# SFL 2009 Annual Report

SFL
Societe Fonciere Lyonnaise

Since electing for the SIIC (REIT-style) tax regime in 2003, SFL has qualified for tax benefits that it transfers to shareholders through its dividend policy.

Resilience
€3,266m
PORTFOLIO VALUE, INCLUDING TRANSFER COSTS

Sustainability
€110.1m
110.1M CURRENT CASH FLOW ATTRIBUTABLE TO EQUITY HOLDERS

Strength
34.2%
LOAN-TO-VALUE RATIO

Sustainable Development
HQE
EARLY COMPLIANCE WITH FRANCE'S GRENELLE II ENVIRONMENTAL REGULATIONS

The quality and location of SFL's properties are among its key advantages. Mainly comprising assets in Paris's Central Business District, the total portfolio is valued at nearly €3.3 billion. The Company's strength lies in its ability to maintain a high level of current cash flow, even in an unfavourable market.

LONG-TERM PARTNERSHIPS WITH ARCHITECTS

We ensure not only that our properties offer premium services but also that they meet the highest design and quality standards, by retaining the services of the most talented architects.

PHILIPPE CHIAMBARETTA
103 Grenelle

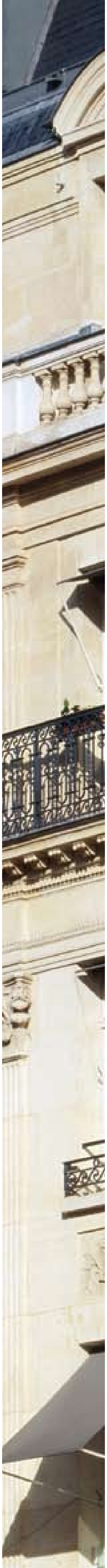
VINCENT CORTES
92 Champs-Élysées

DTACC
Haussmann Saint-Augustin

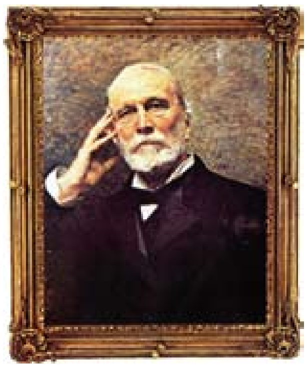
JEAN NOUVEL
Galerie des Champs-Élysées

JEAN-MICHEL WILMOTTE
Saint-Honoré Hotel

Designers:
SYBILLE DE MARGERIE
Saint-Honoré Hotel
PATRICK JOUIN
Saint-Honoré Hotel
JUAN TRINDADE
Le Louvre des Entreprises et des Antiquaires







## 1879

**HENRI GERMAIN, FOUNDER OF CRÉDIT LYONNAIS, CREATES SOCIÉTÉ FONCIÈRE LYONNAISE.**

From its creation and during the first quarter of the 20th century, SFL expands its business in Paris – where in 1900 it owns more than 300 properties and nearly 2,000 hectares of land – as well as on the French and Italian Rivieras and in Belgium.

## 2003

**REIT-STYLE (SIIC) TAX REGIME.**

SFL elects to be taxed under France's newly created SIIC regime based on the real estate investment trust model.

Colonial

## 2004

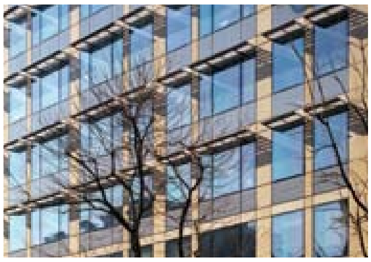
**SPANISH PROPERTY COMPANY COLONIAL LAUNCHES A PUBLIC TENDER OFFER FOR SFL, OBTAINING 95% OF THE SHARES.**

One year later, its stake is scaled back to 79.5%.

## 2006-08

**SFL'S OWNERSHIP STRUCTURE CHANGES WITH THE TAKEOVER OF COLONIAL BY SPANISH COMPANY INMOCARAL IN 2006, RAISING COLONIAL'S DIRECT INTEREST IN SFL TO 85%.**

SFL continues its value creation strategy, purchasing properties on rue Saint-Honoré and rue de Grenelle in Paris, while also upgrading its renovation processes and developing green leases in early compliance with France's Grenelle Environmental Summit recommendations.




