMBER OF OPTIONS IN 2009

	Number of options granted/exercised	Weighted average price	Plan
Stock options granted in 2009 to the ten employees other than executive directors who received the greatest number of options	None	-	-
Stock options exercised in 2009 by the ten employees other than corporate officers who exercised the greatest number of options	None	-	-

TABLE 10 – INFORMATION ABOUT EMPLOYMENT CONTRACTS, SUPPLEMENTARY PENSION BENEFITS, TERMINATION BENEFITS AND NON-COMPETE INDEMNITIES

Executive directors	Employment contract		Supplementary pension benefits		Termination benefits		Non-compete indemnity	
	Yes	No	Yes	No	Yes	No	Yes	No
Yves MANSION Chairman from 21 March 2002 to 26 October 2006 and since 23 July 2008 Chief Executive Officer since 21 March 2002		X		X	X [1]			X
Nicolas REYNAUD Managing Director since 24 October 2008	X [2]			X		X [3]		X

(1) Yves Mansion
The terms and conditions governing this benefit were decided by the Board of Directors on 4 April 2008 and approved by the shareholders at the General Meeting of 23 May 2008 (see page 22 for details).
(2) Nicolas Reynaud has an employment contract that covers his duties as Chief Financial Officer, a position he has held since 15 May 2006. The position of Managing Director, to which he was appointed by the Board on 25 September 2008, is not covered by the AFEP-MEDEF recommendations of 6 October 2008, according to which, in a company with a Board of Directors, the Chairman of the Board and/or the Chief Executive Officer should not have an employment contract with the company.
(3) Nicolas Reynaud is not entitled to any compensation for loss of office in the event that his appointment as Managing Director is terminated.
At its meeting on 9 February 2004, the Board of Directors decided to insert a change of control clause in the employment contracts of the executives who were members of the Company's Management Committee. Nicolas Reynaud is covered by this clause, which was updated at the Board meetings of 25 July 2006 and 4 April 2008.
Under the clause, if Nicolas Reynaud is dismissed (unless for gross misconduct) or resigns within 18 months following a material direct or indirect change in the reference shareholders of the Company or of its controlling shareholder resulting in a significant change in responsibilities, he will receive compensation in addition to the termination benefit due by law or under the collective bargaining agreement, provided that he undertakes not to encourage other Company employees to leave. The amount of said compensation has been set at double the gross annual remuneration for the financial year preceding his dismissal or resignation.

Terms and conditions for setting the variable remuneration of executive directors for 2008 and 2009

At its 14 February 2008 meeting, the Remuneration and Selection Committee approved the terms and conditions for setting the 2009 remuneration of executive directors (other than the Chairman of the Board of Directors).

Their total remuneration includes a salary and a variable bonus, which is calculated as a percentage of salary and tied to an annual performance target.

The performance target used to determine executive directors' bonuses for 2008 was budgeted operating profit before fair value adjustments for 2008, set by the Board of Directors on 15 November 2007 at €145.5 million.

Executive directors' bonuses for 2008 were calculated as follows:

Actual performance as a % of the target	2008 bonus calculated as a percentage of salary		
	Chief Executive Officer Managing Director	Deputy Managing Director	Other executive directors
A. 115% and over	116%	87%	58%
B. 100%	80%	60%	40%
C. 80%	48%	36%	24%
D. less than 80%	0	0	0

Less than 80%: No bonus
Between 80% and 100%: Linear calculation between rates C and B
100%: Rate B
Between 100% and 115%: Linear calculation between rates B and A
Above 115%: Rate A

At its 20 July 2009 meeting, the Remuneration and Selection Committee approved the terms and conditions for setting the 2009 bonus of executive directors. The performance target used to determine the bonus, calculated as a percentage of salary, was current cash flow attributable to equity holders of €100 million.

Executive directors' bonuses for 2009 were calculated as follows:

Actual performance as a % of the target	2009 bonus calculated as a percentage of salary	
	Chairman and Chief Executive Officer Managing Director	Other executive directors
A. 122% and over	116%	58%
B. 100%	80%	40%
C. 70%	48%	24%
D. less than 70%	0	0

Less than 70%: No bonus
Between 70% and 100%: Linear calculation between rates C and B
100%: Rate B
Between 100% and 122%: Linear calculation between rates B and A
Above 122%: Rate A

The following information concerns remuneration, indemnities and benefits granted to executive directors and any other commitments made to them in connection with, or subsequent to, their appointment, termination or transfer.

Agreement with Yves Mansion, Chief Executive Officer (Article L.225-42-1 of France's Commercial Code)

Authorised at the Board meeting of 4 April 2008 and approved by shareholders at the General Meeting of 23 May 2008

Terms of the agreement concerning compensation for loss of office in the event of a change in ownership structure

Yves Mansion will be paid compensation for loss of office in the event of a change in the ownership structure of Société Foncière Lyonnaise or its controlling shareholder (following a takeover bid, a merger, a rights issue or otherwise), directly or indirectly that (i) results in Yves Mansion being dismissed or forced to resign from his position as Chief Executive Officer or (ii) significantly alters the substance of his responsibilities, making it difficult for him to continue his activities as Chief Executive Officer and to exercise his normal prerogatives. The compensation for loss of office will be payable at Yves Mansion's request during the 18-month period that follows the direct or indirect change in ownership structure.

It will be equal to twice the total gross annual remuneration paid to him in his capacity as Chief Executive Officer – including any and all bonuses and benefits in kind – for the calendar year that precedes the direct or indirect change in ownership structure.

However, payment will be made only if the Group's average operating profit before fair value adjustments for the three financial years preceding his loss of office exceeds operating profit before fair value adjustments for the fourth year preceding his loss of office. In effecting the comparison, account will be taken of changes in the property portfolio in the years concerned.

The compensation will be paid after the Board of Directors has formally acknowledged that the above performance criterion has been met, within two months of payment being claimed. If the Board fails to notify Yves Mansion of its decision within said two-month period, the performance criterion will automatically be considered as having been fulfilled.

Amendment to employment contracts (Article L.225-38 of France's Commercial Code) concerning compensation for loss of office in the event of a change in ownership structure

At its meeting on 9 February 2004, the Board of Directors decided to insert a change of control clause in the employment contracts of the members of the Company's Management Committee.

The clause, which was updated in 2006, provides for the payment of compensation in addition to the termination benefit due by law or under the collective bargaining agreement in the case of (i) dismissal or (ii) resignation as a result of a significant change in responsibilities following a material direct or indirect change in the reference shareholders of the Company or of its controlling shareholder. The amount of said compensation was set at double the individual's annual remuneration for 2006, expressed in euros. As a member of the Management Committee, Nicolas Reynaud is covered by this clause.

On 4 April 2008, the Board approved a proposal to set the gross compensation at double the individual's total remuneration for the calendar year preceding the significant direct or indirect change in the reference shareholders of the Company or its controlling shareholder.

At the same meeting, the Board also approved a proposal to reduce the time limit for claiming compensation from two years to eighteen months, as from the next direct or indirect change in the ownership structure.

REMUNERATION AND BENEFITS PAID TO SENIOR MANAGEMENT OTHER THAN EXECUTIVE DIRECTORS

The total gross remuneration for 2009 paid by Société Foncière Lyonnaise to members of the Management Committee other than executive directors was as follows:

	2009
Salary	622,343.00
2009 bonus (1)	299,077.00
Benefits in kind	18,073.00
Statutory/discretionary profit-sharing (2)	71,727.00
Matching payments to the Group Pensions Savings Plan (PERCO)	7,200.00

(1) Determined according to the method decided by the Board of Directors at its meeting of 20 July 2009.
(2) Statutory and discretionary profit shares paid in 2009 in compliance with the collective bargaining agreements of 20 June 2002 and 26 June 2008. Profit shares payable in 2010 in respect of 2009 had not been determined at the date this document was published.

4. Outlook and risk management

4.1. Subsequent events

Significant events since 31 December 2009

No significant events have occurred since the year-end.

As of the date of this Registration Document, to the best of the Company's knowledge there have been no material changes in its financial or business position since 31 December 2009.

4.2 Outlook

Forecast developments and outlook

We intend to continue actively managing and enhancing the value of our property portfolio in 2010, adopting the same strategic approach as in previous years. In 2009, the impact of the global financial crisis on the property market and the uncertainty surrounding our controlling shareholder led us to reduce risks and manage the portfolio more conservatively.

In 2010, more stable asset values and market rents, combined with greater availability of bank financing, could enable us to refocus our energies on development, provided demand picks up in the rental market.

4.3. Risk factors

Financial risk management objectives and strategy

At a time of deep restructuring in the financial markets, SFL is committed to applying a prudent risk management strategy.

1 – LIQUIDITY RISK

Liquidity risk is of significant concern in the current environment. We forestalled the impact of last year's tighter credit markets by keeping sufficient funds available to meet our short-term liquidity needs and by obtaining new lines of credit that boosted our liquid resources and extended the average maturity of our debt. At 31 December 2009, the average spread on our total debt remained very competitive at 68 basis points and the average maturity stood at 3.2 years versus 2.6 years at 31 December 2008. None of our debt is scheduled to fall due in 2010. Moreover, with a loan-to-value ratio of 34.2% and high-quality assets mainly located in the Paris Central Business District, we are well placed to raise additional financing if the need arises.

At 31 December 2009, our undrawn confirmed credit lines included €150 million for the Company and €7.9 million for our share of the financing for Parholding renovation programmes.

Unconfirmed lines of credit totalling €65 million had been drawn down by €26.7 million at the year-end.

See also:
- Note 6-12 to the consolidated financial statements (Short and long-term interest-bearing debt), pages 106 to 108
- Note 2-3 to the consolidated financial statements (Investment property), pages 93 and 94
- Paragraph 4.4 of the Management Report (Insurance), pages 31 and 32.

2 – COUNTERPARTY RISKS

All financial instrument contracts are entered into with leading financial institutions. These contracts concern either interest rate hedges or the short-term investment of available cash in money market funds. We have not incurred any losses on money market funds or other investments as a result of the current crisis and will continue to invest in these instruments, which are subject to an insignificant risk of changes in value.

Counterparty risk is minimal because available cash is generally used to repay drawdowns on our revolving lines of credit and interest rate risks are hedged using conventional instruments and strategies.

The rental deposits obtained from tenants offer protection against the risk of rent default. We consider that our exposure to counterparty risk on its operations is not material.

See also Note 6-8 to the consolidated financial statements (Trade and other receivables), page 104.

3 – MARKET RISK

Following the retirement of the US Private Placement Notes on 6 March 2007 and the unwinding of the joint hedge, we currently have no exposure to currency risks. Where applicable, our strategy is to hedge any currency risks in full. In view of our line of business, unlike interest rate risks, currency risks can be hedged in full without any negative interaction.

Interest rate risks are clearly identified and monitored. An information system is used to track changes in all financial markets and calculate the fair value of hedging instruments in real time, allowing us to efficiently manage, quantity and analyse the risks associated with interest rate fluctuations.

a. Objectives and strategy

Our objectives and strategy consist of:

- Using only standard interest rate derivatives that contribute to the secure management of the hedging portfolio and, wherever possible, using those derivatives that qualify for hedge accounting under IFRS. No derivative instruments are acquired for speculative purposes. No use is made of hedging instruments with embedded written options, which could lead to significant losses if something happened to disrupt the markets.

- Hedging most of the Company's debt via plain vanilla swaps or caps, while seizing opportunities to actively and conservatively manage interest rate risk. At 31 December 2009, all of our debt was hedged in a low interest rate environment that enabled us to lock in very low rates while also increasing the hedging ratio.

b. Risk assessment

- The average spot cost of debt after hedging stood at 4.59% at 31 December 2009, versus 4.39% at 31 December 2008.

- A 50-basis point rise or fall in interest rates across the yield curve in 2009 would have had the effect of increasing the average cost of debt to 4.66% or reducing it to 4.52%, and driving up or reducing finance costs by €777 thousand or 1.5%.

- As for the sensitivity of hedging instruments at 31 December 2009, a 50-basis point increase in interest rates would lift their fair value by €12,167 thousand (€15,955 thousand at 31 December 2008 with a 100-basis point increase), while a 50-basis point drop in rates would reduce their fair value by €12,673 thousand (€16,273 thousand at 31 December 2008 with a 100-basis point decrease).

4- INTEREST RATE RISK

The following table provides an analysis by maturity of the nominal amount of financial instruments exposed to interest rate risk:

Fixed rate	Due within 1 year	Due in 1-2 years	Due in 2-3 years	Due in 3-4 years	Due in 4-5 years	Due beyond 5 years	Total
Calyon swap at 2.218%	0	0	73,053	0	0	0	73,053
BNP Paribas swap at 2.635%	50,000	0	0	0	0	0	50,000
BNP Paribas swap at 2.375%	0	0	50,000	0	0	0	50,000
JP Morgan swap with cap	0	0	0	0	400,000	0	400,000
Calyon swap at 3.785%	0	100,000	0	0	0	0	100,000
RBS swap at 3.89%	0	0	0	40,800	0	0	40,800
Natixis swap at 4.4325%	200,000	0	0	0	0	0	200,000
BNP Paribas swap at 2.63%	0	0	0	0	50,000	0	50,000
HSBC swap at 2.63%	0	0	0	0	50,000	0	50,000
CADIF swap at 1.655%	0	50,000	0	0	0	0	50,000
HSBC swap at 2.71%	0	0	0	0	100,000	0	100,000
BNP Paribas swap at 3.33%	50,000	0	0	0	0	0	50,000
BNP Paribas swap at 2.265%	0	0	0	50,000	0	0	50,000
Total	**300,000**	**150,000**	**123,053**	**90,800**	**600,000**	**0**	**1,263,853**

The other financial instruments used by the Group are not listed in the above table because they do not bear interest and are therefore not exposed to any interest rate risk.

5- NET UNHEDGED POSITION

The Group's net exposure to interest rate risks can be analysed as follows for the period between 31 December 2009 and 31 December 2013: (in thousands of euros).

	31/12/2009	31/12/2010	31/12/2011	31/12/2012	31/12/2013
Syndicated loans	550,000	550,000	350,000	150,000	150,000
BECM revolving facility	150,000	150,000	150,000	0	0
RBS loan	40,800	40,800	40,800	40,800	0
CADIF loan	15,000	0	0	0	0
Deutsche Hypothekenbank loan	50,000	50,000	50,000	0	0
BancoSabadell loan	50,000	50,000	50,000	0	0
HSBC/Calyon/CFF loan	76,196	75,337	71,899	0	0
Current account advances (liabilities)	53,314	53,314	0	0	0
Lease liabilities	192,581	175,584	157,973	89,309	32,851
Total debt	**1,177,891**	**1,145,035**	**870,672**	**280,109**	**182,851**
Calyon swap at 2.218%	73,053	73,053	73,053	0	0
BNP Paribas swap at 2.635%	50,000	0	0	0	0
BNP Paribas swap at 2.375%	50,000	50,000	50,000	0	0
JP Morgan swap with cap	400,000	400,000	400,000	400,000	400,000
Calyon swap at 3.785%	100,000	100,000	0	0	0
RBS swap at 3.89%	40,800	40,800	40,800	40,800	0
Natixis swap at 4.4325%	200,000	0	0	0	0
BNP Paribas swap at 2.63%	50,000	50,000	50,000	50,000	50,000
HSBC swap at 2.63%	50,000	50,000	50,000	50,000	50,000
CADIF swap at 1.655%	50,000	50,000	0	0	0
HSBC swap at 2.71%	100,000	100,000	100,000	100,000	100,000
BNP Paribas swap at 3.33%	50,000	50,000	0	0	0
BNP Paribas swap at 2.265%	50,000	50,000	50,000	50,000	0
Total interest rate hedges	**1,263,853**	**1,013,853**	**813,853**	**690,800**	**600,000**
NET EXPOSURE TO INTEREST RATE RISK	**(85,962)**	**131,182**	**56,819**	**(410,691)**	**(417,149)**

The Group had no floating rate exposure at 31 December 2009.

6- THE COMPANY IS EXPOSED TO CHANGES IN THE ECONOMIC CLIMATE AND THE PROPERTY MARKET

The Company's performance depends on several factors, including:

- The level of rental revenues, which in turn depends on the financial condition of tenants. A steep drop in economic growth or consumer demand, or a spike in inflation or rental indices could lead to cash flow problems for tenants who could have difficulty paying their rent, potentially resulting in a fall in our rental revenues.

The sharp increase in the construction cost index (ICC) over the past few years puts part of our revenue at risk, as tenants whose rent represents more than 1.25 times the amount stipulated in the original lease could ask for it to be reduced to a level in line with the market rent for their premises (Article L.145-39 of the French Commercial Code).

However, the two most recently published indices declined on a rolling twelve-month basis, helping to relieve pressure on tenants and ultimately on our revenues.

Two new indices have been created to replace the construction cost index, a commercial rent index (ILC) for retail properties and an office rent index (ILAT) for offices. These have been validated by the various professional organisations concerned.

- The property cycle, which is also affected by the national, and even global, economic and financial situation.

The property cycle can trigger a reversal of the rental and/or investment markets, as can be seen from the current situation in France. The financial crisis has snowballed into an economic crisis and spread to the property market, where transaction volumes have declined, market rents have fallen and vacancy rates have risen since the beginning of the year.

Like many other property companies, both in France and internationally, SFL has experienced the effects of higher interest rates, tighter rental market conditions and more prevalent deal sweeteners, ultimately leading to lower appraisal values.

To measure the associated risk, tests have been performed to determine the sensitivity of portfolio values to a 25 bps decrease or increase in perpetuity growth rates. These tests show that the impact would be limited, ranging from a positive 2.7% to a negative 2.5%.

- The difficulty of obtaining bank financing in a market where credit is in short supply.

The environment remains challenging despite some positive signs observed at the end of 2009 indicating that financing should be more readily available for prime property investments in 2010.

7- THE COMPANY HAS TO CONTEND WITH A HIGHLY COMPETITIVE PROPERTY INVESTMENT MARKET

The competitive landscape of the French property investment market shifted in 2008 and 2009, with the growing difficulty and cost of obtaining finance, which provides the leverage to increase profitability and reduce risk premiums.

As a result, our main competitors are:

- Investors with a strong capital base, such as certain sovereign wealth funds, private equity funds and hedge funds.

- Investors that are continuing to attract satisfactory levels of new money, such as German open-ended real estate funds and French SCPI/OPCI property funds, or are seeing a recovery in new money, such as life insurance companies.

8- RISKS ASSOCIATED WITH TENANTS

The Company derives most of its revenue from renting its property assets to tenants. Therefore, any delay or default in rental payments would have an unfavourable impact on operating profit. At 31 December 2009, our top ten tenants accounted for around 50% of total rental revenue and the top two for roughly 7.5% and 7.3% respectively. Around 40% of tenants are from the banking, insurance and related services sectors, which are bearing the brunt of the current crisis.

All rents are subject to escalation clauses, with 95% adjusted based on the INSEE's construction cost index, 4% on the ILC commercial property rent index and 1% to the IRL residential property rent index.

The Company's ability to collect rent depends on tenants' solvency and liquidity position. Tenants may be unable to pay their rent on time or may default on their payments, or the Company may be obliged to reduce the rent charged to certain tenants due to their financial position.

9- RISKS ASSOCIATED WITH THE AVAILABILITY AND COST OF FINANCING

SFL needs to borrow money to (i) finance strategic investments and acquisitions and (ii) pay dividends.

However, we may find it difficult or even impossible to raise debt or equity capital on attractive terms. This situation may arise due to (i) market conditions, such as the current crisis in the global financial market, (ii) changes in the property market or (iii) any other change in the Company's business or financial position or the financial position of its majority shareholder, which could affect how investors view SFL's creditworthiness or any fund raising exercises.

We could raise funds by selling assets, but this source of financing is subject to market risk. Reduced sales and troubled markets could lead to financial losses, while the premature sale of assets could hinder our long-term strategy and result in lost opportunities. In addition, our ability to sell assets may be curtailed if the property market is not sufficiently liquid.

An inability to borrow money or raise financing due to unfavourable market conditions, a generally depressed economic environment or other factors specific to the Company could limit our ability to acquire new assets, finance the renovation of properties and refinance existing debt.

Our financing needs could increase if any debt acceleration clauses are triggered. Certain loan agreements include clauses whereby the debt becomes immediately repayable if certain financial ratios or other covenants are not met, or in the event of a change of control. A change of control is defined, for certain lines of credit, as the transfer of control from the current majority shareholder to a third party, and for others (representing €200 million), as a reduction in the majority shareholder's interest to less than 50%.

10- RISKS ASSOCIATED WITH THE LOSS OF KEY PERSONNEL

The departure of a member of the senior management team or any other manager could result in a loss of critical know-how and, in certain cases, give competitors and tenants access to sensitive information. Our success depends, in part, on our ability to retain the members of the Executive Committee and other key employees and continue to attract, motivate and retain highly qualified personnel. If key personnel are not retained, our business, financial position, results or future growth could be affected.

11- RISKS ASSOCIATED WITH SUBCONTRACTORS AND OTHER SERVICE PROVIDERS

Contractors and other service providers are used for major renovation projects and for the day-to-day maintenance of our properties. There are a limited number of construction companies able to carry out major property renovation work or implement development projects in Paris. We are therefore dependent on our contractors for the timely completion of our projects. In addition, if a contractor involved in any such project were to go out of business or file for bankruptcy, or if the quality of its services were to decline, we could experience planning delays and budget-straining costs. Unexpected delays in renovation or refurbishment could extend the period during which properties are unavailable for rent, which could have an unfavourable impact on the business, financial position or results. Insolvency could also affect a contractor or service provider's ability to meet performance guarantees.

12- RISKS ASSOCIATED WITH THE REGULATORY ENVIRONMENT

As the owner of office buildings and properties designed for commercial use, in addition to the tax rules associated with the SIIC tax regime, we are required to comply with many other regulations relating in particular to construction, public health, the environment, safety, commercial leases and administrative authorisations. Failure to comply with such regulations, and any changes thereto, including increasingly stringent environmental standards that make compliance more difficult and more expensive, could have an adverse impact on our results, profitability, growth or development prospects.

Complying with the applicable regulations and our own risk management policy could result in material cost increases and have a negative impact on profitability. In certain circumstances, particularly in the case of environmental damage, a public health threat or reckless endangerment, we could be faced with a civil or even a criminal liability claim that would adversely affect our reputation.

In addition, like most property owners, we cannot guarantee that our tenants comply with all of the regulations applicable to them, particularly environmental, public health and safety regulations.

We are subject to environmental and public health regulations, and can be held liable for non-compliance with such regulations whether acting as the current or former owner or developer of the property in question. These regulations often confer strict liability on the owner or developer regardless of whether they were aware of or responsible for the existence of hazardous or toxic substances. They may impose the reduction or elimination of material containing asbestos when a property is damaged, demolished, renovated, rebuilt or extended, and may also apply to asbestos exposure or release into the atmosphere. Some of our properties contain or once contained materials containing asbestos.

The significant costs involved in identifying and eliminating hazardous or toxic substances could have a negative impact on our results, business or financial position. Failure to comply with the applicable environmental and public health regulations and changes to those regulations could lead to additional operating expenses and maintenance costs or hinder the development of the business, which could affect our results. In addition, if we cannot comply with regulations or prevent an environmental incident, our properties could lose their appeal and we could be subject to sanctions that could generate additional costs and damage our reputation. Legal expenses may also be incurred to mount a defence against environmental claims or take measures to remedy newly identified environmental risks.

We have set up a risk management system guided by an environmental charter that describes the procedures for managing each identified environmental risk. Updated on a regular basis, progress charts monitoring the portfolio's exposure to such risks may be accessed on a dedicated server by all employees concerned.

To the best of the Company's knowledge, no claims or litigation are in progress or pending that would be likely to have a material impact on the business, assets and liabilities, financial position or results of the Company or the Group.

13- RISKS ASSOCIATED WITH GOVERNMENT-RELATED PROCEDURES

For most large-scale renovation projects, building and/or other permits have to be obtained from the relevant municipal authorities, sometimes including commercial property authorizations from the CDAC or improvement permits from local commissions overseeing the health and safety of buildings open to the public.

The process of securing these permits entails a risk of project delays, as certain permits take longer than others to obtain, and a risk of changes to the building plan, as a permit's issuance may be conditional on the project's compliance with certain criteria. Once the permits are obtained, there is still a risk that third parties will raise objections, which may introduce further project delays and, sometimes, plan changes.

We endeavour to limit these risks by drawing on the expertise of architects, design and engineering firms, inspection and certification firms, firms specialised in obtaining retail permits and other professionals, and by systematically reviewing projects with the municipal authorities to obtain feedback before submission and before the start of renovation work.

14- RISKS ASSOCIATED WITH NEIGHBOURHOOD COMPLAINTS

Most SFL properties are located in densely settled urban areas, where large renovation projects can generate noise disamenities or vibration.

Neighbourhood complaints can lead to significant compensation claims or even injunctions to stop work.

When demolition work or work on the fabric of a building is planned, we systematically arrange for a court-appointed expert to prepare a report on the condition of neighbouring properties and on existing disamenities before the work begins.

Contractors are required to take measures to limit disamenities, mainly by keeping public spaces clean and managing traffic, dust, noise and vibrations. Noise levels and other disamenities are also regularly monitored. In addition, contractors are further required to meet the high or very high-performance criteria under France's HQE standards for maintaining "green" worksites with a minimal environmental footprint.

15- RISKS ASSOCIATED WITH THE MAJORITY SHAREHOLDER

Colonial holds the majority of SFL's share capital and voting rights and therefore has considerable influence over the Company and can control the decisions made by the Board of Directors, as well as the ordinary and extraordinary decisions of shareholders in General Meetings. This means that Colonial can decide issues that are important for SFL, such as the election of directors, the approval of the financial statements, the distribution of dividends and changes to the Company's share capital.

Since 2008, Colonial's financial position has been severely weakened by worsening conditions in the Spanish property market and it has been obliged to restructure its debt and accept certain additional obligations towards its lenders. Further debt restructuring is currently in progress.

At present, Colonial's priority is to gain access to cash, and this could remain a priority for the company in the future. Colonial's need for cash could lead it to manage its business in a way that conflicts with the interests of the other SFL shareholders, which could have an unfavourable effect on SFL's business, financial position, results or growth prospects.

16- RISKS ASSOCIATED WITH THE SIIC TAX REGIME

16-1 Conditions of eligibility for the SIIC tax regime

On 29 September 2003, SFL elected to be taxed under the REIT-style SIIC tax regime, with retroactive effect from 1 January 2003. Under this regime, SFL is exempt from paying corporate income tax on the portion of its profit generated by renting its properties, as well as on the capital gains made on qualifying sales of properties and shares in property companies and on dividends received from qualifying subsidiaries.

Eligibility for the regime depends on certain conditions being met and SIIC are also subject to certain minimum distribution obligations.

16-1-1 Conditions for eligibility

SFL's eligibility for the SIIC tax regime depends on its ongoing compliance with all of the following conditions:

- The company must be listed on a regulated market in France.

- It must have share capital of at least €15 million.

- Its main corporate purpose must be either to acquire or construct rental property or to take direct or indirect ownership interests in entities with an identical corporate purpose that are taxed as look-through partnerships or are subject to corporate income tax.

- No single shareholder or group of shareholders acting in concert may hold 60% or more of the share capital or voting rights of the SIIC, apart from certain exceptions expressly provided for by law, in particular when the shareholder or shareholders acting in concert that hold, directly or indirectly, more than 60% of the capital or voting rights of a company with SIIC status are themselves SIICs.

16-1-2 Distribution obligations

The SIIC must distribute to shareholders:

- 85% of profits derived from the rental of property either directly or through companies governed by Article 8 of the French Tax Code.

- 50% of capital gains realised on (i) sales of property either directly or through companies governed by Article 8 of the French Tax Code and (ii) sales of qualifying interests in property companies.

- 100% of the dividends received from subsidiaries that have elected to be taxed as an SIIC.

16-2 NON-COMPLIANCE WITH THE CONDITIONS OF ELIGIBILITY FOR THE SIIC TAX REGIME

16-2-1 Non-compliance with conditions other than the 60% ownership ceiling

If any of these conditions were no longer fulfilled, the Company and its SIIC subsidiaries would lose their SIIC status. The main consequences of exiting the regime would be as follows:

- The Company and its subsidiaries would not benefit from the SIIC regime for the year during which the conditions were no longer fulfilled or for subsequent years. As a result, all of the profits generated during those years would be subject to corporate income tax.

- If the Company were to exit the SIIC regime within the first 10 years, any capital gains taxed at the reduced rate of 16.5% (or 19% as of 1 January 2009) on election for SIIC status (or when new assets became eligible for SIIC status) would be taxed at the full corporate income tax rate at the exit date, less the tax paid at the time of the sale.

- All capital gains realised after the Company exited the SIIC regime would be calculated by reference to the market value used to calculate the 16.5% exit tax paid when the Company elected for taxation as an SIIC (19% exit tax for new assets that became eligible for SIIC status as from 1 January 2009).

- All tax-exempt profits generated while the Company was an SIIC and not paid out in the form of dividends would have to be added back to the taxable profit of the Company and its subsidiaries when they exited the SIIC regime. All dividends subsequently paid out of after-tax profit would be eligible for the affiliation privilege, as would dividends paid out of profits taxed at the standard corporate income tax rate while the Company was an SIIC.

- Lastly, the Company would be subject to an additional 25% tax on the portion of unrealised capital gains generated during the tax-exempt period. Specifically, this rate would apply to the amount of unrealised capital gains generated on tax-exempt property since the Company's election for SIIC status, reduced by one tenth for every calendar year in which the Company was taxed as an SIIC.

16-2-2 Non-compliance with the 60% ownership ceiling

If the 60% limit were to be exceeded, the Company's SIIC status would simply be suspended for the fiscal year concerned, provided that (i) the breach was the first to occur since the election for SIIC status, i.e. during the 10 years following the Company's decision to be taxed as an SIIC or the subsequent 10-year period; and (ii) the situation was remedied before the fiscal year-end. As a consequence of this suspension, the Company would be subject to corporate tax at the standard rate on that year's profit, with the exception that capital gains on the sale of property, less depreciation previously deducted from tax-exempt earnings, would be taxed at the reduced rate of 19%.

The suspension would be temporary, provided that the situation was remedied before the end of the fiscal year in which the breach occurred. The Company and its subsidiaries could therefore recover tax-exempt status the following fiscal year. However, if the 60% limit were still exceeded at the fiscal year-end, the SIIC status of the Company and its subsidiaries would be definitively revoked.

With the return to tax-exempt status, the amount of tax due in respect of unrealised gains on property normally eligible for SIIC tax exemption would be limited to those gains generated during the suspension period. They would be taxable at the reduced rate of 19%. Unrealised gains on taxable property would however not be immediately subject to tax.

If the limit were to be exceeded during the year due to a public tender offer or a transaction governed by the tax rules applicable to mergers, the rule would not be considered to have been breached provided that the shareholder's interest was brought back to below 60% by the deadline for reporting the SIIC's results for the year concerned.

If its SIIC status were definitively revoked after a suspension period, the Company would be subject to tax at the abovementioned rates, plus the amount of tax that it would have paid had it returned to SIIC status, i.e. tax on unrealised capital gains generated during the suspension period on property normally eligible for SIIC tax exemption.

16-2-3 In the event of failure to comply with the distribution obligation for a given year, corporate income tax would be payable on the Company's total profit for the year concerned, at the standard rate

If the Company were to comply with its distribution obligation for a given year but its tax-exempted profit were to be reassessed, only the undistributed portion of the reassessment would be subject to corporate income tax, after deducting any "excess" dividend already paid.

16-3 THE 20% DEDUCTION UNDER THE SIIC TAX REGIME WAS INTRODUCED ONLY RECENTLY AND ITS TAX AND ACCOUNTING TREATMENT REMAINS UNCLEAR

If a corporate shareholder owns, directly or indirectly, at least 10% of the dividend rights and if the dividends received by that shareholder are exempt from tax or taxed in France or abroad at a rate that is more than two-thirds lower than the standard French corporate income tax rate, the Company must pay a 20% tax on the dividends paid to the shareholder concerned out of profits generated by the activities governed by the SIIC tax regime.

The 20% tax is due by the Company and not the shareholder. However, SFL's Articles of Association stipulate that the 20% tax will be deducted from dividends paid to the shareholder concerned, to avoid the Company and the other shareholders having to bear the cost.

No 20% tax has been paid to date because Colonial has issued a statement attesting that dividends paid by SFL out of profits generated by the activities governed by the SIIC regime would be taxed in Spain at a rate in excess of 11.11%.

As the tax was introduced only recently, we cannot be certain how the rules will be interpreted by the French tax authorities. The stipulation in our Articles of Association transferring the burden of the 20% tax to the shareholder at the origin of its payment may dissuade certain funds and other tax-exempt investors from acquiring a significant interest in our Company, and this in turn could adversely affect the share price.

16-4 FUTURE CHANGES TO THE SIIC REGIME

The SIIC eligibility criteria and the resulting tax exemption may change as a result of changes to the law or new interpretations by the tax authorities.

These could be dealt with in one or several instructions issued by the tax authorities, the content of which was not known as of the date when this report was drawn up.

Further changes in the SIIC regime could have a material adverse effect on the Company's business, financial position and results.

4.4 Insurance

Introduction

In 2009, SFL was able to benefit from negotiations carried out in 2007 and 2008, in an insurance market that was much tighter than in previous years, with a view to maintaining guarantees and insurance rates obtained from insurers.

A. Property Insurance

I. COMPREHENSIVE POLICY FOR PROPERTIES IN THE PORTFOLIO

The properties are insured on an all-risk basis with named exclusions, with a maximum insured value of €300 million. The policy covers reconstruction or replacement costs as well as loss of revenue for a maximum of 36 months. This 36-month period has been extended to 48 months for the following properties:
Washington Plaza
Paul Cézanne
46 quai Le Gallo
Square Edouard VII
90 avenue des Champs-Elysées
104 boulevard Haussmann
12 cours Michelet
81/83 rue de Richelieu
62/76 quai de la Rapée
91/95 boulevard Sébastopol
151 rue Saint-Honoré
18 avenue d'Alsace (Tour Les Miroirs)

For properties managed by an external manager, the policy kicks in solely in the event that the cover taken out by the manager is inadequate or the manager has failed to take out insurance.

- Furthermore, any supplementary costs incurred directly or indirectly by SFL for the purposes of maintaining the affected property's normal operations are covered for up to €750,000 per 12-month period.

- Lastly, cover has been extended to losses incurred during repair and maintenance work that is not covered by a contractor's all risks policy. The cap on this cover is €7.5 million.

In an unstable financial market environment that could significantly impact the insurance sector, we have protected our asset portfolio with a long-term policy that fixes insurance rates over a long period.

II. PROPERTY OWNER'S LIABILITY

The property owner's liability policy was renewed for two years effective as of 1 January 2009, with a 25% reduction in premiums.

The policy covers our liability for bodily injury and material and non-material losses, whether consequential or inconsequential, caused by:

- Our properties or any of the equipment installed in those properties.

- Errors or negligence committed by the personnel in charge of the surveillance or maintenance of those properties.

The policy covers a maximum of €20 million per underwriting year, including:

- Inconsequential non-material losses for up to €3.5 million per claim per underwriting year.

- Consequential bodily injury, material and non-material losses caused by legionella for up to €6 million per claim per underwriting year.

- Consequential bodily injury, material and non-material losses caused by accidental pollution for up to €1 million per claim per underwriting year.

B. Corporate Insurance

I. ALL-RISKS OFFICE AND IT

The all-risks office and IT policy covers the equipment used in the business as well as related losses and expenses.

In parallel, the Group has set up a policy covering all the costs that would be required to restore lost data as well as any supplementary IT costs incurred as a result of malicious damage including computer viruses, or a loss of data due to error, an accident or a natural catastrophe.

II. GENERAL LIABILITY

A single policy set up on 1 January 2009 provides all of the Group's companies and operations, including both property management and trading, with improved cover.

As of 1 January 2009, this general liability policy covered:

- Third-party liability during operations and works, capped at €15 million (combined single limit) and including €1.5 million in coverage for accidental environmental damage.

- Professional liability insurance for the Group, up to a maximum of €3 million per claim per underwriting year (combined single limit) of which €1 million corresponds to professional liability insurance for the property management and trading activities carried out by Locaparis.

Locaparis also has a specific insurance policy covering (i) liability arising from activities as the principal in property renovation and refurbishment projects, and (ii) the principal's liability towards the developer. The combined limit per claim under this policy is €3 million with a €915,000 cap for losses other than bodily injury.

III. DIRECTORS' AND OFFICERS' LIABILITY

Directors' and officers' personal liability insurance programmes have been restructured, based on higher insured amounts applicable from 1 January 2009.

CLAIMS AND LITIGATION

No governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) may have or have had significant effects on the Company's financial position or profitability during the last 12 months.

5. SFL and its shareholders

5.1. Information about the Company's capital

CHANGES IN CAPITAL

Date	Description	Issues			New capital	
		Number of shares	Par value	Gross premium	Number of shares	New capital
From 1 January 1992 to 1 January 1995					3,714,251	FF 185,712,550
November 1995	Scrip dividend	86,085	FF 4,304,250	FF 42,009,480	3,800,336	FF 190,016,800
December 1995(1)	Shares issued in payment for properties acquired from Abeille Assurance	421,607	FF 21,080,350	FF 320,421,320	4,221,943	FF 211,097,150
December 1995(1)	Shares issued in payment for 100% of the shares of FIPARIM acquired from POSSF Paris Nominees Limited and SCIPAR-Montparnasse	1,333,294	FF 66,664,700	FF 1,013,303,440	5,555,237	FF 277,761,850
August 1996	Scrip dividend	105,302	FF 5,265,100	FF 51,387,376	5,660,539	FF 283,026,950
August 1997	Scrip dividend	25,518	FF 1,275,900	FF 16,101,858	5,686,057	FF 284,302,850
October 1997 (2)	Issuance of shares for cash	1,007,042	FF 50,352,100	FF 664,647,720	6,693,099	FF 334,654,950
July 1998	Conversion of bonds	1,050	FF 52,500	FF 787,500	6,694,149	FF 334,707,450
August 1998 (3)	Issuance of shares to EXOR	1,575,000	FF 78,750,000	FF 1,283,625,000	8,269,149	FF 413,457,450
August 1998	Exercise of share warrants	22	FF 1,100	FF 25,300	8,269,171	FF 413,458,550
May 1999	Redemption of Société Générale equity notes	650,773	FF 32,538,650	FF 467,461,243.14	8,919,944	FF 445,997,200
1999	Exercise of share warrants	4	FF 200	FF 4,600	8,919,948	FF 445,997,400
1 July 2000	Conversion of par value of shares from FF 50 to €8	0	€ 3,367,718.68	-	8,919,948	€ 71,359,584.00
6 November 2000	Four-for-one stock split – par value of shares reduced from €8 to €2	0	-	-	35,679,792	€ 71,359,584.00
2000	Exercise of share warrants	52	€ 104.00	€ 2,274.20	35,679,844	€ 71,359,688.00
27 December 2001	Employee share issue	16,076	€ 32,152.00	€ 311,874.40	35,695,920	€ 71,391,840.00
2001	Exercise of share warrants	60	€ 120.00	€ 2,624.10	35,695,980	€ 71,391,960.00
December 2002	Exercise of stock options	9,164	€ 18,328.00	€ 217,461.72	35,705,144	€ 71,410,288.00
2002	Exercise of share warrants	5,092	€ 10,184.00	€ 222,697.11	35,710,236	€ 71,420,472.00
First half of 2003	Exercise of stock options	66,767	€ 133,534.00	€ 1,584,380.91	35,777,003	€ 71,554,006.00
Second half of 2003	Exercise of stock options	32,168	€ 64,336.00	€ 763,346.64	35,809,171	€ 71,618,342.00
2004	Conversion of bonds	6,927,523	€ 13,855,046.00	€ 195,273,912.64	42,736,694	€ 85,473,388.00
2004	Exercise of stock options	250,493	€ 500,986.00	€ 6,505,485.85	42,987,187	€ 85,974,374.00
2005	Conversion of bonds	2,278	€ 4,556.00	€ 64,229.00	42,989,465	€ 85,978,930.00
2005	Exercise of stock options	74,323	€ 148,646.00	€ 3,041,230.46	43,063,788	€ 86,127,576.00
2006	Exercise of stock options	12,164	€ 24,328	€ 312,205.90	43,075,952	€ 86,151,904.00
30 March 2007	Issuance of shares for cash	3,425,349	€ 6,850,698	€ 191,819,544.00	46,501,301	€ 93,002,602.00
2007	Exercise of stock options	1,000	€ 2,000	€ 25,590.00	46,502,301	€ 93,004,602.00
2008		-	-	-	46,502,301	€ 93,004,602.00
2009 (4)	Exercise of stock options	3,375	€ 6,750	€ 86,366.25	46,505,676	€ 93,011,352.00

(1) Described in the information document registered with the COB on 20 November 1995 under no. E 95-008.
(2) Described in the information document registered with the COB on 17 October 1997 under no. 97-570. Part of a broad-based fund raising exercise.
(3) Described in the information document registered with the COB on 23 July 1998 under no. 98-665.
(4) No other transactions took place in the period to 31 December 2009.

5.2 Ownership Structure

OWNERSHIP STRUCTURE AND VOTING RIGHTS AT 31 DECEMBER 2009

Major shareholders		Total	Total voting rights	Group total	% interest	% voting rights [2]
INMOBILIARIA COLONIAL SA (a)		24,870,165	24,870,165	24,870,165	53.48%	54.03%
CALYON (b)	CREDIT AGRICOLE SA GROUP	4,091,541	4,091,541	6,461,050	8.80%	8.89%
PREDICA (c)		2,368,509	2,368,509		5.09%	5.15%
CREDIT AGRICOLE CHEVREUX (d)		1,000	1,000		ns	ns
ROYAL BANK OF SCOTLAND (e)		3,372,714	3,372,714	3,372,714	7.25%	7.33%
ORION III EUROPEAN 3 SARL (f)		3,372,714	3,372,714	3,372,714	7.25%	7.33%
EUROHYPO AG (g)		3,372,714	3,372,714	3,372,714	7.25%	7.33%
REIG CAPITAL GROUP (h)		2,038,955	2,038,955	2,038,955	4.38%	4.43%
Sub-total, main shareholders				**43,488,312**	**93.51%**	**94.47%**
TREASURY SHARES	SFL	472,992	0	472,992	1.02%	
TOTAL SHARES AT 31 DECEMBER 2009		**31-déc-09**			**100.00%**	
	Capital at 31 December 2008 [1]	**46,502,301**		**46,505,676**		
	Shares issued between 1 January and 31 December 2009	3,375				
TOTAL VOTING RIGHTS			**46,032,684**			**98.98%**
OF WHICH FREE FLOAT		2,544,372	2,544,372	2,544,372	5.47%	5.53%

(a) Spanish property company, a subsidiary of the Inmocaral SA Group.
(b) Investment bank within the Crédit Agricole Group.
(c) Personal insurance subsidiary of the Crédit Agricole Group.
(d) European broker of the Crédit Agricole Group and a wholly-owned subsidiary of Calyon.
(e) A bank 70%-owned by the UK government.
(f) A Luxembourg-based fund managed by Orion Capital Managers.
(g) Global bank specialised in real estate and public finance, subsidiary of the Commerzbank Group.
(h) Andorran holding company for the investments of the Reig Moles family.

1. As placed on record by the Board of Directors on 17 February 2009.
2. No shares carry double voting rights, all shares are in the same class, and treasury shares are stripped of voting rights.

Based on these figures, SFL's outstanding share capital at 31 December 2009 was €93,011,352.

To the best of the Company's knowledge, no other shareholder holds over 5% of the capital or voting rights and no agreement exists that could lead to a change of control of the Company.

Disclosures made to the Company during the year

D&I no. 209C0047: On 8 January 2009, Crédit Agricole SA (91-93 boulevard Pasteur, 75015 Paris) disclosed that its subsidiary Calyon had exercised its call option on 4,091,541 SFL shares[1], thereby increasing Crédit Agricole SA's indirect interest[2] to over 10% of SFL's capital and voting rights held through its subsidiaries Calyon, Prédica and Crédit Agricole Cheuvreux[3], and that, at 5 January 2009, it indirectly held 6,461,050 shares and voting rights, representing 13.89% of SFL's capital and voting rights[4], as follows:

	Capital and voting rights	% of capital and voting rights
Calyon	4,091,541	8.80
Predica	2,368,509	5.09
Crédit Agricole Cheuvreux	1,000	ns
Total Crédit Agricole S.A.	**6,461,050**	**13.89**

Calyon increased its individual interest to over 5% of SFL's capital and voting rights(2) and, at 5 January 2009, held 4,091,541 SFL shares and voting rights, representing 8.80% of the Company's capital and voting rights(4).
Following these transactions, Crédit Agricole SA reiterated the terms of its statement of intent sent to the AMF by letter on 24 December and 30 December 2008 (see D&I no. 208C2364 dated 31 December 2008).

(1) See D&I no. 208C2162 dated 3 December 2008, D&I no. 208C2265 dated 16 December 2008 and D&I no. 209C0020 dated 6 January 2009.
(2) Within the meaning of Article L.233-7 of the French Commercial Code.
(3) Prédica is wholly-owned by Crédit Agricole SA. Calyon is 95.28%-owned directly and 97.74%-owned indirectly by Crédit Agricole SA. Crédit Agricole Cheuvreux is indirectly controlled by Crédit Agricole, SA.
(4) Based on a total of 46,502,301 shares and voting rights outstanding, in accordance with paragraph 2e of Article 223-11 of the AMF's general regulations.