## 1995

**ACQUIRED BY THE VICTOIRE INSURANCE GROUP IN 1987, SFL LAUNCHES ITS STRATEGIC REFOCUSING ON PRIME COMMERCIAL PROPERTIES IN PARIS'S CENTRAL BUSINESS DISTRICT.**

Its first major acquisition is the Louvre des Entreprises complex.

## 2006

**THE 103 GRENELLE AND SAINT-HONORÉ PROPERTIES ARE ADDED TO SFL'S PORTFOLIO.**

After extensive remodelling and renovation, the buildings are awarded HQE (High Environmental Quality) certification.

## 2009

**COLONIAL REDUCES ITS INTEREST IN SFL TO 53.4% BY SELLING SHARES TO BANKS AND INVESTMENT FUNDS.**

As a result of this transaction, SFL is able to continue benefiting from SIIC tax status.

SFL
SOCIETE FONCIERE LYONNAISE

## A unique portfolio

SFL's portfolio of prime properties, such as Edouard VII, Louvre des Entreprises, Galerie des Champs-Elysées, Rives de Seine and soon the Mandarin Hotel on rue Saint-Honoré, are let to first-class covenants attracted by their premium services. The portfolio is managed prudently, with five properties sold in 2009.

## Recognised expertise

SFL is renowned for its expertise in managing property assets and in undertaking major renovation and remodelling projects. While preparing Galerie des Champs-Elysées for delivery in autumn 2010, we are continuing to remodel 247-251 rue Saint-Honoré, the future location of Paris's latest luxury destination hotel (the Mandarin Oriental), and starting work on the Prony-Wagram property.

## Environmental expertise

For several years, we have implemented an assertive social and environmental policy. After obtaining France's HQE (High Environmental Quality) seal for several of our renovation projects, we have developed "green" leases that will help us to earn HQE certification for occupied properties.

SFL is listed on NYSE Euronext Paris, in compartment A.

# Interview with the Chairman

**The economic environment was very challenging in 2009. How did this affect SFL and the office property market?**
The recession drove down rental values and leasing activity in the commercial property market. It also led to a decline in appraisal values, and the resulting negative fair value adjustments to our portfolio caused our Group to end the year with a loss. However, most of the fall occurred in the first half of the year and values stabilised in the second half. This illustrates the quality of our portfolio and hopefully indicates that the decline has bottomed out. Similarly, while tenants in Paris's Central Business District – our core market – lost no time in negotiating downward adjustments to their rent, the tide is now shifting to other segments of the market. Nevertheless, rental demand is still weak, particularly among private sector tenants, and we don't expect to see any improvement until the overall economy recovers.

**In this lacklustre market, SFL continued to invest and also sold several properties. Were you happy with the terms of these transactions?**
We did indeed continue to invest actively in remodelling several properties, including the rue Saint-Honoré building that will house the future Mandarin Oriental luxury hotel and the Galerie des Champs-Elysées shopping arcade. Renovation work on the Louvre building was also pursued and leases were signed with several new tenants. Five small to medium-sized buildings that we had renovated were sold during the year at good prices to buyers that were not dependent on bank loans to finance the purchases. We also took energetic action to retain our first class covenants, by agreeing to reasonable rent reductions aligned with market conditions in exchange for lease extensions, in order to lock in present and future current cash flow.

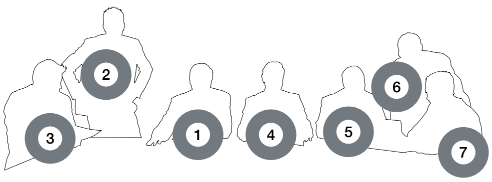
**Last year's current cash flow was up 10.1% at a record €110 million. What drove this performance?**
Firstly, rental revenues held firm, matching the previous year's record high. This was partly attributable to the quality of our tenant base, which meant that we didn't experience any significant defaults. It was also due to the effect of rent escalation clauses, which are based on France's construction cost index. The sharp rise in this index at the end of 2008 boosted our 2009 revenue, although by the end of last year the index was considerably lower and this will adversely affect our revenue for 2010.
The second factor driving growth in current cash flow was our cost-cutting programme, which delivered considerable savings in overheads.
The third, most significant factor was the steep drop in our finance costs, reflecting both the generally low market interest rates and the positive initial effect of the new bank facilities. Our debt burden remained fairly light, with the loan-to-value ratio standing at 34.2% despite the 11% fall in the value of the asset portfolio. This is one of the lowest LTVs in the industry and attests to the strength of our balance sheet.
These factors combined to drive a 10% increase in current cash flow to a record €110 million, or €2.37 per share.
On the strength of this performance, the Board is recommending paying a dividend of €2.10 per share, representing 88% of current cash flow.

**What's the outlook for 2010?**
None of the economic indicators are pointing to a significant improvement in the business environment. For our Group, the outlook is for a fall in rental revenue as a direct result of last year's steep drop in the construction cost index and we will also experience the full year impact of the lease renegotiations, while the decline in rental revenues will automatically have a negative impact on our profitability.
Nevertheless, our recurring profitability has been bolstered by the action taken in 2009. As well as

consolidating our current cash flow by extending the life of existing leases, we have remarketed renovated properties such as Louvre des Entreprises and the Galerie des Champs-Elysées which will welcome a famous retail banner in the autumn of this year.
We will keep up our drive to constantly improve the quality of our properties, in particular by ensuring that they will comply with the future energy efficiency requirements and that each tenant can make the best possible use of the leased areas.

**Your majority shareholder, Spain's Inmobiliaria Colonial, has announced that it is restructuring its balance sheet. Will there be any consequences for SFL?**
Colonial, which owns 53.5% of SFL, has reached an agreement with its creditors to restructure its debt, recapitalize the company and redefine the scope of its business. The restructuring will lead to a major change in Colonial's ownership structure between now and the summer, with lender banks becoming shareholders. This will place Colonial on a sound financial footing, allowing it to once again focus on its core business of managing and developing prime commercial property in Madrid and Barcelona, while also remaining the majority shareholder of SFL, with 53.5%. Our asset portfolio has always been separate from that of Colonial and we have always had our own financing resources, so we will simply pursue our development as a French SIIC. Leveraging our legal, financial and technical independence and our robust balance sheet, we will manage our assets in the best interests of all of our shareholders.

## Management Committee




1_ YVES MANSION
Chairman and Chief Executive Officer

2_ NICOLAS REYNAUD
Managing Director,
Chief Financial Officer

3_ FRANÇOIS SEBILLOTTE
Company Secretary

4_FRANCK DATTÉE
Technical Director

5_ JEAN-LUC POTIER
Development Director

6_ OLIVIER ROCHEFORT
Asset Management Director

7_ MARC STRAVOPODIS
Marketing Director



# Governance

## Board of Directors (at 12 February 2010)

**YVES MANSION,** Chairman and Chief Executive Officer
**JEAN ARVIS,** Director
**JUAN JOSE BRUGERA CLAVERO,** Director
**JACQUES CALVET,** Director
**JEAN-JACQUES DUCHAMP,** Director
**CARLOS FERNANDEZ-LERGA GARRALDA,** Director
**MANUEL FERNANDO MENENDEZ LOPEZ,** Director
**CARMINA GAÑET CIRERA,** Director[1]
**AREF LAHHAM,** Director[2]
**JOSE MARIA SAGARDOY LLONIS,** Director
**PERE VIÑOLAS SERRA,** Director
**TONY WYAND,** Director
**FRANCISCO JOSE ZAMORANO GOMEZ,** Director
**JULIAN ZAMORA SAIZ,** Director
**REIG CAPITAL GROUP Luxembourg,**
represented by JOSE CAIRETA RIERA, Director

**YVES DEFLINE,** Non-Voting Director[3]

## Board meetings are also attended by:

**THIERRY BUHOT,** Works Council Representative
**AKILA BOUREBOUHAT,** Works Council Representative
**NICOLAS REYNAUD,** Managing Director, Secretary to the Board

SFL's Board of Directors had 16 members as of 12 February 2010, including 15 directors and 1 non-voting director, with 8 representing the majority shareholder Colonial, 3 representing significant minority shareholders (Jean-Jacques Duchamp, Aref Lahham and REIG Capital Group), 3 independent directors (Tony Wyand, Jean Arvis and Jacques Calvet) and 1 executive director (Yves Mansion, the Chairman and Chief Executive Officer). Yves Defline, the non-voting director, was appointed by the Board of Directors.