D&I no. 209C0086: On 16 January 2009, The Royal Bank of Scotland (36 Saint Andrew Square, Edinburgh EH22YB, UK) disclosed that it had exercised the option to purchase 3,372,714 SFL shares granted to it by Inmobiliara Colonial SA on 25 November 2008(1), thereby increasing its interest to over 5% of SFL's capital and voting rights(2) and that, at 9 January 2009, it held 3,372,714 shares and voting rights, representing 7.25% of SFL's capital and voting rights(3).

(1) See D&I no. 208C2167 dated 3 December 2008 and D&I no. 208C2269 dated 16 December 2008.
(2) Within the meaning of Article L.233-7 of the French Commercial Code.
(3) Based on a total of 46,502,301 shares and voting rights outstanding, in accordance with paragraph 2e of Article 223-11 of the AMF's general regulations.

D&I no. 209C0090: On 19 January 2009, The Goldman Sachs Group Inc. (Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, USA) disclosed that following the exercise of the option to purchase 3,372,714 SFL shares granted to its subsidiary Goldman Sachs International Bank by Inmobiliara Colonial SA on 25 November 2008, its indirect interest had increased.

	Capital and voting rights	% of capital and voting rights
Goldman Sachs International Bank (4)	3,372,714	7.25
Goldman Sachs International	6,501	0.01
Total Goldman Sachs Group	**3,379,215**	**7.26**

(1) See D&I no. 208C2165 dated 3 December 2008 and D&I no. 208C2268 dated 16 December 2008.
(2) Within the meaning of Article L.233-7 of the French Commercial Code.
(3) Based on a total of 46,502,301 shares and voting rights outstanding, in accordance with paragraph 2e of Article 223-11 of the AMF's general regulations.
(4) Goldman Sachs International Bank individually holds over 5% of SFL's capital and voting rights as described above.

D&I no. 209C0104: On 20 January 2009, Inmobiliaria Colonial (Avenida Diagonal, 532 – 08006 Barcelona, Spain) disclosed that it had reduced its direct interest to below two-thirds of SFL's capital and voting rights and that it held 24,838,556 shares and voting rights, representing 53.41% of SFL's capital and voting rights(1).

The decrease in interest arose following the exercise, on 7 and 9 January 2009 respectively, by Goldman Sachs International Bank and The Royal Bank of Scotland of the call option on 7.25% of SFL's capital(2) each granted to them by Inmobiliara Colonial on 25 November 2008.

(1) Based on a total of 46,502,301 shares and voting rights outstanding, in accordance with paragraph 2e of Article 223-11 of the AMF's general regulations.
(2) See D&I no. 209C0086 dated 16 January 2009 and D&I no. 209C0090 dated 19 January 2009.

D&I no. 209C0145: On 28 January 2009, Orion III European 3 SARL[1] (6 avenue Pasteur L2310, Luxembourg), a *société à responsabilité limitée* governed by the laws of Luxembourg, disclosed that it had acquired over 5% of SFL's capital and voting rights and that, at 23 January 2009, it held 3,372,714 shares and voting rights, representing 7.25% of the Company's capital and voting rights[2]. The 3,372,714 shares were acquired in a block purchase.

(1) Controlled by Orion European Real Estate Fund III (Locatellikade 1, 1076 AZ Amsterdam, Netherlands), which is managed by Orion Capital Managers, LP.
(2) Based on a total of 46,502,301 shares and voting rights outstanding.

D&I no. 209C0154: On 30 January 2009, The Goldman Sachs Group Inc. (85 Broad Street, New York, NY 10004, USA) disclosed that it had reduced its indirect interest in SFL, held through its subsidiary Goldman Sachs International, to below 5% of SFL's capital and voting rights and that, at 23 January 2009, it indirectly held 376 shares and voting rights, representing 0.001% of the Company's capital and voting rights[1].

The decrease arose from the sale of 3,378,839 SFL shares.

(1) Based on a total of 46,502,301 shares and voting rights outstanding, in accordance with paragraph 2e of Article 223-11 of the AMF's general regulations.

Since 1 January 2010
None.

MAIN SHAREHOLDERS OF THE COMPANY IN THE PAST THREE YEARS

		COLONIAL	PREDICA	REIG CAPITAL GROUP	Eurohypo AG	Treasury stock	Free float	Total
31 Dec. 2006	Number of shares	38,624,500	2,368,509	-	-	130,067	1,952,876	43,075,952
	Number of voting rights	38,624,500	2,368,509	-	-	0	1,952,876	42,945,885
	% interest	89.67%	5.50%	-	-	0.30%	4.53%	100.00%
	% voting rights*	89.94%	5.52%	-	-	0	4.55%	99.70%
31 Dec. 2007	Number of shares	39,321,239	2,368,509	2,038,955		461,574	2,312,024	46,502,301
	Number of voting rights	39,321,239	2,368,509	2,038,955	-	0	2,312,024	46,040,727
	% interest	84.56%	5.09%	4.38%	-	0.99%	4.97%	100%
	% voting rights*	85.41%	5.14%	4.43%	-	-	5.02%	99.01%
31 Dec. 2008	Number of shares	35,675,525	2,368,509	2,038,955	3,372,714	505,297	2,541,301	46,502,301
	Number of voting rights	35,675,525	2,368,509	2,038,955	3,372,714	0	2,541,301	45,997,004
	% interest	76.72%	5.09%	4.38%	7.25%	1.09%	5.46%	100%
	% voting rights*	77.56%	5.15%	4.43%	7.33%	-	5.53%	98.91%

* No shares carry double voting rights, all shares are in the same class, and treasury shares are stripped of voting rights.

To the best of the Company's knowledge, there were no other shareholders holding more than 5% of the capital or voting rights.

Disclosures made to the Company in 2007

D&I no. 207C0634: On 4 April 2007, Crédit Agricole SA (91-93, boulevard Pasteur, 75015 Paris, France) disclosed that it had increased its indirect interest in SFL, held through its subsidiary Prédica[(1)] to over 10% of the Company's capital and voting rights and that, at 2 April 2007, it indirectly held 5,793,858 shares and voting rights, representing 12.46% of SFL's capital and voting rights[(2)].

This interest was also disclosed by Prédica, on the same day.

The increase in Prédica's direct interest and Crédit Agricole SA's indirect interest arose from the acquisition of shares issued by SFL in payment for Prédica's 50% interest in SCI Paul Cézanne[(3)].

Crédit Agricole SA's disclosure letter included the following statement of intent made on behalf of Prédica in accordance with Article L. 233-7 of the French Commercial Code:

• On 8 February 2007, Prédica sold its entire 50% interest in SCI Paul Cezanne to SFL, raising SFL's interest to 100%, in exchange for 3,425,349 SFL shares issued at a price of €58 per share.

• In the very near future, Prédica will sell an equivalent number of SFL shares to three investors.

• Prédica will retain at least 5% of SFL's capital and voting rights.

• Prédica is not acting in concert with any other shareholders and does not plan to increase its interest in SFL's current capital, although it may take part in any future share issues decided by SFL in the next 12 months, as well as in any transactions to support SFL's development.

• Prédica does not intend to ask for any additional seats on SFL's Board of Directors.

(1) Prédica is wholly-owned by Crédit Agricole SA.
(2) Based on a total of 46,501,301 shares and voting rights outstanding.
(3) See the press releases published by SFL on 9 February and 30 March 2007.

D&I no. 207C0738: On 16 April 2007, Crédit Agricole SA (91-93, boulevard Pasteur, 75015 Paris, France) disclosed that following an off-market share sale it had reduced its indirect interest in SFL, held through its subsidiary Prédica[(1)], to below 10% of the Company's capital and voting rights and that, at 11 April 2007, it indirectly held 2,368,509 shares and voting rights, representing 5.09% of SFL's capital and voting rights[(2)].

(1) Prédica is wholly-owned by Crédit Agricole SA.
(2) Based on a total of 46,501,301 shares and voting rights outstanding.

Disclosures made to the Company in 2008

D&I no. 208C2161, D&I no. 208C2162, D&I no. 208C2163, D&I no. 208C2164, D&I no. 208C2165, D&I no. 208C2166 and D&I no. 208C2167: On 1 December 2008, in accordance with Article L.233-11 of the French Commercial Code, the French securities regulator AMF was notified of the existence of certain clauses pertaining to SFL shares in call option agreements between Spanish company Inmobiliaria Colonial SA (Colonial) and a certain number of banks, as follows:

1. Colonial has lines of credit totalling around €6.4 billion from the following 11 banks:

Goldman Sachs International Bank
Royal Bank of Scotland plc
Calyon, Sucursal en España
Eurohypo AG, Sucursal en España
Caja de Ahorros de Valencia, Castellon y Alicante
Banco Popular Español, SA
Banco de Valencia, SA
Caixa d'Estalvis de Catalunya
Caja de Ahorros y Monte de Piedad de Madrid
ING Real Estate Finance SE EFC, SA
Deutsche Postbank AG

Colonial and the abovementioned banks signed an agreement on 14 September 2008 to restructure Colonial's debt. Under the terms of the agreement, Colonial undertook to sell up to 33% of SFL's capital and voting rights, representing a maximum of 15,345,429 shares, and to use the proceeds of the sale to repay its debts in proportion to the amounts owed to each bank. After the sale, Colonial would retain a majority interest in SFL, with around 51% of the Company's capital and voting rights.

On 25 November 2008, under the terms of the debt restructuring agreement, Colonial granted[(1)] 10 of the 11 banks[(2)] call options on a total of 33% of SFL's shares and voting rights, with each option prorated to the debt owing to the bank concerned.

2. On 25 November 2008, Colonial granted a call option to Caja de Ahorros y Monte de Piedad de Madrid on 431,296 SFL shares (the "shares under option"), representing 0.93% of the Company's capital and voting rights. The number of shares may be reduced to take into account any shares under option sold prior to the option being exercised. The call was accepted by Caja de Ahorros y Monte de Madrid as an option and not an obligation to purchase the shares.

The option is exercisable in a single transaction on all of the shares under option at any time between 11 December 2008 and 10 January 2009.

Title to the shares under option must be transferred no later than 10 calendar days after the option has been exercised and Colonial has been notified, which means that the transfer must take place no later than 20 January 2009.

The exercise price was set at €35 per share.

The proceeds from the exercise of these options will mainly be used to repay the restructured long-term debt.

The granting of the call options does not end the process already begun by Colonial to sell the interests.

If one of the banks involved in the agreement exercises its call, the debt restructuring agreement stipulates that it will become an independent SFL shareholder and will not act in concert with any other shareholder, its sole purpose being to secure its claim.

If the call is not exercised during the exercise period, it automatically lapses. Colonial may make any decision it deems appropriate regarding the sale of any shares not acquired by exercise of calls.

(1) In exchange for €1 from each of the banks involved.
(2) For three of the banks, the call is exercisable for shares representing less than 0.5% of SFL's capital and therefore does not need to be disclosed under Article L.233-11 of the French Commercial Code.

D&I no. 208C2265: On 16 December 2008, Crédit Agricole SA (91-93, boulevard Pasteur, 75015 Paris, France) disclosed that it had increased its indirect interest – within the meaning of Article L.233-9-I-4 of the French Commercial Code – to over 10% of SFL's capital and voting rights, held through its subsidiaries Calyon, Prédica and Crédit Agricole Cheuvreux[1] and that, at 11 December 2008, it indirectly held – within the meaning of Articles 233-7 and L. 233-9-4 of the French Commercial Code[2] – 5,742,223 shares and voting rights, representing 12.35% of SFL's capital and voting rights[3], as follows:

	Capital and voting rights	% of capital and voting rights
Calyon *	3,372,714	7.25
Predica **	2,368,509	5.09
Crédit Agricole Cheuvreux **	1,000	NM
Total Crédit Agricole SA	**5,742,223**	**12.35**

*Includes shares that may be acquired upon exercise of call options.
**Shares actually held.

The disclosure was made by Crédit Agricole SA pursuant to Article L.233-9-I-4 of the Commercial Code because the call option on 3,372,714 SFL shares granted to Calyon on 25 November 2008 became exercisable as from 11 December 2008. The exercise period ended on 10 January 2009 (see D&I no. 208C2162 dated 3 December 2008).

In addition, Calyon's individual interest – within the meaning of Article L.233-9-I-4 of the Commercial Code – stood at over 5% of SFL's capital and voting rights at 11 December 2008, with 3,372,714 shares and voting rights, representing 7.25% of SFL's capital and voting rights.

(1) Prédica is wholly-owned by Crédit Agricole SA. Calyon is 95.28%-owned directly and 97.74%-owned indirectly by Crédit Agricole SA. Crédit Agricole Cheuvreux is indirectly controlled by Crédit Agricole SA.
(2) According to Article L.233-9-I-4 of the French Commercial Code on disclosure thresholds, in addition to the shares actually held, an entity is also considered as holding the shares that it is entitled to acquire on its own initiative by virtue of an agreement.
(3) Based on a total of 46,502,301 shares and voting rights outstanding, in accordance with paragraph 2 of Article 223-11 of the AMF's general regulations.

D&I 208C2267: On 16 December 2008, Eurohypo AG (Helfmann Park 5, 65760 Eschborn, Germany)[1] disclosed that it had acquired a direct interest – within the meaning of Article L.233-9-I-4 of the French Commercial Code[2] – of over 5% of SFL's capital and voting rights and that, at 11 December 2008, it held 3,372,714 shares and voting rights, representing 7.25% of SFL's capital and voting rights[3].

The disclosure was made because the call option on 3,372,714 SFL shares granted to Eurohypo AG on 25 November 2008 became exercisable on 11 December 2008. The exercise period ended on 10 January 2009 (see D&I no. 208C2164 dated 3 December 2008).

Eurohypo AG exercised its call on these 3,372,714 SFL shares on 12 December 2008. The shares were transferred on 16 December 2008, giving it an interest – within the meaning of Article L.233-7 of the French Commercial Code – of over 5% of SFL's capital and voting rights on that date, at which point it held 3,372,714 shares and voting rights, representing 7.25% of SFL's capital and voting rights.

(1) Controlled by Commerzbank AG.
(2) According to Article L.233-9-I-4 of the French Commercial Code on disclosure thresholds, in addition to the shares actually held, an entity is also considered as holding the shares that it is entitled to acquire on its own initiative by virtue of an agreement.
(3) Based on a total of 46,502,301 shares and voting rights outstanding, in accordance with paragraph 2 of Article 223-11 of the AMF's general regulations.

D&I no. 208C2268: On 16 December 2008, The Goldman Sachs Group Inc. (Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, USA) disclosed that it had acquired an indirect interest – within the meaning of Article L.233-9-I-4 of the French Commercial Code[1] – of over 5% of SFL's capital and voting rights through its subsidiary Goldman Sachs International Bank, and that, at 11 December 2008, it directly and indirectly held – within the meaning of Articles L.233-7 and L.233-9-I-4 of the French Commercial Code – 3,373,492 shares and voting rights, representing 7.25% of SFL's capital and voting rights[2], as follows:

	Capital and voting rights	% of capital and voting rights
Goldman Sachs International Bank * [3]	3,372,714	7.25
The Goldman Sachs Group Inc **	778	NM
Total Goldman Sachs Group	**3,373,492**	**7.25**

*Includes shares that may be acquired upon exercise of call options.
**Shares actually held.

The disclosure was made because the call option on 3,372,714 SFL shares granted to Goldman Sachs International Bank on 25 November 2008 became exercisable on 11 December 2008. The exercise period ended on 10 January 2009 (see D&I no. 208C2165 dated 3 December 2008).

(1) According to Article L.233-9-I-4 of the French Commercial Code on disclosure thresholds, in addition to the shares actually held, an entity is also considered as holding the shares that it is entitled to acquire on its own initiative by virtue of an agreement.
(2) Based on a total of 46,502,301 shares and voting rights outstanding, in accordance with paragraph 2 of Article 223-11 of the AMF's general regulations.
(3) Goldman Sachs International Bank individually holds over 5% of SFL's capital and voting rights as described above.

D&I no. 208C2269: On 16 December 2008, The Royal Bank of Scotland (36 Saint Andrew Square, Edinburgh EH22YB, UK) disclosed that it had acquired a direct interest – within the meaning of Article L.223-9-I-4 of the French Commercial Code[1] – of over 5% of SFL's capital and voting rights, and that, at 11 December 2008, it held 3,372,714 shares and voting rights, representing 7.25% of SFL's capital and voting rights[2].

The disclosure was made because the call option on 3,372,714 SFL shares granted to The Royal Bank of Scotland on 25 November 2008 became exercisable on 11 December 2008. The exercise period ended on 10 January 2009 (see D&I no. 208C2167 dated 3 December 2008).

(1) According to Article L.233-9-I-4 of the French Commercial Code on disclosure thresholds, in addition to the shares actually held, an entity is also considered as holding the shares that it is entitled to acquire on its own initiative by virtue of an agreement.
(2) Based on a total of 46,502,301 shares and voting rights outstanding, in accordance with paragraph 2 of Article 223-11 of the AMF's general regulations.

D&I no. 208C2335: On 24 December 2008, the AMF was informed that, on 23 December 2008, ING Real Estate Finance SE E.F.C had sold to Calyon the call option granted to it by the Spanish company Inmobiliara Colonial SA on 25 November 2008, on 718,827 SFL shares, representing 1.55% of the Company's capital and voting rights[(1)].

As a result, Calyon replaced ING Real Estate Finance SE E.F.C. in all the rights and obligations concerning the call option initially granted to ING Real Estate Finance SE E.F.C.

(1) See D&I no. 208C2166 and D&I no. 208C2162 dated 3 December 2008.

D&I no. 208C2364: Crédit Agricole SA's letters dated 24 December and 30 December 2008 included the following statement of intent:

"Following the increase in our indirect interest in SFL to over 10% on 11 December 2008, within the meaning of Article L.233-9-1-4 of the French Commercial Code, as disclosed on 16 December in accordance with paragraph 7, Article 233-7 of the French Commercial Code, we set out below our intentions with respect to the Company for the next 12 months.

We have held 5.09% of SFL's capital and voting rights through our subsidiary Prédica since April 2007. As indicated in our disclosure letter dated 16 December 2008, we also hold, through our subsidiary Calyon SA, a currently exercisable option on an additional 7.25% of SFL's capital and voting rights, bringing our total interest in SFL to 12.35% of the capital and voting rights.

Apart from its subsidiaries, Crédit Agricole SA is not acting in concert with any other SFL shareholders.

The increase in our indirect interest in SFL arose from the signature on 14 September 2008 of a debt restructuring agreement between a group of 11 banks, including Calyon SA, and Colonial, which holds around 84% of SFL's capital and voting rights. The debt restructuring concerned lines of credit granted to Colonial by the 11 banks for a total amount of around €6.4 billion (see D&I 208C2162 dated 3 December 2008).

On 25 November 2008, under the terms of the debt restructuring agreement, Colonial granted 10 of the 11 banks call options on a total of 33% of SFL's shares and voting rights, with each option prorated to the debt owed to the bank concerned. If these options are exercised, Colonial will retain a majority interest in SFL, with around 51% of the Company's capital and voting rights.

One of the banks concerned was Calyon SA, which was granted a call option on 3,372,714 SFL shares by Colonial on 25 November 2008, exercisable between 11 December 2008 and 10 January 2009 at a price of €35. The proceeds from the exercise of these options will mainly be used to repay the restructured long-term debt.

The increase in our interest is therefore the result of a specific set of circumstances arising from the financial position of Colonial, SFL's majority shareholder.

The same set of circumstances could lead us to look at all of the possibilities that might enable us to reap the most benefit from our interest in SFL for our bank and for our various subsidiaries, particularly Calyon, as one of Colonial's creditor banks. As a result, we reserve the right to examine all possible transactions, including new acquisitions of financial instruments, based on market opportunities and our relations with SFL. With Colonial retaining around 51% of SFL's capital and voting rights, we have no plans to try and take control of the Company in the immediate future.

Crédit Agricole SA and its subsidiaries do not intend to ask for any additional seats on SFL's Board of Directors.

This statement of intent may be modified on the basis allowed by law."

D&I no. 209C0020: Supplement to D&I no. 208C2335 dated 24 December 2008

On 31 December 2008, the AMF was informed by Crédit Agricole SA that, on 23 December 2008, its subsidiary Calyon SA had purchased from ING Real Estate Finance SE E.F.C. the call option on 718,827 SFL shares[(1)], representing 1.55% of the Company's capital and voting rights[(2)], granted to it by Inmobiliara Colonial SA on 25 November 2008.

Calyon SA paid ING Real Estate Finance SE E.F.C. €1,000,000 for the call.

As a result, Calyon replaced ING Real Estate Finance SE E.F.C. in all the rights and obligations under the call option initially granted to ING Real Estate Finance SE E.F.C.

The option was exercisable between 11 December 2008 and 10 January 2009 at a price of €35 per share.

Calyon SA also held a call option on 3,372,714 SFL shares[(3)].

(1) See D&I no. 208C2166 dated 3 December 2008 and D&I no. 208C2335 dated 24 December 2008.
(2) Based on a total of 46,502,301 shares and voting rights outstanding, in accordance with paragraph 2 of Article 223-11 of the AMF's general regulations.
(3) See D&I no. 208C2162 dated 3 December 2008, D&I no. 208C2265 dated 16 December 2008 and D&I no. 208C2364 dated 31 December 2008.

5.3. Dividends paid in the last three years

(Information disclosed pursuant to Article 243 bis of the French Tax Code)

Year	Dividend per share	Interim dividend	Final dividend
2006	€ 3.20 (1)	€ 0.70	€ 2.50
2007	€ 3.20 (1)	€ 1.10	€ 2.10
2008	€ 1.90 (1)	-	-

(1) Eligible for the 40% tax relief referred to in paragraph 3-2 of Article 158 of the French Tax Code (Article 76-1 of the 2006 Finance Act – Act no. 2005-1719 of 30 December 2005).

Dividend policy

The amount and manner of payment of future dividends will be decided each year according to the Company's earnings, cash position, financial conditions, capital needs, overall business situation, the resources necessary to ensure the Company's development and any other factor that the Board of Directors deems relevant in preparing its recommendations to shareholders. The decision to pay a dividend, and the amount of such dividend, will also depend on the rights of holders of securities that may be issued in the future and any restrictions on dividend distributions that may exist as a result of existing lines of credit or any other debt. There can be no assurance that SFL will pay dividends in future years.

In any event, as a company taxed as an SIIC, SFL has distribution obligations. By virtue of Article 208 C of the French Tax Code, SFL is exempt from paying tax on i) profits from its property rental activities, ii) capital gains on property sales and sales of interests in look-through entities or subsidiaries that have elected for the SIIC regime, and iii) dividends received from subsidiaries that have also elected for the SIIC tax regime. In exchange for this exemption, the Company must distribute (i) at least 85% of the exempted rental profits within 12 months of the close of the fiscal year in which the profits are earned, (ii) at least 50% of the exempted capital gains from the sale of properties or interests in look-through entities or subsidiaries that have elected for the SIIC tax regime, or the sale of finance-lease contracts, within 24 months of the close of the fiscal year during which the capital gains were generated and (iii) 100% of the dividends received from subsidiaries that have also elected for the SIIC tax regime within 12 months of the close of the fiscal year during which the dividends were received. The amounts to be distributed are determined separately by each company that has elected for the SIIC tax regime, based on its individual earnings.

5.4. Transactions in SFL shares

Stock options granted to and exercised by executive directors in 2009

No stock options were granted to or exercised by executive directors in 2009.

Stock options granted to executive directors outstanding at 31 December 2009

	Plan	Number of options granted	Exercise price (in €)	Expiry date	Number of options exercised	Number of options outstanding at 31 December 2009
Yves MANSION	21/03/2002 SFL	100,000	27.78	20/03/2012	100,000	-
	25/04/2003 SFL	100,000	26.41	24/04/2013	100,000	-
	02/03/2006 SFL	22,000	51.07	02/03/2011	22,000	-
	02/03/2006 COLONIAL	22,000	58.23	02/03/2011	22,000	-
	13/03/2007 SFL	44,000	62.60	12/03/2015	-	44,000
Nicolas REYNAUD	13/03/2007 SFL	25,000	62.60	12/03/2015	-	25,000
Total		**313,000**			**244,000**	**69,000**

The General Meeting of 15 June 2009 authorised a share buyback programme with the following objectives:
– To purchase shares for allocation to Group employees in connection with (i) the statutory profit-sharing scheme, (ii) any programme of employee share grants, with or without consideration, governed by Articles L.443-1 et seq. of the French Labour Code or (iii) any stock option plan for all or certain categories of employees and executive directors.
– To buy and sell shares under a liquidity contract with an investment firm that complies with a code of ethics recognised by the French securities regulator (Autorité des Marchés Financiers).
– To permit the issue of debt securities convertible into equity instruments and the fulfilment of the obligations related thereto, in particular by delivering shares upon exercise of rights attached to securities convertible, redeemable or otherwise exercisable for shares.
– To buy shares for delivery at a future date in exchange or payment for shares of another company in connection with any external growth transactions.
- To buy back shares for cancellation, in accordance with Article L.225-209 of the French Commercial Code, subject to an authorisation from the Extraordinary General Meeting to reduce the Company's capital.
The number of shares bought back to be held and subsequently delivered in payment or exchange for shares of another company in connection with a merger or demerger may not exceed 5% of the issued capital.

The maximum purchase price for these shares was set at €50 per share.

At 31 December 2009, the Company held 472,992 shares in treasury, representing 1.02% of the capital and breaking down as follows:
1. 449,699 shares purchased for allocation to SFL Group employees.
2. 10 shares purchased under a liquidity contract with an investment firm.
3. No shares were held for delivery on exercise of rights attached to share equivalents.
4. 23,283 shares purchased for delivery at a future date in exchange or payment for shares of another company in connection with any external growth transactions.

The Board of Directors has decided to table a resolution at the 19 April 2010 Annual General Meeting authorising a further buyback programme. The maximum purchase price for these shares would be set at €50 (seventeenth ordinary resolution).

Under the terms of the new programme, the Company would be authorised to buy back shares representing up to 10% of the issued capital.

Based on the issued capital at 31 December 2009, the authorisation would concern the buyback of up to 4,650,568 shares. This ceiling will be adjusted in the event of any changes in issued capital in the period up to the date of the Annual General Meeting.

The aims of the programme would be:
To purchase shares for allocation to Group employees in connection with (i) the statutory profit-sharing scheme, (ii) any programme of employee share grants, with or without consideration, governed by Articles L.3332 et seq. of the French Labour Code or (iii) any stock option plan for all or certain categories of employees and executive directors.
– To buy and sell shares under a liquidity contract with an investment firm that complies with a code of ethics recognised by the French securities regulator (Autorité des Marchés Financiers).
– To permit the issue of debt securities convertible into equity instruments and the fulfilment of the obligations related thereto, in particular by delivering shares upon exercise of rights attached to securities convertible, redeemable or otherwise exercisable for shares.

– To buy shares for delivery at a future date in exchange or payment for shares of another company in connection with any external growth transactions.
- To buy back shares for cancellation, in accordance with Article L.225-209 of the French Commercial Code, subject to an authorisation from the Extraordinary General Meeting to reduce the Company's capital.
- To carry out any market practices that may be recognised in the future by law or by the securities regulator.

If shares were to be bought back under a liquidity contract under the terms and conditions defined by the AMF's general regulations, the number of shares used to calculate the limit of 10% of the issued capital would correspond to the number of shares purchased minus the number of shares sold during the authorised period.

The number of shares bought back to be held and subsequently delivered in payment or exchange for shares of another company in connection with a merger or demerger would not exceed 5% of the issued capital, i.e. 2,325,284 shares.

The authorisation would be given for a period of eighteen months.

Summary of disclosures

Disclosures for the period from 1 January 2009 to 31 December 2009

Percentage of capital held by the Company and/or its subsidiaries	1.02%
Number of shares cancelled in the last 24 months	0
Number of shares held	472,992
Carrying amount of the portfolio	€ 26,261,352.39
Market value of the portfolio	€ 15,845,232.00

(at 31 December 2009)

	Cumulative transactions		Open positions on the publication date of programme details			
	Purchases	Sales/ Transfers	Open buy positions		Open sell positions	
			Purchased calls	Forward purchases	Written calls	Forward sales
Number of shares	59,516	91,821	-	-	-	-
Average maximum maturity	-	-	-	-	-	-
Average transaction price	€ 26.84	€ 27.48	-	-	-	-
Average exercise price	-	-	-	-	-	-
Amount	€ 1,597,227.40	€ 2,522,912.29	-	-	-	-

Transaction costs under the liquidity contract amounted to €26,800 in 2009.

Transactions carried out by executive directors or parties closely related to them

Person: Yves Mansion, Chairman and Chief Executive Officer

Type of instrument: Shares

Type of transaction: Purchase

Date: 30 April 2009

Disclosure receipt date: 4 May 2009

Market: Euronext Paris

Unit price: €24.95

Total amount: €250,348

5.5. Items that could affect a public offer for the Company's shares

5.5.1 Corporate Mutual Fund

The "Actions SFL" corporate mutual fund has a Supervisory Board set up in accordance with Article L.214-40 of the French Financial and Monetary Code. This Board has a total of six members including three members representing employees and former employees and three representatives of SFL.
It met on 17 November 2009 to review the fund's annual management report.
In accordance with Article L.214-40 of the Financial and Monetary Code, in the event of a public offer for SFL's shares, the fund's Supervisory Board would be required to hold a meeting in order to decide whether to tender the shares held by the fund to the offer.

5.5.2. Employee compensation and severance schemes

Six employees (including one who is also an executive director) are entitled to compensation if they resign or are dismissed as a result of a major change in the scope of their duties following a significant direct or indirect change in the shareholder base of SFL or its controlling company.
The terms and conditions related to this compensation – which total an aggregate €2,419 thousand at 31 December 2009 – were approved by SFL's Board of Directors on 9 February 2004, 25 July 2006 and 4 April 2008.
In addition, all employees whose employment contracts are governed by the National Collective Bargaining Agreement for the Property Industry are covered by Addendum no. 6 to the company-level agreement dated 1 July 1999 which provides for enhanced severance pay in the event of redundancy. In such a case, total severance pay would be calculated as follows, based on the employee's gross monthly salary at the date the employment contract was terminated:

Length of service	Severance pay
1 to 2 years	4 months
2 to 5 years	5 months
5 to 7 years	6 months
7 to 11 years	7 months
11 to 15 years	8 months
15 to 19 years	9 months
19 to 22 years	10 months
More than 22 years	10 months + ½ month per year of service beyond 21 years

5.5.3. Disclosure obligations under the Articles of Association

Paragraph III of Article 10 of the Company's Articles of Association states that in addition to legal disclosure threshold obligations, any individual or legal entity, acting alone or in concert, that holds – directly or indirectly within the meaning of Articles L.233-7 et seq. of the French Commercial Code – shares and/or securities carrying rights to shares representing at least 2% of the Company's capital or voting rights, is required to disclose to the Company by registered letter with return receipt requested, within five trading days of the additional interest being recorded, details of the number of shares and/or securities carrying rights to shares that are held and the number of voting rights attached thereto.

These disclosure formalities must be followed each time a shareholder's interest is raised to above or reduced to below any 2% threshold as explained above, including when the shareholder's interest exceeds 5%.

In the case of failure to comply with these disclosure rules, at the request of one or several shareholders with combined holdings representing at least 2% of the Company's capital or voting rights, the undisclosed shares will be stripped of voting rights, in accordance with the conditions set down by law. Said request will be recorded in the minutes of the General Meeting and will entail the automatic application of the above-mentioned sanction.

5.5.4 Shareholders' pact

D&I no. 204C1487: On 1 December 2004, a copy of the shareholders' pact signed on 24 November 2004 between Colonial and Prédica was transmitted to the French securities regulator (Autorité des Marchés Financiers). Prédica became a shareholder of SFL through its purchase from Colonial of shares representing 9.63% of the Company's capital and 9.90% of the voting rights at the transaction date.

In the pact's preamble, the parties stipulate that they do not intend to act in concert at meetings of SFL shareholders. The sole purpose of the pact is to enable Prédica to be represented on SFL's Board of Directors whilst exercising complete voting freedom at both Shareholders' and Board meetings. Similarly, Colonial – SFL's controlling shareholder – freely determines the Company's strategy and policies. The main terms of the pact are as follows:

Prédica representative on the Board of Directors and certain committees

Prédica has the right to one seat on SFL's Board of Directors, for as long as Colonial controls SFL and Prédica's interest represents at least 5%. Prédica's ownership interest in the Company is protected by an anti-dilution clause which applies, subject to certain conditions, if a share issue is carried out by SFL that has not been approved by Prédica and in which Prédica has not had the opportunity to participate, and said issue results in Prédica's interest falling below 5% (excluding any shares to be issued on the exercise of stock options or the conversion of existing convertible bonds).

The director nominated by Prédica will sit on the Company's Audit Committee and any Investment Committee that may be set up.

Put option

Colonial has undertaken to buy back the SFL shares originally sold to Prédica as well as any additional shares acquired by Prédica under the anti-dilution clause at a price based on SFL's NAV, in any of the following cases:

- If SFL decides to revoke its election for the SIIC tax regime.
- If Colonial decides to delist SFL shares from the Premier Marché of Euronext Paris.
- If Colonial decides to change the Company's strategic priorities compared with those announced when it took control of SFL and which are set out in the shareholders' pact.
- If Colonial does not respect the provisions of the shareholders' pact concerning Prédica's representation on SFL's Board of Directors, for a period of over four months.
- If SFL and Colonial decide to merge.

However, the number of shares covered by the put option is capped in order to ensure that Colonial would not be required to file a tender offer for SFL to comply with French securities regulations. Also, in order for Prédica to exercise its put option, Colonial must hold over 50% of SFL's capital and voting rights at the time that any of the above situations arises (or, in the event of a planned merger, prior to that merger).

Finally, if Colonial decides to delist SFL and Prédica has not exercised its put, Prédica will benefit from an exit clause in the case of a sale by Colonial of SFL shares to a third party that results in Colonial ceasing to exercise control over the Company (as defined by Article L.233-3 of the French Commercial Code).

Pre-emptive purchase right

Colonial has a pre-emptive right to purchase any SFL shares offered by Prédica, directly or indirectly, to any third party, with the customary exclusions (intercompany transfers by Prédica and sales of shares to directors), provided that Prédica may sell on the market in any 12-month period a number of shares representing up to 2% of SFL's capital.

Exit clause

Prédica benefits from an exit clause in the case of a private sale by Colonial of SFL shares to a third party that has the effect of reducing Colonial's interest to less than 50% of SFL's capital where (i) Colonial does not cease to exercise control over SFL (as defined in Article L.233-3 of the French Commercial Code), (ii) the third party does not acquire more than one third of SFL's capital, or (iii) the third party is not required to launch a takeover bid for SFL.

Cap on Prédica's interest in SFL

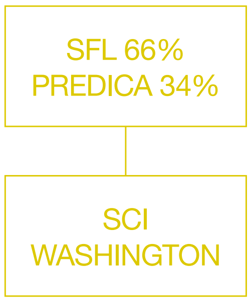
As consideration for the commitments given by Colonial and in order to ensure the liquidity of SFL shares, Prédica has agreed not to increase its percentage interest in SFL's capital (held both directly and indirectly through subsidiaries) from the level held at the date of the shareholders' pact, unless there is a reasonably liquid market for the shares (considered to be the case if the free float represents at least 10% of the capital or any other higher threshold required by law).

The shareholders' pact was entered into for an initial five-year period and is automatically renewable for successive five-year periods unless terminated subject to six months' notice preceding the end of the term in process.

5.5.5. Partnerships

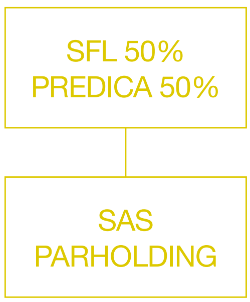
Partner	Joint venture	Main clauses
PRÉDICA[1]	– SFL holds 66% of SCI Washington	In the case of a change of control of SFL or Prédica (50%) the other partner has the option of: – either agreeing to the change of control[2], – acquiring all the shares and shareholders' advances of the other partner, or - selling all its shares and shareholders' advances to the other partner, at a price corresponding to the market value of the underlying assets, to be determined jointly by the parties or by an independent expert.

(1) Life insurance subsidiary of Crédit Agricole Assurances.
(2) Following the takeover of SFL by Grupo Inmocaral, through its subsidiary Inmobiliaria Colonial SA, the joint venture partners agreed to SFL's change of control, as provided for under the terms of the related shareholders' pact.



Partner	Joint venture	Main clauses
PRÉDICA[1]	– SFL holds 50% of the Parholding SAS sub-group	In the case of a change of control of SFL or Prédica (50%) the other partner has the option of: - either agreeing to the change of control, - acquiring all the shares and shareholders' advances of the other partner, or - selling all its shares and shareholders' advances to the other partner, at a price corresponding to the market value of the underlying assets, to be determined jointly by the parties or by an independent expert.

(1) Prédica, the life insurance subsidiary of Crédit Agricole Assurances, took up an equity interest in Parholding on 6 October 2009 by acquiring the 50% stake previously held by Ile-de-France Investissements. The joint venture was approved by the European Commission on 25 September 2009.



5.6. Share performance

SFL shares have been quoted in Compartment A of the Eurolist by Euronext since 21 February 2005. They were previously quoted on the Premier Marché of Euronext Paris as from 25 March 1998 and on the cash settlement market before that (ISIN code: 0000033409).

		Price (€)		Trading volume	
		High	Low	Number of shares	Amount (in €m)
2008	July	52.00	46.52	19,563	0,960
	August	48.50	46.20	10,305	0,486
	September	49.79	38.75	41,983	1,843
	October	43.50	28.60	43,691	1,659
	November	30.00	25.47	26,064	0,754
	December	28.00	25.50	23,394	0,638
2009	January	29.66	24.60	122,438	3,351
	February	26.48	21.50	44,872	1,083
	March	23.00	20.70	45,635	0,988
	April	25.00	21.70	149,668	3,475
	May	27.30	24.60	79,907	2,040
	June	28.52	24.50	59,855	1,603
	July	27.99	24.30	34,591	0,902
	August	30.90	27.25	68,460	1,946
	September	35.00	28.00	65,873	2,070
	October	34.37	30.80	102,116	3,386
	November	33.78	30.70	50,333	1,606
	December	33.75	31.01	39,794	1,280
2010	January	37.98	33.02	68,068	2,366

Source: Euronext

6. Employee and environment-related information

6.1.1 Number of employees

At 31 December 2009, SFL had a total of 86 employees, broken down by category and type of contract as follows:

Category	Men	Women	Total
Managers	29	24	53
Supervisors	3	13	16
Other administrative staff	-	14	14
Total administrative staff	**32**	**51**	**83**
Caretakers	1	2	3
Building employees	-	-	-
Total building staff	**1**	**2**	**3**
Total employees	**33**	**53**	**86**
of which:			
Fixed-term contracts	1	-	1
Permanent contracts	32	53	85

Two people were hired in 2009:

Type of contract	Administrative staff	Building staff	Total
Fixed-term contracts	1	-	1
Permanent contracts	1	-	1
Total	**2**	**-**	**2**

Seven employees left the Company in 2009:

Reason	Administrative staff	Building staff	Total
Resignations	3	-	3
Expiry of fixed-term contracts	-	-	-
Dismissal for personal reasons	1	-	1
Redundancies	-	-	-
Retirement	2	-	2
Other	1	-	1
Total	**7**	**-**	**7**

No layoff plans were implemented by the Group in 2009.

At 31 December 2009, SFL had a total of 86 employees, compared with 90 employees at 31 December 2008. (One of the seven departures recorded in 2009 was not effective until 31 December 2010.)

The Company also uses the services of three agency employees for reception work and IT maintenance.

6.1.2 Working hours and employee absence

Total working hours for employees covered by the National Collective Bargaining Agreement for the Property Industry are calculated on an annual basis in accordance with the applicable law and regulations. These employees are granted time off in lieu for hours worked in excess of a thirty-five hour week (calculated on an annual basis) in addition to their holiday entitlements provided for by law and by the collective bargaining agreement, in accordance with the terms and conditions of the company-level agreement dated 1 July 1999 and subsequent addenda.

Employees covered by the National Collective Bargaining Agreement for Site staff, Caretakers and Building employees (Category A) are subject to the standard provisions relating to working hours contained in the law and the collective bargaining agreement.

Breakdown of full-time and part-time administrative staff by gender at 31 December 2009:

	Women	Men	Total
Full-time	42	31	73
Part-time	9	1	10

Breakdown of employee absences in 2009:

Reason	Number of working days
Illness	781.00
Maternity leave	163.00
Occupational and commuting accidents	7.00
Leave to take care of sick children	34.50
Other family reasons (including paternal leave)	16.00

6.1.3 Remuneration, benefits and gender equality

Remuneration payable to Group employees is calculated as part of the annual budget process and negotiations that take place each year.
All Group employees receive a fixed monthly salary and an annual bonus based on individual targets.
Following the annual pay round in December 2008, general and average individual salary increases were set at 2.20% and 1.80% respectively as from 1 January 2009.
The maximum amount of top-up payments on voluntary contributions to the PERCO employee savings scheme (Plan d'Epargne Retraite Collectif) was raised from €2,880 to €3,600. In 2009, voluntary contributions paid into the scheme amounted to €203,910, representing an increase of 4% over 2008.
Statutory and discretionary profit-sharing respectively totalled €143,903 and €610,728 in 2009, representing nearly 11% of the total payroll for the reference year for which these amounts were distributed.
Employees can invest their statutory and discretionary profit-sharing and voluntary contributions in one of the five company investment funds offered within the PEE and/or PERCO savings schemes: two equity funds, a fund that invests in SFL shares, a diversified fund and a money market fund.

As well as the employee savings schemes in force within the Group (PEE, PERCO, statutory and discretionary profit-sharing), during the year employees were provided with service vouchers (Chèques Emploi Service Universel) free of charge, which were financed jointly by SFL and the Works Council. The per-employee value of these vouchers was raised to €600 from €400.
Total Group payroll for the year ended 31 December 2009 amounted to €6,698,665.

Social security and other employee benefit contributions break down as follows:

– URSSAF (general social security contributions)	€2,747,229
– ASSEDIC (unemployment benefit contributions)	€334,066
– Supplementary pension contributions	€1,171,351
– Healthcare and death/disability insurance contributions	€288,864

The SFL Group is committed to promoting gender equality.
Operating managers in particular are reminded each year about the importance of applying the principle of equal pay when they award the pay rises agreed on during annual pay rounds.
The participants in the annual pay negotiations of December 2008 noted that the principle of gender equality was being actively applied to hiring, training and promotion practices.

6.1.4 Collective agreements

In addition to the Collective Bargaining Agreements relating to Site staff, Caretakers and Building employees, SFL Group employees are covered by the general provisions of the following collective agreements:
– Company-level agreement dated 1 July 1999 – administrative category under the Collective Bargaining Agreement for the Property Industry.
– Addendum no. 1 dated 17 December 1999 to the company-level agreement of 1 July 1999.
– Addendum no. 2 dated 16 October 2000 to the company-level agreement of 1 July 1999.
– Addendum no. 3 dated 15 December 2003 to the company-level agreement of 1 July 1999.
– Addendum no. 4 dated 21 December 2005 to the company-level agreement of 1 July 1999.
– Addendum no. 5 dated 21 December 2005 to the company-level agreement of 1 July 1999.
– Addendum no. 6 dated 26 September 2006 to the company-level agreement of 1 July 1999.
– Addendum no. 7 dated 26 June 2008 to the company-level agreement of 1 July 1999.
– Addendum no. 8 dated 30 June 2009 to the company-level agreement of 1 July 1999.
– SFL Group Statutory Profit-Sharing Agreement of 20 June 2002 and addenda dated 5 April 2003, 13 April 2005, 27 September 2005, 2 April 2007 and 29 February 2008.
– SFL Group Discretionary Profit-Sharing Agreement of 26 June 2008.
– SFL Group PEE Employee Sharesave Plan of 30 September 2002 and addenda dated 21 September 2004, 29 November 2004 and 2 April 2007.
– SFL Group Pensions Savings Plan (PERCO) of 31 January 2005 and addenda dated 21 December 2006, 2 April 2007 and 12 December 2007.
– Record of dissenting view following annual negotiations on effective salaries, effective working hours and the organisation of working time dated 7 December 2009.

6.1.5 Health and safety

The terms of office of the members of the Health, Safety and Working Conditions Committee were renewed in 2009, having expired during the period. The Committee's role is to contribute to improving employee health and safety and working conditions.

Specific employee safety training is organised each year with the help of risk engineering company Apave on such matters as fire safety and evacuation drills.

6.1.6 Training

SFL continued to implement an active training policy in 2009, investing the equivalent of more than 4% of the total payroll.

Close to 2,900 hours of training were given to 74 employees, in subjects including property management, accounting, IT, business management and languages.

A specific course on commercial lease reform under France's LME Act (2008) was organized on the Company's premises.

6.1.7 Disabled workers

As part of its policy of supporting measures to help the disabled to find work, each year, the Group allocates a significant proportion of the amount payable under the apprenticeship tax scheme to ADAPT, a not-for-profit organisation working in this area. In 2009, the Group's contribution amounted to €6,416.