(1) Replacing Pedro Ruiz Labourdette as from 20 July 2009.
(2) Replacing Yves Defline as from 12 February 2010.
(3) Until 12 February 2010.

## Committees of the Board (at 31 December 2009)

### Executive and Strategy Committee[1]

Chairman
**JUAN JOSE BRUGERA CLAVERO**
Members
**JEAN-JACQUES DUCHAMP**
**CARMINA GAÑET CIRERA** (since 18 November 2009)
**YVES MANSION**
**PERE VIÑOLAS SERRA** (since 17 February 2009)
**FRANCISCO JOSE ZAMORANO GOMEZ**

## Role

- Advise the Board and senior management on SFL's strategies to promote business growth in the best interests of the Company and all of its shareholders.
- Help the Board and senior management to efficiently fulfil their respective responsibilities, by acting as an interface for strategic issues and transactions.
- Review business plans and projections in order to assess the Company's medium and long-term outlook.
- Review and make recommendations concerning planned transactions that require the Board's prior approval.
- Authorise senior management to carry out any acquisition or sale or enter into any financial commitment representing an amount in excess of €20 million.
- Report to the Board on its activities.

(1) The membership of the Executive and Strategy Committee changed three times during the year, on 17 February, 20 July and 18 November.

## Audit Committee

—

Chairman
**CARLOS FERNANDEZ-LERGA GARRALDA**
Members
**JEAN ARVIS**
**JACQUES CALVET**
**YVES DEFLINE**
**JEAN-JACQUES DUCHAMP**

## Role

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

## Committee of Independent Directors

—

Members
**JEAN ARVIS**
**JACQUES CALVET**
**YVES DEFLINE**
**TONY WYAND**

## Role

Make recommendations to the Board concerning any proposed transactions related to a possible reorganisation of the Company's ownership structure.

## Remuneration and Selection Committee

—

Chairman
**JUAN JOSE BRUGERA CLAVERO**
Members
**JEAN ARVIS**
**YVES MANSION** (except for decisions concerning him)
**TONY WYAND**

## Role

- Make recommendations to the Board concerning the remuneration of executive directors, directors' fees, stock option plans and other incentive bonus plans.
- 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.

### An ethics charter for directors

The Directors' Charter is more than a simple description of directors' statutory rights and obligations. It also deals with such issues as directors' transactions 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 also required to write to the Chairman of the Board of Directors, providing full details of any and 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 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.

### Meetings of the Board and Committees of the Board

The Board of Directors met six times in 2009, with an average attendance rate of 98%. The Audit Committee met twice, with a 90% attendance rate, the Remuneration and Selection Committee also met twice, with an 88% attendance rate, and the Executive and Strategy Committee met six times with a 71% attendance rate, while the Committee of Independent Directors met three times, with an attendance rate of 83%.

In 2009, SFL generated record current cash flow* of €110.1 million. Rental revenues were up slightly on 2008 but falling property prices led to further negative fair value adjustments to the asset portfolio, causing the Group to end the year with a loss. During the year, the Company renegotiated its debt on very satisfactory terms, despite the tight credit conditions.

* Cash flow attributable to equity holders of the parent, before income tax expense.