The SFL Group contributed €12,542 to Association de Gestion du Fonds pour l'Insertion Professionnelle des Travailleurs Handicapés (AGEFIPH) in fulfilment of its obligations concerning the employment of disabled workers.

6.1.8 Company welfare schemes

In addition to financing the Works Council's operating budget as legally required, the Group allocates 1.20% of the total payroll each year to financing social and cultural activities for its employees. In 2009, total Works Council funding amounted to €88,640.

6.2. Environmental information

Environmental expenditure

See the table on page 27 of the Annual Report.

7. Appendices

Appendix 7.1 – Special report to the Annual General Meeting of 19 April 2010 on stock options (drawn up in accordance with Article L.225-184 of the French Commercial Code)

In compliance with Article L. 225-184 of the French Commercial Code, we hereby report to you on stock options granted and exercised during the year ended 31 December 2009.

1) No stock options were granted by SFL or any related parties during the year to executive directors in respect of directorships or corporate functions held in SFL.

2) No stock options were granted during the year to executive directors by the companies in which SFL has a controlling interest in respect of directorships or corporate functions held in those companies.

3) No options held in the companies mentioned in 1) and 2) above were exercised during the year by executive directors of the Company.

4) No stock options were granted in 2009 by SFL or any related parties to the ten employees other than executive directors who received the greatest number of options.

5) No options held in the companies mentioned in 1) and 2) above were exercised in 2009 by the ten employees other than executive directors who exercised the greatest number of options.

The Board of Directors

Appendix 7.2 – Board of Directors' Special Report on Share Grants

To the shareholders,

In compliance with the first paragraph of Article L. 225-197-4 of the French Commercial Code, we hereby report that in 2009 no share grants were made to employees or officers of SFL. Pursuant to said Article, employees or officers who hold over 10% of the Company's capital are not eligible for any such grants.

1) No share grants were made by SFL or any related parties during the year to executive directors in respect of any directorships or corporate functions held in SFL.

2) No share grants were made during the year to executive directors by the companies in which SFL has a controlling interest in respect of any directorships or corporate functions held in those companies.

3) No share grants were made during the year by SFL or any related parties to the ten employees other than executive directors who received the greatest number of grants.

The Board of Directors

Appendix 7.3 – Five-year financial summary (parent company) (in euros)

	2005	2006	2007	2008	2009
I. Capital at 31 December					
Share capital	86,127,576	86,151,904	93,004,602	93,004,602	93,011,352
Number of ordinary shares outstanding	43,063,788	43,075,952	46,502,301	46,502,301	46,505,676
Par value	2.00	2.00	2.00	2.00	2.00
Number of potential ordinary shares to be issued:					
- On conversion of convertible bonds	-	-	-	-	-
- On exercise of warrants	-	-	-	-	-
II. Results of operations					
Net revenue	121,799,332	118,470,330	123,879,444	128,851,442	130,513,358
Profit before tax, depreciation, amortisation and provisions	92,700,375	120,515,903	121,840,846	70,266,806	120,028,141
Income tax expense	6,665,204	(1,427,250)	263,017	9,249,487	386,328
Net profit (loss)	49,960,563	87,499,459	100,843,567	(3,141,109)	31,566,023
Total dividends	90,433,955	148,804,163	148,807,363	88,354,372	97,661,920
III. Earnings per share					
Earnings/(loss) per share after tax, before depreciation, amortisation and provisions	2.00	2.83	2.61	1.31	2.57
Net earnings/(loss) per share	1.16	2.03	2.17	(0.07)	0.68
Net dividend per share	2.10	3.20	3.20	1.90	2.10
IV. Employee data					
Number of employees at year-end	65	76	76	73	70
Including building employees	11	4	4	3	3
Total payroll	5,178,661	7,941,466	7,669,244	6,443,873	6,511,026
Total benefits	2,191,720	3,927,593	3,149,109	3,304,790	3,098,388

Appendix 7.4 – Financial authorisations

In accordance with Article L. 225-100 of the French Commercial Code, the table below provides a summary of the financial authorisations in force in 2009 that have been granted to the Board of Directors by shareholders concerning capital increases pursuant to Articles L. 225-129-1 and L. 225-129-2 of said Code. The table also provides information on the use of these authorisations during the year.

Date of AGM	Authorisation	Used/Unused in 2009	Duration of authorisation
9 May 2007	To issue ordinary shares or securities with rights to ordinary shares, with pre-emptive subscription rights for existing shareholders	Unused	26 months
15 June 2009	To issue ordinary shares or securities with rights to ordinary shares, with pre-emptive subscription rights for existing shareholders	Unused	26 months
9 May 2007	To issue ordinary shares or securities with rights to ordinary shares, without pre-emptive subscription rights for existing shareholders	Unused	26 months
15 June 2009	To issue ordinary shares or securities with rights to ordinary shares, without pre-emptive subscription rights for existing shareholders	Unused	26 months
9 May 2007	To issue ordinary shares or securities with rights to ordinary shares in connection with a public exchange offer made by the Company	Unused	26 months
15 June 2009	To issue ordinary shares or securities with rights to ordinary shares in connection with a public exchange offer made by the Company	Unused	26 months
9 May 2007	To issue ordinary shares or securities with rights to ordinary shares in payment for contributed shares or securities with rights to shares of another company	Unused	26 months
15 June 2009	To issue ordinary shares or securities with rights to ordinary shares in payment for contributed shares or securities with rights to shares of another company	Unused	26 months
9 May 2007	To issue securities with rights to debt securities	Unused	26 months
15 June 2009	To issue securities with rights to debt securities	Unused	26 months
9 May 2007	To increase the Company's capital by capitalising reserves, profits or share premiums	Unused	26 months
15 June 2009	To increase the Company's capital by capitalising reserves, profits or share premiums	Unused	26 months
9 May 2007	To issue shares to employees who are members of a Sharesave Plan	Unused	26 months
15 June 2009	To issue shares to employees who are members of a Sharesave Plan	Unused	26 months
23 May 2008	To issue bonds with redeemable equity warrants, without pre-emptive subscription rights	Unused	18 months
15 June 2009	To issue bonds with redeemable equity warrants, without pre-emptive subscription rights	Unused	18 months

Appendix 7.5 –
Report on corporate governance and internal control

In accordance with Articles L.225-37 and L.225-68 of the French Commercial Code (Code de Commerce), we present below our report on practices of the Board of Directors and on internal control and risk management procedures, as well as on the restrictions on the Chief Executive Officer's powers decided by the Board.
The report was approved by the Board of Directors on 12 February 2010.

1. Corporate governance

1.1. Board practices

1.1.1 Organisation of the Board of Directors

COMPOSITION OF THE BOARD OF DIRECTORS

SFL's Board of Directors had 15 members as of 31 December 2009, including eight representing the majority shareholder Colonial, two (Jean-Jacques Duchamp of Prédica and Reig Capital Group, Luxembourg, represented by Jose Caireta Riera) representing significant minority shareholders, four independent directors (Yves Defline, Tony Wyand, Jean Arvis and Jacques Calvet) and one executive director (Yves Mansion, the Chairman and Chief Executive Officer).

Directors are elected for a three-year term, except for candidates who are aged 70 or over on the date of their election or re-election, whose term is limited to one year.
The number of directors aged over 70 may not represent more than one third of the members of the Board.

The Chairman is required to retire from this function at the close of the Annual General Meeting called to approve the financial statements for the year of his 65th birthday.

Board of Directors from 1 January 2009 to 31 December 2009	Term expires at the Annual General Meeting called to approve the financial statements for:
Yves MANSION Chairman and Chief Executive Officer	2010
Jean ARVIS Director	2009
Juan José BRUGERA CLAVERO Director	2009
Jacques CALVET Director	2009
Yves DEFLINE Director	2009
Jean-Jacques DUCHAMP Director	2009
Manuel Fernando MENENDEZ LOPEZ Director	2010
Pedro RUIZ LABOURDETTE (1) Director	2010
Carmina GAÑET CIRERA (2) Director	2010
Julian ZAMORA SAIZ Director	2010
Pere VIÑOLAS SERRA Director	2009
Anthony WYAND Director	2009
Francisco José ZAMORANO GOMEZ Director	2011
Carlos FERNANDEZ-LERGA GARRALDA Director	2009
José Maria SAGARDOY LLONIS Director	2010
REIG CAPITAL GROUP Luxembourg, represented by José CAIRETA RIERA Director	2009

1) Until 30 June 2009.
2) Appointed to replace Mr. Ruiz Labourdette on 20 July 2009.

General information about the directors

Yves Mansion, 59, joined SFL in 2002 as Chairman and Chief Executive Officer. He has over 30 years' experience in financial and property management. He began his career with the French Treasury Department, as Inspecteur des Finances (1977-1981) before becoming chief administrator for the Budget Ministry (1981-84) in charge of the transportation, industry and international trade budgets, and then deputy head of the French Treasury Department's Inspection Générale des Finances unit. He then joined Finance Minister Pierre Beregovoy's team as Technical Advisor on the budget and finance acts (1984-86) and later became the Minister's deputy Principal Private Secretary (1988-89). In 1989, he moved to Assurances Générales de France (AGF) as Deputy Managing Director, becoming Managing Director in 1990, a position he held until 2001. He has been a member of the Board of the French securities regulator AMF since 2003.

Jean Arvis, 74, is an independent director with over 40 years' experience in insurance. He spent the early years of his career, from 1963 to 1968, with Soleil Aigle Assurance, first as an insurance inspector and later as Company Secretary. He then joined GAN, where he also occupied the position of Company Secretary before being appointed Chief Executive Officer. In 1986, he moved to Groupe Victoire as Chief Executive Officer, becoming Chairman and Chief Executive Officer in 1989. After leaving the company in 1992, he held the positions of Advisor to the Chairman at Suez from 1992 to 1995, Special Advisor at AIG from 1993 to 1997 and Chairman of the Board at Monceau Assurances from 1993 to 2000. He then joined Fédération Française des Sociétés d'Assurance from 1991 to 1998, first as Vice-Chairman and later as Chairman. He has also sat on the Board of Directors of several companies, both in France and abroad.

Juan José Brugera Clavero, 63, began his career in 1967 as a teacher at the Terrassa and La Salle engineering schools, before joining Inter Grundig as an engineer in 1968. He moved to Banco Atlantico in 1971, where he worked in sales and logistics until 1975. He also taught economics (1972-1975) and bank management (1975-1988) at the ESADE business school, and was appointed honorary Vice-Chairman of the school's Foundation in 1989 and Chairman in 1999, a position he held until 2005. From 1975 to 1987, he occupied various positions at Banco Sabadell. He joined Sindibank as Chief Executive Officer in 1987 and held the same position at Colonial from 1994 to 2006 and at Mutua Madrilena from 2006 to 2007. He was also a director at SFL from 2004 to 2006. He has been the Chairman of Panrico since 2007 and Chairman of Colonial since 2008.

Jacques Calvet, 78, is an independent director. He began his career in the Auditor General's department (1957-1959) before occupying various positions in the French Ministry of Finance, including, from 1970 to 1974, Principal Private Secretary to the Minister, Valéry Giscard d'Estaing. He joined BNP in 1974 as Deputy Managing Director, becoming Managing Director in 1976 and then Chairman from 1979 to 1982. He has been an Honorary Chairman of BNP Paribas since 1997. He has also occupied various management positions within the Peugeot group, including Chairman of Peugeot S.A. (1982-1984), Chairman of the Supervisory Board of Peugeot S.A. (1984-1997), Chairman of Automobiles Peugeot (1990-1997) and Chairman of Automobiles Citroën (1983-1997).

Yves Defline, 74, is an independent director with over 40 years' experience in the property sector. He began his career as Branch Manager at Banque de la Construction et des Travaux Publics (1965-1971) before occupying managerial positions in various property companies, including Compagnie des Investissements pour le Développement de la Construction (1971-1976), Société d'Économie Mixte de Gien, Biarritz, Saint Jean de Luz et du District de Montargis (1976-1982) and Immobilière Construction de Paris 1976-1986). From 1976 to 1990, he was Chairman and Chief Executive Officer of Société d'Économie Mixte de la Ville du Mans. He joined SFL in 1987, first as Chief Executive Officer (1987-1997) and then as Chairman and Chief Executive Officer (1997-2002). He has been an Honorary Chairman of SFL since 2002.

Jean-Jacques Duchamp, 55, began his career in 1979 as an engineer. After working on various hydraulic engineering projects, he joined the World Bank, where he was involved in financing international projects. He moved to Crédit Agricole as Inspector General in 1985, before becoming a member of the Bank's Finance Department in 1991. He was appointed Chief Financial Officer of Prédica in 2001 and has been a member of the Prédica Executive Committee since 2004.

Carlos Fernandez-Lerga Garralda, 60, is a lawyer specialized in civil and corporate law. He is also the Secretary General of the Spanish Music authors' and publishers' association SGAE. He began his career as Advisor to the Spanish Minister and the Secretary of State for the European Union (1978-1983) before joining the Spanish-American banking group Asesoramiento Comunitario SA as Chief Executive Officer. He is a member of the Board of Directors of Colonial and several other companies.

Manuel Fernando Menendez Lopez, 56, began his career as an auditor at Arthur Anderson (1975-1986). He was appointed Chief Executive Officer of Asesores Bursatiles in 1986 and moved to Deutsch Bank in 1991, where he occupied various executive positions including Chairman and Chief Executive Officer of DB Securities SVB and member of the Executive Committee of Deutsch Bank SAE and Deutsch Morgan Grenfell Europe. In 1997, he joined the Invercaixa group as Chairman of Invercaixa Valores SV and Invercaixa Holding. From 2005 to 2008, he was a member of the Board of Directors of the Madrid Stock Exchange. He has been the Managing Director of La Caixa's investment banking division since 2005 and is also a director at Colonial.

Carmina Gañet Cirera, 41, is an economist by training who started her career at Caixa de Catalunya and later joined Arthur Andersen as an auditor (1991-1995). She moved on to work for La Caixa's industrial holding company (now Criteria) as Director of Management Control within the Finance, Insurance and Property department, a position that led her to participate in the Inmobiliaria Colonial IPO process. In 2000, she became Chief Financial Officer for Inmobiliaria Colonial, where she was appointed Corporate Managing Director in January 2009. She has also been a member of the Board of Directors of Junta del Circulo de Economia and a lecturer at Ramon Llull University.

José Maria Sagardoy Llonis, 41, began his career as a tax consultant at Arthur Andersen (1993-1995). He then worked for Deutsche Bank as a share market analyst (1995-1998) and for Banco Bilbao Vizcaya as Global Loan Syndication Manager (1998-2007). He has been an executive at Banco Mayorista and Chief Executive Officer of Popular de Participaciones Financieras since 2007. He is also a member of the Board of Directors of Colonial.

Pere Viñolas Serra, 47, has over 20 years' experience in financial markets. He began his career at the Barcelona Stock Exchange, where he occupied the positions of Head of the Research Department, Finance Director and finally Deputy Managing Director. He has also been a member of the Supervisory Board of the Spanish derivatives markets. He is now a professor at the ESADE business school and Chief Executive Officer of Colonial.

Tony Wyand, 66, is an honorary Chairman and an independent director of SFL. He has occupied various positions throughout his career, including Executive Director of Commercial Union Plc (1987-1998), Deputy Chief Executive of CGU Plc (1998-2001) and Executive Director of Aviva Plc (2001-2003). He is currently a member of the Board of Directors of Société Générale (France) and Unicrédito.

Julian Zamora Saiz, 42, has held managerial positions in the finance departments of various property companies for more than 16 years, including Finance Director at Promociones Gonzales. He is a member of the Board of Directors of Colonial.

Francisco José Zamorano Gomez, 44, began his career with the Bank of Spain, first as a technical supervisor (1989-1990) and later as an inspector (1991-1996). In 1996, he joined Caixa Galicia as Technical Director and was appointed Finance Director in 2003. Since 2006, he has been Assistant Manager in charge of risks at Caixa Galicia and a member of the Board of Directors of Colonial.

Reig Capital Group Luxembourg SARL, represented by José Caireta Riera. José Caireta Riera, 38, began his career as Assistant Manager at Warburg Dillon Read (1998-2000) and held the position of Vice President at JP Morgan Securities Ltd between 2000 and 2005. He is now the Chief Executive Officer of Reig Capital Group.

Independent directors

The Board determines whether directors are independent based on the definition contained in the European Commission's recommendation of 15 February 2005, as follows:
"A director should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgement."

SFL's independent directors fulfil the following criteria, as provided for in the AFEP-MEDEF report on corporate governance:
- None are employees or executive directors of the Company or of a member of the SFL consolidated group;
- None are executive directors of a company of which SFL is also a director, either directly or indirectly;
- None have any close family ties with any of the executive directors of the Company;
- None worked on the audit of the Company's accounts in the five years preceding their election to the Board.

The following criteria are not applied by SFL:
- Limit on the number of years as director of the Company;
- Term as director.

The four independent directors are:
- Yves Defline
- Tony Wyand
- Jacques Calvet
- Jean Arvis

Directorships and other positions held by the members of the Board

* Directorships not taken into account to determine compliance with Articles L.225-21 and L.225-77 of the French Commercial Code on multiple directorships.

Yves Mansion

Chairman and Chief Executive Officer of SFL
First elected in 2002
Current term expires in 2011
Work address: 151 rue Saint Honoré, 75001 Paris, France

Directorships and other positions held at 31 December 2009:

• Chairman and Chief Executive Officer of Société Foncière Lyonnaise, SA
• Chairman of Parholding, SAS*
• Legal Manager of SCI Paul Cézanne*
• Legal Manager of SCI Washington*
• Legal Manager of SCI de la Sorbonne*
• Member of the Board of the Autorité des Marchés Financiers (AMF) and
• Chairman of the Issuers Advisory Committee*
• Member of the Supervisory Board and Audit Committee of Euler Hermes, SA
• Chairman of Mansions, SAS*
• Member of the Board of Directors of Aviva Participations, SA. Member of the Board of Directors and Audit Committee of Aviva France, SA*

Directorships and other positions held at 31 December in prior years:

2008
• Chairman and Chief Executive Officer of Société Foncière Lyonnaise
• Legal Manager of SCI Paul Cézanne
• Legal Manager of SCI Washington
• Legal Manager of SCI de la Sorbonne
• Member of the Board of the Autorité des Marchés Financiers (AMF) and Chairman of the Issuers Advisory Committee
• Member of the Supervisory Board and Audit Committee of Euler Hermes, SA
• Chairman of Mansions, SAS
• Member of the Board of Directors of Aviva Participations, SA
• Member of the Board of Directors and Audit Committee of Aviva France, SA

2007
• Director and Chief Executive Officer of Société Foncière Lyonnaise
• Legal Manager of SCI Paul Cézanne
• Legal Manager of SCI Washington
• Legal Manager of SCI de la Sorbonne
• Member of the Board of the Autorité des Marchés Financiers (AMF)
• Member of the Supervisory Board and Audit Committee of Euler Hermes, SA
• Chairman of Mansions, SAS
• Member of the Board of Directors and Audit Committee of Alcan (Canada)

2006
• Director and Chief Executive Officer of Société Foncière Lyonnaise
• Legal Manager of SCI Paul Cézanne
• Legal Manager of SCI Washington
• Legal Manager of SCI de la Sorbonne
• Member of the Board of the Autorité des Marchés Financiers (AMF)
• Member of the Supervisory Board and Audit Committee of Euler Hermes, SA
• Member of the Board of Directors and Audit Committee of Alcan (Canada)

2005
• Chairman and Chief Executive Officer of Société Foncière Lyonnaise
• Legal Manager of SCI Paul Cézanne
• Legal Manager of SCI Washington
• Legal Manager of SCI de la Sorbonne
• Member of the Board of the Autorité des Marchés Financiers (AMF)
• Member of the Supervisory Board and Audit Committee of Euler Hermes, SA
• Member of the Board of Directors and Audit Committee of Alcan (Canada)

Jean Arvis
• Director of SFL
• First elected in 1987
• Current term expires in 2010
• Work address: 151 rue Saint Honoré, 75001 Paris, France

Directorships and other positions held at 31 December 2009

In France:
• Director of Société Foncière Lyonnaise, SA
• Director of Adyal, SA
• Director of IMI, SA
•Non-voting director of Compagnie Financière Saint-Honoré (CFSH Rothschild)*
• (Non-executive) Chairman of Groupement Français de Cautions (GFC)*

Outside France*:
• Director of SCOR US, SCOR Canada, Wafa (Morocco)
• Chairman of Atlas Finances Conseil (Morocco), Massinissa (Morocco) and Alma Capital Europe (Luxembourg)
• Director of AXA Sun Life Monitoring Board (UK)

Directorships and other positions held at 31 December in prior years:

2008
• Director of Société Foncière Lyonnaise
• Director of Adyal
• Director of IMI
• Non-voting director of Compagnie Financière Saint-Honoré (CFSH Rothschild)
• (Non-executive) Chairman of Groupement Français de Cautions (GFC)

• Director of SCOR US, SCOR Canada, Wafa (Morocco)
• Chairman of Atlas Finances Conseil (Morocco), Massinissa (Morocco) and Alma Capital Europe (Luxembourg)
• Director of AXA Sun Life Monitoring Board (UK)

2007
• Director of Société Foncière Lyonnaise
• Director of Adyal
• Director of IMI
• Director of Alma Capital Europe
• Non-voting director of Compagnie Financière Saint-Honoré (CFSH Rothschild)
• Chairman of Atlas Finances Conseil (Morocco)
• Director of Wafa (Morocco)
• Director of SCOR US
• Director of SCOR Canada
• Director of AXA Sun Life Monitoring Board (UK)
• Chairman of Alma Capital Europe (Luxembourg)
• Legal Manager of Azbenar (Morocco)

2006
• Director of Société Foncière Lyonnaise
• Director of IMI
• Director of Adyal
• Non-voting director of CFSH Rothschild
• Non-voting director of GIMAR
• Chairman of Atlas Finances Conseil (Morocco)
• Director of Wafa (Morocco)
• Director of SCOR US
• Director of SCOR Canada
• Director of AXA Sun Life Monitoring Board (UK)
• Chairman of Alma Capital Europe (Luxembourg)
• Legal Manager of Azbenar (Morocco)

2005
• Director of Société Foncière Lyonnaise
• Director of Adyal
• Chairman of the Supervisory Board of Groupe Vendôme Rome
• Chairman of Atlas Finances Conseil (Morocco)
• Director of Wafa (Morocco)
• Director of SCOR US
• Director of SCOR Canada
• Director of AXA Sun Life Monitoring Board (UK)
• Chairman of Alma Capital Europe (Luxembourg)
• Legal Manager of Azbenar (Morocco)

Juan José Brugera Clavero
• Director of SFL
• First elected in 2004
• Current term expires in 2010
• Work address: Avenida Diagonal 532 - 08006 Barcelona (Spain)

Directorships and other positions held at 31 December 2009:

In France:
• Director of Société Foncière Lyonnaise, SA

Outside France (Spain)*:
• Director and Chairman of Inmobiliaria Colonial
• Chairman of Panrico

Directorships and other positions held at 31 December in prior years:

2008
• Director of Société Foncière Lyonnaise
• Director and Chairman of Inmobiliaria Colonial (Spain)
• Chairman of Panrico (Spain)
• Director of Creapolis, SL (Spain)

2007
• Chief Executive Officer of Mutua Madrileña (Spain)
• Chairman of Panrico (Spain)
• Director of Creapolis, SL (Spain)

2006
• Chief Executive Officer of Colonial (Spain)
• Chief Executive Officer of Mutua Madrileña (Spain)

2005
• Director of Société Foncière Lyonnaise
• Chief Executive Officer of Colonial (Spain)
• Director of MAPFRE (Spain)

Jacques Calvet
• Director of SFL
• First elected in 1999
• Current term expires in 2010
• Work address: 151 rue Saint Honoré, 75001 Paris, France

Directorships and other positions held at 31 December 2009:

In France:
• Director of Société Foncière Lyonnaise, SA
• Chairman of the Supervisory Board of Bazar de l'Hôtel de Ville, SAS (BHV)*
• Vice-Chairman of the Supervisory Board of Galeries Lafayette, SA
• Director of Aldeta, SA*
• Director of Laser Cofinoga, SA*
• Director of Laser, SA*
• Non-voting director of EPI - Société Européenne de Participations Industrielles, SAS*
• Director of Cottin Frères, SA
• Non-voting director of Agence H (formerly Scherlafarge)*
• Honorary Chairman of Banque Nationale de Paris (BNP)*
• Director of Icade, SA
• Adviser to Banque de France*

• Honorary adviser to the Cour des Comptes (French National Audit Office)*

Directorships and other positions held at 31 December in prior years:

2008
• Director of Société Foncière Lyonnaise
• Chairman of the Supervisory Board of Bazar de l'Hôtel de Ville (BHV)
• Vice-Chairman of the Supervisory Board of Galeries Lafayette, SA
• Non-voting director of EPI - Société Européenne de Participations Industrielles
• Director of Cottin Frères
• Non-voting director of Agence H (formerly Scherlafarge)
• Honorary Chairman of Banque Nationale de Paris (BNP)
• Director of Icade
• Adviser to Banque de France
• Honorary adviser to the Cour des Comptes (French National Audit Office)

2007
• Non-voting director of Société Foncière Lyonnaise
• Chairman of the Supervisory Board of Bazar de l'Hôtel de Ville (BHV)
• Vice-Chairman of the Supervisory Board of Galeries Lafayette, SA
• Director of Icade, SA (formerly Société Foncière des Pimonts Icade, SA)
• Honorary Chairman of BNP
• Adviser to Banque de France
• Honorary adviser to the Cour des Comptes (French National Audit Office)
• Non-voting director of EPI
• Non-voting director of Cottin Frères
• Non-voting director of Agence H (formerly Scherlafarge)

2006
• Non-voting director of Société Foncière Lyonnaise
• Non-voting director of EPI
• Non-voting director of Cottin Frères
• Non-voting director of Scherlafarge
• Chairman of the Supervisory Board of BHV
• Vice-Chairman of the Supervisory Board of Galeries Lafayette, SA
• Director of Novarte, SAS
• Director of Société Foncière des Pimonts-Icade, SA
• Honorary Chairman of BNP
• Adviser to Banque de France

2005
• Non-voting director of Société Foncière Lyonnaise
• Non-voting director of EPI
• Non-voting director of Cottin Frères
• Non-voting director of Enjoy
• Chairman of the Supervisory Board of Bazar de l'Hôtel de Ville (BHV)
• Vice-Chairman of the Supervisory Board of Galeries Lafayette, SA
• Director of Novarte, SAS
• Director of Société Foncière des Pimons Icade, SA
• Honorary Chairman of Banque Nationale de Paris (BNP)
• Adviser to Banque de France

Yves Defline
• Director of SFL
• First elected in 1994
• Current term expires in 2010
• Work address: 151 rue Saint Honoré, 75001 Paris, France

Directorships and other positions held at 31 December 2009:

• Director and Honorary Chairman of Société Foncière Lyonnaise, SA

Directorships and other positions held at 31 December in prior years:

2008
• Director and Honorary Chairman of Société Foncière Lyonnaise

2007
• Director and Honorary Chairman of Société Foncière Lyonnaise

2006
• Director and Honorary Chairman of Société Foncière Lyonnaise

2005
• Director and Honorary Chairman of Société Foncière Lyonnaise

Jean-Jacques Duchamp
• Director of SFL
• First elected in 2004
• Current term expires in 2010
• Work address: 50/56 rue de la Procession, 75015 Paris, France

Directorships and other positions held at 31 December 2009:

• Director of Société Foncière Lyonnaise, SA
• Member of the Prédica Financial Services Executive Committee*
• Director of CAIM (Crédit Agricole Immobilier)*
• Director of CPR Asset Management, SA*
• Director of Dolcea Vie, SA*
• Director of Unimo, SA
• Member of the Supervisory Board of Groupe Batipart: Korian, SA (nursing home group)

- Director of Gecina, SA
- Director of Sanef

Directorships and other positions held at 31 December in prior years:

2008
- Director of Société Foncière Lyonnaise
- Member of the Prédica Financial Services Executive Committee
- Director of Sanef
- Director of CAIM (Crédit Agricole Immobilier)
- Director of Previseo Obsèques SA
- Director of Unimo, SA
- Member of the Supervisory Board of Groupe Batipart: Korian (nursing home group)
- Director of Gecina
- Director of CPR Asset Management, SA

2007
- Director of Société Foncière Lyonnaise
- Member of the Prédica Financial Services Executive Committee
- Director of Sanef
- Director of CAIM (Crédit Agricole Immobilier)
- Director of Groupe Batipart: Suren (nursing home group) - Medidep - Foncière des Régions

2006
- Director of Société Foncière Lyonnaise
- Member of the Prédica Financial Services Executive Committee
- Director of Sanef
- Director of CAIM (Crédit Agricole Immobilier)
- Director of Groupe Batipart: Suren (nursing home group) - Medidep - Foncière des Régions

2005
- Director of Société Foncière Lyonnaise
- Director of Gefer
- Director of Suren
- Chairman of B. Immobilier, SA
- Member of the Prédica Financial Services Executive Committee
- Chairman of Holding Gondomar 2, SAS
- Vice-Chairman of the Supervisory Board of Unipierre Assurance, SCPI
- Representative of Prédica at the Annual General Meetings of SCI Segur and SCI Segur 2

Manuel Fernando Menendez Lopez
- Director of SFL
- First elected in 2008
- Current term expires in 2011
- Work address: Paseo de la Castellana 51 P3, 28046 Madrid (Spain)

Directorships and other positions held at 31 December 2009:

In France:
- Director of Société Foncière Lyonnaise, SA

Outside France (Spain)*:
- Director of Inmobiliaria Colonial, SA
- Assistant Managing Director of La Caixa

Directorships and other positions held at 31 December in prior years:

2008
- Director of Société Foncière Lyonnaise
- Director of Inmobiliaria Colonial, SA
- Director of FCC
- Assistant Managing Director of La Caixa

2007
- Member of the Board of Directors of the governing body of the Madrid Stock Exchange (Spain)
- Assistant Managing Director of La Caixa (Spain)

2006
- Member of the Board of Directors of the governing body of the Madrid Stock Exchange (Spain)
- Assistant Managing Director of La Caixa (Spain)

2005
- Member of the Board of Directors of the governing body of the Madrid Stock Exchange (Spain)
- Assistant Managing Director of La Caixa (Spain)
- Chairman of Invercaixa Valores, SV (Spain)
- Chairman of Invercaixa Holding (Spain)

Carmina Gañet Cirera
- Director of SFL
- First elected in 2009
- Current term expires in 2011
- Work address: Avenida Diagonal 532, 08006 Barcelona (Spain)

Directorships and other positions held at 31 December 2009:

In France:
- Director of Société Foncière Lyonnaise, SA

Outside France (Spain)*:
- None

Directorships and other positions held at 31 December in prior years:

2008
- None

2007
- None

2006
- Director of Torre Marenostrum (Spain)

2005
- Director of Torre Marenostrum (Spain)

Julian Zamora Saiz
- Director of SFL
- First elected in 2008
- Current term expires in 2011
- Work address: Fernando El Santo 9-1°, 28010 Madrid (Spain)

Directorships and other positions held at 31 December 2009:

In France:
- Director of Société Foncière Lyonnaise, SA

Outside France (Spain)*:
- Director of Inmobiliaria Colonial, SA
- Director of Jacobriz, SL
- Director of Energías Renovables AG, SA
- Director of Juzasa Inversiones, SL

Directorships and other positions held at 31 December in prior years:

2008
- Director of Société Foncière Lyonnaise
- Director of Inmobiliaria Colonial (Spain)
- Director of Jacobriz, SL (Spain)
- Director of Energías Renovables AG, SA (Spain)
- Director of Juzasa Inversiones, SL (Spain)

2007
- Director of Juzasa Inversiones, SL (Spain)
- Director of Energías Renovables AG, SA (Spain)
- Director of Jacobriz, SL (Spain)

2006
- Director of Juzasa Inversiones, SL (Spain)
- Director of Energías Renovables AG, SA (Spain)
- Director of Jacobriz, SL (Spain)

2005
- Director of Juzasa Inversiones, SL (Spain)
- Director of Energías Renovables AG, SA (Spain)

Pere Viñolas Serra
- Director of SFL
- First elected in 2008
- Current term expires in 2010
- Work address: Avenida Diagonal 532, 08006 Barcelona (Spain)

Directorships and other positions held at 31 December 2009:

In France:
- Director of Société Foncière Lyonnaise, SA

Outside France (Spain)*:
- Chief Executive Officer of Inmobiliaria Colonial
- Director of Riva y García
- Director of Mecanotubo

Directorships and other positions held at 31 December in prior years:

2008
- Director of Société Foncière Lyonnaise, SA
- Chief Executive Officer of Inmobiliaria Colonial
- Director of Riva y García
- Director of Mecanotubo

2007
- Director of Mecanotubo (Spain)
- Director of Riva y García (Spain)

2006
- Director of Mecanotubo (Spain)
- Director of Riva y García (Spain)

2005
- Director of Mecanotubo (Spain)
- Director of Riva y García (Spain)

Tony Wyand
- Director of SFL
- First elected in 1995
- Current term expires in 2010
- Work address: 151 rue Saint Honoré, 75001 Paris, France

Directorships and other positions held at 31 December 2009:

In France:
- Director and Honorary Chairman of Société Foncière Lyonnaise, SA
- Director of Aviva France, SA*
- Director of Aviva Participations, SA
- Director of Société Générale, SA

Directorships and other positions outside France*:
- Director of Unicredito (Italy)

Directorships and other positions held at 31 December in prior years:

2008
- Director and Honorary Chairman of Société Foncière Lyonnaise

- Director of Aviva France
- Director of Aviva Participations
- Director of Société Générale
- Director of Grosvenor Continental Europe, SAS
- Director of Unicredito (Italy)

2007
- Director and Honorary Chairman of Société Foncière Lyonnaise
- Director of Société Générale
- Member of the Supervisory Board of Aviva France
- Director of Aviva Participations
- Director of Grosvenor, UK
- Director of Unicredito (Italy)

2006
- Director and Honorary Chairman of Société Foncière Lyonnaise
- Director of Société Générale
- Member of the Supervisory Board of Aviva France
- Director of Aviva Participations
- Director of Grosvenor, UK
- Director of Unicredito (Italy)

2005
- Director and Honorary Chairman of Société Foncière Lyonnaise
- Director of Société Générale
- Member of the Supervisory Board of Aviva France
- Director of Aviva Participations
- Director of Grosvenor, UK
- Director of Unicredito (Italy)

Francisco José Zamorano Gomez
- Director of SFL
- First elected in 2008
- Current term expires in 2012
- Work address: Serrano 41, 28001 Madrid (Spain)

Directorships and other positions held at 31 December 2009:

In France:
- Director of Société Foncière Lyonnaise, SA

Outside France (Spain)*:
- Director of Inmobiliaria Colonial
- Director of Banco Etcheverria
- Director of Caixa Galicia Preferentes, SAU
- Chairman of the Board of Directors of Tasagalicia
- Deputy Chief Executive of Riesgos

Directorships and other positions held at 31 December in prior years:

2008
- Director of Société Foncière Lyonnaise, SA
- Director of Inmobiliaria Colonial
- Director of Banco Etcheverria
- Director of Caixa Galicia Preferentes, SAU
- Chairman of the Board of Directors of Tasagalicia
- Director of CXG Credito Familiar Corporación Caixa Galicia, SA (Spain)

2007
- Director of Banco Etcheverria (Spain)
- Director of Caixa Galicia Preferentes (Spain)
- Chairman of the Board of Directors of Tasagalicia (Spain)
- Director of CXG Credito Familiar Corporación Caixa Galicia, SA (Spain)

2006
- Director of Banco Etcheverria (Spain)
- Director of Caixa Galicia Preferentes (Spain)
- Director of CXG Credito Familiar Corporación Caixa Galicia, SA (Spain)

2005
- Director of Banco Etcheverria (Spain)
- Director of Caixa Galicia Preferentes (Spain)

Carlos Fernandez-Lerga Garralda
- Director of SFL
- First elected in 2008
- Current term expires in 2010
- Work address: Barbara de Braganza 7, 28004 Madrid (Spain)

Directorships and other positions held at 31 December 2009:

In France:
- Director of Société Foncière Lyonnaise, SA

Outside France (Spain)*:
- Director of Inmobiliaria Colonial
- Director of Gamesa Corporación Tecnológica, SA

Directorships and other positions held at 31 December in prior years:

2008
- Director of Société Foncière Lyonnaise, SA
- Director of Inmobiliaria Colonial
- Director of Abantia Empresarial, SL
- Director of Gamesa Corporación Tecnológica, SA

2007
- Director of Abantia Empresarial, SL (Spain)

2006
- Director of Abantia Empresarial, SL (Spain)
- Director of Gamesa Corporación Tecnológica, SA (Spain)

2005
• Director of Abantia Empresarial, SL (Spain)
• Director of Gamesa Corporación Tecnológica, SA (Spain)

José Maria Sagardoy Llonis
• Director of SFL
• First elected in 2008
• Current term expires in 2011
• Work address: Velazquez 34, 28001 Madrid (Spain)

Directorships and other positions held at 31 December 2009:

In France:
• Director of Société Foncière Lyonnaise, SA

Outside France (Spain)*:
• Director of Inmobiliaria Colonial
• Permanent representative of Popular de Participaciónes Financieras, SCR on the Board of Directors of Globalia Corporación Empresaria

Directorships and other positions held at 31 December in prior years:

2008
• Director of Société Foncière Lyonnaise, SA
• Director of Inmobiliaria Colonial
• Permanent representative of Popular de Participaciónes Financieras, SCR on the Board of Directors of Globalia Corporación Empresaria
• Director of Fomento de Construcciones y Contratas, SA (FCC)

2007
• Managing Director of Popular de Participaciónes Financieras, SCR, SA (Spain)
• Director of Corporate Banking at Grupo Banco Popular (Spain)

2006
• Director of Syndicated Loans at BBVA (Spain)

2005
• Director of Syndicated Loans at BBVA (Spain)

Reig Capital Group Luxembourg, represented by José Caireta Riera
• Director of SFL
• First elected in 2007
• Current term expires in 2010
• Work address: Diagonal, 477 – 8 a Planta – 08036 Barcelona (Spain)

Directorships and other positions held at 31 December 2009:

In France:
• Permanent representative of Reig Capital Group Luxembourg on the Board of Directors of Société Foncière Lyonnaise

Outside France*:
• Member of the Board of Directors and the Investment Committee of Miura Private Equity SA (Spain)
• Chief Executive Officer of Reig Capital Group (Spain)
• Director of Monocle (UK)

Directorships and other positions held at 31 December in prior years:

2008
• Permanent representative of Reig Capital Group Luxembourg on the Board of Directors of Société Foncière Lyonnaise
• Member of the Board of Directors and the Investment Committee of Miura Private Equity, SA (Spain)
• Chief Executive Officer of Reig Capital Group (Spain)
• Director of Monocle (UK)

2007
• Permanent representative of Reig Capital Group Luxembourg on the Board of Directors of Société Foncière Lyonnaise
• Chairman of the Supervisory Board of Loris Azzaro, SA
• Chief Executive Officer of Reig Capital Group (Spain)
• Director of Monocle (UK)

2006
• Chairman of the Supervisory Board of Loris Azzaro, SA
• Chief Executive Officer of Reig Capital Group (Spain)
• Director of Monocle (UK)

2005
• Vice President of J.P. Morgan Securities Ltd (UK)
• Chief Executive Officer of Reig Capital Group (Spain)

1.1.2 Role of the Board of Directors

The Board of Directors has the powers and responsibilities vested in it by law.

In addition, the General Meetings of 9 May 2007 and 15 June 2009 granted the Board of Directors a 26-month delegation of competence to decide the issue, with or without pre-emptive subscription rights for existing shareholders, of ordinary shares and securities with rights to ordinary shares. The aggregate amount by which the capital may be increased under this authorisation is capped at €2 billion.
An additional 26-month delegation of competence was granted to the Board in the case of issues of ordinary shares and securities with rights to shares without pre-emptive subscription rights within the same €2 billion limit, to set the issue price by the method decided by the shareholders in General Meeting instead of applying the pricing rules specified by law. Under the terms of the resolutions, the Board is authorised:
- In the case of any share issue with or without pre-emptive subscription rights that is oversubscribed, to increase the number of shares offered.
- To issue ordinary shares and securities with rights to shares, without pre-emptive subscription rights, in payment for shares

tendered to a public exchange offer for the unlisted shares of another company made by SFL.
- To issue ordinary shares or securities with rights to shares, without pre-emptive subscription rights, in payment for unlisted shares or securities with rights to shares contributed to SFL.
- To issue securities with rights to debt securities, provided that the aggregate amount of debt securities issued directly and indirectly on exercise of rights attached to the original securities does not exceed €2 billion.
- To increase the capital by a maximum of €25 million by capitalising reserves, profits or share premiums.
- To issue ordinary shares for cash to employees and retired employees who are members of a Sharesave Plan set up by the Company and/or related companies within the meaning of Article L.225-180 of the French Commercial Code, provided that the aggregate par value of the new shares does not exceed €500,000, and to make grants of existing or newly issued ordinary shares or securities with rights to shares to employees and officers. The aggregate par value of new shares, if any, issued under this latter authorisation is capped at €500,000 and will be paid up by capitalising reserves, profits or share premiums.

The Annual General Meeting of 23 May 2008 authorised the Board of Directors:
- To grant stock options to employees and officers of the Company and/or related companies within the meaning of Article L.225-180 of the French Commercial Code. These option grants are subject to a ceiling of 3% of the Company's issued capital at the date of the General Meeting and the authorisation will cover a period of thirty-eight months.
- To make share grants to employees - or certain categories of employees - and officers of the Company and/or related companies within the meaning of Article L.225-197-2 of the French Commercial Code. The number of shares granted under the authorisation may not represent over 1% of the Company's issued capital at the date of the General Meeting and the authorisation will cover a period of thirty-eight months.

The Annual General Meetings of 23 May 2008 and 15 June 2009 also granted an 18-month authorisation to the Board of Directors to issue up to €200 million worth of bonds with redeemable equity warrants, entailing the waiver of shareholders' pre-emptive subscription rights in favour of a selected category of beneficiaries. The aggregate par value of shares issued upon exercise of equity warrants will not exceed €3 million.

The Board will propose that shareholders renew these authorisations at the Annual General Meeting to be held to approve the 2009 financial statements.

1.1.3 Practices of the Board of Directors

Authorisations concerning treasury shares are presented on page 42.

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors met six times in 2009, with an average attendance rate of 98%.

At least five days before each meeting, except for emergency meetings, the directors are given a file on the agenda items that warrant detailed consideration prior to the meeting. Where applicable, the file includes the recommendations of the Committees of the Board.

The issues covered during the 2009 meetings were as follows:

17 February 2009 meeting:
1. Update on ownership situation.
2. Review of the 2008 financial statements, the Audit Committee's report and the Auditors' report.
3. Business review (update on planned disposals and financing).
4. Discussion addressing the renewal of the authorisation to guarantee the commitments of Locaparis, the Remunerations Committee report and the revision of the authorisation thresholds for Executive and Strategy Committee approval.

20 April 2009 meeting:
1. Business review (first-quarter revenue, planned disposals, financing, cash position and dividends, 92 Champs-Elysées and the Parholding partnership).
2. Preparation of the Annual General Meeting (recommended dividend, notice of meeting and meeting agenda, approval of the Board of Directors' reports and the resolutions, approval of the Chairman's report on corporate governance and internal control).

15 June 2009 meeting (10:30 a.m.):
1. Answers provided to written questions received from a shareholder, in accordance with Article L.225-108 of the French Commercial Code.

15 June 2009 meeting (1:00 p.m.):
1. Review of the first-quarter results and updated budget.
2. Presentation of planned disposal of 12 Capucines and new Parholding partnership.
3. Update on debt restructuring negotiations in progress and financing strategy.

20 July 2009 meeting:
1. Resignation and appointment of a new director, Remuneration and Selection Committee report (meeting of Committee of Independent Directors).
2. Review of the 2009 interim financial statements and first-half business review, the property portfolio's appraisal value, the Audit Committee report and the Auditors report (first-half key figures, business review and results).
3. Review of the Company's financing.
4. Discussion of new Parholding partnership.
5. Updated 2009 budget.

18 November 2009 meeting:
1. Profit for the period ended 30 September 2009, business review and forecast full-year results.
2. 2010 budget and 2011/2014 business plan.
3. Review of the composition of the Executive and Strategy Committee and the draft 2010 meeting schedule.

1.1.4 Restrictions on the powers of the Chief Executive Officer decided by the Board

Yves MANSION
Chairman and Chief Executive Officer

Nicolas REYNAUD
Managing Director
Chief Financial Officer and Secretary to the Board

The Chief Executive Officer and the Managing Director represent the Company in its dealings with third parties and, in accordance with the law, are vested with the broadest powers to act in any and all circumstances in the Company's name within the limits of its corporate purpose, with the exception of those powers expressly attributed by law to the shareholders and the Board of Directors, and subject to obtaining the authorisation of the Executive and Strategy Committee prior to any and all acquisitions, disposals or financial commitments in excess of €20 million. The Board of Directors raised the ceiling to €50 million at its meeting of 23 July 2008 and reduced it back to €20 million at its meeting of 17 February 2009.