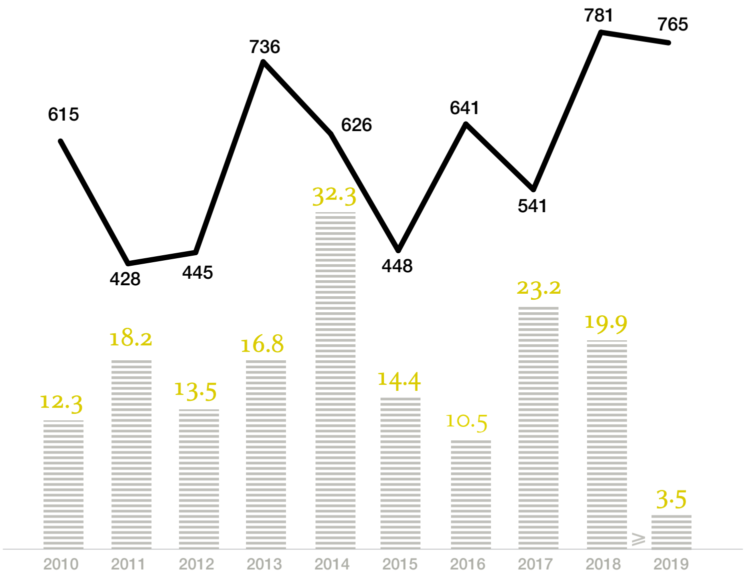
# 2009 Performance

**_2009 was a paradoxical year for SFL.** Property rentals rose 2.9% on a comparable portfolio basis to €183 million, reflecting the uptrend through early 2009 of the French construction cost index, which is the basis for commercial lease rent escalation clauses. Operating profit before disposal gains and losses and fair value adjustments on investment properties increased by 3.8% to €158.1 million and current cash flow attributable to equity holders of the parent climbed to a record €110.1 million. However, the Group ended the year with a net loss of €252.2 million, reflecting the €385.5 million negative impact of fair value adjustments to investment properties.

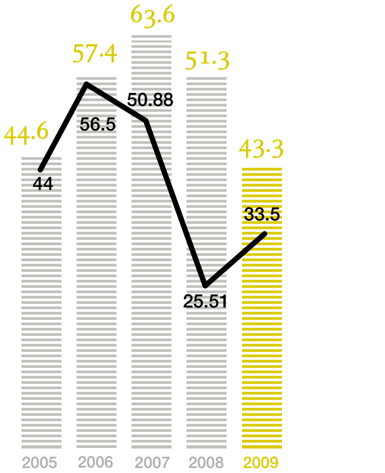
**_In a lacklustre market, SFL pursued an assertive marketing strategy.** In all, 10,365 square meters of offices were let or relet for an average rent of €610/sq.m./year and 1,267 square meters of retail units were let or relet for an average rent of €3,038/sq.m./year. Rents on new leases were up 3.5%, whereas rents on renegotiated leases were down 12%. In a strategy to retain tenants while at the same time locking in future cash flows, rents on existing leases were reduced in exchange for an extension of the lease term or for the payment by the tenant of the cost of work on the property. The occupancy rate remained high at 93.9%.

## Commercial lease expiry dates

Lease renewals calculated on the basis of 31 December 2009 rent roll ( in €m)
Average annual rent for leases expiring in the year indicated (in €/sq.m.)



## NAV per share
(in €)



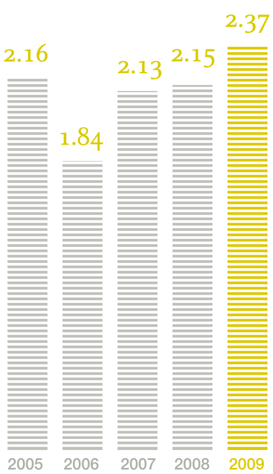

Share price (in €) at 31 December 2009

_ NAV per share
The decline in NAV per share, including transfer costs, was contained at 15.5%. The impact on NAV of falling property values was limited due to SFL's low level of debt. As of 31 December 2009, SFL's shares were trading at a 22.6% discount to NAV compared with a 50% discount at end-2008.

+31%

_Share price
Like other property stocks, the SFL share recovered well during 2009, outperforming the CAC 40 to end the year at €33.5, close to its 2009 high of €35. The number of shares was unchanged during the year.

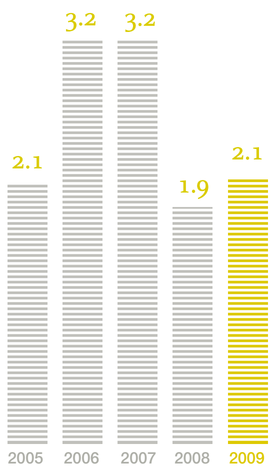
## Current cash flow*
per share, attributable to equity holders (in €)




_ Current cash flow per share attributable to equity holders of the parent rose 10.1% to €2.37 in 2009. Far superior to the increase in property rentals, this rate of growth reflected a 12% reduction in overheads and lower finance costs.