MEASURES TAKEN BY THE BOARD OF DIRECTORS TO ASSESS ITS PERFORMANCE

The Board of Directors has consolidated the position of its independent directors by appointing a new independent director – Jacques Calvet, elected by the shareholders at the Annual General Meeting of 23 May 2008 – and by creating a Committee of Independent Directors. The aim of this measure is to improve the quality of the Board's work through the objective oversight of an independent committee of experts.

ADOPTION OF THE SIIC CODE OF CONDUCT

Responding to the concern expressed by the French securities regulator (AMF) about the situation of certain SIICs that are run by outside managers in exchange for significant fees, the French industry federation, FSIF, stated that this mode of operation is used by REITs all over the world and is hardly unusual.
At the AMF's request, the FSIF prepared a code of conduct to ensure the transparency of information about fees paid by SIICs to related parties and third parties.
The Board of Directors of FSIF adopted the code on 2 July 2008 and asked its members to follow suit.
SFL's Board of Directors approved the adoption of the code at its meeting of 25 September 2008.

SFL AGREES WITH THE AFEP-MEDEF RECOMMENDATIONS ON THE REMUNERATION OF EXECUTIVE DIRECTORS OF LISTED COMPANIES

At its meeting on 9 December 2008, the Board of Directors of SFL examined the AFEP-MEDEF recommendations dated 6 October 2008 concerning the remuneration of executive directors of listed companies.
The Board noted that SFL was in compliance with these recommendations and decided to apply them in the future as part of its corporate governance improvement process. The rules and principles followed by the Board of Directors to determine the remuneration and benefits awarded to executive directors are described in the Management Report (see page 13).

INTERNAL RULES

A summary of the Board's internal rules (see page 7 of the Annual Report), and its ethical and corporate governance standards is available on-line, on the Company's website (www.fonciere-lyonnaise.com).
The rules describe the Board's statutory rights and obligations, as well as an ethical framework establishing the directors' duties in respect of their interests in SFL shares, potential conflicts of interest, multiple directorships, regular attendance at Board meetings and confidentiality. Each director and non-voting director, elected in his or her own name or as permanent representative of a corporate director, is required to hold at least 25 SFL shares registered in his or her name.
Directors are required to write to the Chairman of the Board, providing full details of all SFL shares purchased or sold during the period. In addition, each Director must notify the Chairman of all directorships and corporate functions held in all other companies (giving the names of the companies concerned) at the end of each year and whenever any change occurs. Directors must act at all times in the Company's interest, notify the Board of any conflicts of interest, attend General Meetings and treat all information received as strictly confidential. When a new director or non-voting director takes office, he or she is given a copy of the Company's Articles of Association and the Board's internal rules by the Chairman of the Board.
The directors' fees awarded by the Annual General Meeting are allocated among directors by the Board according to two criteria: the responsibility inherent in the function of director or non-voting director and membership on Committees of the Board.

REQUIREMENT TO DISCLOSE TO THE AMF ANY AND ALL TRANSACTIONS IN SFL SHARES CARRIED OUT BY AN EXECUTIVE DIRECTOR, SENIOR EXECUTIVES OR ANY PERSON CLOSE TO THEM (ARTICLE L.621-18-2 OF THE FINANCIAL AND MONETARY CODE) / REQUIREMENT TO ESTABLISH AND MAINTAIN AN UPDATED LIST OF PERSONS HAVING ACCESS TO INSIDE INFORMATION (ARTICLE L.621-18-4 OF THE FINANCIAL AND MONETARY CODE)

European Union regulations on insider trading and market abuse set out the disclosure requirements for transactions in the shares of their company carried out by executive directors, senior executives or persons close to them.
The AMF publishes the disclosed information on its website.
The management report presented at the Annual General Meeting summarises the transactions conducted during the period by Company officers, senior executives and persons close to them.

The aim is to improve market transparency and, in particular, help detect cases of insider trading. The fulfilment of the disclosure

requirement does not exempt the persons concerned from their obligation to abstain from dealing in the Company's shares in the event that they obtain inside information.
In addition, the AMF requires that companies establish and maintain a list of insiders.

CORPORATE GOVERNANCE DISCLOSURES

To the best of the Company's knowledge:
- There are no family ties between the members of the Board of Directors and the Auditors.
- No member of the Board of Directors has been found guilty of fraud in the past five years.
- No member of the Board of Directors has been involved in a bankruptcy, sequestration or liquidation in the past five years.
- No member of the Board of Directors has been charged by the statutory or regulatory authorities in the last five years.
- There are no potential conflicts of interest between the members of the Board and their duties to the Company. In accordance with the Directors' Charter, Directors must disclose any conflicts of interest to the Board and abstain from voting on related topics.

ADDITIONAL INFORMATION

The main terms and conditions of shareholder agreements are described in the Management Report (see page 45).

RELATED-PARTY AGREEMENTS

The Auditors' report on related-party agreements is on page 156.

1.2. Committees of the Board

In 1995, the Company implemented the recommendations of the Viénot report on corporate governance by setting up several Committees of the Board. The purpose of these Committees is to involve the Board more deeply in defining and overseeing strategies related to the Company's financial and operating performance. Each Committee has the right to obtain all the information needed to fulfil its terms of reference, and may make enquiries of the external auditors and of any member of management. The Committees report to the Board on their work after each of their meetings.

Audit Committee (two meetings in 2009, on 10 February and 20 July, with an attendance rate of 90%)

Members of the Audit Committee in 2009:Président :
Chairman: Carlos Fernandez-Lerga Garralda
Members: Jean Arvis
Jacques Calvet
Yves Defline
Jean-Jacques Duchamp

Role:
- To make recommendations concerning the appointment or re-appointment of the Auditors.
- To review the financial statements to be presented to the Board.
- To assess the effectiveness of internal controls over procedures, risks and compliance with ethical standards.
- To review the audit plans of the internal and external auditors.
- At each period-end, to make inquiries of the Auditors without any member of management being present.

Remuneration and Selection Committee (two meetings in 2009, on 17 February, and 20 July, with an attendance rate of 88%)

Members of the Remuneration and Selection Committee in 2009:
Chairman: Juan José Brugera Clavero
Members: Jean Arvis
Yves Mansion (except for decisions concerning him)
Tony Wyand

Role:
- To make recommendations to the Board concerning the remuneration of executive directors, directors' fees, stock option plans and specific incentive bonus plans.
- To make recommendations to the Board concerning candidates for election to the Board and senior management succession planning, particularly when a seat on the Board or a senior management position falls vacant for unforeseeable reasons or following a change in the number of seats on the Board.

Executive and Strategy Committee (six meetings in 2009, on 21 January, 2, 4 and 5 March 18 June and 26 October, with an attendance rate of 71%)

Members of the Executive and Strategy Committee from 1 January to 20 July 2009:
Chairman: Juan José Brugera Clavero
Members: Jean-Jacques Duchamp
Yves Mansion
Francisco José Zamorano Gomez
Pedro Ruiz Labourdette
Pere Viñolas Serra (since 17 February 2009)

Members of the Executive and Strategy Committee from 20 July to 18 November 2009:
Chairman: Juan José Brugera Clavero
Members: Jean-Jacques Duchamp
Yves Mansion
Francisco José Zamorano Gomez
Pere Viñolas Serra

Members of the Executive and Strategy Committee since 18 November 2009:

Chairman: Juan José Brugera Clavero

Members: Jean-Jacques Duchamp
Yves Mansion
Francisco José Zamorano Gomez
Pere Viñolas Serra
Carmina Gañet Cirera

Role:

- To advise the Board and senior management on overall strategies to promote business growth in the best interests of the Company and all of its shareholders.
- To help the Board and senior management to efficiently fulfil their respective responsibilities, by acting as an interface for strategic issues and transactions.
- To review business plans and projections in order to assess the medium and long-term outlook.
- To review and make recommendations concerning planned transactions that require the Board's prior approval.
- To authorise senior management to carry out any acquisition, sale or financial commitment representing an amount in excess of the threshold set by the Board, which is currently €20 million.
- To report to the Board on the fulfilment of its responsibilities.

Discussions about the changes in SFL's ownership led to the creation of a committee of independent directors.

At its meeting of 14 February 2008, the Board decided to create a Committee of Independent Directors with the following members:

Jean Arvis
Jacques Calvet
Yves Defline
Tony Wyand

The committee meets outside the Board of Directors' meetings. Its role is to make recommendations to the Board concerning any proposed transactions related to a possible reorganisation of the Company's ownership structure. The committee met three times in 2009, on 25 March, 20 July and 23 September, with an attendance rate of 83%.

1.3 General Meetings (extracts from articles 24, 25 and 29 of the Articles of Association)

General Meetings are called in accordance with the applicable laws and regulations.

Meetings are held at the Company's registered office or at the venue selected by the Board of Directors, as specified in the notice of meeting.

I - General Meetings may be attended by all holders of fully paid up shares which have been registered prior to the date of the meeting as follows:

– Holders of bearer shares and holders of registered shares recorded in an account not kept by the Company may vote at General Meetings in person, by proxy or by post provided that their shares are recorded in an account kept by an accredited intermediary as of the record date.

– Holders of registered shares recorded in an account kept by the Company may vote at General Meetings in person, by proxy or by post provided that their shares are recorded as of the record date.

The record date is midnight CET on the third business day prior to the General Meeting.

Shareholders, representatives of shareholders and accredited intermediaries are entitled to attend General Meetings on presentation of proof of their eligibility to attend and their identity. The Board of Directors may provide shareholders with personal admission cards for General Meetings and require their production on attendance, if it thinks fit.

II - Any shareholder may, on the basis prescribed in the applicable laws and regulations, vote from a distance or give proxy to his or her spouse or to another shareholder in order to be represented at General Meetings, by writing to the Company to request a distance voting/proxy form. Written requests for the applicable proxy or postal voting form must be received at the Company's registered office at least six days before the Meeting.

The distance voting/proxy form must be received by the Company at least three days before the Meeting date.

The applicable conditions for the return of these forms are set out by the Board of Directors in the notice of the Meeting.

Shareholders domiciled outside France may give proxy to an intermediary, registered in accordance with the applicable legal conditions, provided the Company is informed of the proxy in writing at least five days before the date of the Meeting.

The Board of Directors may reduce or waive these time periods.

Resolutions are adopted by the number of votes prescribed in the corresponding legislation in force on the date of the Meeting. Shareholders are entitled to one vote per share. There are no shares giving double voting rights.

2. Internal control

SFL's internal control system applies the general principles of internal control laid out in the AMF's framework guidelines.

Pillars of the internal control system:

- A standard set of procedures,
- Accountable business, finance and audit management teams,
- Team work in decision-making processes, and
- Separation of the purchasing and payment functions.

I. OBJECTIVES AND LIMITS OF THE INTERNAL CONTROL SYSTEM

The purpose of internal control is to:

- Ensure that all acts of management, all transactions, and the behaviour of all Company employees comply with the general strategic guidelines established by the Board of Directors, the applicable laws and regulations, and SFL's corporate values, standards and internal rules.

- Ensure that all accounting, financial and management information reported to the Company's Board of Directors gives a true and fair view of the Company's business and position.

- Prevent and manage business risks, as well as the risk of accounting and other errors and fraud.

However, no system of controls can provide an absolute guarantee that all such risks have been completely eliminated.

II. ROLES AND RESPONSIBILITIES IN THE INTERNAL CONTROL SYSTEM

Managers play the most important role in identifying risks and implementing appropriate control measures.

Senior management is responsible for ensuring that a system exists for efficiently controlling and monitoring the managers' work. It is supported in this mission by the Internal Auditor and reports on all its related activities to the Audit Committee.

III. COMPANY PROCESSES SUPPORTING THE INTERNAL CONTROL SYSTEM

a) General organisation

Company processes are governed by standard procedures that are rolled out to the employees concerned and updated as necessary.

The Company did not need to set up specific controls to obtain assurance concerning the quality of internal control within the various consolidated entities, because all of these entities apply the same procedures and the accounting teams responsible for producing their accounts rotate periodically. Procedure manuals were updated following implementation of the new information system.

As part of the drive to limit the risk of fraud, payables accounting and payment functions are strictly segregated. The cash management department is independent of the accounts department and reports directly to the Chief Financial Officer.

To improve the reliability and quality of accounting information, a separate control department analyses management and cost accounting data and performs reconciliations between these data and the statutory accounts.

Although this control department reports to the Chief Financial Officer, it is completely independent of the accounts department. The control department team was strengthened at the end of 2004 and the quality of control data was enhanced with the implementation of a new information system, capable of producing more and better analyses than the previous system. Separate data are now produced for each property in the portfolio. These data are aggregated and reconciled to the statutory accounting data and consolidation packages produced by the entities concerned, providing a critical means of control.

SFL is fully consolidated in the consolidated financial statements of its main shareholder and is required to produce specific monthly reporting packages for this purpose. In addition to incorporating new and frequently complementary data processing and control practices, the monthly reporting process also helps management to monitor the business more closely:

- Basic reporting schedules are prepared by cash generating unit, corresponding in the case of SFL to each individual building.

- The monthly reporting schedules are reconciled to the budget, allowing management to swiftly identify variances or any inconsistencies in processing the raw data.

Several Group companies are owned jointly with French and foreign partners, who also have recurring reporting needs. The Boards of the companies that own these joint ventures represent the lynchpin in the reporting process. These exchanges of data represent a valuable opportunity to share expertise and best practices.

b) Delegation of power and signature authority

Delegations of signature authority only concern the signature of payment instruments. They are based on the principle of segregating responsibility for purchasing from that of paying for the purchases. Dual signatures are required in all cases.

Delegations of power concern the signature of any and all leases representing annual rent of €500,000 or below, whether new or renewed, addenda to such leases or agreements affecting immediate or future changes to such leases in progress, with the exception of leases on jointly held properties, such as the SCI Washington and Parholding joint ventures.

These delegations are subject to regular controls and updated as necessary.

c) Information systems controls

The information system was extensively upgraded in 2004, based on our IT Masterplan. The system covers all functions within the organisation.

The Information Systems Department is responsible for drawing up systems security standards covering:

- Systems uptime rates

- Data classification

- Data backups and protection

- Incident management

- Protection against computer viruses and security breaches

Information systems management is outsourced to an external service provider. We obtain assurance that databases are backed up at daily intervals and that the technical quality of backups is satisfactory. The outsourcing contract also includes a contingency plan, providing for the transfer of processing operations to IBM Global Service in the event of a major systems failure.

Management of the applications used for property management, the bedrock of SFL's business, is also outsourced under a facilities management contract which comprises all necessary safeguards to guarantee data security, including:

- A communications protocol describing data exchange methods and the documents used for communications between SFL and the external service provider.

- A facilities management procedure manual, describing the procedures to be followed for receiving, processing and tracking requests for applications changes and upgrades, as well as for the acceptance of new developments and their transfer from development to operational status.

- Weekly activity reports comprising indicators to monitor the quality of information systems administration services.

An information systems audit has been conducted by the external auditors. The Information Systems Department, which coordinates security procedures and data processes, assisted the external auditors in analysing information systems risks and verifying control processes and the traceability of transactions.

SFL is currently in the process of implementing the recommendation of the auditors to establish written control procedures, particularly for recently installed accounting software.

d) Internal Code of Ethics

All Group employees are required to comply with the internal Code of Ethics, which sets out rules of behaviour, particularly with regard to dealings with third parties. All staff members have also been specifically notified of the rules concerning insider trading and the use of inside information.

IV. PROCEDURES FOR IDENTIFYING, ANALYSING AND MANAGING RISKS

a) Procedures to identify and manage company-specific risks

Quarterly valuations of the Group's main assets are performed by independent experts, to verify the existence of the properties and assess their value.

The accounts department pays particular attention to ensuring the completeness of accounting entries concerning renovation, repair and other work undertaken by Group companies.

An accounts clerk has been given specific responsibility for managing works accounts for all companies, providing the Technical Department with a single point of contact and guaranteeing consistent treatment of all transactions. The internal auditor oversees a risk-mapping exercise covering all the major property renovation projects planned by the Group. The map lists and measures all the risks associated with each project, providing decision support for senior management and the basis for determining a risk monitoring methodology applicable during the renovation phase.

Checks to ensure that all liabilities have been identified and measured are performed at several levels:

- Tenant risks are reviewed regularly by the property specialists in the Legal Department and second-tier controls are performed by an accounting manager on a centralised basis.

- The risk of legal disputes with the Company's partners is closely monitored by the profit centres, with guidance from the property specialists in the Legal Department.

- Lastly, the cash management department participates actively in reporting off-balance sheet commitments related to hedging and debt instruments, as well as commitments to suppliers, and checking the completeness of the reported data.

b) Identifiable risks

The Company's main identifiable risks are associated with:

- Loss of or damage to assets (managed through building maintenance, "plan 14", technical monitoring of refurbishment projects, property surveys, etc.)

- Breaches of environmental regulations

- Rent defaults, failure to take into account the full impact of vacancy rates

- Fraud

The risks specific to the Company and the industry are described in detail on page 23.

c) Insurance

The policies include both property cover and liability cover for SFL and its subsidiaries, based on the nature of their businesses and the underlying risks. The properties are insured on an all-risk basis with named exclusions, with a maximum insured value of €300 million. The policy covers reconstruction or replacement costs as well as loss of revenue for a maximum of 36 months, or 48 months for the main properties. Since 1 January 2007 coverage has been extended to losses incurred during repair and maintenance work that is not included in a "contractors all risks" policy. The cap on this coverage is €7.5 million.

V. SPECIFIC INTERNAL CONTROL PROCEDURES

a) Controls over the quality of accounting and financial information

As a listed company, SFL is under the obligation to apply a rigorous and highly disciplined approach to preparing financial information.

With a very high capital-per-employee ratio, SFL uses the services of external experts to stay informed of technical developments in the areas of accounting, finance and tax. As well as providing regular technical updates, these experts also give formal advice on the choice of accounting options that have a material impact on the financial statements.

SFL participates in work groups set up by the industry federation and other organisations representing the property sector, providing an opportunity to exchange information about best practices and industry standards.

• Book-keeping procedures

The accounts of all Group companies are all kept on the same internal accounting system, which is integrated in the management information system. The consolidated financial statements are produced using consolidation software that represents a market standard, guaranteeing its reliability and maintainability.

The production of the accounts is the responsibility of the Finance Department. The accounts are kept by a team of ten corporate accountants reporting to the Chief Accountant, and by five operations accountants, who are responsible for the subsidiary accounts. The operations accountants report to the profit centre managers and have a dotted-line reporting relationship with the Chief Accountant. The Chief Accountant and Head of Consolidation report directly to the Chief Financial Officer.

The corporate accountants each keep the accounts of one or several consolidated companies. They rotate between companies from time to time, to limit the risks arising from an excessive concentration of information in the hands of a single person and also to facilitate multi-tasking when the need arises. To strengthen this duplication of knowledge, the accountants are paired up and fill in for each other when required.

The corporate accountants check the subsidiary accounting ledgers produced by the profit centre operations accountants, and assist these accountants with the tasks required to close the accounts at each period-end.

Each year, the corporate accountants are assigned specific objectives. Their performance in relation to these objectives is assessed at the end of the year, during their annual performance review, and determines the amount of their bonus.

The consolidated accounts are produced by the Head of Consolidation who reports to the Chief Financial Officer.

As mentioned in the Corporate Governance section, the Audit Committee of the Board of Directors meets twice a year to review with the external auditors the financial statements, any accounting or tax issues and any significant transactions for the period. The Committee also reviews the external auditors' work programme and holds meetings with them to discuss the post-audit reports prepared after their audits of the interim and annual financial statements, setting out their observations and recommendations.

• Procedure for the preparation of the consolidated financial statements

To comply with the Company's majority shareholder's reporting procedures, monthly consolidated accounts are produced for submission on the sixth day following each month-end. The quarterly consolidated financial statements are also presented to the Board of Directors. These monthly and quarterly consolidated financial statements are not audited or published.

Procedures for the preparation of the monthly accounts have been drawn up with the assistance of outside consultants, to ensure that reporting deadlines are met. All departments are concerned and controls over the centralised data are performed to ensure that the reported statutory and management accounting data have been prepared on a consistent basis.

The half-yearly and annual financial statements represent the basis for a widespread financial communication exercise and are published within a very short timeframe in order to comply with market standards. The publication dates are announced to the market in advance and must be adhered to. Having been quoted on the stock exchange since 1879, the Company has all the necessary reflexes when it comes to providing the market with the information it needs and expects.

• Budget and business plan procedures

As well as carrying out account closing procedures, the control department produces a rolling five-year business plan, the first year of which corresponds to the budget. The business plan is prepared by aggregating and checking the detailed information produced by all Group departments. For example, the property management departments provide revenue and expense forecasts for each individual lease.

The annual budget is broken down into monthly budgets.

The business plan includes:

- 5-year profit and loss account projections

- A simplified balance sheet

- A quarterly analysis of changes in consolidated debt

- Key financial ratios: Ebitda, operating profit after interest, cash flow, loan-to-value.

The business plan is reviewed each year and approved by the Board of Directors at the year-end. It can be completely reworked or modified at the specific request of the Board.

The budget is updated three times during the year.

The business plan plays an essential role as a road map for the business and also as a benchmark for measuring actual performance, based on the monthly reporting packages submitted to the majority shareholder.

To improve the reliability and quality of accounting information, a separate control department analyses management and cost accounting data and performs reconciliations between these data and the statutory accounts. In conclusion, the Group's control procedures over the production of accounting and financial information, and its internal control procedures covering the preparation of the consolidated financial statements are appropriate for the purpose of producing reliable accounting and financial information.

b) Controls over liquidity risks

SFL's liquidity management policy consists of maintaining long maturities of debt, in order to be in a position to efficiently roll over or replace borrowings without having to contend with market distortions which, while rare, nevertheless exist.

c) Management of market risks

Market risks are managed on a conservative basis, without taking any speculative positions. Interest rate risk on at least 70% of the Group's overall debt is hedged using swaps or caps.

d) Controls over counterparty risks

All financial transactions are carried out with leading financial institutions.

Cash reserves, which are limited due to the use of revolving credit facilities, are invested with high quality banks and are not exposed to the risk of any loss of capital.

e) Controls over property-related technical risks

The purpose of controls over property-related technical risks is to prevent and contain environmental risks (asbestos, lead, legionella, etc.) associated with the properties in our portfolio and to ensure that all of these properties comply strictly with the applicable laws and regulations.

All of the risks have been identified and described in an environmental charter. Procedures have been drawn up covering all identified risks, including checks for asbestos and lead paint, legionella prevention measures, analyses of drinking water and safety checks on technical installations (electricity systems, lifts, safety equipment, gas pressure equipment, escalators, automatic doors and travelling units).
The procedures describe the action to be taken, the implementation timeline and the related controls. Employees responsible for these measures and controls receive specific training.

f) Purchases and competitive bids

Routine purchases are made from accredited suppliers at regularly negotiated prices. For other purchases, competitive bids are obtained from several companies or suppliers where appropriate.

VI. CONSTANT OVERSIGHT OF THE INTERNAL CONTROL SYSTEM

In autumn 2007, the Company set up a working group to reflect on procedures to be put in place for the recording and paying of invoices. This working group, which is made up of representatives from the Company's various departments, has drawn up recommendations that have been submitted to senior management and the internal auditors. The main specific issues considered by the group were:

1. Due-date tracking.
2. Secure payment media.

The review undertaken showed that current procedures are effective. The results suggest that risk management could be further improved by stepping up independent controls to ensure that the procedures are correctly implemented.

On direct orders from senior management, the Internal Auditor conducts spot audits to control the work being performed in a specific area or to address an identified issue.

Lastly, since the European Union audit directive was transposed into French law on 8 December 2008, the risk management and internal control roles and responsibilities of the Audit Committee have been broadened. The Company's Audit Committee has stepped up its commitment accordingly, with at least two additional working group meetings scheduled for 2010.

The Board of Directors

Appendix 7.6

Agenda for Ordinary and Extraordinary Annual General Meeting of 19 April 2010

Ordinary Meeting

- Board of Directors' management report.
- Report of the Chairman of the Board of Directors drawn up in accordance with Article L.225-37 of the French Commercial Code.
- Group management report.
- Board of Directors' special report on stock options.
- Board of Directors' special report on share grants.
- Auditors' report on internal control.
- Auditors' report on the Company financial statements for the year ended 31 December 2009.
- Auditors' report on the consolidated financial statements.
- Auditors' special report on agreements governed by Article L.225-38 et seq. of the French Commercial Code.
- Approval of the Company financial statements for the year ended 31 December 2009.
- Transfer from the share premium account.
- Appropriation of profit.
- Approval of the consolidated financial statements for the year ended 31 December 2009.
- Ratification of the appointment as a director of Carmina Gañet Cirera.
- Ratification of the appointment as a director of Aref Lahham.
- Re-election of Aref Lahham as a director.
- Re-election of Juan José Brugera Clavero as a director.
- Re-election of Carlos Fernandez-Lerga Garralda as a director
- Re-election of Pere Viñolas Serra as a director.
- Re-election of Jean-Jacques Duchamp as a director.
- Re-election of Tony Wyand as a director.
- Re-election of REIG Capital Group Luxembourg SARL as a director.
- Re-election of Jean Arvis as a director.
- Re-election of Jacques Calvet as a director.
- Authorisation given to the Board of Directors to purchase, hold or transfer SFL shares.
- Powers to carry out formalities.

Extraordinary Meeting

- Board of Directors' report.
- Auditors' special report.
- Authorisation given to the Board of Directors to issue bonds with redeemable equity warrants, entailing the waiver of shareholders' pre-emptive subscription rights in favour of a selected category of beneficiaries.
- Definition of the categories of Beneficiaries of equity warrants detached from bonds with redeemable equity warrants issued by the Company.
- Authorisation given to the Board of Directors to reduce the share capital by cancelling treasury shares.
- Opinion issued by the Works Council.
- Powers to carry out formalities.

Ordinary and Extraordinary Annual General Meeting of 19 April 2010

Proposed ordinary resolutions

First ordinary resolution

(Approval of the Company financial statements for the year ended 31 December 2009)

The Annual General Meeting, having considered the Chairman's report on internal control, the Board of Directors' management report and the Auditors' reports, approves the Company financial statements for the year ended 31 December 2009, showing net profit of €31,566,022.82, together with the transactions reflected in these financial statements or described in these reports.

Second ordinary resolution

(Transfer from the share premium account)

The Annual General Meeting:

• Notes that the balance of the share premium account at 31 December 2009 amounts to €1,180,899,135.16 following the issue of:

- 3,375 new shares on exercise of the same number of stock options.

• Resolves, based on the recommendation of the Board of Directors, to transfer €675 from the share premium account to the legal reserve, to raise this reserve to one tenth of the new capital.

• Notes that the balance of the share premium account after this deduction will amount to €1,180,898,460.16.

Third ordinary resolution

(Appropriation of profit)

The Annual General Meeting:

• Notes that net profit for the year, after tax and provision charges, amounts to €31,566,022.82.

• Notes that profit available for distribution, including retained earnings brought forward from the prior year, is as follows:

Net profit for the year ended 31 December 2009	€31,566,022.82
Retained earnings brought forward from the prior year	€931,440.80
Profit available for distribution	€32,497,463.62

• Resolves, based on the recommendation of the Board of Directors, to:

- Pay a total dividend of €97,661,919.60, representing a dividend per share of €2.10,

- taking €65,164,455.98 of that amount from Additional paid-in capital, which would be reduced from €1,180,898,460.16 to €1,115,734,004.18.

The Annual General Meeting authorises the Board of Directors to withdraw the amounts necessary to pay the dividend described above to shareholders who exercise stock options before the dividend payment date.

The Annual General Meeting resolves that, in compliance with Article L.225-210 of the French Commercial Code, dividends on any SFL shares held by the Company in treasury at that date, as well as any dividends to which shareholders have waived their rights, will be credited to retained earnings.

The dividend will be paid as from 26 April 2010.

The Annual General Meeting gives the Board of Directors full powers to place on record the actual amount of dividends distributed and the amount credited to retained earnings.

The Meeting notes that:

• Individual shareholders resident in France for tax purposes will be eligible for the 40% tax relief on the dividend, in accordance with paragraph 3-2 of Article 158 of the French Tax Code, except when they elect to pay the flat-rate dividend withholding tax under Article 117 *quater* of the French Tax Code.

• Under Article 112-1 of the Tax Code, the portion of the dividend corresponding to a refund of a contribution would not be considered as distributed income.

In accordance with Article 243 bis of the French Tax Code, information on dividends paid in the last three years is provided below:

Year	Dividend per share	Interim dividend	Final dividend
2006	€3.20(1)	€0.70	€2.50
2007	€3.20(1)	€1.10	€2.10
2008	€1.90(1)	-	-

(1) Eligible for the 40% tax relief referred to in paragraph 3-2 of Article 158 of the French Tax Code (Article 76-1 of the 2006 Finance Act – no. 2005-1719 of 30 December 2005).

Fourth ordinary resolution

(Approval of the consolidated financial statements for the year ended 31 December 2009)

The Annual General Meeting, having considered the Auditors' report on the consolidated financial statements, approves the consolidated financial statements for the year ended 31 December 2009 as well as the transactions reflected in these accounts and described in the Board of Directors' management report.

Fifth ordinary resolution

(Auditors' special report on agreements governed by Articles L.225-38 et seq. of the French Commercial Code)

The Annual General Meeting, having considered the Auditors' special report on agreements governed by Articles L.225-38 et seq. of the French Commercial Code, notes the information contained in the report and approves the agreements referred to therein.

Sixth ordinary resolution

(Ratification of the appointment as a director of Carmina Gañet Cirera)

The Annual General Meeting ratifies the decision taken by the Board of Directors on 20 July 2009 to appoint:

Carmina Gañet Cirera (Avenida Diagonal 532, 08006 Barcelona, Spain) as a director to replace Pedro Ruiz Labourdette upon his resignation.

Consequently,

Carmina Gañet Cirera will serve as a director for the remainder of her predecessor's term, expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2010.

Seventh ordinary resolution

(Ratification of the appointment as a director of Aref Lahham)

The Annual General Meeting ratifies the decision taken by the Board of Directors on 12 February 2010 to appoint:

Aref Lahham (2 Cavendish Square, W1G OPD London, United Kingdom) as a director to replace Yves Defline upon his resignation.

Consequently:

Aref Lahham will serve as a director for the remainder of his predecessor's term, expiring at the close of the Annual General Meeting called to approve the financial statements for the year ended 31 December 2009.

Eighth ordinary resolution

(Re-election of Aref Lahham as a director)

Having noted that Aref Lahham's term of office as a director expires at the close of this Meeting, the Annual General Meeting resolves to re-elect him for a three-year term, expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2012.

Ninth ordinary resolution

(Re-election of Juan José Brugera Clavero as a director)

Having noted that Juan José Brugera Clavero's term of office as a director expires at the close of this Meeting, the Annual General Meeting resolves to re-elect him for a three-year term, expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2012.

Tenth ordinary resolution
(Re-election of Carlos Fernandez-Lerga Garralda as a director)

Having noted that Carlos Fernandez-Lerga Garralda's term of office as a director expires at the close of this Meeting, the Annual General Meeting resolves to re-elect him for a three-year term, expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2012.

Eleventh ordinary resolution
(Re-election of Pere Viñolas Serra as a director)

Having noted that Pere Viñolas Serra's term of office as director expires at the close of this Meeting, the Annual General Meeting resolves to re-elect him for a three-year term, expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2012.

Twelfth ordinary resolution
(Re-election of Jean-Jacques Duchamp as a director)

Having noted that Jean-Jacques Duchamp's term of office as a director expires at the close of the Meeting, the Annual General Meeting resolves to re-elect him for a three-year term expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2012.

Thirteenth ordinary resolution
(Re-election of Tony Wyand as a director)

Having noted that Tony Wyand's term of office as a director expires at the close of the Meeting, the Annual General Meeting resolves to re-elect him for a three-year term expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2012.

Fourteenth ordinary resolution
(Re-election of REIG Capital Group Luxembourg SARL as a director)

Having noted that REIG Capital Group Luxembourg SARL's term of office as a director expires at the close of this Meeting, the Annual General Meeting resolves to re-elect it for a three-year term, expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2012.

Fifteenth ordinary resolution
(Re-election of Jean Arvis as a director)

Having noted that Jean Arvis' term of office as a director expires at the close of this Meeting, the Annual General Meeting resolves to re-elect him for a one-year term, expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2010.

Sixteenth ordinary resolution
(Re-election of Jacques Calvet as a director)

Having noted that Jacques Calvet's term of office as a director expires at the close of this Meeting, the Annual General Meeting resolves to re-elect him for a one-year term, expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2010.

Seventeenth ordinary resolution
(Authorisation given to the Board of Directors to purchase, hold or transfer SFL shares)

The Annual General Meeting, after considering the Board of Directors' report and the special report drawn up in accordance with Article L.225-209, paragraph 2, of the French Commercial Code, resolves to:

• Cancel with immediate effect the unused portion of the authorisation given in the thirteenth ordinary resolution of the General Meeting of 15 June 2009 to buy back the Company's shares.

• Authorise the Company to buy back shares representing up to 10% of the issued capital at the date of this Meeting, in accordance with Articles L.225-209 et seq. of the French Commercial Code, as follows:

- The shares may not be bought back at a price in excess of €50 per share, as adjusted if appropriate for the effects of any corporate actions, including any bonus share issue paid up by capitalising reserves and/or any share split or reverse share split.

Consequently, the total amount invested in the share buyback programme will represent a maximum of €232,528,400 based on the number of shares outstanding at 31 December 2009. This maximum may be adjusted to take into account the number of shares outstanding at the date of this Meeting.

The share buyback programme may be carried out over a period of eighteen months from the date of this Meeting.

The share buybacks carried out under this authorisation may not under any circumstances result in the Company holding, directly or indirectly, more than 10% of the shares making up its issued capital.

The authorisation may be used at any time, including while a public offer is in progress provided that said offer is for cash only, on the basis and subject to the restrictions – particularly in terms of volumes and price – specified in the laws and regulations applicable on the transaction date. The transactions may be carried out by any appropriate method, including on the market or over-the-counter, through block purchases or sales or otherwise, or through the use of derivative financial instruments traded on the market or over-the-counter, or through the remittance of shares following the issue of securities carrying rights to shares or the loan or temporary transfer of securities on the basis approved by the securities regulator. The timing of such transactions will be decided by the Board of Directors or by any person duly authorised by the Board.

The shares may be bought back for any purpose allowed by law. The objectives of the share buyback programme shall be as follows:

- To purchase shares for allocation to Group employees in connection with (i) the statutory profit-sharing scheme, (ii) any programme of employee share grants, with or without consideration, governed by Articles L.3332-1 et seq. of the French Labour Code or (iii) any stock option plan for all or certain categories of employees and executive directors.

- To buy and sell shares under a liquidity contract with an investment firm that complies with a code of ethics recognised by the French securities regulator (Autorité des Marchés Financiers).

- To permit the issue of debt securities convertible into equity instruments and the fulfilment of the obligations related thereto, in particular by delivering shares upon exercise of rights attached to securities convertible, redeemable or otherwise exercisable for shares.

- To buy shares for delivery at a future date in exchange or payment for shares of another company in connection with any external growth transactions.

- To cancel all or some of the shares bought back in accordance with the terms and conditions provided in Article L.225-209 of the French Commercial Code and subject to the authorisation to reduce the share capital given by the Annual Meeting in the extraordinary resolutions.

- To implement any market practices that may be recognised by law or by the Autorité des Marchés Financiers.

When shares are bought back under a liquidity contract under the terms and conditions defined by the AMF's general regulations, the number of shares used to calculate the limit of 10% of the issued capital corresponds to the number of shares bought minus the number of shares sold during the authorised period.

The number of shares bought back to be held and subsequently delivered in payment or exchange for shares of another company in connection with a merger or demerger may not exceed 5% of the issued capital.

The Board of Directors shall report to shareholders at each Annual General Meeting on the transactions carried out under this resolution, in accordance with Article L.225-209 of the French Commercial Code.

The Annual General Meeting gives full powers to the Board of Directors, including the power of delegation, to place buy and sell orders, enter into any and all agreements, draw up any and all information and other documents, allocate or re-allocate the bought back shares to any of the above purposes, carry out any and all reporting and other formalities with all organisations and generally do whatever is necessary.

Eighteenth ordinary resolution

(Powers to carry out formalities)

The Annual General Meeting gives full powers to the bearer of an extract or copy of the minutes of the Meeting to carry out all necessary formalities.

Extraordinary resolutions

First extraordinary resolution

(Authorisation given to the Board of Directors to issue bonds with redeemable equity warrants, without pre-emptive subscription rights)

Having considered the Board of Directors' report and the Auditors' special report, the Extraordinary General Meeting resolves, in accordance with Articles L.228-91 et seq., L.225-129 et seq. and L.225-138 of the French Commercial Code:

1. To cancel, with immediate effect, the unused portion of the authorisation given in the eleventh extraordinary resolution of the General Meeting of 15 June 2009.

2. To grant a delegation of competence to the Board of Directors – with the right of delegation provided for in Article L.225-129-4 of the French Commercial Code – to issue bonds with redeemable equity warrants on one or several occasions and to determine the timing and amounts of said issues. The warrants shall be detachable and may be traded separately from the bonds as from the issue date.

3. Resolves that the aggregate nominal amount of the bonds with redeemable equity warrants issued under this authorisation shall not exceed €200 million, to be included in the €2 billion blanket ceiling applicable to issues of debt securities under the first, second and eighth extraordinary resolutions of the General Meeting held on 15 June 2009.

4. That the aggregate par value of shares issued as a result of this authorisation shall not exceed €3 million and that this amount shall be included in the €100 million blanket ceiling set in the seventh extraordinary resolution of the General Meeting held on 15 June 2009.

5. In accordance with Article L.225-138 of the French Commercial Code, (i) to waive shareholders' pre-emptive rights to subscribe for the bonds with redeemable equity warrants and (ii) that the bonds with redeemable equity warrants may only be offered to leading banks which – at the issue date – have granted loans or credit facilities to companies within the Société Foncière Lyonnaise Group or hold bonds issued by said companies, or have issued investment instruments held by said companies, for a minimum aggregate amount of €1 million per bank.

6. That the banks underwriting the issues on bonds with redeemable equity warrants will offer the equity warrants on the same terms to one or several categories of beneficiaries as described in the second and/or third extraordinary resolutions of this Meeting. The detailed list of beneficiaries in these categories ("the Beneficiaries") will be drawn up by the Board of Directors or the Chief Executive Officer acting on the Board's behalf. The Board of Directors – or the Chief Executive Officer acting on the Board's behalf – will also determine the number of equity warrants that may be offered by said underwriting banks to the Beneficiaries, and will set the sale price per warrant in conjunction with said banks.

Any equity warrants that are not sold by the underwriting banks in accordance with the above-described terms and conditions shall be bought back and cancelled by the Company, at a price to be determined when the terms and conditions of issue of the bonds with redeemable equity warrants are set.

In accordance with the second paragraph of Article L.225-138 I of the French Commercial Code, the Board of Directors shall report on its use of this authorisation at the next Annual General Meeting.

7. That:

- the Board of Directors – or the Chief Executive Officer acting on the Board's behalf – shall decide on the form of the bonds and equity warrants to be issued as well as the terms and conditions of (i) the issue and (ii) the related indenture.

- the exercise price of each issued equity warrant may not be lower than the average of the prices quoted for SFL shares on the Euronext Paris market over the 20 trading days immediately preceding the date on which the exercise price of the warrants is set by the Board of Directors or the Chief Executive Officer acting on the Board's behalf, except for any adjustments that may be necessary to take into account differences in cum dividend dates.

8. That in accordance with the final paragraph of Article L.225-132 of the French Commercial Code, the issue of the above-described bonds with redeemable equity warrants will automatically entail the waiver by shareholders of their pre-emptive right to subscribe for the shares to be issued on exercise of the warrants.

9. That the Board of Directors – or the Chief Executive Officer acting on the Board's behalf – shall (i) draw up the list of banks to which the bonds with redeemable equity warrants shall be offered, subject to the conditions set out in paragraph 5 above; and (ii) set the terms and conditions of the issues, including the number of securities to be issued to each underwriting bank, the exercise price of the equity warrants in accordance with paragraph 7 above, and the cum-dividend date for the shares to be allocated on exercise of the warrants.

10. To grant full powers to the Board of Directors – which may be delegated in accordance with the applicable laws and regulations – to take all necessary measures, enter into any and all agreements, carry out any and all reporting and other formalities required in relation to the planned issue of bonds with redeemable equity warrants, place on record any resulting capital increase(s), amend the Articles of Association accordingly, and make any subsequent amendments to the bond and equity warrant indentures, subject to the prior approval of the bond and warrant holders.

11. That in accordance with Article L.225-138 III of the French Commercial Code, the authorisation is given for a period of 18 months from the date of this Meeting.

Second extraordinary resolution

(Definition of a category of Beneficiaries of equity warrants detached from bonds with redeemable equity warrants issued by the Company)

Having considered the Board of Directors' report, the Extraordinary General Meeting:

1. Resolves that equity warrants detached from the bonds with equity warrants issued under the first extraordinary resolution above may be offered by the underwriting banks to a list of Beneficiaries determined by the Board of Directors – or the Chief Executive Officer acting on the Board's behalf – from among employees and/or executive directors who are also salaried employees, of the Company or any of its French or foreign subsidiaries within the meaning of Article L.233-3 of the French Commercial Code.

2. Resolves that this resolution is subject to the adoption of the first extraordinary resolution above.

Third extraordinary resolution

(Definition of a category of Beneficiaries of equity warrants detached from bonds with redeemable equity warrants issued by the Company)

Having considered the Board of Directors' report, the Extraordinary General Meeting:

1. Resolves that equity warrants detached from the bonds with redeemable equity warrants issued under the first extraordinary resolution above may be offered by the underwriting banks to a list of Beneficiaries determined by the Board of Directors – or by the Chief Executive Officer acting on the Board's behalf – from among (i) the executive directors of the Company or any of its French or foreign subsidiaries within the meaning of Article L.233-3 of the French Commercial Code; and/or (ii) the permanent representatives of corporate directors or members of a Supervisory Board of the Company or any of its subsidiaries within the meaning of said Article who, at the date this list is drawn up by the Board or the Chief Executive Officer, are not salaried employees of the Company or any of its subsidiaries within the meaning of Article L.233-3 of the French Commercial Code and do not directly or indirectly hold more than 1% of the Company's capital and/or voting rights, as recorded at midnight (CET) on the fourth business day preceding the date of this Meeting.

2. Resolves that this resolution is subject to the adoption of the first extraordinary resolution above.

3. Shareholders who fall within the category of Beneficiaries defined in this resolution may not take part in the vote.

Fourth extraordinary resolution

(Authorisation given to the Board of Directors to reduce the share capital by cancelling shares)

The Extraordinary General Meeting, having considered the Board of Directors' report and the Auditors' special report, resolves, in accordance with Article L.225-209 of the French Commercial Code, to:

1. Authorise the Board of Directors to cancel, on one or several occasions, all or some of the shares held by the Company, provided that the number of shares cancelled in any 24-month period does not exceed 10% of the total shares outstanding on the transaction date.

2. Authorise the Board of Directors to charge the difference between the cost of the cancelled shares and their par value to any available premium or reserve account.

3. Grant full powers to the Board of Directors – which may be delegated in accordance with the applicable laws and regulations – to effect the capital reductions, record the corresponding accounting entries, amend the Articles of Association to reflect the new capital and generally carry out any and all necessary formalities.

4. Set at 18 months from the date of this Meeting the period of validity of this authorisation, which cancels and replaces all previous authorisations with the same purpose.

Fifth extraordinary resolution

(Power to carry out formalities)

The Extraordinary General Meeting gives full powers to the bearer of an extract or copy of the minutes of the Meeting to carry out all necessary formalities.

Appendix 7.7

Report of the Board of Directors to the Extraordinary General Meeting

Report on the extraordinary resolutions tabled at the General Meeting of 19 April 2010

We invite shareholders to vote the five resolutions presented below.

Issue of bonds with redeemable equity warrants (first to third extraordinary resolutions)

The Board wants to be able to raise funds quickly and in the most cost-effective way whenever necessary to support the development of the Company and the Group. For this reason, the Board is seeking an authorisation to issue bonds with redeemable equity warrants, representing a specific type of financing instrument that offers the dual benefits of optimising debt and giving senior executives a stake in the Group's performance.

The issue would take place in two phases:

- In the first phase, the issue of bonds with redeemable equity warrants would be underwritten by one or several banks.

- The equity warrants would then be stripped from the bonds and sold by the underwriting banks to selected executive directors and/or employees of SFL.

This type of issue would have a positive impact on the SFL share price, by sending a strong message to the markets.

- By investing in the warrants, senior executives would clearly demonstrate their commitment to supporting the Group's development, while the leverage offered by these instruments would represent a strong financial incentive for participating managers and employees. At the same time, SFL would benefit by raising funds at a lower cost than ordinary bank financing.

The terms and conditions of the bonds with redeemable equity warrants will be determined by the Board of Directors, or by the Chief Executive Officer on the Board's behalf.

The equity warrants will be exercisable on the basis of one share per warrant at a price that will not be lower than the average of the prices quoted for SFL shares on the Euronext Paris market over the 20 trading days immediately preceding the date on which the exercise price of the warrants is set by the Board of Directors or the Chief Executive Officer acting on the Board's behalf, except for any adjustments that may be necessary to take into account differences in cum dividend dates.

The equity warrants will be detachable from the bonds from the issue date and will be offered for sale exclusively to SFL Group employees and executive directors designated by the Board of Directors. The sale price per warrant will be determined jointly by the Board of Directors – or the Chief Executive Director, on the Board's behalf – and the underwriting banks.

The aggregate nominal amount of bonds with redeemable equity warrants issued under this authorisation will not exceed €200 million, to be included in the €2 billion ceiling applicable to issues of debt securities under the first, second and eighth extraordinary resolutions of the General Meeting of 15 June 2009.

The aggregate par value of shares issued upon exercise of equity warrants will not exceed €3 million. If the warrants are exchanged for newly issued shares, their par value will be deducted from the €100 million ceiling on share issues set in the seventh extraordinary resolution of the General Meeting of 15 June 2009. The warrants will have a limited dilutive impact due to the proposed amount of the issue and will be partly offset by the reduction in interest expense resulting from the sale of the warrants by the underwriting banks.

In the interests of the Company and its shareholders, to speed up the issue process, the Board proposes waiving shareholders' pre-emptive right to subscribe for the bonds with redeemable equity warrants and restricting the issue to certain specific categories of investors.

As provided for in Article L.225-138 I of the French Commercial Code, which allows companies to restrict rights issues to one or several categories of investors, the bonds with redeemable equity warrants will be offered exclusively to leading banks which – at the issue date – have granted loans or credit facilities to companies within the SFL Group or hold bonds issued by said companies, or have issued investment instruments held by said companies, for a minimum aggregate amount of €1 million per bank. The list of banks in the above category selected to participate in the issue will be drawn up by the Board of Directors, or by the Chief Executive Officer on the Board's behalf. The issue will entail the waiver of shareholders' pre-emptive subscription rights.

In substance, the issue of bonds with redeemable equity warrants and the sale of the equity warrants represent two separate restricted rights issues:

- Issue of rights to bonds, restricted to one or several underwriting banks (as explained above).

- Issue of rights to equity warrants, restricted to executive directors and/or employees of the Company.

In light of the position taken by the French securities regulator (AMF), as announced on 18 March 2008, so that shareholders can make an informed decision concerning the proposed operation, the ultimate purpose of which is to issue equity warrants to executive directors and employees, three separate resolutions will be put to the vote:

- A resolution concerning the issue of bonds with redeemable equity warrants (first extraordinary resolution), stating that the equity warrants will be offered immediately to beneficiaries other than the underwriters of the issue.

- Two separate resolutions for the allocation of the equity warrants to employees and to executive directors who are salaried employees of the Company (second extraordinary resolution) and to executive directors holding less than 1% of the Company's capital (third extraordinary resolution).

Shareholders who fall within the categories of beneficiaries defined in the second and third extraordinary resolutions will be required to abstain from voting on these resolutions.

Shareholders will be asked to grant full powers to the Board of Directors – which may be delegated in accordance with the applicable laws and regulations – to take all necessary measures, enter into any and all agreements, carry out any and all reporting and other formalities required in relation to the planned issue of bonds with redeemable equity warrants, place on record any resulting capital increase(s), amend the Articles of Association accordingly, and make any subsequent amendments to the bond and equity warrant indentures, subject to the prior approval of the bond and warrant holders.

The authorisation is being sought for a period of 18 months.

To comply with legal and regulatory requirements, there follows a description of the reasons for and effects of the authorisations sought in these resolutions.

Authorisation to cancel SFL shares held in treasury

In relation to the seventeenth ordinary resolution and in accordance with the Article L.225-209 of the French Commercial Code, shareholders are asked to give the Board of Directors an 18-month authorisation to cancel all or some of the SFL shares bought back under the share buyback programme authorised in the seventeenth ordinary resolution or any other share buyback programme and therefore reduce the share capital.

According to the applicable legislation, the Company can only cancel shares representing up to 10% of issued capital in any 24-month period.

Cancellation of authorisations given at the General Meeting of 15 June 2009

If the resolutions tabled at this Meeting are adopted by shareholders, the unused portions of the authorisations given to the Board of Directors under the eleventh to fourteenth extraordinary resolutions of the General Meeting of 15 June 2009 will be automatically cancelled.

Activities of the Company since 1 January 2010

In accordance with the regulations applicable to share issues, the report of the Board of Directors to the Annual General Meeting includes information about the activities of the Company since the beginning of the current financial year.

The Auditors will report to shareholders their opinion on the various proposed issues and the proposed cancellation of existing shareholders' pre-emptive subscription rights.

Shareholders are invited to adopt the resolutions tabled at this Meeting, after considering the reports of the Auditors drawn up in accordance with the applicable laws.

The Board of Directors

Consolidated Financial Statements

year ended 31 December 2009

The financial statements were approved for publication by the Board of Directors on 12 February 2010.

A – Consolidated Statement of Financial Position

ASSETS

(in thousands of euros)	Notes Section E	31 December 2009	31 December 2008	31 December 2007
Intangible assets	6-1	389	682	1,099
Property and equipment	6-2	15,654	365,292	281,564
Investment properties	6-3	3,116,890	2,992,804	3,745,775
Investments in associates	6-4	-	-	-
Financial assets	6-5	1,446	2,668	5,524
Other non-current assets	6-6	3,096	3,156	11,535
Total non-current assets		**3,137,475**	**3,364,602**	**4,045,498**
Investment properties held for sale	6-7	68,626	242,161	401
Inventories and work in progress		-	-	-
Trade and other receivables	6-8	41,681	52,245	52,870
Other current assets	6-9	2,495	3,675	4,032
Cash and cash equivalents	6-10	19,590	14,152	15,945
Total current assets		**132,392**	**312,234**	**73,248**
Total assets		**3,269,867**	**3,676,835**	**4,118,746**

EQUITY AND LIABILITIES

(in thousands of euros)	Notes Section E	31 December 2009	31 December 2008	31 December 2007
Share capital		93,011	93,005	93,005
Reserves		1,975,384	2,460,712	2,154,183
Profit/(loss) for the period		(252,239)	(392,956)	416,451
Equity attributable to equity holders of the parent		**1,816,156**	**2,160,760**	**2,663,639**
Minority interests		75,020	94,696	121,879
Total minority interests		**75,020**	**94,696**	**121,879**
Total equity	**6-11**	**1,891,176**	**2,255,457**	**2,785,518**
Long-term borrowings and other interest-bearing debt	6-12	1,182,293	1,104,437	1,098,942
Long-term provisions	6-13	1,878	1,725	1,913
Deferred tax liabilities	6-14	56,262	72,818	117,797
Other long-term tax liabilities	6-15	4,258	6,285	1,197
Other non-current liabilities	6-16	16,451	16,175	16,584
Total non-current liabilities		**1,261,141**	**1,201,440**	**1,236,432**
Trade and other payables	6-17	26,467	21,426	22,117
Short-term borrowings and other interest-bearing debt	6-12	56,414	170,188	44,825
Short-term provisions	6-13	1,085	1,070	3,195
Other current liabilities	6-18	33,584	27,254	26,659
Total current liabilities		**117,551**	**219,938**	**96,796**
Total equity and liabilities		**3,269,867**	**3,676,835**	**4,118,746**

B - Consolidated Statement of Comprehensive Income

(in thousands of euros)	Notes Section E	31 December 2009	31 December 2008	31 December 2007
Property rentals		182,981	181,513	170,395
Property expenses, net of recoveries		(10,310)	(10,317)	(8,138)
Net property rentals	**6-19**	**172,671**	**171,196**	**162,257**
Service and other revenues	6-20	241	380	824
Other income	6-21	5,991	4,405	6,407
Depreciation and amortisation expense	6-22	(855)	(1,208)	(1,208)
Provision reversals/(expense) and impairment losses	6-23	(314)	(17,808)	710
Employee benefits expense	6-24	(11,838)	(11,892)	(13,201)
Other expenses	6-25	(7,824)	(10,268)	(8,473)
Profit/(loss) on disposal of investment properties	6-26	(14,005)	29	(93)
Gains and losses from remeasurement at fair value of investment properties	6-27	(385,463)	(528,977)	365,109
Operating profit/(loss)		**(241,395)**	**(394,142)**	**512,333**
Profit on disposal of other assets	6-28	-	9	3,424
Share of profits of associates	6-29	-	-	15,450
Finance costs and other financial expenses	6-30	(50,150)	(68,264)	(60,968)
Financial income	6-30	9,207	17,890	12,905
Gains and losses from remeasurement at fair value of financial instruments	6-31	(529)	(4,228)	338
Discounting adjustments to receivables and payables		(299)	593	(139)
Interest on receivables	6-32	1,138	861	2,272
Provision reversals/(expense), net - financial assets	6-33	(287)	-	2,221
Other financial income and expenses		-	-	-
Profit/(loss) before income tax		**(282,315)**	**(447,282)**	**487,836**
Income tax benefit/(expense)	6-34	15,402	31,589	(36,442)
Profit/(loss) for the period		**(266,913)**	**(415,693)**	**451,394**
Attributable to equity holders of the parent		**(252,239)**	**(392,956)**	**416,451**
Attributable to minority interests		**(14,673)**	**(22,737)**	**34,942**
Other comprehensive income				
Valuation gains and losses on financial instruments taken to equity (cash flow hedges)		(7,028)	(14,246)	8,275
Deferred tax impact of valuation gains and losses on financial instruments taken to equity		336	2,326	(839)
Other comprehensive income		**(6,693)**	**(11,920)**	**7,436**
Comprehensive income		**(273,605)**	**(427,613)**	**458,830**
Attributable to equity holders of the parent		**(258,932)**	**(404,876)**	**423,887**
Attributable to minority interests		**(14,673)**	**(22,737)**	**34,942**

		31 December 2009	31 December 2008	31 December 2007
Basic (loss) earnings per share	6-35	€(5.42)	€(8.45)	€8.96
Diluted (loss) earnings per share	6-36	€(5.42)	€(8.45)	€8.95

C – Consolidated Statement of Changes in Equity

(in thousands of euros)	Share capital	Share premium account	Revaluation reserve	Treasury shares	Other reserves	Profit (loss) for the period attributable to equity holders of the parent	Equity attributable to equity holders of the parent	Minority interests
Equity at 31 December 2007	93,005	1,183,601	21,440	(17,900)	967,042	416,451	2,663,639	121,879
Dividends paid to equity holders of the parent					(96,643)		(96,643)	
Profit transferred to equity holders of SCI Washington								(4,445)
Equity at 1 January 2008 after appropriation of profit	93,005	1,183,601	21,440	(17,900)	870,399	416,451	2,566,996	117,433
Movements for the period								
Appropriation of profit		(685)			417,136	(416,451)		
Profit/(loss) for the period						(392,956)	(392,956)	(22,737)
Treasury share transactions				(1,907)			(1,907)	
Gains and losses on sales of treasury shares				(129)			(129)	
Valuation gains and losses on financial instruments taken to equity					(14,246)		(14,246)	
Deferred tax impact of valuation gains and losses on financial instruments taken to equity					2,326		2,326	
Impact of share-based payments					676		676	
Equity at 31 December 2008	93,005	1,182,916	21,440	(19,936)	1,276,291	(392,956)	2,160,760	94,696
Dividends paid to equity holders of the parent					(87,423)		(87,423)	
Profit transferred to equity holders of SCI Washington								(5,004)
Equity at 1 January 2009 after appropriation of profit	93,005	1,182,916	21,440	(19,936)	1,188,868	(392,956)	2,073,337	89,693
Movements for the period								
Appropriation of profit		(2,103)			(390,853)	392,956		
Profit/(loss) for the period						(252,239)	(252,239)	(14,673)
Par value of shares issued during the period	7						7	
Adjustment to share premiums		86					86	
Treasury share transactions				1,350			1,350	
Gains and losses on sales of treasury shares				(425)			(425)	
Valuation gains and losses on financial instruments taken to equity					(7,028)		(7,028)	
Deferred tax impact of valuation gains and losses on financial instruments taken to equity					336		336	
Impact of share-based payments					732		732	
Equity at 31 December 2009	93,011	1,180,899	21,440	(19,010)	792,055	(252,239)	1,816,156	75,020

D – Consolidated Statement of Cash Flows

(in thousands of euros)	Notes Section E	31 December 2009	31 December 2008	31 December 2007
Cash flows from operating activities:				
Profit/(loss) for the period		(252,239)	(392,956)	416,451
Gains and losses from remeasurement at fair value of investment properties		385,463	528,977	(365,109)
Depreciation and amortisation expense and impairment losses		1,288	18,526	2,477
Net additions to/(reversals of) provisions		168	(2,312)	(2,901)
Net (gains)/losses from disposals of assets, after tax		14,005	1,244	(6,869)
Discounting adjustments and valuation (gains)/losses on financial instruments		828	3,635	(199)
Deferral of rent-free periods		2,182	1,837	(1,579)
Employee benefits		732	676	541
Share of profits of associates				(15,450)
Minority interests in (loss)/profit for the period		(14,673)	(22,737)	34,942
Other movements		(1)		(1)
Cash flow after finance costs and income tax		**137,753**	**136,890**	**62,303**
Interest on receivables		(1,138)	(861)	(2,272)
Finance costs		35,650	51,340	46,716
Income tax		(15,402)	(32,871)	39,979
Cash flow before finance costs and income tax		**156,863**	**154,498**	**146,727**
Change in trade receivables		11,282	(2,330)	6,518
Change in other receivables		3,235	(5,048)	723
Change in trade payables		(1,431)	1,718	(2,465)
Change in other payables		1,654	2,280	(1,136)
Change in working capital		*14,740*	*(3,380)*	*3,640*
Interest paid		(50,812)	(63,320)	(58,491)
Interest received		1,240	4,960	3,105
Income tax paid		(6,010)	(2,794)	(9,623)
Net cash provided by operating activities		**116,022**	**89,964**	**85,357**
Cash flows from investing activities:				
Acquisitions of and improvements to investment properties		(103,898)	(30,237)	(17,923)
Acquisitions of intangible assets and property and equipment		19	(81,481)	(38,693)
Acquisitions of subsidiaries, net of the cash acquired	6-38			(42,601)
Proceeds from disposals of intangible assets and property and equipment	6-38	114,590	11,233	
Proceeds from disposals of subsidiaries, net of the cash sold	6-38			50,619
Other cash inflows and outflows		1,765	(1,802)	11,457
Net cash provided (used) by investing activities		**12,475**	**(102,287)**	**(37,141)**
Cash flows from financing activities:				
Proceeds from the issue of ordinary shares				2
Purchases and sales of treasury shares, net		93	(2,036)	(21,148)
Dividends paid to equity holders of the parent		(87,423)	(96,643)	(166,661)
Dividends paid to minority shareholders		(5,004)	(4,445)	(3,784)
Dividends received from associates				127
Proceeds from new borrowings		390,196	231,760	284,925
Repayments of borrowings		(403,060)	(126,995)	(150,689)
Other		5,016	(356)	(4,604)
Net cash (used)/provided by financing activities		**(99,255)**	**1,285**	**(61,832)**
Net change in cash and cash equivalents		**29,242**	**(11,038)**	**(13,616)**
Cash and cash equivalents at beginning of period	6-38	(21,484)	(10,446)	3,170
Cash and cash equivalents at end of period	6-38	7,758	(21,484)	(10,446)
Net change in cash and cash equivalents		**29,242**	**(11,038)**	**(13,616)**

Cash and cash equivalents in the statement of cash flows are stated net of bank overdrafts.

E – Notes to the Consolidated Financial Statements

I - Accounting Policies

1-1) Accounting Standards

As required under European Commission regulation (EC) 1606/2002 dated 19 July 2002, the consolidated financial statements have been prepared in accordance with the International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs) and related interpretations (SICs and IFRICs) adopted by the European Union.

- Applicable standards and interpretations

The standards and interpretations applied in the consolidated financial statements for the year ended 31 December 2009 are the same as those used in the financial statements for the year ended 31 December 2008, with the following exceptions:

- Revised standards and improvements to standards applied at 31 December 2009:

• IAS 1 (revised) – Presentation of Financial Statements. The main changes compared to the previous version of IAS 1 are as follows:

The balance sheet has been renamed "statement of financial position".

In addition, (i) recognised income and expenses are now to be presented in a single statement of comprehensive income or in an income statement and a statement of comprehensive income, and (ii) total comprehensive income is to be disclosed in the financial statements. SFL has elected to present a single statement of comprehensive income.

• Annual IFRS improvements issued in May 2008. The improvements to IAS 40 and IAS 16 stipulate that buildings under construction should be measured according to the fair value model if the entity has chosen to apply this method for all of its investment properties.

In accordance with the revised version of IAS 40 applicable from 1 January 2009, SFL has reclassified as investment property all property under construction or development for future use (which previously fell within the scope of IAS 16). The buildings concerned are 247 rue Saint-Honoré and 108-112 avenue de Wagram.

- Other new standards, revised standards, amendments to standards and interpretations applied by the Group that did not materially affect the 2009 consolidated financial statements:

• IFRS 8 – Operating Segments. Entities are required to disclose information enabling users of their financial statements to evaluate the nature and financial effects of the business activities in which they engage and the economic environments in which they operate.

Adoption of this new standard has not resulted in any change in presentation of SFL's segment information, which is based on geographical segments (Golden Triangle, Financial District and La Défense).

• IFRS 2 (revised) – Share-Based Payment: Vesting Conditions and Cancellations.

• IAS 23 (revised) – Borrowing Costs. Under the revised standard, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and, therefore, should be capitalised. Adoption of this revised standard has not had any impact on the 2009 financial statements, as SFL had previously elected to capitalise borrowing costs attributable to qualifying assets.

• Amendments to IAS 32 and IAS 1 – Puttable Instruments and Obligations Arising on Liquidation.

• Amendments to IFRS 1 and IAS 27 – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.

• IFRIC 11 – Group and Treasury Share Transactions.

- Revised standards, amendments to existing standards and interpretations not yet applicable or that had not been adopted by the European Union as of 31 December 2009 that the Group chose not to early adopt:

• IAS 27 (revised) – Consolidated and Separate Financial Statements.

• IFRS 3 (revised) – Business Combinations.

• Amendment to IAS 39 – Eligible Hedged Items.

• Amendment to IFRS 7 – Improving Disclosures about Financial Instruments.

• Amendments to IFRIC 9 and IAS 39 – Embedded Derivatives.

• Annual IFRS improvements issued in April 2009.

• IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 17 – Distributions of Non-Cash Assets to Owners and IFRIC 18 – Transfers of Assets from Customers.

1-2) Accounting conventions

The consolidated financial statements are presented in thousands of euros.

The interim consolidated financial statements include all the disclosures required for a complete set of financial statements prepared in accordance with IFRS.

The Group has chosen to measure investment properties using the fair value model (see Note 2-3).

1-3) Basis of consolidation

The consolidated financial statements include the financial statements of SFL and its subsidiaries. The financial statements of subsidiaries cover the same period as those of SFL and have been prepared according to the same accounting policies. Intra-group transactions are eliminated in consolidation.
Subsidiaries are consolidated from the date when control is acquired and are removed from the scope of consolidation when control is transferred outside the Group. When SFL ceases to exercise control over a subsidiary, the consolidated financial statements include the subsidiary's results for the period from the beginning of the year to the date when control is transferred.
Acquisitions of property companies that do not meet the definition of a business combination under IFRS 3 are treated as direct acquisitions of the underlying property.
Material companies in which SFL holds the majority of voting rights and is therefore in a position to exercise exclusive control are fully consolidated.

1-4) Joint ventures

Joint ventures are consolidated by the proportional method based on the Group's percentage interest. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

1-5) Associates

Associates are accounted for by the equity method. An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Under the equity method, the investment is initially recognised at cost and is adjusted thereafter for the post-acquisition change in the Group's share of the associate's net assets, less any impairment losses. The Group's consolidated profit includes its share of the associate's profit.

1-6) Foreign currency translation

The functional and presentation currency of SFL and its subsidiaries is the euro. Transactions in foreign currency are initially recognised in the functional currency by applying the exchange rate on the transaction date. At the period-end, foreign currency monetary assets and liabilities are translated at the closing rate. Translation differences are recognised in the statement of comprehensive income.

1-7) Income taxes

The results of businesses subject to income tax are taxed at the standard rate and at a reduced rate.

For businesses subject to income tax, deferred tax assets and liabilities have been recognised by the liability method for all temporary differences between the book value of assets and liabilities and their tax basis. The Group entities that have elected to be taxed as an SIIC are not liable for income tax and the number of companies for which deferred taxes are recognised is therefore limited.

II - Measurement Methods

2-1) Intangible assets

Intangible assets correspond mainly to software development costs incurred in connection with the Group's systems upgrade, accounted for in accordance with IAS 38.

They are amortised by the straight-line method over five years.

2-2) Property and equipment

Property and equipment consist mainly of furniture, computer equipment and owner-occupied property. Owner-occupied property is property held by the owner for use in the production or supply of goods or services or for administrative purposes. The only property in this category is the section of the Centre d'Affaires du Louvre building used by the Group for administrative purposes.
Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses, in accordance with IAS 16. Depreciation is calculated by the straight-line method over the asset's estimated useful life. Each part of an item of property or equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. If the appraisal value of a property is less than its carrying amount, an impairment loss is recognised.
The gain or loss arising from derecognition of an item of property or equipment, corresponding to the difference between the net disposal proceeds and the carrying amount of the item, is included in profit when the item is derecognised.

2-3) Investment property

Investment property is property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both.
SFL has chosen to measure investment properties using the fair value model as provided for in IAS 40 (paragraph 30). Under this model, investment properties are measured at fair value and gains or losses arising from changes in fair value are recognised in profit. Investment properties are not depreciated.
As from 1 January 2009, the fair value model is also used to measure buildings acquired for renovation that will subsequently be transferred to the "Investment property" portfolio, in compliance with the revised version of IAS 40.
The market value of the Group's investment property is determined based on valuations performed by independent experts.
The fair value of investment property is the amount at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. It reflects market conditions at the period-end and not those prevailing at any past or future date. It does not reflect future capital expenditure that will improve or enhance the property or the related future benefits from this future expenditure.
No deduction is made for transaction costs that may be incurred on sale or other disposal.
The fair values of investment properties carried in the Group's statement of financial position at 31 December 2009 correspond to the prices including transfer costs obtained from independent valuations, less a 6.20% discount for properties subject to registration duty and a 1.80% discount for properties subject to VAT.
Changes in fair value, which are recognised in the statement of comprehensive income under "Gains and losses from remeasurement at fair value of investment properties", are calculated as follows:
Change in fair value = Market value at the period-end – Market value at the prior period-end – Work and other costs capitalised during the period.
The change in fair value is adjusted to exclude the effects of specific lease terms recognised under other asset captions, to avoid these effects being taken into account twice.

Valuation method

SFL's entire property portfolio was valued at 31 December 2009 by CBRE, Jones Lang Lasalle and BNP Paribas Real Estate.
The valuations were performed in accordance with the "Charte de l'Expertise en Evaluation Immobilière" (property valuation charter) included in the February 2000 report of France's securities regulator (COB, renamed AMF), and also complied with the standards issued by The European Group of Valuers' Associations (TEGoVA) as well as with Royal Institution of Chartered Surveyors (RICS) standards.
Independent experts are rotated in compliance with the SIIC code of ethics, which states: "Regardless of the number of independent experts used by the SIIC, the following principles must be upheld:
- Appointments should be based on a selection process evaluating each candidate's independence, qualifications and competency to value property within the asset classes and geographical locations concerned.
- When a firm of valuers is used, the SIIC should ensure that the firm's internal valuation teams are rotated after a period of seven years.
- An independent valuer may serve for no more than two 4-year terms for any given client, unless that valuer is a company in which case the above team rotation rule applies."
SFL's portfolio is appraised on a half-yearly basis by a group of three independent firms, each of which is responsible for valuing part of the total portfolio (Group share, excluding transfer costs), as follows:
- CBRE: 46%
- JLL: 43%
- BNP Paribas Real Estate: 11%
The firms ensure that their internal teams are rotated as required, and concurring appraisals are organised every six months on a portion of the assets in the portfolio. In addition, certain properties are assigned to different valuers each year to ensure a gradual rotation of assets among them.

The properties were valued primarily by the discounted cash flows method, which consists of discounting projected future cash flows. Revenue assumptions take into account passing rents, estimated market rents for the period beyond the lease expiry dates, any rent-free periods and rent step-ups, vacancy risk and projected changes in the construction cost index, which is the basis used to determine rent increases in France. Each property was analysed in detail, based on the type of use and the surface area of each unit, lease by lease.
The valuers noted that fourth-quarter 2009 rents on certain units were above or below market rents for the period on similar properties. These differences were taken into account to value the properties according to their current occupancy, based on the duration of the underlying leases.
Vacant units were valued on the basis of assumed rents, excluding rent for the estimated marketing period, after deducting remaining renovation costs for the period until the units are re-let. Expenditure assumptions cover non-recoverable costs – determined on a lease-by-lease basis – and projected capital expenditure except for expenditure that will improve or enhance the property and the related future benefits from this expenditure, as permitted under paragraph 51 of IAS 40.
Net cash flows for the final year of the projection period are capitalised to calculate the terminal value, corresponding to the property's resale price at the end of the period.

The results obtained are then compared to market data and adjusted, if necessary, to obtain a market-consistent value.
The appraisal values are quoted both including transfer costs (calculated on the basis of a standard 6.20% rate for all properties subject to registration duty and 1.80% for properties subject to VAT) and excluding transfer costs.
However, given that these appraisal values are essentially estimates, the proceeds from the sale of certain property assets may be different to their appraisal value, even if the sale takes place within a few months of the year-end.

2-4) Recoverable amount of non-current assets

IAS 36 – Impairment of Assets applies to intangible assets, property and equipment, investment properties, financial assets and goodwill. No goodwill is carried in the Group's consolidated statement of financial position.
At each period-end, the Group assesses whether there is any indication that any assets in the above categories may be impaired. If any such indication exists, the asset's recoverable amount is estimated. If the recoverable amount is less than its carrying amount, an impairment loss is recognised.
Indications of impairment include a change in the asset's economic or technical environment and a fall in its market value.
Recoverable amounts are determined by reference to appraisal values.

2-5) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of property assets are capitalised as part of the cost of the asset.

2-6) Investment properties held for sale

Investment properties are reclassified as "Assets held for sale" when their sale has been decided by the Board of Directors or a selling agent has been appointed.

2-7) Financial instruments (other than derivatives)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial instruments are initially recognised at cost, corresponding to the fair value of the consideration paid, including transaction costs directly attributable to the acquisition.
The fair value of the Group's credit facilities approximates their carrying amount, as floating-rate debt is indexed to market rates and lending margins are stable.
Purchases and sales of financial instruments are recognised on the transaction date, corresponding to the date when the Group becomes a party to the contractual provisions of the instrument.
Short-term investments are measured at fair value at the period-end.

2-8) Amounts receivable from tenants and trade receivables

Receivables are initially recognised at fair value and are subsequently measured using the cost model. Provisions for impairment are determined on a case-by-case basis, for the difference between the receivables' carrying amount and recoverable amount.

2-9) Cash and cash equivalents

Cash and cash equivalents carried in the statement of financial position include cash at bank and on hand and short-term deposits with original maturities of less than three months.
Cash and cash equivalents in the statement of cash flows correspond to cash and cash equivalents less bank overdrafts.
Short-term investments are measured at fair value, in accordance with IAS 39.

2-10) Interest-bearing loans and borrowings

Loans and borrowings are initially recognised at cost, corresponding to the fair value of the consideration paid or received, including directly attributable transaction costs.
Interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest method. Amortised cost takes into account all debt issuance costs and any difference between the initial amount and the amount at maturity. Finance costs are recalculated based on this amortised cost figure and the related effective interest rate.

2-11) Discounting of non-current liabilities

Non-current liabilities with fixed maturities are discounted.
This applies to the exit tax payable in four annual instalments following election for SIIC status.
Where the effect of the time value of money is material, non-current liabilities are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and any risks specific to the liability. Where discounting is used, the increase in the non-current liability due to the passage of time is recognised under "Finance costs".

2-12) Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
When the Group expects reimbursement of some or all of the expenditure required to settle a provision, the reimbursement is recognised as a separate asset when, and only when, it is virtually certain that it will be received. In the statement of comprehensive income, the provision expense is presented net of the amount recognised for the reimbursement.

2-13) Employee benefits

Long-term benefits consist mainly of length-of-service awards payable to employees on retirement and jubilees.
Long-term benefits are recognised in the period in which the qualifying service is rendered by the employee. They are discounted at a rate defined in IAS 19. Short-term employee benefits are recognised in current liabilities and in expenses for the period. The projected benefit obligation is calculated annually based on actuarial assumptions including a retirement age of 65, a discount rate of 3.97% and a 2% rate of future salary increases. The calculation parameters are determined separately for each individual company, based on historical experience. Actuarial gains and losses are recognised in profit.
- Long-service awards payable to employees on retirement: benefits payable under this plan are specified in a corporate agreement signed with employee representatives.
- Post-employment medical care: this plan concerns a closed group of retired SFL employees. Benefits consist of the payment by SFL of two-thirds of the contributions due to the company responsible for reimbursing medical costs.
- Jubilees: the agreements in force within the Group provide for the payment of one month's salary to administrative staff who complete 25 and 30 years service, and one month's salary for concierges and caretakers who complete 25 years service.

Employees are not covered by any defined benefit pension plan and are not entitled to any other post-employment benefits. As the Group does not have any such defined benefit obligations, no sensitivity analyses are presented.

2-14) Treasury shares

Treasury shares are recorded as a deduction from equity.

2-15) Share-based payments (IFRS 2)

Under the transitional provisions of IFRS 2, recognition in the financial statements of equity-settled share-based payments is required only for equity instruments that were granted after 7 November 2002 and had not yet vested at 1 January 2005.
Stock options are measured at the grant date using the Black & Scholes option-pricing model and the related expense is recognised over their vesting period.

2-16) Finance leases

Finance leases – primarily for the acquisition of property assets – that transfer substantially all the risks and rewards incidental to ownership of the asset are recognised at the commencement of the lease term as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. It is recognised directly in finance costs.
Investment properties acquired under finance leases are measured at fair value at each period-end.

2-17) Derivative financial instruments

The Group uses interest rate swaps and other derivative financial instruments to hedge the risk of changes in interest rates (and foreign exchange rates). These instruments are measured at fair value at each period-end.
Financial instruments are measured using standard market valuation models.
For the purpose of applying hedge accounting, fair value hedges are defined as hedges of the exposure to changes in fair value of a recognised asset or liability and cash flow hedges are defined as hedges of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.
For fair value hedges qualifying for hedge accounting, gains and losses arising from remeasuring the hedging instruments at fair value are recognised in profit. Any gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised in profit. Adjustments to the carrying amount of a hedged interest-bearing financial instrument are amortised through profit over the instrument's remaining period to maturity.
For cash flow hedges of firm commitments that qualify for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in profit.
For derivative instruments that do not qualify for hedge accounting, gains and losses from remeasurement at fair value are recognised in profit.
Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting. In this case, the gain or loss on the hedging instrument recognised directly in equity is reclassified into profit when the forecast transaction occurs. If the forecast transaction is no longer expected to occur, any related gain or loss on the hedging instrument recognised directly in equity is reclassified into profit immediately.

2-18) Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount can be measured reliably. The revenue recognition criteria applied by the Group are as follows:

Property rentals

Property rentals from investment properties are recognised on a straight-line basis over the lease term.

Specific lease terms

Current leases include various specific terms concerning rent-free periods, step-up clauses, eviction compensation and the payment of key money.
In compliance with IAS 17 and SIC 15, the effects of rent-free periods and step up clauses are recognised over the lease term.
When a tenant is evicted to permit renovation work to be carried out, the compensation is recognised as an asset as part of the renovation cost. When the payment of eviction compensation enables the Group to enhance the asset's yield (by re-letting the property at a higher rent), the compensation is recognised as an expense.
Key money received by the lessor is recognised in property rentals over the lease term.
Penalties paid by tenants for terminating their lease in advance of the expiry date are treated as revenue from the terminated lease and are recognised in profit on the payment date.

Asset sales

Revenue from asset sales is recognised when the significant risks and rewards of ownership of the asset are transferred to the buyer and the amount of revenue can be measured reliably.

Interest income

Interest income is recognised on an accruals basis using the effective interest method, which consists of applying a rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividends

Dividends are recognised when the Group's right to receive payment is established.

2-19) Critical accounting estimates and judgements

The property portfolio is valued by independent experts using assumptions concerning future cash flows and interest rates that have a direct impact on their valuations. A reduction in the value assessed by these experts would lead to a decrease in the Group's earnings (see Note 2-3).
Transaction volumes were limited in 2009 and there was a lack of visibility concerning the economic and financial outlook. Given this environment, the experts valued the portfolio on a conservative basis, by cautiously interpreting the indications provided by the few transactions that did take place.
All of the Group's financial instruments are measured using standard market valuation models (see Note 2-17).

III - Segment Information

The Group's properties are similar in nature and, although they are managed separately in the same manner, none are large enough to be treated as separate reportable segments.

They are grouped into geographical segments according to the principles previously applied under IAS 14.

Comprehensive income can be analysed as follows by geographical segment:

	Golden Triangle	Financial District	Golden Crescent La Défense	Other	Headquarters	Total
Property rentals	66,766	67,089	36,776	12,350	-	182,981
Property expenses, net of recoveries	(4,101)	(7,112)	(2,391)	3,294	-	(10,310)
Net property rentals	**62,665**	**59,976**	**34,385**	**15,644**	**-**	**172,671**
Service and other revenues	-	-	-	-	241	241
Other income	3,368	1,255	591	-	777	5,991
Depreciation and amortisation expense	-	(234)	-	-	(620)	(855)
Provision reversals/(expense), net	(84)	(52)	-	(162)	(16)	(314)
Employee benefits expense	-	-	-	-	(11,838)	(11,838)
Other expenses	-	-	-	-	(7,824)	(7,824)
Profit/(loss) on disposal of investment properties	(11,236)	-	-	(2,769)	-	(14,005)
Gains and losses from remeasurement at fair value of investment properties	(136,488)	(119,766)	(75,894)	(53,315)	-	(385,463)
Operating profit/(loss)	**(81,775)**	**(58,821)**	**(40,918)**	**(40,602)**	**(19,280)**	**(241,395)**
Profit on disposal of other assets	-	-	-	-	-	-
Share of profits of associates	-	-	-	-	-	-
Finance costs and other financial expenses	-	-	-	-	(50,150)	(50,150)
Financial income	-	-	-	-	9,207	9,207
Gains and losses from remeasurement at fair value of financial instruments	-	-	-	-	(529)	(529)
Discounting adjustments to receivables and payables	-	-	-	-	(299)	(299)
Interest on receivables	-	-	-	-	1,138	1,138
Provision reversals/(expense), net - financial assets	-	-	-	-	(287)	(287)
Other financial income and expenses	-	-	-	-	-	-
Profit/(loss) before income tax	**(81,775)**	**(58,821)**	**(40,918)**	**(40,601)**	**(60,200)**	**(282,315)**
Income tax benefit/(expense)	5,533	-	5,121	5,902	(1,154)	15,402
Profit/(loss) for the period	**(76,242)**	**(58,821)**	**(35,797)**	**(34,700)**	**(61,353)**	**(266,913)**
Attributable to equity holders of the parent	**(61,569)**	**(58,821)**	**(35,797)**	**(34,700)**	**(61,353)**	**(252,239)**
Attributable to minority interests	**(14,673)**	**-**	**-**	**-**	**-**	**(14,673)**

Other comprehensive income						
Valuation gains and losses on financial instruments taken to equity (cash flow hedges)	-	-	-	-	(7,028)	(7,028)
Deferred tax impact of valuation gains and losses on financial instruments taken to equity	-	-	-	-	336	336
Other comprehensive income	**-**	**-**	**-**	**-**	**(6,693)**	**(6,693)**
Comprehensive income	**(76,242)**	**(58,821)**	**(35,797)**	**(34,700)**	**(68,046)**	**(273,605)**
Attributable to equity holders of the parent	**(61,569)**	**(58,821)**	**(35,797)**	**(34,700)**	**(68,046)**	**(258,932)**
Attributable to minority interests	**(14,673)**	**-**	**-**	**-**	**-**	**(14,673)**

Assets break down as follows by geographical segment:

	Golden Triangle	Financial District	Golden Crescent La Défense	Other	Headquarters	Total
Segment assets	1,172,025	1,171,832	506,282	351,036	3,480	3,204,654
Unallocated assets	-	-	-	-	65,213	65,213
Total assets	**1,172,025**	**1,171,832**	**506,282**	**351,036**	**68,693**	**3,269,867**

Segment assets correspond to the Group's property assets.

No analysis of liabilities by geographical segment is presented.

The Group's main geographical segments are as follows:

• The Golden Triangle, comprising parts of the 8th, 16th and 17th arrondissements in Paris. The segment extends from avenue Raymond Poincaré and boulevard Gouvion Saint-Cyr in the west to rue Tronchet in the east, and from avenue de Villiers and boulevard Malesherbes in the north to the banks of the Seine up to Trocadero in the south.

• The Financial District, comprising parts of the 1st, 2nd and 9th arrondissements. This segment extends from rue Tronchet in the west to rue du Sentier and rue du Faubourg-Poissonière in the east, and from rue de Châteaudun in the north to rue de Rivoli in the south.

• Golden Crescent/La Défense, located to the west of Paris, on the other side of the Boulevard Périphérique ring-road, and consisting mainly of La Défense.

IV - Significant Events of the Year

4-1) Asset purchases and sales

In 2009, five investment properties classified as held-for-sale were sold for a total of €116,576 thousand. The average spot yield on these sales was 6.3%. Details of these transactions are provided in Note 6-26.

Through the Parholding joint subsidiary, SFL and its partner Prédica acquired the second and fifth floors of the building at 90 avenue des Champs-Elysées, where they already owned five other floors. The additional space was acquired for a total of €16,600 thousand, of which SFL' share was €8,300 thousand.

Also during the year, SFL withdrew from the Paris Rive Gauche T8 project. This withdrawal led to the recognition of a €13,545 thousand loss, mainly corresponding to the costs incurred to obtain the building permit for the project. A final withdrawal agreement was signed with SEMAPA in January 2010.

4-2) Financing

During first-half 2009, the Prony-Wagram finance lease with Fortis Lease due to expire on 14 June 2009 was rolled over for seven years for a net amount totalling €45,529 thousand. The lease is indexed to the 3-month Euribor plus a spread of 200 bps.

In October 2009, SFL obtained a new €300 million syndicated line of credit from BNP Paribas, of which €200 million was put towards the early repayment of the first instalment of the Natixis syndicated loan. The new 5-year bullet loan and pays interest at the 3-month Euribor plus 270 bps.

In November 2009, Parholding's nonrecourse mortgage loan with the banking syndicate was rolled over for a total amount of €172 million, of which €35 million corresponds to financing for the renovation of the Galerie des Champs Elysées building. The 3-year loan pays interest at the 3-month Euribor plus 250 bps.

4-3) Tax audits

The following is a discussion of tax audits, by type of proposed reassessment.

Provisions for major repairs

The tax authorities have challenged the method used by SFL to calculate its provisions for major repairs and have notified the Group of a €4,950 thousand reassessment of the tax base. An amount of €874 thousand was paid following the 24 March 2009 decision of the Administrative Court concerning SAS 55 Montaigne. However, the Group has contested the tax authorities' position, on the grounds that the work involved was certain of being carried out and could be reliably measured. No provision has been recorded in relation to this reassessment.

VAT

Further to a VAT audit covering 2002, the Group was ordered to pay €451 thousand in VAT on deemed revenue from rent-free periods and eviction compensation. The Group has since claimed a refund of this amount, which was nevertheless covered by a provision in 2006.

Analysis of property values between the value of the land and that of the building

The tax authorities challenged the breakdown of the value of certain properties in the accounts between the value of the land and that of the building and notified the Group of €2,611 thousand worth of reassessments of the tax base. The Group has partially contested the tax authorities' position. The related provision, which was originally set aside in 2005, amounted to €680 thousand at 31 December 2009.

4-4) Subsequent events

No significant events occurred between 31 December 2009 and the date these financial statements were approved for publication.

V - Scope of Consolidation

Consolidated companies	Registration no.	Percentage	
		Interest	Voting rights
Parent company			
SA Société Foncière Lyonnaise	552 040 982	-	-
Fully-consolidated companies			
SA SEGPIM	326 226 032	100	100
SAS Locaparis	342 234 788	100	100
SAS SB1	444 310 247	100	100
SAS SB2	444 318 398	100	100
SAS SB3	444 318 547	100	100
SCI SB3	484 425 450	100	100
SCI Washington	432 513 299	66	66
SCI,5 de Vigny	327 469 607	100	100
SCI,103 Grenelle	440 960 276	100	100
SCI Paul Cézanne	438 339 327	100	100
SNC FLY Tolbiac	507 436 921	100	100
Proportionately consolidated companies			
SAS Parholding	404 961 351	50	50
SC Parsherbes	413 175 639	50	50
SC Parchamps	410 233 498	50	50
SC Pargal	428 113 989	50	50
SC Parhaus	405 052 168	50	50
SC Parchar	414 836 874	50	50

At 31 December 2009, Société Foncière Lyonnaise was 53.48%-owned by the Spanish company Inmobiliaria Colonial SA.

VI - Notes to the Consolidated Statements of Financial Position and Comprehensive Income

The key items in the statement of financial position and the statement of comprehensive income are analysed below. All amounts are stated in thousands of euros.

6-1) Intangible assets

	31 December 2007	Increases	Decreases	Reclassifications	Acquisitions of subsidiaries	31 December 2008
Cost						
Computer software	3,267	53	-	-	-	3,320
Other intangible assets	-	136	-	-	-	136
Accumulated amortisation						
Computer software	(2,168)	(606)	-	-	-	(2,774)
Other intangible assets	-	-	-	-	-	-
Carrying amount	**1,099**	**(417)**	**-**	**-**	**-**	**682**

	31 December 2008	Increases	Decreases	Reclassifications	Acquisitions of subsidiaries	31 December 2009
Cost						
Computer software	3,320	149	-	-	-	3,469
Other intangible assets	136	-	(136)	-	-	-
Accumulated amortisation						
Computer software	(2,774)	(306)	-	-	-	(3,080)
Other intangible assets	-	-	-	-	-	-
Carrying amount	**682**	**(157)**	**(136)**	**-**	**-**	**389**

6-2) Property and equipment

	31 December 2007	Increases	Decreases	Reclassifications	Acquisitions of subsidiaries	31 December 2008
Cost						
Owner-occupied property	16,034	-	-	-	-	16,034
Equipment	269,515	101,810	(16)	-	-	371,310
Accumulated depreciation						
Owner-occupied property	(2,073)	-	(234)	-	-	(2,308)
Equipment	(1,912)	-	(17,831)	-	-	(19,744)
Carrying amount	**281,564**	**101,810**	**(18,081)**	**-**	**-**	**365,292**

	31 December 2008	Increases	Decreases	Reclassifications	Acquisitions of subsidiaries	31 December 2009
Cost						
Owner-occupied property	16,034	-	-	-	-	16,034
Equipment	371,310	29	(386)	(366,589)	-	4,363
Accumulated depreciation						
Owner-occupied property	(2,308)	(234)	-	-	-	(2,542)
Equipment	(19,744)	(319)	386	17,475	-	(2,202)
Carrying amount	**365,292**	**(524)**	**-**	**(349,115)**	**-**	**15,654**

The fair value of owner-occupied property – corresponding to the section of the Centre d'Affaires Le Louvre used by SFL as its administrative headquarters – amounted to €22,528 thousand at 31 December 2009 versus €19,690 thousand a year earlier.

The building at 103 rue de Grenelle was reclassified as investment property following its delivery on 2 March 2009. Property under construction or development for future use was also reclassified as investment property, in accordance with the revised version of IAS 40 applicable from 1 January 2009.

6-3) Investment property

	31 December 2007	Increases	Gains from remeasure-ment at fair value	Decreases	Losses from remeasure-ment at fair value	Reclassi-fications	Acquisitions of subsidia-ries	31 December 2008
Fair value								
Investment properties	3,745,775	27,155	10,413	(12,664)	(496,291)	(281,584)	-	2,992,804
Total	**3,745,775**	**27,155**	**10,413**	**(12,664)**	**(496,291)**	**(281,584)**	**-**	**2,992,804**

	31 December 2008	Increases	Gains from remeasure-ment at fair value	Decreases	Losses from remeasure-ment at fair value	Reclassi-fications	Acquisitions of subsidiaries	31 December 2009
Fair value								
Investment properties	2,992,804	107,077	2,368	(968)	(367,289)	382,898	-	3,116,890
Total	**2,992,804**	**107,077**	**2,368**	**(968)**	**(367,289)**	**382,898**	**-**	**3,116,890**

	31 December 2009	31 December 2008	31 December 2007
Appraisal value of investment properties	3,137,641	3,015,531	3,773,266
Adjustments to reflect specific lease terms	(20,751)	(22,727)	(27,491)
Fair value of investment properties carried in the statement of financial position	**3,116,890**	**2,992,804**	**3,745,775**

Investment properties are valued by independent experts at half-yearly intervals.

6-4) Investments in associates

The Group has not held any investments in associates since 1 October 2007.