* Cash flow attributable to equity holders of the parent, before income tax expense.

## Net dividend per share (in €)




_We maintained our reasonable earnings distribution policy in 2009. With current cash flow of €2.37 per share, we are able to pay a high dividend without weakening our balance sheet.

## Portfolio value
€3,266m
APPRAISAL VALUE (GROUP SHARE), INCLUDING TRANSFER COSTS

415,000 sq.m.
TOTAL SURFACE AREA OF SFL'S 23 PROPERTIES

## Debt
€1,117m
NET DEBT(1)

3.2 years
AVERAGE MATURITY

4.6%
COST OF DEBT(2)

34.2%
LOAN-TO-VALUE(3)

## Rents
€183m
PROPERTY RENTALS

93.9%
OCCUPANCY RATE

€549/sq.m./year
AVERAGE OFFICE RENT

## Property rentals
4.6 years
AVERAGE PERIOD TO LEASE EXPIRY

2.8 years
AVERAGE PERIOD TO NEXT LEASE EXIT DATE(4)

(1) Total debt less cash and cash equivalents, excluding current account advances and accrued interest.
(2) Average spot cost of debt at 31 December 2009 (after hedging).
(3) Net debt-to-asset ratio at appraisal value.
(4) Weighted average period to next potential exit date for commercial leases in progress at 31 December 2009.

# Property Market

The real estate sector was not spared by the global recession. Transaction volumes slowed in the Paris Central Business District, where the bulk of SFL's properties are located. Only the top players in the market were able to buck the trend.

**_The economic situation in Europe deteriorated rapidly in 2009.** In France, GDP contracted by 2.2% and unemployment climbed to 10%. In this environment, the difficulties affecting the property sector are symptomatic of a far broader crisis. Unlike in 1991-1993, when the property market debacle in Europe was the inevitable result of too much supply chasing too little demand, the problems currently facing our industry are due to fallout from the financial crisis that is spreading to all sectors of the economy. Faced with a much tighter credit environment and sharply reduced financial visibility, potential tenants are postponing their decisions to move to new offices.

## A year of contrasts in Europe

2009 was both a challenging year and a year of contrasts in the European office property market. According to a study of Europe's 19 largest cities conducted by real estate consulting firm Cushman & Wakefield France, the office property market weakened considerably after holding relatively firm in 2008. From London to Moscow, take-up collapsed by 45% over the year to a mere €3.2 million square meters overall.

Significant disparities were visible between countries. Spain, Ireland and the United Kingdom were the first affected, with demand in Madrid, Dublin and London dropping by 59%, 69% and 54% respectively. The markets in Germany, Belgium and the Netherlands were more resilient, with take-up retreating by 19% in Berlin and 21% in Frankfurt.

Transaction volumes in virtually all European markets remained depressed over most of the year, only picking up in the last three months. BNP Real Estate, which studied the top 25 European cities, estimates that fourth quarter take-up represented 2.6 million square meters. In contrast, the stock of available properties grew in almost every European city to a level corresponding to 4.2 years' worth of transactions, versus 2.6 years in fourth-quarter 2008.

## A very weak property investment market in France

Against this sombre backdrop, commercial property investments in France shrank by nearly 45% over the year to €8.4 billion. Of this amount, 63% corresponded to offices, 19% to retail, 5% to warehouses and 11% to services. Retail units represented a much bigger share of the total than last year, when they accounted for just 8%.

The number of transactions declined sharply before levelling off in the fourth quarter.

Unlike in the rest of the country, deal-making continued in the greater Paris area, albeit at a much slower pace. The region was the focus of the bulk of investments in 2009, with €5.2 billion, down 39% from the previous year. In the first half, the few transactions that did take place were quite small, representing around €20 million to €30 million each. Late in the year, however, the area saw five transactions for over €100 million and 25 for over €40 million. In the Paris Central Business District, where SFL has 72.4% of its properties, investments came to €2 billion, representing 39% of total transactions in the greater Paris area. Investor interest in this district was to the detriment of the Western Crescent. Yields in the region remained stable.