6-5) Financial assets

	31 December 2007	31 December 2008	Increases	Impairment losses recog-nised during the period	Decreases	Impairment losses rever-sed during the period	Reclassi-fications	31 December 2009
Investments in non-consolidated companies	1,071	1,071	-	-	-	-	-	1,071
Provisions for impairment	-	-	-	(287)	-	-		(287)
Investments in non-consolidated companies, net	1,071	1,071		(287)	-	-	-	784
Deposits	539	1,557	96	-	(1,001)	-	-	653
Hedging instruments	3,914	39	9	-	(39)	-	-	9
Advances to non-consolidated companies	4,453	1,596	106	-	(1,040)	-	-	662
Total	**5,524**	**2,668**	**106**	**(287)**	**(1,040)**	**-**	**-**	**1,446**

At 31 December 2009, hedging instruments with a positive fair value recognised in assets totalled €9 thousand versus €39 thousand at 31 December 2008, breaking down as follows:

Fair values of hedging instruments with a positive fair value	Effective interest rate	Due	Long-term portion		
			31 December 2009	31 December 2008	31 December 2007
BNP Paribas swap	2.265%	30 Sept. 2013	9	-	-
BNP Paribas swap	2.635%	31 Dec. 2010	-	39	-
Swap no.1 on Calyon/HSBC loan	3.850%	29 Dec. 2009	-	-	464
Swap no.2 on Calyon/HSBC loan	3.560%	29 June 2009	-	-	50
Swap no.3 on Calyon/HSBC loan	3.125%	29 Dec. 2009	-	-	371
Calyon swap	3.785%	23 May 2011	-	-	1,879
RBS swap	3.890%	31 Oct. 2013	-	-	1,151
Total			**9**	**39**	**3,914**

6-6) Other non-current assets

	31 December 2009	31 December 2008	31 December 2007
Deferred tax assets	2,947	2,742	2,440
Other receivables	-	203	1,580
Prepayments	148	210	7,515
Total	**3,096**	**3,156**	**11,535**

Deferred tax assets are analysed in Note 6-34.

6-7) Investment properties held for sale

	31 December 2007	Increases	Gains from remeasurement at fair value	Decreases	Losses from remeasurement at fair value	Reclassifications	Acquisitions of subsidiaries	31 December 2008
Fair value								
Investment properties	401	3,417	-	(143)	(43,098)	281,584	-	242,161
Total	**401**	**3,417**	**-**	**(143)**	**(43,098)**	**281,584**	**-**	**242,161**

	31 December 2008	Increases	Gains from remeasurement at fair value	Decreases	Losses from remeasurement at fair value	Reclassifications	Acquisitions of subsidiaries	31 December 2009
Fair value								
Investment properties	242,161	6,657	-	(125,867)	(20,542)	(33,784)	-	68,626
Total	**242,161**	**6,657**	**-**	**(125,867)**	**(20,542)**	**(33,784)**	**-**	**68,626**

On 9 December 2008, the Board of Directors approved the sale of eight buildings in SFL's portfolio. Five buildings were sold in first-half 2009.

On 18 November 2009, the Board of Directors approved the sale of three buildings in the portfolio, including two that had not yet been sold under the previous programme.

	31 December 2009	31 December 2008	31 December 2007
Appraisal value of investment properties held for sale	68,626	245,088	401
Adjustments to reflect specific lease terms	-	(2,928)	-
Fair value of investment properties held for sale carried in the statement of financial position	**68,626**	**242,161**	**401**

No businesses were discontinued during the year.

6-8) Trade and other receivables

	31 December 2009			31 December 2008	31 December 2007
	Total	Due within one year	Due in more than one year	Total	Total
Trade receivables	27,423	6,569	20,854	34,897	37,630
Provisions	(2,437)	(2,437)	-	(2,294)	(2,451)
Trade receivables, net	24,986	4,132	20,854	32,602	35,179
Prepayments to suppliers	371	371	-	607	4,776
Employee advances	66	66	-	57	20
Tax receivables (other than income tax)	14,080	14,080	-	16,451	11,171
Other operating receivables	1,873	1,873	-	2,380	1,576
Other	304	304	-	148	148
Other receivables	16,695	16,695	-	19,643	17,691
Total	**41,681**	**20,827**	**20,854**	**52,245**	**52,870**

Receivables do not bear interest.

Provisions for doubtful debts can be analysed as follows:

	31 December 2009	31 December 2008	31 December 2007
Increases	(254)	(702)	(208)
Reversals	112	1,060	670
Bad debt write-offs	(196)	(1,034)	(57)
Total	**(338)**	**(676)**	**405**
Property rentals	182,981	181,513	170,395
Net losses as a % of property rentals	**0.18%**	**0.37%**	**(0.24%)**

6-9) Other current assets

	31 December 2009	31 December 2008	31 December 2007
Accrued interest on hedging instruments	-	860	97
Income tax prepayments	1,805	829	1,435
Other prepayments	690	1,986	2,500
Total	**2,495**	**3,675**	**4,032**

At 31 December 2009, there was no accrued interest on hedging instruments.

6-10) Cash and cash equivalents

	31 December 2009	31 December 2008	31 December 2007
Cash at bank and in hand	1,813	449	1,025
Short-term investments	17,778	13,703	14,920
Total	**19,590**	**14,152**	**15,945**

Short-term investments are measured at fair value. They break down as follows:

	31 December 2009	31 December 2008	31 December 2007
Rothschild money market fund	1,325	538	665
Société Générale money market fund	8,680	6,001	3,393
HSBC money market fund	4,342	2,811	5,580
Crédit Agricole money market fund	3,431	4,352	5,282
Total	**17,778**	**13,703**	**14,920**

6-11) Equity

The Company's share capital amounts to €93,011 thousand, represented by 46,505,676 ordinary shares with a par value of €2.

Treasury shares are deducted from equity. Details of treasury share transactions are presented below.

	31 December 2007	31 December 2008	Increases	Decreases	31 December 2009
Number of shares	461,574	505,297	63,516	(95,821)	472,992
Average purchase/sale price, in euros	€55.69	€54.64	€29.09	€33.37	€55.52
Total, in thousands of euros	**25,705**	**27,612**	**1,848**	**(3,198)**	**26,261**

Equity is analysed in the consolidated statement of changes in equity included in the financial statements.

6-12) Short and long-term interest-bearing debt

	Effective interest rate	Due	Long-term portion			Short-term portion		
			31/12/2009	31/12/2008	31/12/2007	31/12/2009	31/12/2008	31/12/2007
Lease liabilities								
131, Wagram	3-month Euribor + 100 bps (calendar quarter-end)	14 June 2016	41,220	0	46,005	2,790	46,005	952
Quai le Gallo	3-month Euribor + 75 bps (calendar quarter-end)	28 Feb. 2012	58,458	62,230	65,845	3,773	3,615	3,463
Rives de Seine	6-month Euribor + 75 bps (29 April and 29 October)	29 Oct. 2013	75,905	86,340	96,343	10,434	10,003	9,590
Impact of deferred recognition of debt arranging fees			**(3,818)**	**(686)**	**(1,219)**	**(1,518)**	**(533)**	**(533)**
Bank loans								
Natixis syndicated loan	3-month Euribor + 40 bps (end of drawdown period)	26 Jan. 2012	400,000	600,000	574,000	20	5,853	341
BNP Paribas syndicated loan	3-month Euribor + 270 bps (end of drawdown period)	8 Oct. 2014	150,000	-	-	1,220	-	-
HSBC-Calyon-CFF loan	3-month Euribor + 250 bps (end of drawdown period)	29 Dec. 2012	75,336	-	-	879	-	-
HSBC-Calyon-CFF loan	3-month Euribor + 90 bps (29th of the last month of each quarter)	29 Dec. 2009	0	0	77,663	-	68,474	1,852
HSBC-Calyon-CFF loan	1-month Euribor + 40 bps (29th of each month)	29 Mar. 2008	0	0	-	-	-	1,215
BancoSabadell revolving facility (€50 million)	3-month Euribor + 60 bps (calendar quarter-end)	28 Feb. 2012	50,000	50,000	50,000	4	6	8
BECM revolving facility (€150 million)	3-month Euribor + 40 bps (end of drawdown period)	4 May 2012	150,000	140,000	65,000	7	78	174
Royal Bank of Scotland	3-month Euribor + 56 bps (calendar quarter-end)	31 Oct. 2013	40,800	40,800	40,800	1	5	6
Deutsche Hypothekenbank revolving facility (€50 million)	3-month Euribor + 55 bps (end of drawdown period)	23 Oct. 2012	50,000	30,000	-	23	385	-
CADIF loan	1-month Euribor + 65 bps (end of drawdown period)	31 Dec. 2010	-	-	-	15,001	-	-
Current account advances	3-month Euribor + 60 bps (calendar quarter-end)	18 May 2011	53,314	54,090	56,785	184	-	-
Hedging instruments with a negative fair value								
Calyon swap	2.218%	29 Dec. 2012	376	-	-	9	-	-
Swap no.1 on Calyon/HSBC loan	3.85%	29 Dec. 2009	0	0	-	-	554	-
Swap no.2 on Calyon/HSBC loan	3.56%	29 June 2009	0	0	-	-	15	-
Swap no.3 on Calyon/HSBC loan	3.125%	29 Dec. 2009	0	0	-	-	88	-
BNP Paribas swap	2.635%	31 Dec. 2010	-	-	-	803	-	-
BNP Paribas swap	2.375%	31 Mar. 2012	694	-	-	2	-	-
JPMorgan swap (on €400 million)	12-month Euribor (with a 5.085% cap) + 141.5 bps	3 Jan. 2014	31,870	30,495	27,412	2,602	-	1,369
Calyon swap	3.785%	23 May 2011	3,455	2,200	-	333	-	-
RBS swap	3.89%	31 Oct. 2013	2,433	1,401	-	7	1	-
Natixis swap	4.4325%	31 Dec. 2010	-	6,921	308	6,839	4	(3)
BNP Paribas swap	2.63%	31 Mar 2014	462	-	-	3	-	-
HSBC swap	2.63%	31 Mar. 2014	462	-	-	3	-	-
CADIF swap	1.655%	31 Mar. 2014	277	-	-	1	-	-
HSBC swap	2.71%	31 June 2014	1,049	-	-	5	-	-
BNP Paribas swap	3.33%	31 Dec. 2010	-	645	-	1,154	-	-
BNP Paribas swap	2.265%	30 Sept. 2013	-	-	-	2	-	-
Bank overdrafts	**Various**		**-**	**-**	**-**	**11,833**	**35,636**	**26,391**
Total			**1,182,293**	**1,104,437**	**1,098,942**	**56,414**	**170,188**	**44,825**

The following table analyses borrowings by maturity:

	31 December 2009	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	31 December 2008
Syndicated loans	551,240	1,240	550,000	-	605,853
HSBC/Calyon/CFF loan	76,215	879	75,336	-	68,474
BancoSabadell loan	50,004	4	50,000	-	50,006
BECM revolving facility	150,007	7	150,000	-	140,078
Royal Bank of Scotland loan	40,801	1	40,800	-	40,805
Deutsche Hypothekenbank loan	50,023	23	50,000	-	30,385
Lease liabilities	192,580	16,997	145,523	30,060	208,193
CADIF loan	15,001	15,001	-	-	-
Current account advances (liabilities)	53,498	184	53,314	-	54,090
Deferred debt arranging fees	(5,336)	(1,518)	(3,818)	-	(1,219)
Calyon swap at 2.218%	385	9	376	-	-
Swap no.1 on Calyon/HSBC loan	-	-	-	-	554
Swap no.2 on Calyon/HSBC loan	-	-	-	-	15
Swap no.3 on Calyon/HSBC loan	-	-	-	-	88
BNP Paribas swap at 2.635%	803	803	-	-	-
BNP Paribas swap at 2.375%	696	2	694	-	-
JP Morgan swap	34,472	2,602	31,870	-	30,495
Calyon swap at 3.785%	3,788	333	3,455	-	2,200
RBS swap	2,440	7	2,433	-	1,402
Natixis swap	6,839	6,839	-	-	6,925
BNP Paribas swap at 2.63%	465	3	462	-	-
HSBC swap at 2.63%	465	3	462	-	-
CADIF swap at 1.655%	278	1	277	-	-
HSBC swap at 2.71%	1,054	5	1,049	-	-
BNP Paribas swap at 3.33%	1,154	1,154	-	-	645
BNP Paribas swap at 2.265%	2	2	-	-	-
Bank overdrafts	11,833	11,833	-	-	35,636
Total	**1,238,707**	**56,414**	**1,152,233**	**30,060**	**1,274,625**

At 31 December 2009, SFL had access to confirmed undrawn lines of credit representing €150 million.

Current account advances correspond to Prédica’s interest in SCI Washington.

Debt covenants and acceleration clauses:

Credit facilities	Applicable ratios	Actual ratios at 31/12/2009	Actual ratios at 31/12/2008	Acceleration clauses (1)
CALYON-HSBC/ CFF LOAN FOR PARHOLDING	Consolidated LTV (Loan To Value) = Outstanding loan/ fair value of property < 70%	36.9%	-	Breach of financial covenants Withdrawal of collateral Bankruptcy proceedings Termination of mandates Auditors' refusal to certify financial statements Asset seizures Failure to pay a loan instalment Material adverse event
	Consolidated ICR = Net property rentals received/interest expense > 1.40	2.2	-	
NATEXIS SYNDICATED LOAN	EBITDA/net finance costs > 2.5	4	3.1	Failure to pay a loan instalment Breach of financial covenants Administration or liquidation Change of control Material adverse event
	LTV <= 50%	32.8%	30.2%	
	Secured debt/Property portfolio value <= 20%	9.1%	8.3%	
	Unrestricted property portfolio value >= €1bn	€3.1 bn	€3.5 bn	
BNP PARIBAS SYNDICATED LOAN	LTV <= 50%	32.8%	-	Payment default Cross default Termination of operations Bankruptcy proceedings Breach of financial covenants Loss of SIIC status Material adverse event
	Secured LTV <= 20%	9.1%	-	
	Unrestricted property portfolio value >= €2 bn	€2.7 bn	-	
	Interest cover >= 2.5x	4.0		
BECM REVOLVING FACILITY	Interest cover >= 2x	4.0	3.1	Payment default Cross default Termination of operations Bankruptcy proceedings Breach of financial covenants Loss of SIIC status Change of control Material adverse event
	LTV <= 0.5	37.8%	34.7%	
	Property portfolio value > €2 bn	€3.2 bn	€3.6 bn	
	Secured LTV < 20%	9.6%	8.8%	
	Total surface area/Surface area under renovation < 30%	10.7%	12.4%	
RBS LOAN	Interest cover >= 2.5x	4.0	3.1	Payment default Cross default Termination of operations Bankruptcy proceedings Breach of financial covenants Change of control Material adverse event
	LTV <= 50%	37.8%	34.7%	
	Secured LTV <= 20%	9.6%	8.8%	
	Unrestricted property portfolio value >= €1 bn	€2.9 bn	€3.3 bn	
DEUTSCHE HYPOTHEKEN-BANK LOAN	LTV <= 0.5	37.8%	34.7%	Payment default Misrepresentations Default reported to Banque de France Cross default Termination of operations Bankruptcy proceedings Change of control Material adverse event
	Interest cover >= 1.8x	4.0	3.1	

(1) Summarized list of the main acceleration clauses.

The Group was not in breach of any of its financial covenants at 31 December 2009.

6-13) Short and long-term provisions

	31 December 2007	31 December 2008	Increases	Decreases	*o/w utilisations*	Reclassi-fications	31 December 2009
Provisions related to refurbishment work and tenant claims	-	-	-	-	-	-	-
Provisions for taxes other than on income	800	680	-	-	-	-	680
Provisions for employee benefits	1,113	1,045	146	(76)	-	-	1,116
Other provisions	-	-	-	-	-	-	-
Provisions for warranties	-	-	82	-	-	-	82
Long-term provisions	1,913	1,725	228	(76)	-	-	1,878
Provisions related to refurbishment work and tenant claims	2,528	350	-	-	-	-	350
Provisions for taxes other than on income	451	451	-	-	-	-	451
Provisions for employee benefits	215	269	-	(59)	*(59)*	-	210
Other provisions	-	-	-	-	-	-	-
Provisions for warranties	-	-	74		-	-	74
Short-term provisions	3,195	1,070	74	(59)	*(59)*	-	1,085
Total	**5,107**	**2,795**	**302**	**(134)**	***(59)***	**-**	**2,963**

Provisions for employee benefits include provisions for long-service awards payable to employees on retirement and jubilees for €1,116 thousand.

Short- and long-term provisions covering benefits payable to members of senior management amounted to €63 thousand at 31 December 2009.

Provisions related to refurbishment work mainly concern claims for faulty work on sold properties or units. Other short-term provisions cover tenant business interruption claims.

Provisions are recorded in the financial statements if, and only if, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

6-14) Deferred taxes

See Note 6-34.

6-15) Other long-term tax liabilities

This item corresponds mainly to exit tax. The liability has been discounted based on the periods of payment, as follows:

Due	2011	2012	Total
Amount payable	2,178	2,080	4,258

6-16) Other non-current liabilities

This item corresponds mainly to guarantee deposits and bonds received from tenants.

6-17) Trade and other payables

	31 December 2009	31 December 2008	31 December 2007
Trade payables	5,295	6,961	9,412
Amounts due within one year on asset acquisitions	21,172	14,465	12,705
Total	**26,467**	**21,426**	**22,117**

At 31 December 2009, amounts due within one year on asset acquisitions mainly correspond to the renovation of buildings located at 103 rue de Grenelle, 247 rue Saint-Honoré, 38-44 rue de Washington and 82-88 avenue des Champs-Elysées and to the modernisation of the Louvre des Entreprises building.

6-18) Other current liabilities

Other current liabilities break down as follows:

	31 December 2009	31 December 2008	31 December 2007
Deposits	215	377	-
Customer prepayments	17,709	9,162	12,344
Accrued employee benefits expense	5,352	5,094	5,419
Accrued taxes	4,157	5,650	5,675
Other liabilities	6,119	5,253	3,166
Accruals	32	1,719	55
Total	**33,584**	**27,254**	**26,659**

Accrued employee benefits expense includes statutory and discretionary profit-sharing and bonus accruals.

Accrued taxes include the 2010 exit tax instalment of €2,281 thousand. In 2008, they included the €3,548 thousand exit tax instalment paid in 2009. In 2007, they included the €1,262 thousand exit tax instalment paid in 2008.

Accruals correspond to deferred revenue.

6-19) Net property rentals

The Group's principal business is the rental of office and retail properties, which account for 96% of property rentals. Net property rentals take into account the negative impact of recognising rent-free periods and rent step-ups over the lease term. In 2009, this impact was €2,182 thousand.

Future minimum lease payments receivable over the remaining term of non-cancellable operating leases break down as follows:

At 31 December 2009	Total	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years
Future minimum lease payments	474,820	158,661	277,967	38,192

	31/12/2009	31/12/2008	31/12/2007
Property rentals	**182,981**	**181,513**	**170,395**
Property operating expenses	(41,823)	(41,412)	(39,103)
Property expenses recovered from tenants	31,513	31,095	30,965
Property expenses, net of recoveries	**(10,310)**	**(10,317)**	**(8,138)**
Net property rentals	**172,671**	**171,196**	**162,257**

Property expenses on vacant properties undergoing renovation came to €375 thousand in 2009, versus €542 thousand in 2008 and €1,329 thousand in 2007.

Excluding the renovated 103 rue de Grenelle building that was delivered on 2 March 2009 and was still largely unoccupied at 31 December 2009, vacancy rates for investment properties are not material.

6-20) Service and other revenues

Service and other revenues amounted to €241 thousand in 2009, compared with €380 thousand in 2008 and €824 thousand in 2007.

6-21) Other income

	2009	2008	2007
Own-work capitalised	676	1,080	1,112
Other income	5,316	3,325	5,295
Total	**5,992**	**4,405**	**6,407**

The caption "Other income" corresponds to work billed to third parties and renovation project management fees.

6-22) Depreciation and amortisation expense

	2009	2008	2007
Amortisation of intangible assets	(306)	(606)	(618)
Depreciation of property and equipment	(549)	(601)	(590)
Total	**(855)**	**(1,208)**	**(1,208)**

Amortisation of intangible assets relates to computer software, and depreciation of property and equipment concerns the Group's headquarters building and miscellaneous equipment.

6-23) Provision reversals/(expense), net

	2009	2008	2007
Charges to provisions for operating contingencies and charges	(146)	(13)	(1,026)
Charges to provisions for impairment of current assets	(254)	(702)	(208)
Charges to provisions for other contingencies and charges	(160)	-	-
Charges to provisions for impairment of property and equipment	-	(17,475)	-
Total Charges	**(560)**	**(18,189)**	**(1,234)**
Reversals of provisions for operating contingencies and charges	134	203	1,505
Reversals of provisions for impairment of current assets	112	58	239
Reversals of provisions for other contingencies and charges	-	120	200
Total Reversals	**246**	**381**	**1,944**
Net	**(314)**	**(17,808)**	**710**

The 2008 charge to provisions for impairment of property and equipment relates to the building then under renovation at 103 rue de Grenelle in the 7th arrondissement in Paris.

6-24) Employee benefits expense

	2009	2008	2007
Wages and salaries	(6,699)	(6,822)	(7,861)
Social security taxes	(2,784)	(2,872)	(2,946)
Death and disability insurance	(65)	(56)	(56)
Other payroll taxes	(680)	(780)	(656)
Other employee benefits	(732)	(676)	(541)
Statutory and discretionary profit-sharing	(878)	(687)	(1,141)
Total	**(11,838)**	**(11,892)**	**(13,201)**

In 2009, the Group had 83 administrative staff (87 and 93 respectively in 2008 and 2007) and 3 building staff (3 in 2008 and 4 in 2007).

The remuneration paid to Company directors and officers (including bonuses and benefits in kind) amounted to €2,258 thousand in 2009, €2,625 thousand in 2008 and €3,036 thousand in 2007.

6-25) Other expenses

	2009	2008	2007
Purchases	(95)	(98)	(126)
General subcontracting	(236)	(267)	(300)
Rent (operating leases)	(1,232)	(1,583)	(1,257)
Maintenance and repairs	(195)	(241)	(184)
Fees	(2,154)	(2,419)	(2,294)
Publications and public relations	(574)	(916)	(991)
Bank charges	(252)	(338)	(442)
Taxes other than on income	(1,217)	(1,096)	(1,229)
Travel and entertainment	(220)	(240)	(471)
Non-recurring expenses	(711)	(2,257)	(303)
Other	(936)	(814)	(876)
Total	**(7,824)**	**(10,268)**	**(8,473)**

In 2008, non-recurring expenses included advisory fees relating to changes in the Company's ownership structure.

6-26) Profit/(loss) on disposal of investment properties

The Group sold the following properties in 2009:

	Sale price excl. transfer costs and tax	Carrying amount	Disposal gain/(loss)	Disposal date
Parking garages:				
38 avenue Bugeaud	38	38	0	March 2009
1 rue de Stockholm	150	143	7	April - May 2009
Total	**188**	**181**	**7**	

	Sale price excl. transfer costs and tax	Carrying amount	Disposal gain/(loss)	Disposal date
Buildings:				
63 boulevard Haussmann	27,000	28,325	(1,325)	May 2009
5 rue Alfred de Vigny	27,800	32,670	(4,870)	May 2009
11 rue de Prony	27,000	29,982	(2,982)	June 2009
6 avenue Vélasquez	12,476	14,536	(2,060)	June 2009
62 rue Beaubourg	22,300	25,075	(2,775)	June 2009
Total	**116,576**	**130,588**	**(14,012)**	

The carrying amount used to calculate the disposal gain or loss corresponds to the most recent appraisal value of the building or parking garage at the transaction date.

6-27) Gains and losses from remeasurement at fair value of investment properties

Details of gains and losses from remeasurement of investment properties at fair value are provided in Notes 6-3 and Note 6-7.

6-28) Profit on disposal of other assets

	2009	2008	2007
Sale of SAS La Défense shares	-	-	3,292
Sale of SNC Amarante shares	-	-	125
Other	-	9	7
Total	**-**	**9**	**3,424**

There were no disposals of other assets in 2009.

6-29) Share of profits of associates

Since 1 October 2007, when the partnership with the Teachers Group was wound-up, the Group has not held any interests in associates.

6-30) Finance costs and other financial income and expenses

	2009	2008	2007
Interest on bank loans	(18,170)	(46,266)	(32,860)
Interest on lease liabilities	(6,599)	(13,239)	(12,090)
Interest on US Private Placement Notes	-	-	(3,584)
Interest on external current account advances	(1,916)	(3,337)	(3,977)
Costs related to hedging instruments	(22,059)	(4,889)	(7,868)
Other financial expenses	(1,406)	(534)	(589)
Total finance costs and other financial expenses	**(50,150)**	**(68,264)**	**(60,968)**
Interest income	(22)	106	14
Net gains on sales of short-term investments	231	966	1,273
Financial expense transfers	8,874	12,825	10,799
Other financial income	124	3,993	819
Total financial income	**9,207**	**17,890**	**12,905**
Finance costs and other financial income and expenses, net	**(40,943)**	**(50,375)**	**(48,063)**

Financial expense transfers primarily correspond to capitalised interest on the property at 247 rue Saint-Honoré and on the property at 103 rue de Grenelle in the period leading up to its delivery on 2 March 2009.

6-31) Financial instruments

Financial risk management objectives and policy

At a time of deep financial market restructuring, SFL is prudently managing its various financial risks.

1/ Liquidity risk

Liquidity risk is a major concern in the current environment. SFL anticipated the credit squeeze in 2009 by ensuring that sufficient funds were available to meet its short-term liquidity needs and by obtaining new lines of credit that increased its financial resources and extended the average maturity of its debt. At 31 December 2009, the average spread on SFL's total debt remained very competitive at 68 basis points. The average maturity of debt was extended to 3.2 years at 31 December 2009 from 2.6 years at 31 December 2008. None of SFL's debt is scheduled to fall due in 2010. With a loan-to-value ratio of 34.2% and high-quality assets mainly located in the Paris Central Business District, SFL is in a position to raise additional resources if the need arises.

At 31 December 2009, SFL's undrawn confirmed credit lines included €150 million for the Company and €7.90 million to cover the Group's share of the cost of Parholding's renovation programmes. Unconfirmed lines of credit totalling €65 million had been drawn down by €26.75 million at the year-end.

2/ Counterparty risks

All financial instrument contracts are entered into with leading financial institutions. These contracts concern either interest rate hedges or the investment of available cash in money market funds. SFL has not incurred any losses on money market funds or other investments as a result of the recent crisis and will continue to invest in money market funds that are subject to an insignificant risk of changes in value.

Counterparty risk is minimal because available cash is generally used to repay borrowings under revolving lines of credit and interest rate risks are hedged using conventional instruments and strategies.

The rental deposits obtained from tenants offer protection against the risk of rent default. SFL considers that its exposure to counterparty risk on its operations is not material.

3/ Market risk

Following the retirement of the US Private Placement Notes on 6 March 2007 and the unwinding of the joint hedge, SFL currently has no exposure to currency risks. Where applicable, its strategy is to hedge currency risks in full. Unlike interest rate risks, currency risks can be hedged in full without any negative interaction, thanks to SFL's line of business.

Interest rate risks are clearly identified and monitored. An information system is used to track changes in all financial markets and calculate the fair value of hedging instruments in real time. Risks associated with interest rate fluctuations can be managed, quantified and analysed using this system.

a/ Objectives and strategy

SFL's objectives and strategy consist of:
- Using only standard interest rate derivatives that contribute to the secure management of the hedging portfolio and, wherever possible, using only those derivatives that qualify for hedge accounting under IFRS. No derivative instruments are acquired for speculative purposes. No use is made of hedging instruments with embedded written options, which could jeopardise the Company if something happened to disrupt the markets.
- Hedging most of the Company's debt via plain vanilla swaps or caps, while seizing opportunities to actively and conservatively manage its interest rate risk. At 31 December 2009, all of SFL's debt was hedged in a low interest rate environment that enabled the Company to fix very low rates while also increasing its debt hedging ratio.

b/ Risk assessment

- The average spot cost of debt after hedging stood at 4.59% at 31 December 2009, versus 4.39% at 31 December 2008.
- A 50-basis point rise or fall in interest rates across the yield curve in 2009 would have had the effect of increasing the average cost of debt to 4.66% or reducing it to 4.52%, and driving up or reducing finance costs by €777 thousand or 1.5%.
- As for the sensitivity of hedging instruments at 31 December 2009, a 50-basis point increase in interest rates would lift their fair value by €12,167 thousand (€15,955 thousand at 31 December 2008 with a 100-basis point increase), while a 50-basis point drop in rates would reduce their fair value by €12,673 thousand (€16,273 thousand at 31 December 2008 with a 100-basis point decrease).

Interest rate risk

The following table provides an analysis by maturity of the nominal amount of financial instruments exposed to interest rate risk:

Fixed rate	Due within 1 year	Due in 1-2 years	Due in 2-3 years	Due in 3-4 years	Due in 4-5 years	Due beyond 5 years	Total
Calyon swap at 2.218%	0	0	73,053	0	0	0	73,053
BNP Paribas swap at 2.635%	50,000	0	0	0	0	0	50,000
BNP Paribas swap at 2.375%	0	0	50,000	0	0	0	50,000
JP Morgan swap with cap	0	0	0	0	400,000	0	400,000
Calyon swap at 3.785%	0	100,000	0	0	0	0	100,000
RBS swap at 3.89%	0	0	0	40,800	0	0	40,800
Natixis swap at 4.4325%	200,000	0	0	0	0	0	200,000
BNP Paribas swap at 2.63%	0	0	0	0	50,000	0	50,000
HSBC swap at 2.63%	0	0	0	0	50,000	0	50,000
CADIF swap at 1.655%	0	50,000	0	0	0	0	50,000
HSBC swap at 2.71%	0	0	0	0	100,000	0	100,000
BNP Paribas swap at 3.33%	50,000	0	0	0	0	0	50,000
BNP Paribas swap at 2.265%	0	0	0	50,000	0	0	50,000
Total	**300,000**	**150,000**	**123,053**	**90,800**	**600,000**	**0**	**1,263,853**

Floating rate	Due within 1 year	Due in 1-2 years	Due in 2-3 years	Due in 3-4 years	Due in 4-5 years	Due beyond 5 years	Total
Syndicated loans	0	200,000	200,000	0	150,000	0	550,000
BECM revolving credit facility	0	0	150,000	0	0	0	150,000
RBS loan	0	0	0	40,800	0	0	40,800
CADIF loan	15,000	0	0	0	0	0	15,000
Deutsche Hypothekenbank loan	0	0	50,000	0	0	0	50,000
BancoSabadell loan	0	0	50,000	0	0	0	50,000
HSBC/Calyon/CFF loan	859	3,438	71,899	0	0	0	76,196
Current account advances	0	53,314	0	0	0	0	53,314
Lease liabilities	16,997	17,611	68,664	56,458	2,790	30,061	192,581
Total	**32,856**	**274,363**	**590,563**	**97,258**	**152,790**	**30,061**	**1,177,891**

The other financial instruments used by the Group are not listed in the above table because they do not bear interest and are therefore not exposed to any interest rate risk.

Net unhedged position

The Group's net exposure to interest rate risks can be analysed as follows for the period between 31 December 2009 and 31 December 2013:

	31 December 2009	31 December 2010	31 December 2011	31 December 2012	31 December 2013
Syndicated loans	550,000	550,000	350,000	150,000	150,000
BECM revolving facility	150,000	150,000	150,000	0	0
RBS loan	40,800	40,800	40,800	40,800	0
CADIF loan	15,000	0	0	0	0
Deutsche Hypothekenbank loan	50,000	50,000	50,000	0	0
BancoSabadell loan	50,000	50,000	50,000	0	0
HSBC/Calyon/CFF loan	76,196	75,337	71,899	0	0
Current account advances (liabilities)	53,314	53,314	0	0	0
Lease liabilities	192,581	175,584	157,973	89,309	32,851
Total debt	**1,177,891**	**1,145,035**	**870,672**	**280,109**	**182,851**
Calyon swap at 2.218%	73,053	73,053	73,053	0	0
BNP Paribas swap at 2.635%	50,000	0	0	0	0
BNP Paribas swap at 2.375%	50,000	50,000	50,000	0	0
JP Morgan swap with cap	400,000	400,000	400,000	400,000	400,000
Calyon swap at 3.785%	100,000	100,000	0	0	0
RBS swap at 3.89%	40,800	40,800	40,800	40,800	0
Natixis swap at 4.4325%	200,000	0	0	0	0
BNP Paribas swap at 2.63%	50,000	50,000	50,000	50,000	50,000
HSBC swap at 2.63%	50,000	50,000	50,000	50,000	50,000
CADIF swap at 1.655%	50,000	50,000	0	0	0
HSBC swap at 2.71%	100,000	100,000	100,000	100,000	100,000
BNP Paribas swap at 3.33%	50,000	50,000	0	0	0
BNP Paribas swap at 2.265%	50,000	50,000	50,000	50,000	0
Total interest rate hedges	**1,263,853**	**1,013,853**	**813,853**	**690,800**	**600,000**
NET EXPOSURE TO INTEREST RATE RISK	**(85,962)**	**131,182**	**56,819**	**(410,691)**	**(417,149)**

The Group had no floating rate exposure at 31 December 2009.

Hedging

The hedging portfolio comprises the following two types of contract:

General hedges of floating rate debt

Counterparty: JP Morgan. Description: cash flow hedge. Following the restructuring carried out on 3 January 2005, the hedge is on a notional amount of €400 million and expires on 3 January 2014. SFL pays the 12-month Euribor +141.5 bps, with a cap at 508.5 bps and a floor at 200 bps. At 31 December 2009, the contract had a negative fair value of €31,869 thousand. It represents a macro-hedging transaction that has as its underlying several clearly identified debts whose value is at least equal to the notional amount of the restructured hedging instrument.

Counterparty: Calyon. Description: cash flow hedge. This 5-year swap was set up on 23 May 2006 for €100 million, setting the interest rate on identified debt at 3.785%. At 31 December 2009, the contract had a negative fair value of €3,455 thousand.

Counterparty: RBS. Description: cash flow hedge. This 7-year swap on a notional amount of €40.8 million was set up on 31 October 2006 as a hedge of identified debt. SFL pays a fixed rate of 3.89%. At 31 December 2009, the contract had a negative fair value of €2,433 thousand.
Counterparty: Natixis. Description: cash flow hedge. This 3-year swap on a notional amount of €200 million was set up on 31 December 2007 as a hedge of identified debt. SFL pays a fixed rate of 4.4325%. At 31 December 2009, the contract had a negative fair value of €6,818 thousand.

Counterparty: BNP Paribas. Description: cash flow hedge. This swap on a notional amount of €50 million was set up on 6 November 2008 as a hedge of identified debt and expires on 31 December 2010. SFL pays a fixed rate of 3.33%. At 31 December 2009, the contract had a negative fair value of €1,150 thousand.

Counterparty: BNP Paribas. Description: cash flow hedge. This swap on a notional amount of €50 million was set up on 8 December 2008 as a hedge of identified debt and expires on 31 December 2010. SFL pays a fixed rate of 2.635%. At 31 December 2009, the contract had a negative fair value of €800 thousand.

Counterparty: BNP Paribas. Description: cash flow hedge. This swap on a notional amount of €50 million was set up on 26 January 2009 as a hedge of identified debt and expires on 31 March 2012. SFL pays a fixed rate of 2.375%. At 31 December 2009, the contract had a negative fair value of €694 thousand.

Counterparty: BNP Paribas. Description: cash flow hedge. This swap on a notional amount of €50 million was set up on 31 March 2009 as a hedge of identified debt and expires on 31 March 2014. SFL pays a fixed rate of 2.63%. At 31 December 2009, the contract had a negative fair value of €462 thousand.

Counterparty: HSBC. Description: cash flow hedge. This swap on a notional amount of €50 million was set up on 7 May 2009 as a hedge of identified debt and expires on 31 March 2014. SFL pays a fixed rate of 2.63%. At 31 December 2009, the contract had a negative fair value of €462 thousand.

Counterparty: CADIF. Description: swap with no underlying debt. This swap on a notional amount of €50 million was set up on 8 May 2009 and expires on 31 March 2011. SFL pays a fixed rate of 1.655%. At 31 December 2009, the contract had a negative fair value of €277 thousand.

Counterparty: HSBC. Description: swap with no underlying debt. This swap on a notional amount of €100 million was set up on 8 July 2009 and expires on 30 June 2014. SFL pays a fixed rate of 2.71%. At 31 December 2009, the contract had a negative fair value of €1,049 thousand.

Counterparty: BNP Paribas. Description: swap with no underlying debt. This swap on a notional amount of €50 million was set up on 5 October 2009 and expires on 30 September 2013. SFL pays a fixed rate of 2.265%. At 31 December 2009, the contract had a positive fair value of €9 thousand.

Interest rate hedges on the financing of the Parholding portfolio

Counterparty: Calyon. Description: cash flow hedge. This swap on a notional amount of €73,053 thousand was set up on 29 December 2009 as a hedge of identified debt and expires on 29 December 2012. SFL pays a fixed rate of 2.218%.

At 31 December 2009, the contract had a negative fair value of €376 thousand.

Changes in the fair value of hedges between 31 December 2008 and 31 December 2009 resulted in a €7,557 thousand net unrealised loss, recognised in profit for €529 thousand and in equity for €7,028 thousand.

Measuring hedging instruments

All SFL's hedging instruments are classified in Level 2 of the fair value hierarchy. Their fair values are estimated based on inputs other than quoted prices included within Level 1 that are observable directly (i.e. as prices) on active and liquid markets. At 31 December 2009, hedging instruments had a total negative fair value of €49,836 thousand.

6-32) Interest on receivables

	2009	2008	2007
Interest on the Champvernier loan	449	857	739
Interest on the Teachers loans	-	-	542
Other financial income	690	4	991
Total	**1,138**	**861**	**2,272**

6-33) Provision reversals, net - financial assets

	2009	2008	2007
Provisions for impairment of financial assets	(287)	-	-
Reversals of provisions for financial contingencies and charges	-	-	2,221
Total	**(287)**	**-**	**2,221**

In 2009, provisions for impairment of financial assets concerned the shares held in Groupe Vendôme Rome, which is not consolidated.

6-34) Income tax expense

The election for taxation as an SIIC led to the elimination of the tax bases of the SIICs' assets used to calculate deferred taxes. The only remaining deferred tax assets and liabilities concern partnerships that are not eligible for taxation as an SIIC and assets under finance leases arranged prior to 1 January 2005. Deferred taxes recognised in the statement of comprehensive income, calculated at the tax rate applicable at the period-end, consist mainly of the following:

Deferred taxes	Statement of financial position 31/12/2008	Changes in scope of consolidation	Equity	2009 profit	Statement of financial position 31/12/2009
Gains and losses from remeasurement at fair value of investment properties	(57,067)	-	-	5,605	(51,461)
Recognition of finance leases in the consolidated statement of financial position	(11,570)	-	-	11,570	-
Hedging instruments	984	-	336	-	1,319
Adjustment of depreciation	(1,323)	-	-	(545)	(1,868)
Adjustment of property rentals	(2,676)	-	-	98	(2,578)
Capitalisation of interest expense and transaction costs	(59)	-	-	(173)	(231)
Recognition of deferred tax assets for tax loss carryforwards	1,747	-	-	(131)	1,616
Other	(111)	-	-	-	(111)
Net	**(70,075)**	**-**	**336**	**16,425**	**(53,314)**
Of which: deferred tax assets	2,742	-	336	(131)	2,947
Of which: deferred tax liabilities	72,818	-	-	(16,556)	56,262

Income tax expense for the year amounted to €1,023 thousand.

The "Contribution Economique Territoriale" tax (CET) introduced in the 2010 Finance Act to replace the existing "Taxe Professionnelle" business tax will be recognised in 2010 in operating expenses. Consequently, no deferred tax liability was recognised in 2009 in respect of the new tax.

6-35) Earnings per share

Basic earnings per share are calculated by dividing profit attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the period.

Diluted earnings per share are calculated by dividing profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, adjusted for the dilutive effect of in-the-money stock options and non-cumulative mandatorily convertible preference shares.

The following table shows the earnings and numbers of shares used to calculate basic and diluted earnings per share for all businesses:

	2009	2008	2007
(Loss) profit used to calculate basic earnings per share	(252,239)	(392,956)	416,451
(Loss) profit used to calculate diluted earnings per share	(252,239)	(392,956)	416,451
Number of ordinary shares at 31 December used to calculate basic earnings per share	46,505,676	46,502,301	46,502,301
Weighted average number of ordinary shares used to calculate basic earnings per share	46,502,742	46,502,301	45,645,547
Number of stock options used to calculate diluted earnings per share	23,298	26,673	26,673
Diluted number of ordinary shares at 31 December	46,528,974	46,528,974	46,528,974
Diluted weighted average number of ordinary shares	46,526,040	46,528,974	45,672,220
Basic (loss) earnings per share	€(5.42)	€(8.45)	€8.96
Diluted (loss) earnings per share	€(5.42)	€(8.45)	€8.95
Basic (loss) earnings per weighted average share	€(5.42)	€(8.45)	€9.12
Diluted (loss) earnings per weighted average share	€(5.42)	€(8.45)	€9.12

There were no other transactions on ordinary shares or potential ordinary shares between the period-end and the date when these financial statements were drawn up.

6-36) Dividends

	2009		2008		2007	
	Total	Per share	Total	Per share	Total	Per share
Declared dividend for prior year	88,354	€1.90	148,807	€3.20	148,804	€3.20
Prior year interim dividend	-	-	50,733	€1.10	29,976	€0.70
Prior year dividend paid in current year	87,423	€1.90	96,643	€2.10	115,928	€2.50
Total	**87,423**	**€1.90**	**147,376**	**€3.20**	**145,904**	**€3.20**

No interim dividend was paid in 2009.

6-37) Off-balance sheet commitments

All of the Group's off-balance sheet commitments at 31 December 2009 are detailed below.

Pledges and mortgages on Parholding sub-group companies.

50% stake in the Parholding Group held directly and indirectly by SFL.

1/ Mortgages securing the loan set up on 9 November 2009

Type of mortgage		Security interest			Standard mortgage				Overall total
Company		Pargal	Parchamps	Parhaus	Pargal	Parchamps	Parchar	Parhaus	
Expiry date		29/12/2013	29/12/2013	29/12/2013	29/12/2013	29/12/2013	29/12/2013	29/12/2013	
Registered by Calyon	Principal	11,460	2,483	7,663	5,982	2,737	1,320	19,922	51,567
	Costs and incidentals	1,146	248	766	598	274	132	1,992	5,157
	Total	**12,607**	**2,731**	**8,429**	**6,580**	**3,011**	**1,452**	**21,915**	**56,724**
Registered by HSBC Private Bank	Principal	11,269	2,442	7,535	5,882	2,691	1,298	19,590	50,708
	Costs and incidentals	1,127	244	754	588	269	130	1,959	5,071
	Total	**12,396**	**2,686**	**8,289**	**6,470**	**2,960**	**1,428**	**21,549**	**55,778**
Registered by CFF	Principal	7,640	1,655	5,108	3,988	1,825	880	13,282	34,378
	Costs and incidentals	764	166	511	399	182	88	1,328	3,438
	Total	**8,404**	**1,821**	**5,619**	**4,386**	**2,007**	**968**	**14,610**	**37,816**
Registered by HSBC France	Principal	7,831	1,697	5,236	4,087	1,870	902	13,614	35,237
	Costs and incidentals	783	170	524	409	187	90	1,361	3,524
	Total	**8,614**	**1,866**	**5,760**	**4,496**	**2,057**	**992**	**14,975**	**38,761**
Total		42,022	9,105	28,097	21,932	10,035	4,840	73,048	189,079
Total SFL		**21,011**	**4,552**	**14,048**	**10,966**	**5,018**	**2,420**	**36,524**	**94,540**

2/ Pledges on shares held by Parholding/Parhaus /Parchamps under the 9 November 2009 loan agreement.

Shareholder	Pledge	Expiry date	Pledged to lenders	Total value (SFL share)
PARHOLDING	59,999 Pargal shares	29/12/2013	9,120	
PARCHAMPS	1 Pargal share	29/12/2013	0	
		Sub-total	**9,120**	**4,560**
PARHOLDING	99,999 Parchamps shares	29/12/2013	1,500	
PARHAUS	1 Parchamps share	29/12/2013	0	
		Sub-total	**1,500**	**750**
PARHOLDING	1,373 Parchar shares	29/12/2013	21	
PARHAUS	1 Parchar share	29/12/2013	0	
		Sub-total	**21**	**10**
PARHOLDING	99,999 Parhaus shares	29/12/2013	1,500	
PARCHAMPS	1 Parhaus share	29/12/2013	0	
		Sub-total	**1,500**	**750**
		Total	**12,141**	**6,070**

Pledges and mortgages on the Iéna property

Company	Type of mortgage	Expiry date	Securing loan from the Royal Bank of Scotland		
			Principal	Costs and incidentals	Total
SFL	Standard mortage	31/10/2014	40,800	4,080	44,880
Total			**40,800**	**4,080**	**44,880**

Guarantees and other commitments

	Total	Within 1 year	Due in 1 to 5 years	Beyond 5 years
Commitments given				
. Guarantee given to Société Générale on behalf of SAS Locaparis pursuant to Article 3-2 of the Act of 2 January 1970	615	615	0	0
. Tax bonds given in connection with tax reassessments	2,288	2,288	0	0
. Property guarantees	45,251	12,140	33,111	0
. Guarantees given on behalf of Pargal	1,845	1,845	0	0
Commitments received				
. Guarantees received from tenants and suppliers	69,940	5,048	53,095	11,796
. BNP Paribas syndicated line of credit	150,000	0	150,000	0
. Parholding line of credit to finance renovation work	7,904	0	7,904	0

Stock option plans at 31 December 2009

Date of shareholder authorisation	17/10/1997	17/10/1997	16/05/2002	21/04/2005
Grant date	06/04/2000	21/03/2002	25/04/2003	13/03/2007
Number of shares under option	280,952	309,000	346,000	273,000
Issuer	SFL	SFL	SFL	SFL
Starting date of exercise period	06/04/2005	21/03/2002	25/04/2003	14/03/2011
Expiry date	05/04/2010	20/03/2012	24/04/2013	12/03/2015
Exercise price (options exercisable for newly-issued shares)	€27.59			
Exercise price (options exercisable for shares bought back for this purpose)		€27.78	€26.41	€62.60
Number of options at 1 January	26,673	3,000	35,000	258,000
Options granted during the period	-	-	-	-
Options exercised during the period	(3,375)	-	-	-
Options cancelled during the period	-	-	-	(4,000)
Number of options outstanding	**23,298**	**3,000**	**35,000**	**254,000**

The expense recognised in 2009 in respect of share-based payment plans totalled €732 thousand.

Employee benefit obligations

Six employees (including one who is also a director) are entitled to compensation if they resign or are dismissed as a result of a major change in the scope of their duties following a significant direct or indirect change in the shareholder base of SFL or its controlling company. The aggregate compensation that would be payable to these employees amounts to €2,419 thousand.

The terms and conditions related to this compensation were approved by SFL's Board of Directors on 9 February 2004, 25 July 2006 and 4 April 2008.

No related provisions have been recorded in the financial statements.

Contractual renovation obligations

At 31 December 2009, the Group's contractual commitments relating to investment properties undergoing renovation totalled €30,213 thousand (€81,087 thousand at 31 December 2008).

Off-plan purchase

The total amount of commitments given under the December 2008 off-plan purchase of the property at 108 avenue Wagram is €27,173 thousand.

6-38) Note to the statement of cash flows

	2009	2008	2007
Proceeds from disposals of subsidiaries, net of the cash sold:			
Sale price	-	-	52,444
Transaction costs	-	-	(956)
Cash sold	-	-	(869)
Taxes	-	-	-
Acquisitions of subsidiaries, net of the cash acquired:			
Purchase price	-	-	(47,856)
Cash acquired	-	-	5,255
Repayment of intragroup current account advances	-	-	-
Assets and liabilities acquired:			
Non-current assets	-	-	292,962
Current assets	-	-	24,737
Equity	-	-	(190,233)
Financial liabilities	-	-	(42,306)
Current liabilities	-	-	(85,160)
Proceeds from disposals of intangible assets and property and equipment:			
Sale price	116,764	12,764	-
Transaction costs	(2,174)	(249)	-
Capital gains tax	-	(1,282)	-
Cash and cash equivalents at end of period:			
Short-term investments	17,778	13,703	14,920
Cash at bank and in hand	1,812	449	1,025
Short-term bank loans and overdrafts	(11,832)	(35,636)	(26,391)

Additional information

The impact of recognising rent-free periods as well as additions to and reversals of provisions for trade receivables are included in “Cash flow”.

Changes in deposits received from tenants are included in cash flows from operating activities.

6-39) Related party information

The consolidated financial statements include the financial statements of all companies included in the scope of consolidation.

The main related party transactions during the period concern transactions between fully and proportionately consolidated companies.

	Between fully consolidated companies and proportionately consolidated companies	Between proportionately consolidated companies
Statement of financial position		
Trade receivables	1,389	-
Current account advances (assets)	37,834	76,434
Other receivables	-	1,236
Trade payables	(1,389)	-
Current account advances (liabilities)	(37,834)	(76,434)
Other liabilities	-	(1,236)
Statement of comprehensive income		
Service revenue	482	-
Interest on loans and receivables	1,379	3,346
Fees	(482)	-
Interest on current accounts	(1,379)	(3,346)

Remuneration of the members of the Board of Directors and Management Committee

	2009	2008	2007
Short-term benefits, excluding payroll taxes(1)	2,627	2,883	4,466
Payroll taxes on short-term benefits	1,034	1,098	1,701
Post-employment benefits(2)	-	-	-
Other long-term benefits(3)	-	-	-
Share-based payments(4)	334	334	406
Total	**3,995**	**4,315**	**6,573**

(1) Gross salary and other remuneration, bonuses, discretionary and non-discretionary profit-sharing, matching Company payments, directors' fees and benefits in kind paid during the period.
(2) Service cost.
(3) Other vested deferred remuneration.
(4) Cost recognised in the statement of comprehensive income for stock options and employee rights issues.

Company Financial Statements

Year ended 31 December 2009

Balance Sheet

ASSETS

(in euros)	31/12/2009			31/12/2008
	Gross	Depreciation, amortisation and provisions	Net	Net
Intangible assets				
Non-current assets				
Software	3,423,466	3,079,890	343,576	500,444
Lease premiums and goodwill[1]	84,025,717	15,960,034	68,065,683	75,637,460
Other				292,872
Intangible assets in progress				135,865
Property and equipment				
Land	584,169,237	2,031,537	582,137,700	595,851,836
Buildings	762,757,767	116,790,852	645,966,915	680,188,780
Other	1,839,283	677,632	1,161,651	1,221,293
Assets under construction	252,030,649	22,315,588	229,715,061	210,334,580
Prepayments to suppliers of property and equipment	148,147		148,147	210,158
Non-current financial assets [2]				
Shares in subsidiaries and affiliates	416,713,179	20,851,854	395,861,325	415,540,571
Advances to subsidiaries and affiliates	48,569,507		48,569,507	24,607,746
Other long-term investments				
Loans	14,059,187		14,059,187	15,244,902
Other	443,792		443,792	363,848
TOTAL I	**2,168,179,931**	**181,707,386**	**1,986,472,544**	**2,020,130,355**
Current assets				
Inventories and work in progress				
Receivables [3]				
Prepayments to suppliers	90,089		90,089	382,138
Rental receivables	6,367,408	3,780,597	2,586,811	4,943,805
Other	339,445,988	5,994,884	333,451,104	350,840,640
Current financial assets				
Treasury shares	26,261,352	10,614,171	15,647,181	12,890,310
Other marketable securities	10,001,664		10,001,664	6,528,677
Cash	20,433,086		20,433,086	18,487,154
Prepaid expenses [3]	3,956,665		3,956,665	5,124,330
TOTAL II	**406,556,252**	**20,389,652**	**386,166,600**	**399,197,054**
Deferred charges (III)	4,455,936		4,455,936	1,431,144
Debt redemption premiums (IV)				
TOTAL ASSETS (I + II + III + IV)	**2,579,192,119**	**202,097,038**	**2,377,095,080**	**2,420,758,554**
(1) Of which, lease premiums			31,808,250	31,808,250
(2) Of which, due within one year (gross)			50,747,350	39,852,640
(3) Of which, due beyond one year (gross)			326,269,936	339,213,232

EQUITY AND LIABILITIES

(in euros)	31/12/2009	31/12/2008
Equity		
Share capital	93,011,352	93,004,602
Share premium account	1,180,899,135	1,182,915,646
Revaluation reserve	21,438,656	21,438,656
Other reserves		
Legal reserve	9,300,460	9,300,460
Statutory reserve		
Untaxed reserves		
Revenue reserves		87,961,110
Retained earnings	931,441	1,431,460
Profit/(loss) for the period	31,566,023	(3,141,109)
Capital and reserves	1,337,147,067	1,392,910,825
Government grants		
Untaxed provisions	14,584,817	12,246,967
TOTAL I	**1,351,731,883**	**1,405,157,792**
Income from issuance of shares and share equivalents		
TOTAL Ia		
Provisions	1,388,190	1,090,000
TOTAL II	**1,388,190**	**1,090,000**
Liabilities		
Convertible bonds		
Other bonds		
Bank borrowings[3]	888,966,949	921,928,304
Other borrowings	84,483,224	51,535,117
Prepaid property rentals	12,463,458	1,875,062
Trade payables	7,410,770	9,175,933
Accrued taxes and payroll costs	11,840,336	15,267,549
Due to suppliers of property and equipment[1]	10,534,213	8,384,871
Other liabilities[2]	8,245,147	6,278,088
Deferred income	30,909	65,837
TOTAL III	**1,023,975,007**	**1,014,510,762**
TOTAL EQUITY AND LIABILITIES (I + II + III)	**2,377,095,080**	**2,420,758,554**
(1) Of which, due beyond one year	921,787,520	901,211,741
(2) Of which, due within one year	102,187,487	113,299,021
(3) Of which, short-term bank loans and overdrafts	31,891,205	54,802,064

Profit and Loss Account

(in euros)	31/12/2009	31/12/2008
OPERATING INCOME		
Property rentals	130,445,490	128,783,574
Service revenue	67,868	67,868
TOTAL REVENUE	**130,513,358**	**128,851,442**
Reversals of depreciation, amortisation and provisions	260,597	696,606
Other income	3,724,387	2,293,848
Expense transfers	25,780,608	21,517,099
TOTAL I	**160,278,950**	**153,358,995**
OPERATING EXPENSE		
Other purchases and external charges	57,584,675	59,485,276
Taxes other than on income		
Payroll-based taxes	678,152	513,042
Other	8,059,399	6,859,726
Payroll costs		
Wages and salaries	6,511,026	6,443,873
Payroll taxes and other employee benefits expenses	3,098,388	3,304,790
Depreciation, amortisation and provision expense		
Depreciation expense	26,221,499	27,219,018
Impairment losses on non-current assets	19,783,980	12,742,445
Impairment losses on current assets	7,319,348	698,394
Other expenses	531,107	1,253,646
TOTAL II	**129,787,576**	**118,520,210**
OPERATING PROFIT (I-II)	**30,491,374**	**34,838,784**
FINANCIAL INCOME		
From investments in subsidiaries and affiliates	48,965,490	37,731,836
From other non-current financial assets	448,690	856,675
Other interest income	6,809,177	19,180,330
Reversals of provisions and impairment losses on financial assets and expense transfers	11,914,373	6,056,146
Net gains from sales of current financial assets	87,048	218,437
TOTAL III	**68,224,778**	**64,043,423**
FINANCIAL EXPENSES		
Amortisation, impairment losses on financial assets and other financial provision expense	19,821,436	12,388,496
Interest expense	60,598,377	66,317,045
TOTAL IV	**80,419,813**	**78,705,541**
NET FINANCIAL INCOME (EXPENSE) (III - IV)	**(12,195,035)**	**(14,662,117)**
PROFIT BEFORE TAX AND OTHER INCOME AND EXPENSE (I - II + III - IV)	**18,296,338**	**20,176,667**
OTHER INCOME		
From revenue transactions	242,163	819,531
From capital transactions	88,963,500	14,047
Reversals of provisions and impairment losses, and expense transfers	649,842	262,190
TOTAL V	**89,855,504**	**1,095,768**
OTHER EXPENSE		
From revenue transactions	1,429,073	3,173,637
From capital transactions	54,702,485	27,397
Amortisation, impairment losses and other provision expense	19,947,051	11,857,174
TOTAL VI	**76,078,609**	**15,058,209**
OTHER INCOME (EXPENSE), NET (V - VI)	**13,776,895**	**(13,962,441)**
Employee profit-sharing (IX)	120,882	105,849
Income tax expense (X)	386,328	9,249,487
TOTAL INCOME (I + III + V)	**318,359,232**	**218,498,186**
TOTAL EXPENSES (II + IV + VI + IX + X)	**286,793,209**	**221,639,295**
NET PROFIT (LOSS)	**31,566,023**	**(3,141,109)**

The financial statements have been prepared in accordance with French generally accepted accounting principles (GAAP).

I - ACCOUNTING POLICIES

The financial statements have been prepared on a going concern basis, in accordance with the principles of prudence and separation of accounting periods.

The main accounting policies, which have been applied consistently from one year to the next, are as follows:

a) Intangible assets

Intangible assets recognised in the balance sheet mainly comprise:

• Software purchased or developed for the Company's ERP system.

• Lease premiums, corresponding to the fee payable on new finance leases.

• Goodwill, corresponding to the technical merger deficits arising from mergers with:

- SA Dandy Nuances. This deficit has been tested for impairment and is regularly monitored by reference to the renovation work underway on the property at 92 Champs-Elysées, in accordance with Article 322-5 of standard CRC 99-03 (as amended by standard 2002-10).

- SAS Iéna on 30 June 2008.

Other intangible assets correspond to the cost of acquiring commercial user rights.

b) Property and equipment

1 - Cost

The property portfolio was revalued in 2003, when the Company elected for SIIC status.

Eviction compensation paid to tenants of properties scheduled for large-scale renovation is considered as an integral part of the renovation cost and is therefore capitalized.

Capitalized renovation costs also include borrowing costs for the period until the property is put back on the rental market.

The cost of properties does not include transaction expenses (CRC 2004-06).

2 - Depreciation

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately over its useful life. The depreciation method used reflects the pattern in which the asset's future economic benefits are expected to be consumed.

Properties were analysed by estimating the cost of rebuilding or replacing each part of the property, its degree of wear and tear and its useful life. These technical data were used to determine the proportion of each property's value represented by each component part. This ratio was then applied to the revaluations at 1 January 2005 that were used as deemed cost at the IFRS transition date.

The useful lives of the component parts of investment properties are as follows, except for certain specific cases which do not materially affect depreciation expense:

Shell	100 to 125 years
Roof and fencing	20 to 125 years
Fixtures and installations	10 to 50 years
Fittings and equipment	5 to 40 years

Depreciation is calculated by the straight-line method, based on:

- The useful lives of the component parts of the property. Each part of an item of property or equipment with a cost that is significant in relation to the total cost of the item is depreciated separately over its respective useful life.

- The cost of the asset less its residual value.

The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. Accelerated depreciation is calculated for tax purposes on the residual value, in accordance with the tax instruction issued in 2005.

The properties' carrying amounts are compared with their market values at six-monthly intervals and an impairment loss is recognized if market value is less than the carrying amount. The valuation of the portfolio at 31 December 2009 was performed by CBRE, Jones Lang LaSalle and BNP Paribas Real Estate.

c) Non-current financial assets are stated at cost, and a provision for impairment is recorded if fair value is less than this amount at the balance sheet date.

The fair value of shares in subsidiaries and affiliates takes into account the market value of the investee's property assets.

Furthermore, a provision for contingencies is recorded when the Company has an obligation to cover losses in excess of the amount of its interest in the subsidiary or affiliate concerned.

The total amount of the provision is booked against the following items, in the order listed: shares in subsidiaries and affiliates, long-term receivables and current account advances, with any balance recognised in liabilities under provisions for contingencies.

d) Stock option and share grant plans

In accordance with CNC standard no. 2008-17 dated 4 December 2008 concerning the accounting treatment of stock option and share grant plans, SFL has bought back shares for allocation to stock option plans based on the probability of options being exercised under those plans.

Shares bought back for allocation to plans under which exercise of options is probable gave rise to a provision for contingencies established based on the employee stock option exercise price. Impairment of treasury shares not allocated to a stock option or share grant plan is calculated based on their fair value at the balance sheet date.

The increase in the share price above the exercise price for a certain number of options led to the reversal of the provision for impairment of these shares and the recognition of a provision for contingencies determined based on the exercise price of the options.

Details of the plans are presented in Note A-1 2).

e) Rental receivables are measured at the lower of their nominal value and recoverable amount, determined on a case-by-case basis.

Files are transferred to the collection department when rentals are 30 days past due.

Except in specific cases, the following provision rates are applied according to the type of lease:
- Residential leases: 100%.
- Office and retail leases: 50% when the tenant is still occupying the premises, 100% when they have vacated the premises.

f) Current financial assets are stated at the lower of cost and fair value. Fair value corresponds to the market price for the last month of the period.

g) Expense transfers correspond to service charges billed to tenants and to various property taxes and deferred borrowing costs.

h) Accrued interest payable or receivable under interest rate swaps is recognised in the balance sheet.

i) Other income and expenses correspond to income and expenses from non-recurring transactions, such as property acquisition or disposal costs.

II - SIGNIFICANT EVENTS OF THE YEAR

Asset purchases and sales

During 2009, SFL sold four buildings for an amount of €88,964 thousand.

The disposals concerned:

63 boulevard Haussmann
11 rue de Prony
62 rue Beaubourg
6 avenue Vélasquez

as well as 7 parking spaces located at 1 rue de Stockholm and 38 avenue Bugeaud.

These transactions are presented in Notes A-1 and B-6.

Construction and renovation programmes

Prédica acquired the entire 50% interest held in SAS Parholding by Ile de France Investissements, thereby becoming co-owner of the company with SFL on a 50-50 basis. SFL is still in charge of property marketing and technical monitoring as well as administrative and financial management for SAS Parholding and its subsidiaries, which own the buildings at 104-110 boulevard Haussmann and 82-90 avenue des Champs-Elysées (Galerie des Champs-Elysées and offices).

During 2009, SFL withdrew from the Paris Rive Gauche T8 project. The impact of this withdrawal on the parent company financial statements was a €12,120 thousand impairment loss mainly associated with the cost of obtaining the building permit for the project. A final withdrawal agreement was signed with SEMAPA in January 2010.

Renovation work continued on the building at 247 rue Saint-Honoré. This building will house the first Mandarin Oriental palace hotel in Paris which is due to open in late 2010.

Financing and hedges

During first-half 2009, the Prony-Wagram finance lease with Fortis Lease due to expire on 14 June 2009 was rolled over for seven years for a net total of €45,529 thousand. The lease is indexed to the 3-month Euribor, plus a spread of 200 bps.

In October 2009, SFL obtained a new syndicated line of credit for €300 million from BNP Paribas, of which €200 million was put towards the early repayment of the first instalment of the Natixis syndicated loan. The new bullet loan has a maturity of five years and is indexed to the Euribor 3 month plus 270 bps.

Hedges are described in Note F.

Tax audits

Provisions for major repairs

The tax authorities have challenged the method used by SFL to calculate these provisions and have notified the Group of a €3,882 thousand reassessment of the tax base. An amount of €874 thousand was paid following the 24 March 2009 decision of the Administrative Court concerning SAS 55 Montaigne, which was merged into SFL. However, the Company has contested the tax authorities' position, on the grounds that the work involved was certain of being carried out and could be reliably measured. No provision has been recorded in relation to this reassessment.

Analysis of property values between the value of the land and that of the building

The tax authorities have challenged the breakdown of the value of certain properties in the accounts between the value of the land and that of the building and have notified the Group of €2,611 thousand worth of reassessments of the tax base. The Company has partially contested the tax authorities' position, and the provision originally recorded in relation to this case in 2005 amounted to €680 thousand at 31 December 2009.

III - NOTES TO THE FINANCIAL STATEMENTS

A - NOTES TO THE BALANCE SHEET

Note A-1: Notes on assets

1) Non-current assets

The carrying amount of intangible assets and property and equipment fell to €1,527,539 thousand at 31 December 2009 from €1,564,373 thousand at the previous year-end.

Increases in “Buildings” and “Fixtures and fittings” correspond to properties acquired during the year. “Transfers between accounts” correspond to renovation work completed during the year.

Changes in excess tax depreciation are explained in the section “Changes in equity”, in Note A-2.

Details concerning impairment of property are presented in Note A-3 1 (a)

Intangible assets and property and equipment (In euros)	Cost at 1 January 2009	Transfers between accounts	Additions	Disposals	Cost at 31 December 2009
Intangible assets					
Software	3,274,313		149,153		3,423,466
Lease premiums	31,808,250				31,808,250
Goodwill	52,232,713			15,245	52,217,468
Other	350,511			350,511	
Intangible assets in progress	135,865			135,865	
Total	**87,801,651**		**149,153**	**501,621**	**87,449,183**
Property and equipment					
Land	595,851,836			11,682,598	584,169,238
Buildings	419,771,263	3,453,878		26,780,531	396,444,610
Fixtures and fittings	359,647,358	33,151,336		26,485,538	366,313,156
Furniture and equipment	1,819,721	2,106	29,411	11,955	1,839,283
Assets under construction	210,334,580	(36,607,320)	78,978,550	675,160	252,030,650
Prepayments to suppliers of property and equipment	210,158			62,011	148,147
Total	**1,587,634,916**		**79,007,961**	**65,697,793**	**1,600,945,084**
Total cost	**1,675,436,567**		**79,157,114**	**66,199,414**	**1,688,394,267**

Amortisation and depreciation (In euros)	Accumulated amortisation/ depreciation at 1 January 2009	Impairment losses	Increases	Decreases	Accumulated amortisation/ depreciation at 31 December 2009
Intangible assets					
Software	2,773,869		306,020		3,079,889
Lease premiums and goodwill	8,403,502	7,556,532			15,960,034
Other	57,638		3,073	60,711	
Total	**11,235,010**	**7,556,532**	**309,093**	**60,711**	**19,039,923**
Property and equipment					
Land		2,031,537			2,031,537
Buildings	22,643,739		5,397,312	2,714,154	25,326,897
Fixtures and fittings	76,586,100		24,482,411	9,604,559	91,463,952
Furniture and equipment	598,427		91,158	11,955	677,630
Assets under construction		22,315,588			22,315,588
Total	**99,828,266**	**24,347,125**	**29,970,881**	**12,330,668**	**141,815,604**
Total amortisation/depreciation	**111,063,276**	**31,903,657**	**30,279,974**	**12,391,379**	**160,855,528**

Non-current financial assets (In euros)	Cost at 1 January 2009	Transfers between accounts	Additions	Disposals	Cost at 31 December 2009
Shares in subsidiaries and affiliates	416,713,179				416,713,179
Advances to subsidiaries and affiliates	24,607,747		48,569,498	24,607,738	48,569,507
Loans	15,244,902			1,185,715	14,059,187
Deposits	363,848		86,411	6,467	443,792
Total	**456,929,676**		**48,655,909**	**25,799,920**	**479,785,665**

No shares in subsidiaries or affiliates were acquired or sold during the year.
Impairment of non-current financial assets is described in Note A-3 1 (b).

2) Current financial assets (In euros)

Treasury shares	Cost	Provisions	Carrying amount	Market value	Unrealised gain or loss
SFL shares held for allocation upon exercise of stock options granted prior to 2006	1,150,064		1,150,064	1,273,000	122,936
SFL shares held for allocation upon exercise of stock options granted in 2007	15,900,400	7,391,400	8,509,000	8,509,000	(7,391,400)
SFL shares held for allocation under future stock option plans	8,505,688	3,222,771	5,282,917	5,282,917	(3,222,772)
SFL shares held for future stock-for-stock acquisitions	704,866		704,866	779,981	75,115
SFL shares held under the liquidity contract	335		335	335	
Total	**26,261,353**	**10,614,171**	**15,647,182**	**15,845,232**	**(10,416,121)**

	31/12/2008	Additions	Disposals	31/12/2009
Change in the number of shares held in treasury during the period	505,297	59,516	91,821	472,992
Average purchase/sale price, in euros	€ 54.64	€ 26.84	€32.10	€ 55.52
Total	**27,611,567**	**1,597,227**	**2,947,442**	**26,261,352**

Stock option plans				
Date of shareholder authorisation	17/10/1997	17/10/1997	16/05/2002	21/04/2005
Grant date	06/04/2000	21/03/2002	25/04/2003	13/03/2007
Number of shares under option	280,952	309,000	346,000	273,000
Issuer	SFL	SFL	SFL	SFL
Starting date of exercise period	06/04/2005	21/03/2002	25/04/2003	13/03/2011
Expiry date	05/04/2010	21/03/2012	24/04/2013	12/03/2015
Exercise price (options exercisable for newly-issued shares)	€ 27.59			
Exercise price (options exercisable for shares bought back for this purpose)		€ 27.78	€ 26.41	€ 62.60
Number of options at 1 January 2009	26,673	3,000	35,000	258,000
Options granted during the period				
Options exercised during the period	3,375			
Options cancelled during the period				4,000
NUMBER OF OPTIONS OUTSTANDING	**23,298**	**3,000**	**35,000**	**254,000**

The carrying amount of all treasury shares held by SFL at 31 December 2009 came to €26,261 thousand, whereas their fair value stood at €15,845 thousand. A provision for impairment has therefore been recorded in the amount of €10,614 thousand.

Other current financial assets	Number	Unit purchase price	Cost	Market value	Unrealised gain or loss
SGAM Invest Moneplus 3 Dec	376,000	23,081	8,678,576	8,679,761	1,184
ME Allianz EuroCash P	11,148	118,684	1,323,087	1,325,247	2,160
Total	**387,148**	**141,765**	**10,001,664**	**10,005,008**	**3,345**

No provisions for impairment have been recorded against these financial assets.

3) Subsidiaries and affiliates (in euros)

Company	Share capital	Reserves	% interest	Carrying amount of investment		Outstanding loans and advances	Outstanding guarantees	Last published revenue	Last published profit/(loss)	Dividends received during the year	Fair value adjustments to the investment during the year
				Cost	Net						
A - Investments with a gross value in excess of 1% of Société Foncière Lyonnaise's capital											
1 - Subsidiaries (at least 50%-owned)											
SCI PAUL CÉZANNE	56,934,400	118,364,096	100.00%	291,847,234	291,847,234	-	-	20,790,861	16,293,860	-	-
SCI 5 DE VIGNY	1,926,448	20,095,657	100.00%	20,111,069	1,932,139	-	-	705,914	20,089,966	-	-
SEGPIM SA	1,292,500	3,065,537	100.00%	2,987,373	2,987,373	-	-	-	1,374,844	395,991	-
SCI 103 GRENELLE	150	(26,407,167)	100.00%	1,169,740	-	182,503,194	-	264,235	(22,159,747)	-	-
SCI WASHINGTON	94,872,000	20,516,966	66.00%	79,788,878	79,788,878	103,839,936	-	26,062,885	18,463,141	-	-
2 - Associates (10-50%-owned)											
SAS PARHOLDING	15,000,000	15,271,332	50.00%	18,400,300	18,400,300	37,834,321	-	-	12,718,749	-	-
B- Aggregate information about investments not referred to in A above											
1 - Subsidiaries (at least 50%-owned)				121,635	121,500	1,711,143	-	-	(1,442,204)	-	-
2 - Associates (less than 50%-owned)				2,286,735	783,686	-	-	-	-	-	-

Note A-2: Notes on equity and liabilities

Changes in equity (in euros)

A. Equity at 31 December 2008 before appropriation of profit	**1,405,157,792**
B. Appropriation of profit decided at the Annual General Meeting	
Transfer to the legal reserve	
C. Dividend decided by the Annual General Meeting	**(87,422,931)**
Interim dividend decided by the Board of Directors	
D. Movements for the period	
Share issues – par value of shares	6,750
Share issues – premium	86,400
Increase in untaxed provisions	2,337,850
Profit for the period	31,566,023
E. Equity at 31 December 2009	**1,351,731,884**
F. Change in equity during the year	**53,425,908**

At 31 December 2009, the Company's share capital comprised 46,505,676 ordinary shares with a par value of €2. The number of voting rights at that date was 46,032,684.

Société Foncière Lyonnaise was 53.48%-owned by the Spanish company Inmobiliaria Colonial SA at 31 December 2009.

The increase in untaxed provisions corresponds exclusively to accelerated capital allowances, representing excess tax depreciation calculated on the residual value of certain properties.

Note A-3: Notes on items affecting both assets and liabilities

1) Provisions

(In euros)	1 January 2009	Increases	Decreases	31 December 2009
Untaxed provisions				
Excess tax depreciation	12,246,967	2,987,691	649,842	14,584,817
Total	**12,246,967**	**2,987,691**	**649,842**	**14,584,817**
Provisions for contingencies and charges				
Provisions for losses on SFL share grants		142,190		142,190
Provisions for property-related contingencies	200,000	156,000		356,000
Provisions for employee-related risks	210,000			210,000
Provisions for tax risks	680,000			680,000
Total	**1,090,000**	**298,190**		**1,388,190**
Provisions for impairment				
On intangible assets (a)	8,403,502	7,556,532		15,960,034
On property and equipment (a)	4,338,943	24,347,125		28,686,068
On non-current financial assets	1,172,608	19,679,246		20,851,854
On trade receivables	2,261,581	1,774,301	255,285	3,780,597
On other receivables	449,837	5,545,047		5,994,884
On other current financial assets (b)	14,721,257		4,107,086	10,614,171
Total	**31,347,728**	**58,902,251**	**4,362,371**	**85,887,608**
Total provisions	**44,684,695**	**62,188,133**	**5,012,213**	**101,860,615**

(a) Following changes in appraisal values excluding transfer costs, provisions for impairment were recorded on five buildings, as follows:

(In euros)	1 January 2009	Increases	Decreases	31 December 2009
96, avenue d'Iéna	8,403,502	7,556,532		15,960,034
Intangible assets	**8,403,502**	**7,556,532**	**-**	**15,960,034**
Le Vaisseau	4,338,943	2,031,537		6,370,480
108-112, avenue Wagram		5,176,786		5,176,786
247, Saint Honoré		5,019,125		5,019,125
T8 project		12,119,677		12,119,677
Property and equipment	**4,338,943**	**24,347,125**	**-**	**28,686,068**

(b) The €4,107,086 reversal of the provision for impairment of treasury shares is based on the average SFL share price for December 2009 of €33.50 (versus €22.51 for December 2008).

2) Receivables and liabilities (in euros)

Receivables	Total	*Accrued income*	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Non-current assets					
Advances to subsidiaries and affiliates	48,569,507		48,569,507		
Other long-term investments					
Loans	14,059,187		2,177,843	11,881,344	
Deposits	443,792				443,792
Current assets					
Amounts receivable from tenants and trade receivables	6,367,408	*704,026*	6,367,408		
Employee advances	48,987		48,987		
Prepaid and recoverable taxes	9,176,394		9,176,394		
Current account advances	328,065,421	*1,795,485*	1,795,485	326,269,936	
Miscellaneous receivables	2,155,185		2,155,185		
Prepaid expenses	3,956,665		3,956,665		
Total receivables	**412,842,547**	***2,499,511***	**74,247,475**	**338,151,280**	**443,792**

Liabilities	Total	*Accrued expenses*	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Long and short-term debt					
Convertible bonds					
Bank borrowings	888,966,949	*1,353,250*	33,166,949	855,800,000	
Other borrowings	22,159,747		22,159,747		
Tenant deposits	8,801,797			8,801,797	
Payables					
Prepaid property rentals	12,463,458		12,463,458		
Trade payables	7,410,770	*6,866,878*	7,410,770		
Accrued employee benefits expense	4,773,326	*4,192,629*	4,773,326		
Accrued taxes	7,067,010	*52,671*	2,312,372	4,754,638	
Due to suppliers of property	10,534,213	*7,649,167*	10,534,213		
Current account advances	53,521,680	*1,431,242*	1,090,596	52,431,085	
Other liabilities	8,245,147	*4,230,652*	8,245,147		
Deferred income	30,909		30,909		
Total liabilities	**1,023,975,007**	***25,776,489***	**102,187,487**	**921,787,520**	

Prepaid property rentals correspond to rental income received in advance and expenses falling due in first-half 2010.

Accrued employee benefits expense includes discretionary profit-sharing and bonus accruals.

Accrued taxes include the three annual exit tax instalments for a total amount of €6,937,115.

3) Long and short-term debt (in thousands of euros)

	2009	2008	Year-on-year change
Natixis syndicated loan	400,020	605,853	(205,833)
BNP Paribas syndicated loan	151,220	-	151,220
Banco Sabadell loan	50,004	50,006	(2)
BECM revolving credit facility	150,007	140,078	9,929
Royal Bank of Scotland loan	40,801	40,805	(4)
Deutsche Hypothekenbank loan	50,023	30,385	19,638
CADIF Loan	15,001	-	15,001
Lease liabilities	206,640	223,438	(16,798)
Bank overdrafts	31,891	54,802	(22,911)
Total	**1,095,607**	**1,145,367**	**(49,760)**

B - NOTES TO THE PROFIT AND LOSS ACCOUNT

Note B-1: Net revenue

(In euros)	2009	2008
Property rentals – residential	1,319,608	1,271,198
Property rentals – retail	12,952,718	13,821,313
Property rentals – small business premises	620,550	637,192
Property rentals – parking garages	3,402,105	3,045,189
Property rentals – offices	105,238,594	103,923,863
Property rentals – other	257,055	139,367
Property management fees	1,046,943	745,186
Penalties for failure to vacate premises on the lease termination date	714,755	624,347
Lease termination penalties	-	48,730
Les Citadines and Servcorp Edouard VII revenue	3,801,640	3,982,963
Fees	1,159,389	602,035
Other revenues	-	10,059
Total	**130,513,358**	**128,851,442**

Note B-2: Payroll costs

(In euros)	2009			2008
	Building staff	Administrative staff	Total	Total
Wages and salaries				
Wages and salaries	105,613	6,405,413	6,511,026	6,443,873
Allowances				
Total	**105,613**	**6,405,413**	**6,511,026**	**6,443,873**
Payroll taxes and other employee benefits expenses				
Social security taxes and disability/health insurance premiums	41,292	2,464,891	2,506,183	2,607,246
Other employee benefits expenses	2,282	589,924	592,206	697,544
Total	**43,573**	**3,054,815**	**3,098,388**	**3,304,790**
Total	**149,187**	**9,460,228**	**9,609,415**	**9,748,663**

The remuneration paid to Company directors and officers (including bonuses and benefits in kind) amounted to €2,257,912 in 2009.

Directors' fees represented a total of €369,500.

Note B-3: Number of employees at 31 December

	2009	2008
Building caretakers	3	3
Administrative employees	8	9
Supervisors	13	15
Managers	46	45
Officers	1	1
Total	**71**	**73**

Note B-4: Fees paid to the Auditors (*)

(in euros)	2009	2008
PriceWaterhouseCoopers Audit	260,560	310,856
Deloitte & Associés	256,960	338,991
Total	**517,520**	**649,847**

(*) Including non-recoverable VAT

Note B-5: Net financial income (expense)

(in euros)	2009	2008
Income from subsidiaries and affiliates		
Revenue from SCI Paul Cézanne	16,293,860	18,300,176
Dividends from SAS Parholding	-	7,364,850
Dividends from SA Segpim	395,991	2,241,201
Revenue from SCI Washington	12,185,673	9,721,279
Revenue from SCI 5 de Vigny	20,089,966	104,330
Revenue from SCI 103 Grenelle	(22,159,747)	(18,061,986)
Total	**26,805,743**	**19,669,850**
Income from short-term investments		
Current financial assets	87,048	218,437
Total	**87,048**	**218,437**
Interest and other financial income and expenses		
Interest paid on swaps	(20,833,411)	(5,654,368)
Interest expense on bank borrowings	(14,895,554)	(39,442,741)
Bank fees related to borrowings	(814,559)	(500,328)
Interest expense on current account advances from subsidiaries	(748,874)	(1,767,838)
Other financial expense	(622,849)	(976)
Interest expense on bank overdrafts	(523,382)	(1,654,840)
Other financial income	(36,699)	112,934
Interest received from swaps	119,940	3,951,307
Interest income from the SCI Champvernier loan	448,690	856,675
Interest income from current account advances to subsidiaries	6,725,935	15,882,123
Capitalized interest expense	7,807,287	6,056,146
Impairment of treasury shares	4,107,086	(11,215,888)
Provision for financial risks	(142,190)	
Impairment of shares in subsidiaries and affiliates	(19,679,246)	(1,172,608)
Total	**(39,087,826)**	**(34,550,404)**
Net Financial Income (Expense)	**(12,195,035)**	**(14,662,117)**

Capitalized interest expense primarily corresponds to capitalised interest on the property at 247 rue Saint-Honoré, which is undergoing renovation.

Impairment of shares in subsidiaries and affiliates mainly corresponds to SCI 5 de Vigny shares.

Note B-6: Other income and expense (in euros)

	2009	2008
Total capital gains on property disposals	34,476,734	-
Net gains on sales of treasury shares	-	47,735
Income tax rebates received	14,729	394,395
Gains on sales of equipment	-	14,047
Property and business acquisition transaction costs	(16,389)	(622,323)
Miscellaneous project costs	(960,791)	(515,754)
Data room costs	-	(1,657,943)
Gains and losses on adjustments of prior period balances, net	97,312	127,737
Gains and losses on other prior period adjustments, net	44,387	21,390
Gains and losses on adjustments during the period, net	(157,347)	-
Net losses on sales of other shares	(424,530)	(176,740)
Excess tax depreciation for the year	(2,987,691)	(3,073,470)
Exceptional depreciation of scrapped property and equipment	(4,683,683)	(8,783,704)
Reversals of provisions for rent guarantees	(156,000)	-
T8 project impairment loss	(12,119,677)	-
Reversals of provisions for losses on SFL share grants	-	142,190
Reversals of accelerated capital allowances	649,842	-
Reversals of provisions for employee-related and tax risks	-	120,000
Total other income and expense, net	**13,776,895**	**(13,962,441)**

Analysis of net capital gains on property disposals:

Investment properties sold during the year	Disposal date	Sale price excl. transfer costs and tax	Carrying amount	Capital gains on disposal	Disposal costs	Net capital gains and losses
38 avenue Bugeaud	March 2009	38,000	27,591	10,409	4,151	6,258
1 rue de Stockholm	April and May 2009	149,500	142,697	6,803	16,576	(9,773)
63 boulevard Haussmann	May 2009	27,000,000	15,064,681	11,935,319	646,385	11,288,933
11 rue de Prony	June 2009	27,000,000	13,376,327	13,623,673	385,700	13,237,973
6 avenue Vélasquez	June 2009	12,476,000	9,458,008	3,017,992	161,436	2,856,556
62 rue Beaubourg	June 2009	22,300,000	14,628,095	7,671,905	575,119	7,096,786
Total		**88,963,500**	**52,697,399**	**36,266,101**	**1,789,367**	**34,476,734**

Note B-7: Income tax expense

(in euros)	2009	2008
Exit tax due following the SAS Iéna merger	**-**	**9,249,487**
Income tax on businesses taxable at the standard rate	386,328	-
Total	**386,328**	**9,249,487**

C - NOTE ON ITEMS AFFECTING BOTH THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

Note C-1: Related party transactions

(in euros)	2009	2008
Non-current financial assets	414,426,231	414,426,231
Advances to subsidiaries and affiliates	48,569,498	24,607,738
Other receivables	328,065,421	337,854,014
Trade payables	3,755,883	3,891,517
Liabilities related to advances to subsidiaries and affiliates	22,159,747	16,969,897
Other	53,521,680	25,658,253
Other purchases and external charges	191,151	200,501
Property management fees	3,002,334	2,951,949
Interest expense on liabilities related to advances to subsidiaries and affiliates	22,159,747	18,061,986
Financial expenses related to investments in subsidiaries and affiliates	405,739	914,316
Dividend income from subsidiaries and affiliates	3,837,070	15,013,101
Interest income on advances to subsidiaries and affiliates	48,965,490	37,731,836
Revenue	1,590,038	1,466,276

Note C-2: Prepaid expenses

At 31 December 2009, prepaid operating expenses amounted to €3,775,986, corresponding mainly to finance lease payments due in 2010.

Note C-3: Deferred charges

(in euros)	Maturity	Total	Accumulated amortisation at 1 January 2009	Amortisation for the year	Accumulated amortisation at 31 December 2009	Net
Syndicated loan fees	7 years	2,598,624	1,459,007	371,393	1,830,400	768,224
BECM loan fees	5 years	300,000	99,836	59,934	159,770	140,230
Deutsche loan fees	5 years	120,000	28,637	23,974	52,611	67,389
BNP Paribas loan fees	15 years	3,650,000		169,907	169,907	3,480,093
Total		**6,668,624**	**1,587,480**	**625,208**	**2,212,688**	**4,455,936**

Fees are amortised over the life of the loan.

D - UNRECOGNISED DEFERRED TAXES

Information about unrecognised deferred taxes is not relevant due to the Company's tax-exempt status under the SIIC regime.

E - FINANCE LEASES

Properties under finance leases

(in euros)	2009				2008
	Cost at inception of the lease	Depreciation for the year	Depreciation accumulated	Carrying amount	Carrying amount
Land	148,168,000			148,168,000	148,168,000
Buildings	181,094,000	4,462,193	30,091,956	151,002,044	155,164,237
Other					
Total	**329,262,000**	**4,462,193**	**30,091,956**	**299,170,044**	**303,332,237**

Future minimum lease payments

(in euros)	Lease payments		Future minimum lease payments due			Residual value
	For the year	Cumulative	Within 1 year	In 1 to 5 years	Beyond 5 years	
Land/Buildings (1)	17,841,353	114,360,887	19,174,804	88,583,572	7,230,854	91,650,726
Other						
Total	**17,841,353**	**114,360,887**	**19,174,804**	**88,583,572**	**7,230,854**	**91,650,726**

(1) The values shown concern the portion of lease payments corresponding to the repayment of the principal.

Under the rules governing property leases applicable since 1 January 1996, the portion of the principal corresponding to the land can be depreciated at the end of the lease period or included in the residual value. SFL has chosen to apply the latter option.

F - OFF-BALANCE SHEET COMMITMENTS

Guarantees and other commitments

(in euros)	Total	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Commitments given				
Tax bonds given in connection with tax reassessments (Société Générale)	2,287,757	2,287,757		
Property guarantees	45,250,715	12,140,000	33,110,715	
Commitments received				
Guarantees received from tenants and suppliers	57,199,178	2,054,214	47,734,942	7,410,022
BNP Paribas syndicated line of credit	150,000,000		150,000,000	
Total	**254,737,650**	**16,481,971**	**230,845,657**	**7,410,022**

Pledges and mortgages on the Iéna property

(in thousands of euros)

Company	Type of mortgage	Due	Principal	Costs and incidentals	Total
SFL	Standard mortgage	31/10/2014	40,800	4,080	44,880

Hedges

General hedges of floating rate debt

Counterparty: JP Morgan. Following the restructuring carried out on 3 January 2005, the hedge is on a notional amount of €400 million and expires on 3 January 2014. SFL pays the 12-month Euribor +141.5 bps, with a cap at 508.5 bps and a floor at 200 bps. At 31 December 2009, the contract had a negative fair value of €31,869 thousand. It represents a macro-hedging transaction that has as its underlying several clearly identified balance sheet items whose value is at least equal to the notional amount of the restructured hedging instrument.

Counterparty: Calyon. This 5-year swap was set up on 23 May 2006 for €100 million, setting the interest rate on an identified balance sheet item at 3.785%. At 31 December 2009, the contract had a negative fair value of €3,455 thousand.

Counterparty: RBS. This 7-year swap on a notional amount of €40.8 million was set up on 31 October 2006 as a hedge of identified debt. SFL pays a fixed rate of 3.89%. At 31 December 2009, the contract had a negative fair value of €2,433 thousand.

Counterparty: Natixis. This 3-year swap on a notional amount of €200 million was set up on 31 December 2007 as a hedge of identified debt. SFL pays a fixed rate of 4.4325%. At 31 December 2009, the contract had a negative fair value of €6,818 thousand.

Counterparty: BNP Paribas. This swap on a notional amount of €50 million was set up on 6 November 2008 as a hedge of identified debt and expires on 31 December 2010. SFL pays a fixed rate of 3.33%. At 31 December 2009, the contract had a negative fair value of €1,150 thousand.

Counterparty: BNP Paribas. This swap on a notional amount of €50 million was set up on 8 December 2008 as a hedge of identified debt and expires on 31 December 2010. SFL pays a fixed rate of 2.635%. At 31 December 2009, the contract had a negative fair value of €800 thousand.

Counterparty: BNP Paribas. This swap on a notional amount of €50 million was set up on 26 January 2009 as a hedge of identified debt and expires on 31 March 2012. SFL pays a fixed rate of 2.375%. At 31 December 2009, the contract had a negative fair value of €694 thousand.

Counterparty: BNP Paribas. This swap on a notional amount of €50 million was set up on 31 March 2009 as a hedge of identified debt and expires on 31 March 2014. SFL pays a fixed rate of 2.63%. At 31 December 2009, the contract had a negative fair value of €462 thousand.

Counterparty: HSBC. This swap on a notional amount of €50 million was set up on 7 May 2009 as a hedge of identified debt and expires on 31 March 2014. SFL pays a fixed rate of 2.63%. At 31 December 2009, the contract had a negative fair value of €462 thousand.

Counterparty: CADIF. Swap set up on 8 May 2009 for a notional amount of €50 million and expiring on 31 March 2011. SFL pays a fixed rate of 1.655%. At 31 December 2009, the contract had a negative fair value of €277 thousand.

Counterparty: HSBC. Swap set up on 8 July 2009 for a notional amount of €100 million and expiring on 30 June 2014. SFL pays a fixed rate of 2.71%. At 31 December 2009, the contract had a negative fair value of €1,049 thousand.

Counterparty: BNP Paribas. Swap set up on 5 October 2009 for a notional amount of €50 million and expiring on 30 September 2013. SFL pays a fixed rate of 2.265%. At 31 December 2009, the contract had a positive fair value of €9 thousand.

Property purchases

The remaining balance due for the building at 108 avenue de Wagram acquired under an off-plan purchase agreement signed on 18 December 2008 is payable on delivery in an amount of €27,173,044. The price will not be indexed, discounted or revised.

Contractual renovation obligations

At 31 December 2009, the Group's contractual commitments relating to investment properties undergoing renovation totalled €43,534,171, compared with €72,123,460 a year earlier. The building at 247 rue Saint-Honoré accounted for 88% of the commitments in 2009.

Employee benefits

SFL has elected not to use the recommended method for recognising pension and other post-employment benefit obligations. The amount of these obligations, for which no provision has been set aside, amounted to €639,097 at 31 December 2009.

The benefit cost is determined based on employee service rendered up to the measurement date, assuming employees retire at age 65 at the employer's initiative. The calculation parameters are determined on a historical basis. The projected benefit obligation is calculated annually based on actuarial assumptions, including a discount rate of 3.97% and a 2% rate of future salary increases.

- Long-service awards payable to employees on retirement: benefits payable under this plan are specified in a corporate agreement signed with employee representatives.

- Post-employment medical care: this plan concerns a closed group of retired SFL employees. Benefits consist of the payment by SFL of two-thirds of the contributions due to the company responsible for reimbursing medical costs.

- Jubilees: the agreements in force within the Group provide for the payment of one month's salary to administrative staff who complete 25 and 30 years service, and one month's salary for caretakers who complete 25 years service.

Employees are not covered by any defined benefit pension plan and are not entitled to any other post-employment benefits. As the SFL does not have any such defined benefit obligations, no sensitivity analyses are presented.

G – ADDITIONAL INFORMATION

There were no subsequent events requiring disclosure.

H – CONSOLIDATION

Société Foncière Lyonnaise is included in the consolidated financial statements of Colonial, a company governed by Spanish law and listed on the Madrid stock exchange (code ISIN: ES0139140018).

Statutory Auditors' reports

Statutory Auditors' report
on the consolidated financial statements

Year ended 31 December 2009

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2009, on:

- the audit of the accompanying consolidated financial statements of Société Foncière Lyonnaise:

- the justification of our assessments;

- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies, in accordance with IFRSs as adopted by the European Union.

Without qualifying our opinion expressed above, we draw your attention to Note 1-1 to the consolidated financial statements, which describes the effect of new standards and interpretations, such as the revised IAS 40, on the consolidated financial statements.

II. Justification of our assessments

The accounting estimates required for the preparation of the consolidated financial statements for the year ended 31 December 2009 were made in an environment shaped by persistently low real estate transaction volumes. In light of this, and in accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de Commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- As described in Note 2-3 to the consolidated financial statements, all of the Company's property assets have been measured by qualified independent valuers to estimate their fair value. Our work consisted in verifying the valuation methods used by the independent experts, ensuring that fair value measurements of property assets were carried out on the basis of independent valuations, and that the notes to the consolidated financial statements contain the appropriate disclosures.

- Notes 2-17 and 6-31 to the consolidated financial statements describe the accounting policies applied to determine the fair value of derivative instruments, as well as the characteristics of the hedging instruments used by the Group. We examined the classification and documentation criteria required under IAS 39 and obtained assurance that the accounting policies used and the disclosures provided in the notes were appropriate.

These assessments were made in the context of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the formation of the unqualified opinion expressed in the first part of this report.

III. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the group management report.

We have no matters to report regarding the fair presentation of this information and its conformity with the consolidated financial statements.

Neuilly-sur-Seine, 12 March 2010

The Statutory Auditors

PricewaterhouseCoopers Audit

Catherine THURET

Deloitte & Associés

Laure SILVESTRE-SIAZ

Statutory Auditors' report
on the Company financial statements

Year ended 31 December 2009

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2009, on:

- the audit of the accompanying financial statements of Société Foncière Lyonnaise;
- the justification of our assessments;
- the specific verifications and information required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the Company's results for the period as well as of its financial position, assets and liabilities at the period-end, in accordance with the accounting rules and principles applicable in France.

II. Justification of our assessments

The accounting estimates used to prepare the Company financial statements for the year ended 31 December 2009 were made in an environment shaped by persistently low real estate transaction volumes. In light of this, and in accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de Commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- As described in Note I-b) to the financial statements, all of the Company's property assets have been measured by qualified independent valuers in order to test for impairment. Our work consisted in verifying the valuation methods used by the independent experts, ensuring that impairment tests on property assets were carried out on the basis of independent valuations, and that the notes to the financial statements contain the appropriate disclosures.

These assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the unqualified opinion expressed in the first part of this report.

III. Specific verifications and information

In accordance with the professional standards applicable in France, we have also verified the information given in the financial statements.

We have no matters to report concerning the fair presentation of this information and its conformity with the Board of Directors' management report and with the documents addressed to shareholders regarding the Company's financial position and financial statements.

We have examined the information provided in accordance with Article L.225-102-1 of the French Commercial Code concerning compensation and benefits granted to executive directors and any other commitments made in their favour, and verified its conformity with the information used to prepare the Company financial statements and, where necessary, with data collected by your Company from its controlling shareholders or subsidiaries. On this basis, we have no matters to report concerning the fair presentation of this information.

In accordance with the law, we obtained assurance that the appropriate disclosures were made in the management report concerning the identity of shareholders and holders of voting rights.

Neuilly-sur-Seine, 12 March 2010

The Statutory Auditors

PricewaterhouseCoopers Audit

Catherine THURET

Deloitte & Associés

Laure SILVESTRE-SIAZ

Statutory Auditors' report

prepared in accordance with Article L.225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of Directors of Société Foncière Lyonnaise

Year ended 31 December 2009

To the shareholders,

In our capacity as Statutory Auditors of Société Foncière Lyonnaise and in accordance with Article L.225-235 of the French Commercial Code (Code de Commerce), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L.225-37 of the French Commercial Code for the year ended 31 December 2009.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L.225-37 of the French Commercial Code, in particular relating to corporate governance.

It is our responsibility:

- to report to you our observations on the information contained in the Chairman's report on internal control procedures relating to the preparation and processing of accounting and financial information; and

- to attest that the report sets out the other information required by Article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control procedures relating to the preparation and processing of accounting and financial information

French professional standards require that we perform procedures to assess the fairness of the information contained in the Chairman's report on internal control procedures relating to the preparation and processing of accounting and financial information. These procedures mainly consisted of:

- Obtaining an understanding of the internal control procedures relating to the preparation and processing of accounting and financial information underpinning the information given in the Chairman's report, and of the existing documentation;

- Obtaining an understanding of the work performed to support the information given in the report, and of the existing documentation.

- Determining whether any material weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information that we may have identified during the course of our work are appropriately disclosed in the Chairman's report.

Based on our procedures, we have no matters to report concerning the information given on internal control and risk management procedures relating to the preparation and processing of accounting and financial information, as contained in the report of the Chairman of the Board of Directors, prepared in accordance with Article L.225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by Article L.255-37 of the French Commercial Code.

Neuilly-sur-Seine, 12 March 2010

The Statutory Auditors

PricewaterhouseCoopers Audit

Catherine THURET

Deloitte & Associés

Laure SILVESTRE-SIAZ

Statutory Auditors' report

on related party agreements and commitments

Year ended 31 December 2009

To the shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on related party agreements and commitments.

Agreements and commitments authorised during 2009

In accordance with Article L.225-40 of the French Commercial Code *(Code de Commerce)*, we were advised of agreements and commitments authorised by your Board of Directors during 2009.

Our responsibility does not include identifying any undisclosed agreements or commitments. We are required to report to shareholders, based on the information provided, about the main terms and conditions of agreements and commitments that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of Article R.225-31 of the French Commercial Code, it is the responsibility of shareholders to determine whether the agreements are appropriate and should be approved.

We performed our procedures in accordance with professional standards applicable in France. These standards require us to perform procedures to verify that the information given to us agrees with the underlying documents.

Agreement entered into with Prédica

Corporate officer concerned: Jean-Jacques Duchamps, director of SFL and member of the Executive Committee of Prédica

Agreement authorised by the Board of Directors on 20 July 2009

Nature and purpose

Partnership agreement (including the term sheet, shareholders' pact and appendices):

The acquisition by Prédica of the entire 50% interest held by Ile-de-France Investissements SA in Parholding SAS led to the signature of a new partnership agreement on 6 October 2009 designed to structure the relationship between Société Foncière Lyonnaise and Prédica as the joint shareholders of Parholding.

Agreement entered into with Parholding

Corporate officers concerned: Yves Mansion, Chairman and Chief Executive Officer of Société Foncière Lyonnaise and Chairman of Parholding; Nicolas Reynaud, Managing Director of Société Foncière Lyonnaise and Chief Executive Officer of Parholding

Agreement authorised by the Board of Directors on 20 July 2009

Nature and purpose

Pledges of shares and/or financial instruments accounts On 9 November 2009, a banking syndicate comprised of Calyon, HSBC Private Bank France, HSBC France and Crédit Foncier de France granted Parholding (which is 50%-owned by Société Foncière Lyonnaise) a non-recourse mortgage loan for €172 million at a spread of 250 bps, due in December 2012. Of this amount, €137 million corresponds to the refinanced portion of the initial Calyon loan that expired in December 2009 and €35 million to the financing for the renovation of Galerie des Champs-Elysées. To secure the loan, Parholding's partners pledged their shares and/or financial instruments accounts held in the Company to the banks as collateral.

Agreements and commitments entered into in prior years that remained in force during the year

In accordance with the French Commercial Code, we were informed of the following agreements and commitments authorised in prior years that remained in force during the year.

Agreements with Yves Mansion

Corporate officer concerned: Yves Mansion, Chairman and Chief Executive Officer

Agreement authorised by the Board of Directors on 4 April 2008

Nature and purpose

Yves Mansion will be paid compensation for loss of office in the event of a change in the ownership structure of Société Foncière Lyonnaise or its controlling shareholder (notably following a takeover bid, a merger, a rights issue or otherwise), directly or indirectly that (i) results in Yves Mansion being dismissed or forced to resign from his position as Chief Executive Officer or (ii) significantly alters the substance of his responsibilities, making it difficult for him to continue his activities as Chief Executive Officer and the normal exercise of his duties. The compensation for loss of office will be payable at Yves Mansion's request during the 18-month period following the direct or indirect change in ownership structure.

The gross amount payable will be equal to twice the total gross annual remuneration paid to him in his capacity as Chief Executive Officer – including any and all bonuses and benefits in kind – for the calendar year preceding the direct or indirect change in ownership structure.

Payment of such compensation will be made only if the Group's average operating profit before fair value adjustments for the three financial years preceding the end of his term of office exceeds operating profit before fair value adjustments for the fourth year preceding such termination. In effecting the comparison, account will be taken of changes in the property portfolio in the years concerned.

The compensation will be paid after the Board of Directors has formally acknowledged that the above performance criterion has been met, within two months of payment being claimed. If the Board fails to notify Yves Mansion of its decision within said two-month period, the performance criterion will automatically be considered as having been fulfilled.

Agreement authorised by the Board of Directors on 25 July 2006

Nature and purpose

Agreement cancelling the vesting conditions applicable to the outstanding stock options granted to Yves Mansion, which became exercisable at any time, even if he were to leave the Group, regardless of the reasons for or circumstances of his departure.

Agreement entered into with Nicolas Reynaud

Corporate officer concerned: Nicolas Reynaud, Managing Director and Chief Financial Officer since 24 October 2008

Agreement authorised by the Board of Directors on 9 December 2008

Nature and purpose

Nicolas Reynaud is both an officer and an employee of the Group, as Managing Director since 24 October 2008 and Chief Financial Officer. Under the terms of his employment contract, he will receive a termination benefit in the event of a change in ownership structure.

In the event of a significant direct or indirect change in the composition of the main shareholder group of the Company or its controlling shareholder, if Nicolas Reynaud is dismissed (except for gross negligence) or is forced to resign as a result of significant changes in his responsibilities in the 18 months following the date of such a change, he will receive, in addition to the severance pay due by law or under the collective bargaining agreement, a termination benefit of an amount equal to twice the total gross annual remuneration – including any and all bonuses and benefits in kind – for the calendar year preceding the dismissal (except for gross negligence) or resignation, subject to a commitment by Nicolas Reynaud not to encourage the departure of other SFL employees.

Agreements entered into with Alec Emmott

Corporate officer concerned: Alec Emmott, Managing Director until 9 May 2007.

Agreement authorised by the Board of Directors on 25 July 2006

Nature and purpose

Agreement cancelling the vesting conditions applicable to the outstanding stock options granted to Alec Emmott, which became exercisable at any time, even if he were to leave the Group, regardless of the reasons for or circumstances of his departure.

Agreement authorised by the Board of Directors on 26 October 2006 and reviewed by the Board of Directors on 25 September 2008

Nature and purpose

Agreement providing for Alec Emmott to work for the Group as an external consultant for a period of one year as from the date of termination of his term of office. This arrangement may be extended at the end of the one-year period by mutual agreement between Alec Emmott and the Company (represented by its Chairman).

Under this agreement, which was renewed for one year with effect from 1 October 2009, fees received amounted to €100,000 for 2009.

Agreement entered into with Locaparis

Locaparis is a wholly owned subsidiary of SEGPIM, which is a 99%-owned subsidiary of Société Foncière Lyonnaise.

Agreement renewed by the Board of Directors on 17 February 2009

Nature and purpose

A counter guarantee given by Société Foncière Lyonnaise for €615,000, covering the financial guarantee given by Société Générale on behalf of Locaparis in accordance with Article 3-2 of the Act of 2 January 1970.

Neuilly-sur-Seine, 12 March 2010

The Statutory Auditors

PricewaterhouseCoopers Audit

Catherine THURET

Deloitte & Associés

Laure SILVESTRE-SIAZ

Statutory Auditors' special report

on the cancellation of shares to reduce the share capital

Ordinary and Extraordinary Annual General Meeting of 19 April 2010
(Fourth extraordinary resolution)

To the shareholders,

In our capacity as Statutory Auditors of Société Foncière Lyonnaise and as required by Article 225-209, paragraph 7, of the French Commercial Code *(Code de Commerce)* in the case of a capital reduction carried out by cancelling shares bought back by the issuer, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed capital reduction.

We performed the procedures we deemed necessary to carry out this responsibility in accordance with the professional guidelines of the French Institute of Statutory Auditors (CNCC). Those standards require that we assess the reasonableness of the proposed capital reduction and corresponding terms and conditions.

The proposed capital reduction will concern shares representing up to 10% of the Company's capital bought back pursuant to Article L.225-209 of the French Commercial Code In the resolution tabled at the Annual Meeting, you will be asked to give an 18-month authorization to the Company to implement the buyback program.

The Board is asking you to grant it full discretionary authority over a period of 18 months to cancel shares purchased under the shareholder approved buyback program within the limit of 10% of the Company's capital.

We have no matters to report concerning the reasons for and the terms and conditions of the proposed capital reduction, the implementation of which is conditional upon shareholders authorizing the buyback program.

Neuilly-sur-Seine, 12 March 2010

The Statutory Auditors

PricewaterhouseCoopers Audit

Catherine THURET

Deloitte & Associés

Laure SILVESTRE-SIAZ

Statutory Auditors' special report

on the issue of bonds with redeemable equity warrants

Ordinary and Extraordinary Annual General Meeting of 19 April 2010 (First extraordinary resolution)

To the shareholders,

In our capacity as Statutory Auditors of Société Foncière Lyonnaise and as required by Articles L.225-138 and L.228-92 of the French Commercial Code *(Code de Commerce),* we hereby report to you on the proposal submitted to your approval to grant a delegation of competence to the Board of Directors to decide the issue of bonds with redeemable equity warrants, without pre-emptive subscription rights.

The bonds with redeemable equity warrants may only be offered to leading banks which – at the issue date – have granted loans or credit facilities to companies within the Société Foncière Lyonnaise Group, hold bonds issued by said companies, or have issued investment instruments held by said companies, for a minimum aggregate amount of €1 million per bank.

The banks underwriting the issues on bonds with redeemable equity warrants would offer the equity warrants on the same terms to one or several categories of beneficiaries as described in the second and/or third extraordinary resolutions of this Meeting. The detailed list of beneficiaries in these categories ("the Beneficiaries") would be drawn up by the Board of Directors or the Chief Executive Officer acting on the Board's behalf.

The aggregate nominal amount of the bonds with redeemable equity warrants issued under this authorisation may not exceed €200 million, to be included in the €2 billion ceiling applicable to issues of debt securities under the first, second and eighth extraordinary resolutions approved by the General Meeting of 15 June 2009.

The aggregate par value of shares issued as a result of this authorisation may not exceed €3 million and this amount is included in the €100 million blanket ceiling set in the seventh extraordinary resolution approved by the General Meeting held on 15 June 2009.

Based on its report, the Board of Directors is recommending that you grant it an 18-month delegation of competence to decide this issue, with the power of delegation as provided under Article L.225-129-4 of the French Commercial Code, and to waive your pre-emptive subscription rights. It would be the Board's responsibility to set the final terms and conditions of this transaction.

The Board of Directors is responsible for drawing up a report in accordance with Articles R.225-112, R.225-114 and R.225-117 of the French Commercial Code. Our responsibility is to express an opinion on the fairness of the information in this report taken from the financial statements concerning the waiver of pre-emptive subscription rights and other information associated with the issue.

We performed the procedures we deemed necessary to carry out this responsibility in accordance with the professional guidelines of the French Institute of Statutory Auditors (CNCC). These procedures entailed reviewing the content of the Board of Directors' report regarding this transaction and the methods used to set the issue price of the securities to be issued.

Subject to our review of the terms and conditions of the proposed issue, we have no matters to report as to the methods as described in the report of the Board of Directors for setting the issue price of the securities to be issued.

As the issue price of the securities has not yet been set, we do not express an opinion on the final terms and conditions under which the issue is to be carried out, nor, consequently, on the recommendation that you waive your pre-emptive subscription rights.

In accordance with Article R.225-116 of the French Commercial Code, we will draw up an additional report if the authorisation is used by the Board of Directors following your vote.

Neuilly-sur-Seine, 12 March 2010

The Statutory Auditors

PricewaterhouseCoopers Audit

Catherine THURET

Deloitte & Associés

Laure SILVESTRE-SIAZ

Additional Information

1. Persons Responsible for the Registration Document and the Audit of the Accounts

1.1. Statement by the person responsible for the Registration Document

Name and position

Yves Mansion, Chairman and CEO

Statement

“I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and the entities included in the scope of consolidation, and the report of the Board of Directors on page 3 presents fairly the changes in business, results and financial position of the Company and the entities included in the scope of consolidation, as well as a description of their principal risks and contingencies.

I obtained a statement from the Statutory Auditors at the end of their engagement affirming that they have read the whole of the Registration Document and examined the information about the financial position and the historical accounts contained therein.

The Statutory Auditors’ report on the consolidated financial statements for the year ended 31 December 2009, presented on pages 150-151, contains one observation.”

1.2 Persons responsible for the audit of the accounts

AUDITORS

	First appointed	Term renewed	Term expires*
Statutory Auditors			
DELOITTE & ASSOCIÉS Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles 185, avenue Charles de Gaulle - 92200 NEUILLY SUR SEINE - France Represented by Laure Silvestre-Siaz	21 April 2005	-	2010
PriceWaterhouseCoopers Audit SA Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles 63, rue de Villiers - 92200 NEUILLY SUR SEINE - France Represented by Catherine Thuret	25 April 2003	9 May 2007	2012
Substitute Auditors			
BEAS Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles 7/9, villa Houssay - 92200 NEUILLY SUR SEINE - France	21 April 2005	-	2010
Anik CHAUMARTIN Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles 63, rue de Villiers - 92200 NEUILLY SUR SEINE - France	9 May 2007	-	2012

*At the close of the Annual General Meeting to be called to approve the financial statements for the year indicated.

FEES PAID TO THE AUDITORS IN 2009 (IN EUROS)

	PricewaterhouseCoopers Audit SA				Deloitte & Associés			
	Amount (excl. VAT)		%		Amount (excl. VAT)		%	
	2009	2008	2009	2008	2009	2008	2009	2008
Statutory and contractual audits								
Issuer	240,600	241,915	72%	60%	245,608	238,386	100%	80%
Fully consolidated subsidiaries	94,745	98,535	28%	25%	-	-	-	-
Audit-related services								
Issuer	-	60,000	0%	15%	-	60,000	0%	20%
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Sub-Total	**335,345**	**400,450**	**100%**	**100%**	**245,608**	**298,386**	**100%**	**100%**
Other services								
Legal and tax advice	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**335,345**	**400,450**	**100%**	**100%**	**245,608**	**298,386**	**100%**	**100%**

2. Additional Legal Information

Corporate name and registered office

– Corporate name: Société Foncière Lyonnaise.
– Registered office: 151 rue Saint Honoré, 75001 Paris, France.

Legal form

"Société anonyme" (public limited company) governed by the French Commercial Code.

Governing Law

French law.

Date of incorporation and term

– Incorporated on 9 October 1879.
– Term: 8 October 2064.

Corporate purpose
(Article 3 of the Articles of Association)

The Company's purpose is to:
– Acquire, by way of purchase or absorption or under a 99 year lease or a shorter lease, any and all real property located in France, the French overseas territories or abroad, and to extend any such properties; conduct any industrial, rental or management activities and generally enhance the value of the properties.
– Sell or exchange such properties, for cash or for shares.
– Manage properties on behalf of third parties.
– Participate by any method in any and all existing or future companies or business ventures related to the corporate purpose, including by means of the formation of new companies, the sale of assets in exchange for shares, membership of a general partnership, subscription or purchase of shares or other rights.
– Conduct any and all transactions related directly or indirectly to the corporate purpose or which are likely to facilitate the fulfilment of said purpose.

Registration particulars

Paris Companies Registry: 552 040 982 - NAF Code: 6820B.

Financial year

1 January to 31 December.

3. Additional Information about the Company's Capital and Share Ownership

3.1 Excerpts from the Articles of Association concerning the Company's capital and share ownership

Changes in capital (Articles 6, 7 and 8 of the Articles of Association)

The Company's capital may be increased on one or more occasions by any method provided for by law.

Such capital increases may be carried out by the issue of ordinary or preference shares, by raising the par value of existing shares, or through the exercise of rights attached to securities carrying rights to shares, on the basis defined by law.

Shareholders in General Meeting may resolve to reduce the Company's capital either by reducing the par value of the shares or reducing the number of shares in issue.

Where shareholders in General Meeting resolve to reduce the Company's capital for any reason other than to absorb losses, the Board of Directors may be authorised to purchase a fixed number of shares to be subsequently cancelled in accordance with the applicable law.

Where a capital increase is carried out by issuing shares payable in cash, at least one quarter of the par value of such shares shall be paid up at the time of the issue, as well as the entire amount of any related premium. The Board of Directors shall decide upon the timing and amount(s) of the subsequent payment(s) of the balance due.

Amendments of shareholders' rights (Article 9 of the Articles of Association)

Where called but unpaid amounts on partially paid-up shares are not settled in accordance with the terms and conditions determined by the Board of Directors, said outstanding amounts shall accrue interest on a daily basis, calculated at the legal interest rate, without any requirement for an application to court.

In addition, in order to obtain any such called but unpaid amounts, the Company shall be entitled to sell the shares concerned and to take all appropriate action as provided for by law.

In such a case the Company shall serve the defaulting shareholder with a formal notice to pay, by way of a registered letter with return receipt requested. If the amount due is not settled within thirty days of service of the said notice the unpaid shares shall be stripped of attendance and voting rights for shareholders' meetings as well as dividend rights and pre-emptive subscription rights for subsequent share issues. However, following the payment of all outstanding amounts due to the Company (corresponding to the principal amount plus interest and costs), the shareholder concerned may request the payment of any dividends that are not time-barred and will recover their rights to attend and vote at shareholders' meetings.

Identification of shareholders (Article 10 of the Articles of Association)

Fully paid up shares may be held in registered or bearer form, at the option of the shareholder, in accordance with the law. They are recorded in a shareholder's account in accordance with the terms and conditions provided for in the applicable laws and regulations.

The Board of Directors is authorised to use all methods provided for under the applicable laws and regulations – including an application to the securities clearing house – to obtain identification details of holders of shares and other securities convertible, redeemable, exercisable or otherwise exchangeable for shares carrying voting rights at the Company's General Meetings, together with details of the number of securities held by each such person and of any restrictions affecting the securities.

Disclosure thresholds

Obligations relating to the applicable disclosure thresholds are described on page 45 of the Management Report.

Rights attaches to shares (Article 11, 12, 13 and 14 of the Articles of Association)

Shares are indivisible vis-à-vis the Company, meaning that one share confers only one right. This does not, however, apply to the right to receive information prior to General Meetings as such entitlement applies both to the bare owners ("nu-propriétaires") and the beneficial owners (usufruitiers) of any jointly held shares.

If several persons own one share, they are required to elect one representative to act on behalf of that share. If no agreement can be reached on the appointment of such a representative, he or she shall be named by a Commercial Court judge in summary proceedings following an application by the first joint shareholder to take action.

Voting rights attached to the Company's shares shall be exercised by the beneficial owner in Ordinary General Meetings and by the bare owner in Extraordinary General Meetings. Voting rights attached to pledged shares are retained by the pledgor.

In the event of a capital increase any pre-emptive subscription or allocation rights attached to shares which have both legal and beneficial owners shall be exercised in accordance with the applicable law.

Shares are freely transferable, subject to the applicable legal and regulatory limits.

The Company's bearer shares may be traded on the stock market in accordance with the applicable law. Shares may also be purchased or sold through off-market account transfers, subject to the conditions set down by the applicable laws and regulations.

All rights and obligations attached to shares are transferred with title thereto. Share ownership automatically requires shareholders to comply with the Company's Articles of Association and the decisions made by General Meetings.

The heirs or creditors of a shareholder may not under any circumstances apply for the Company's assets to be placed under seal or to be sold or divided, and may not interfere in any way whatsoever with the running of the Company. All rights of said persons are governed by the Company's applicable rules and regulations and decisions of General Meetings.

In accordance with Article 33 below, each share entitles its holder to a proportion of profits and net assets based on the proportion of capital represented by the share. All tax exemptions as well as any tax payable by the Company, shall be applied to all of the Company's shares equally prior to any allocation or redemption, throughout the term of the Company or upon its liquidation, in order to ensure that all shares receive the same net amount.

Where a shareholder must own a specific number of shares to exercise a particular right relating to the exchange or allocation of shares, a reverse stock-split, a capital increase or reduction, a merger or other corporate action, shareholders owning fewer than the number of shares required to exercise the rights concerned will be personally responsible for obtaining said number, through share purchases or sales if necessary.

Appropriation of profits (Article 33 of the Articles of Association)

The profit or loss for the year represents the difference between total income and total expenses, including charges to and reversals from depreciation, amortisation and provisions, shown in the profit and loss account.

At least 5% of net profit for the year, less any losses brought forward from prior years, is transferred to the legal reserve, until such time as the legal reserve represents one tenth of the share capital.

Profit available for distribution consists of profit for the year, less any losses carried forward from prior years and any amounts transferred to the legal reserve as provided for above, plus retained profits carried forward from prior years.

Total profit available for distribution is appropriated as follows:

– to provident reserves or any other reserves, by decision of the Annual General Meeting;

– to dividends payable to shareholders.

Any unappropriated balance is carried forward to the next year.

3.2 Share capital

Share capital at 31 December 2009

As of 31 December 2009, the Company's issued share capital amounted to €93,011,352 divided into 46,505,676 ordinary shares with a par value of €2, all fully paid-up.

Authorised, unissued capital

The Annual General Meeting of 15 June 2009 cancelled, with immediate effect, the unused portions of the financial authorisations given to the Board of Directors at the Annual General Meeting of 9 May 2007 and replaced them with new resolutions to the same effect, authorising the Board of Directors to:

– Issue ordinary shares and/or securities carrying rights to ordinary shares, with or without pre-emptive subscription rights (first and second extraordinary resolutions), resulting in a maximum capital increase of €100 million (seventh extraordinary resolution).

– Issue securities carrying rights to debt securities, up to a total amount of €2 billion (eighth extraordinary resolution).

– Increase the Company's capital by capitalising reserves, profits or share premiums, by an amount not exceeding €25 million (ninth extraordinary resolution).

– Issue shares to employees who are members of a Share-save plan, capped at €0.5 million, excluding premiums (tenth extraordinary resolution).

These authorisations were given for a period of 26 months as from 15 June 2009.

The Annual General Meeting of 15 June 2009 cancelled, with immediate effect, the unused portion of the financial authorisation given to the Board of Directors at the Annual General Meeting of 23 May 2008 and replaced it with a new resolution to the same effect, authorising the Board of Directors to:

- Issue equity warrant bonds, entailing the waiver of shareholders' pre-emptive subscription rights in favour of a selected category of beneficiaries, up to a total amount of €200 million (eleventh extraordinary resolution).

This authorisation was given for a period of 18 months as from 15 June 2009. The Board will propose that shareholders renew this authorisation at the Annual General Meeting of 19 April 2010.

Lastly, the Annual General Meeting of 15 June 2009 authorised the Board of Directors to reduce the Company's capital by cancelling shares by an amount not exceeding 10% of the total share capital at the transaction date in any given 24-month period (fourteenth extraordinary resolution).

This authorisation was given for a period of 18 months as from 15 June 2009. The Board will propose that shareholders renew this authorisation at the Annual General Meeting of 19 April 2010.

The Annual General Meeting of 23 May 2008 also authorised the Board of Directors to:

– Issue stock options to employees and/or officers, subject to a cap of 3% of the Company's capital (first extraordinary resolution).

– Grant ordinary shares, without consideration, to employees and/or officers, subject to a cap of 1% of the Company's capital (second extraordinary resolution).

These two authorisations were given for a period of 38 months as from 23 May 2008.

Authorised, issued capital

None.

Pledges of the Company's shares

As far as the Company is aware none of its shareholders have pledged any of their shares.

3.3 Ownership structure

SFL's ownership structure is described on page 34 of the Management Report.

In application of Article 21 of the Articles of Association, the Chairman of the Board is also the Chief Executive Officer during his term on the Board.

The Chairman's report on corporate governance and internal control can be found on page 54 of the Management Report.

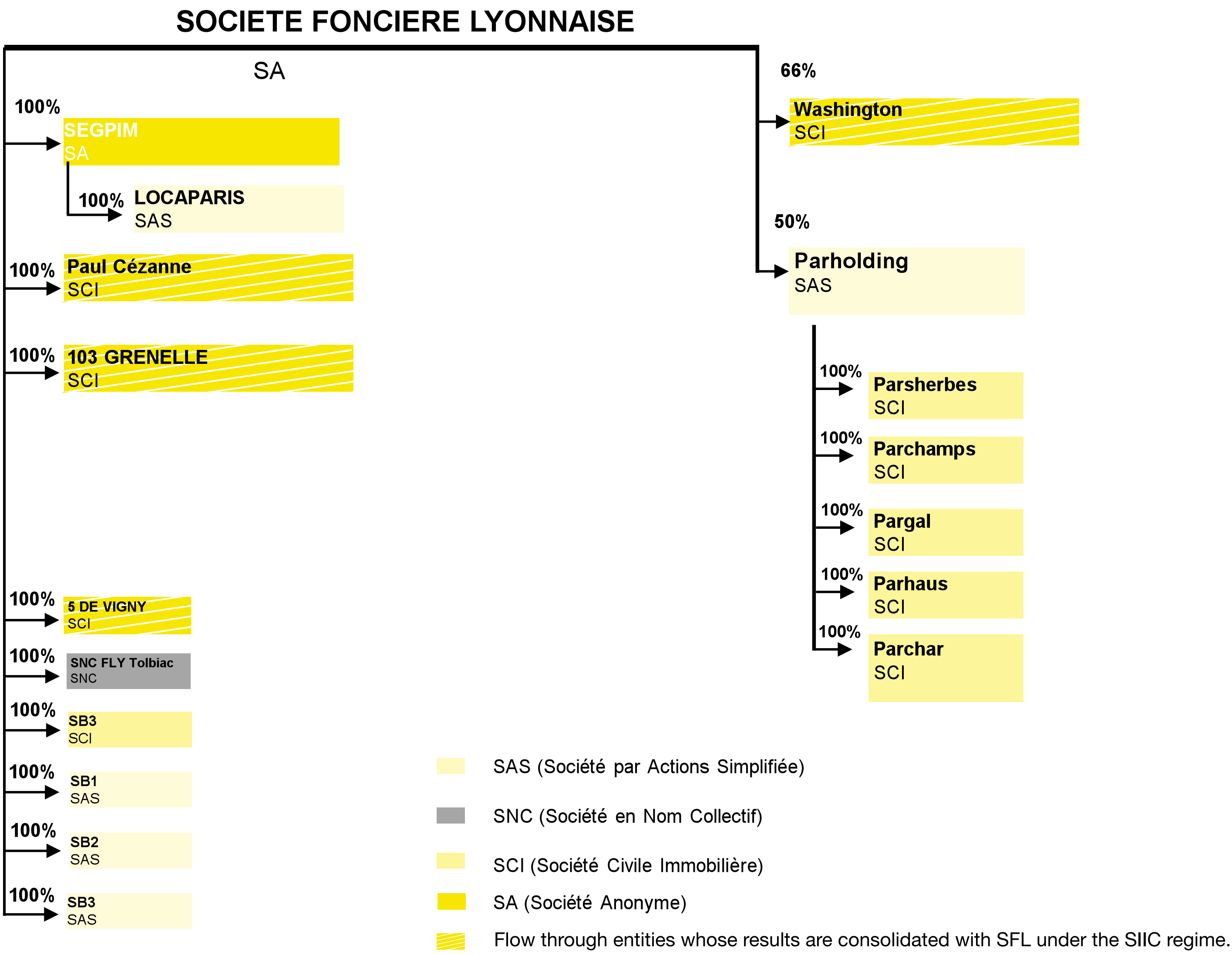
As far as the Company is aware, no arrangements exist whose implementation may result in a change in control in the future.

3.4 Shareholder's pacts

See page 45 of the Management Report for a description of the shareholders' pacts in force in relation to the Company.

4. Additional Information about the Group's Operations and Organisational Structure

4.1 Organisation chart



4.2 Material contracts

No company within the SFL Group is party to an agreement that would entail a material obligation or commitment for the Group, other than contracts entered into in the ordinary scope of business.

4.3 Dependence on patents or licences

The SFL Group is not dependent on any patents or licences for the conduct of its business.

4.4 Third party information, statement by experts and declarations of interests

Property valuation report

SFL's entire property portfolio was valued at 31 December 2009, part by CB Richard Ellis Valuation and part by Jones Lang Lasalle (excluding the buildings at 247 rue Saint-Honoré and 103 Grenelle, which were valued by BNP Paribas Real Estate Expertise).

The valuations were performed in accordance with the "Charte de l'Expertise en Evaluation Immobilière" (property valuation charter) included in the February 2000 report of France's securities regulator (COB, renamed AMF in 2004). They also complied with the standards issued by the European Group of Valuers' Associations (TEGoVA) and with Royal Institution of Chartered Surveyors (RICS) standards.

Method

The properties were valued primarily by the discounted cash flow method, which consists of discounting projected net future cash flows and the resale value of the property at the end of the projection period.

Each property was analysed in detail, based on the type of use and the surface area of each unit, lease by lease.

The valuer noted that fourth-quarter 2009 rents on certain units were above or below market rents for the period on similar properties. These differences were taken into account based on the duration of the underlying leases to value the properties according to their current occupancy.

Vacant units were valued on the basis of assumed rents, excluding rent for the estimated marketing period, after deducting remaining renovation costs and service charges for the period until the units are re-let.

The cost of scheduled renovation work – based on information supplied by the Group – was taken into account over the cash flow projection period.

The results of the valuation were checked by applying the capitalised net rental revenue method, and based on direct comparisons with the observed price per square metre of recent buy-to-let transactions involving occupied and vacant properties.

The appraisal values are stated including transfer costs (calculated on the basis of a standard 6.2% rate for all properties subject to registration duties, and also excluding transfer costs and transaction expenses.

At the request of the Group, the valuation method used in 2009 was the discounted cash flow method.

Each of the three firms provided an individual appraisal value and is not responsible for the valuations performed by the other two firms.

On the basis described above, the value of the portfolio, Group share, at 31 December 2009 is €3,093,778,594 excluding transfer costs and €3,266,281,715 including transfer costs (see attached table for values per building).

Denis François
Expert en Évaluation Immobilière – FNAIM

BNP PARIBAS REAL ESTATE
VALUATION FRANCE
Adresse Postale : 32 rue Jacques Ibert
92309 LEVALLOIS CEDEX
327 657 169 RCS NANTERRE

Jones Lang LaSalle Expertises
S.A.S. au capital de 37 000 Euros
Siège social : 40/42 rue La Boétie
Tél : 01 40 55 15 15 - 75008 PARIS
444 628 150 R.C.S. PARIS

5. Documents Available for Public Consultation

All legal documents related to the Company's activities may be consulted at SFL's registered office at 151 rue Saint-Honoré, 75001 Paris, France, as well as on the Company's website at www.fonciere-lyonnaise.com.

List of information published or publicly disclosed in 2009

In accordance with the requirements of Article 222-7 of the General Regulations of the AMF, the following table sets out all the information published or publicly disclosed by the issuer over the last twelve months pursuant to the applicable laws and regulations.

Title	Filing/publication date	Filed with/published by	Address for consultation
Shareholders' pacts Related party agreements governed by Article L.233-11 of the Commercial Code (in French only)	06/01/2009	Autorité des Marchés Financiers	www.amf-france.org
Disclosure threshold notice(s) Statement of intention (in French only)	09/01/2009	Autorité des Marchés Financiers	www.amf-france.org
Disclosure threshold notice(s) (in French only)	16/01/2009	Autorité des Marchés Financiers	www.amf-france.org
Disclosure threshold notice(s) (in French only)	19/01/2009	Autorité des Marchés Financiers	www.amf-france.org
Statement of transactions in SFL shares carried out by the Company (in French only)	20/01/2009	Autorité des Marchés Financiers	www.amf-france.org
Disclosure threshold notice(s) (in French only)	21/01/2009	Autorité des Marchés Financiers	www.amf-france.org
Changes in SFL's ownership structure (in French only)	21/01/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
Disclosure threshold notice(s) (in French only)	29/01/2009	Autorité des Marchés Financiers	www.amf-france.org
Disclosure threshold notice(s) (in French only)	30/01/2009	Autorité des Marchés Financiers	www.amf-france.org
2008 revenue (in French only)	11/02/2009	Bulletin des Annonces Légales et Obligatoires	www.journal-officiel.gouv.fr/balo
SFL – Growth in operating profit and a decline in asset value in 2008	17/02/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
SFL calls its Annual General Meeting	20/04/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
SFL makes available its Annual Financial Report	30/04/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
Notice of AGM (in French only)	01/05/2009	Bulletin des Annonces Légales et Obligatoires	www.journal-officiel.gouv.fr/balo
SFL: Annual General Meeting on 15 June 2009 (Notice of documents made available) (in French only)	04/05/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
SFL: First quarter 2009	13/05/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
Filing of the 2008 registration document (in French only)	15/05/2009	Autorité des Marchés Financiers	www.amf-france.org
Statement of transactions in SFL shares carried out by directors of the Company (in French only)	15/05/2009	Autorité des Marchés Financiers	www.amf-france.org
Filing of the 2008 registration document including annual financial report (in French only)	18/05/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com

Title	Filing/publication date	Filed with/published by	Address for consultation
Sale of the building at 63 boulevard Haussmann in Paris	25/05/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
Notice of AGM (in French only)	29/05/2009	Bulletin des Annonces Légales et Obligatoires	www.journal-officiel.gouv.fr/balo
Sale of the building at 5 rue Alfred de Vigny in Paris	29/05/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
SFL sells two buildings	09/06/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
SFL sells 62 Beaubourg building	10/06/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
SFL refutes statement published in Journal du Textile no. 2007 dated 16 June 2009 (in French only)	17/06/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
SFL – Barilla sets up European headquarters at 103 Grenelle (in French only)	23/06/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
Change of directors (in French only)	20/07/2009	The Paris Commercial Court	www.infogreffe.fr
SFL – First half 2009 results	20/07/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
2008 financial statements (in French only)	22/07/2009	Bulletin des Annonces Légales et Obligatoires	www.journal-officiel.gouv.fr/balo
SFL makes available its 2009 Interim Financial Report (in French only)	30/07/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
The European Commission authorises Prédica's acquisition of shares in Parholding (in French only)	25/09/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
Société Foncière Lyonnaise and Prédica in a new partnership	07/10/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
SFL obtains new €300 million loan	08/10/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
SFL - Third quarter 2009	09/11/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
SFL decoratively wraps Louvre des Antiquaires scaffolding (in French only)	02/12/2009	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
Prédica and Société Foncière Lyonnaise acquire co-ownership units in the 8th arrondissement in Paris	04/01/2010	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
SFL 2009 results	12/02/2010	Société Foncière Lyonnaise	www.fonciere-lyonnaise.com
Share issue Change of Director	12/02/2010	Greffe du Tribunal de commerce de Paris	www.infogreffe.fr
Notice of AGM (in French only)	05/03/2010	Bulletin des Annonces Légales et Obligatoires	www.journal-officiel.gouv.fr/balo
Notice of AGM (in french only)	02/04/2010	Bulletin des Annonces Légales et Obligatoires	www.journal-officiel.gouv.fr/balo

Cross-reference table

Year ended 31 December 2009

The table below provides cross-references between the pages in the annual report/registration document and the key information required to be disclosed under the rules and instructions issued by the French securities regulator (Autorité des Marchés Financiers) in application of European Commission Regulation No. 809/2004/EC.

Information	Annual report	Registration document
1. Persons responsible		
1.1 Name and position of persons responsible		166
1.2 Statement by persons responsible		166
2. Statutory Auditors		167
3. Selected financial information	8, 9	
4. Risk factors		
4.1 Liquidity risk		23
4.2 Counterparty risks		24
4.3 Market risk		24
4.4 Interest rate risk		25
4.5 Hedging risks		26
4.6 Risks associated with the economic climate and the property market		27
4.7 Risks associated with a competitive environment		27
4.8 Risks associated with tenants		27
4.9 Risks associated with the availability and cost of financing		27
4.10 Risks associated with the loss of key personnel		28
4.11 Risks associated with subcontractors and other service providers		28
4.12 Risks associated with the regulatory environment		28
4.13 Risks associated with government-related procedures		29
4.14 Risks associated with neighbourhood complaints		29
4.15 Risks associated with the majority shareholder		29
4.16 Risks associated with the SIIC tax regime		29
5. Information about the issuer		
5.1 History and development of the issuer	2	
5.2 Investments		6
6. Business overview		
6.1 Principal activities	20 to 25	5, 6
6.2 Principal markets	10, 11	
6.3 Exceptional factors		NA
6.4 Dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes		172
6.5 The basis for statements made by the issuer regarding its competitive position		NA

Cross-reference table

Information	Annual report	Registration document
7. Organizational structure		
7.1 Brief description of the Group	1	172
7.2 List of significant subsidiaries		9, 10
8. Property, plant and equipment		
8.1 Existing or planned material tangible fixed assets and any major encumbrances thereon	12 to 19, 36, 37	
8.2 Environmental issues that may affect the utilisation of tangible fixed assets	26 to 29	
9. Operating and financial review		
9.1 Financial condition		6 to 10
9.2 Operating results		8,130
10. Capital resources		
10.1 Information concerning capital resources		89
10.2 Cash flows		90
10.3 Borrowing requirements and funding structure	33	106 to 108
10.4 Restrictions on the use of capital resources		106 to 108
10.5 Information regarding anticipated sources of funds needed to fulfil capital expenditure commitments		NA
11. Research and development, patents and licenses		NA
12. Trend information		
12.1 The most significant recent trends in production, sales and inventory, and costs and selling prices		23
12.2 Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects		23
13. Profit estimates or forecasts		NA
14. Administrative, management and supervisory bodies and senior management		
14.1 Board member and senior management information	5 to 7	11, 12
14.2 Conflicts of interest		67
15. Remuneration and benefits		
15.1 Remuneration and benefits in kind		13 to 17
15.2 Total amounts set aside or accrued to provide pension, retirement or similar benefits		20 to 23
16. Board practices		
16.1 Date of expiration of current terms of office		55
16.2 Service contracts with members of the administrative, management or supervisory bodies		172
16.3 Committee information	6, 7	67, 68
16.4 Statement of compliance with France's corporate and governance regime	7	66, 67

Table of the main items of the annual financial report

The table below indicates the pages in the registration document where key information required by the French securities regulator (AMF) can be found, in accordance with Article 212-13 VI of the AMF general regulations.

Information	Registration document
1. Financial statements of the Company	127 to 148
2. Consolidated financial statements	85 to 125
3. Management report	3 to 83
4. Statement by the person responsible for the registration document	166
5. Auditors' reports on the financial statements of the Company and the consolidated financial statements	150 to 153
6. Fees paid to the statutory auditors	167
7. Chairman's report on corporate governance and internal control	54 to 73
8. Auditors' report on the report of the Chairman of the Board of Directors	154,155

Historical financial information

Financial statements and Statutory Auditors' reports for 2009: see table above.

Pursuant to Article 212-11 of the AMF general regulations, the following information is incorporated by reference:

- The consolidated financial statements for the year ended 31 December 2007, prepared in accordance with IFRS, and the related auditors' reports, as presented on pages 64-98 and 119-120 of the 2007 Registration Document filed with the AMF on 29 April 2008 under No. D.08-0320.

- The consolidated financial statements for the year ended 31 December 2008, prepared in accordance with IFRS, and the related auditors' reports, as presented on pages 92-130 and 153-154 of the 2008 Registration Document filed with the AMF on 15 May 2009 under No. D.09-0423.