In a display of remarkable responsiveness, real estate companies mothballed their speculative programmes to avoid inflating the stock of available properties. As a result, the vacancy rate was kept to a reasonable 7.4% in the greater Paris area, versus 5.6% in 2008.

This was a wise tactic in a weakened office rental market, in which letting volumes for the year dropped 24% in the greater Paris area to €1.8 million square meters and the stock of available office properties grew by nearly one third to €3.6 million square meters. Letting volumes in the Paris Central Business District, representing 19% of the greater Paris area total, fell by a less dramatic 6% but the stock of immediately available properties rose by some 50%, resulting in a vacancy rate of 5.6%.

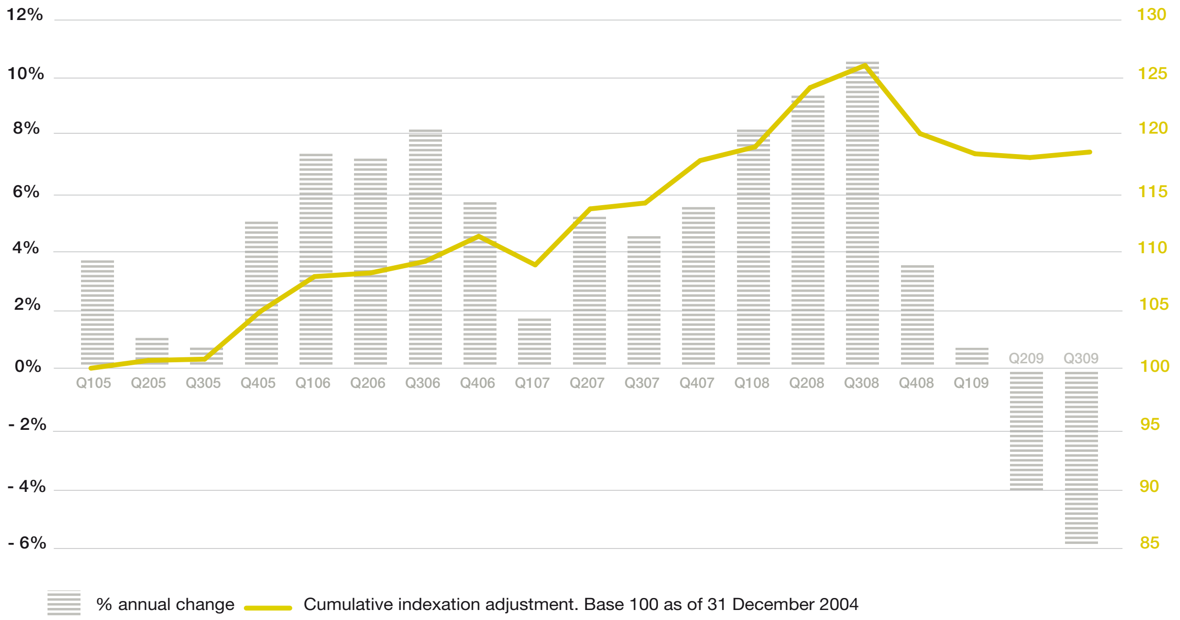
## Resilient average rents

Rents held up relatively well in 2009 and the premiums for the best districts were maintained. Average rents in the greater Paris region as a whole fell back to €311/sq.m./year, with declines of 10% in West Central Paris, to €369/sq.m./year, and a more limited 6% in the Paris Central Business district to €495/sq.m./year.

The resilience of average rents reflects both regulatory and economic factors. Office lease escalation clauses in France are based on changes in the construction cost index (ICC). As this index is in turn based on building materials prices, it does not always accurately track changes in property prices. This was the case in 2008 and early 2009, when the downtrend in property prices contrasted with a steady rise in the index until the second quarter of 2009, when it turned sharply downwards. This fall in the ICC had only a limited effect on average rents in 2009 but will have a much heavier impact in 2010.

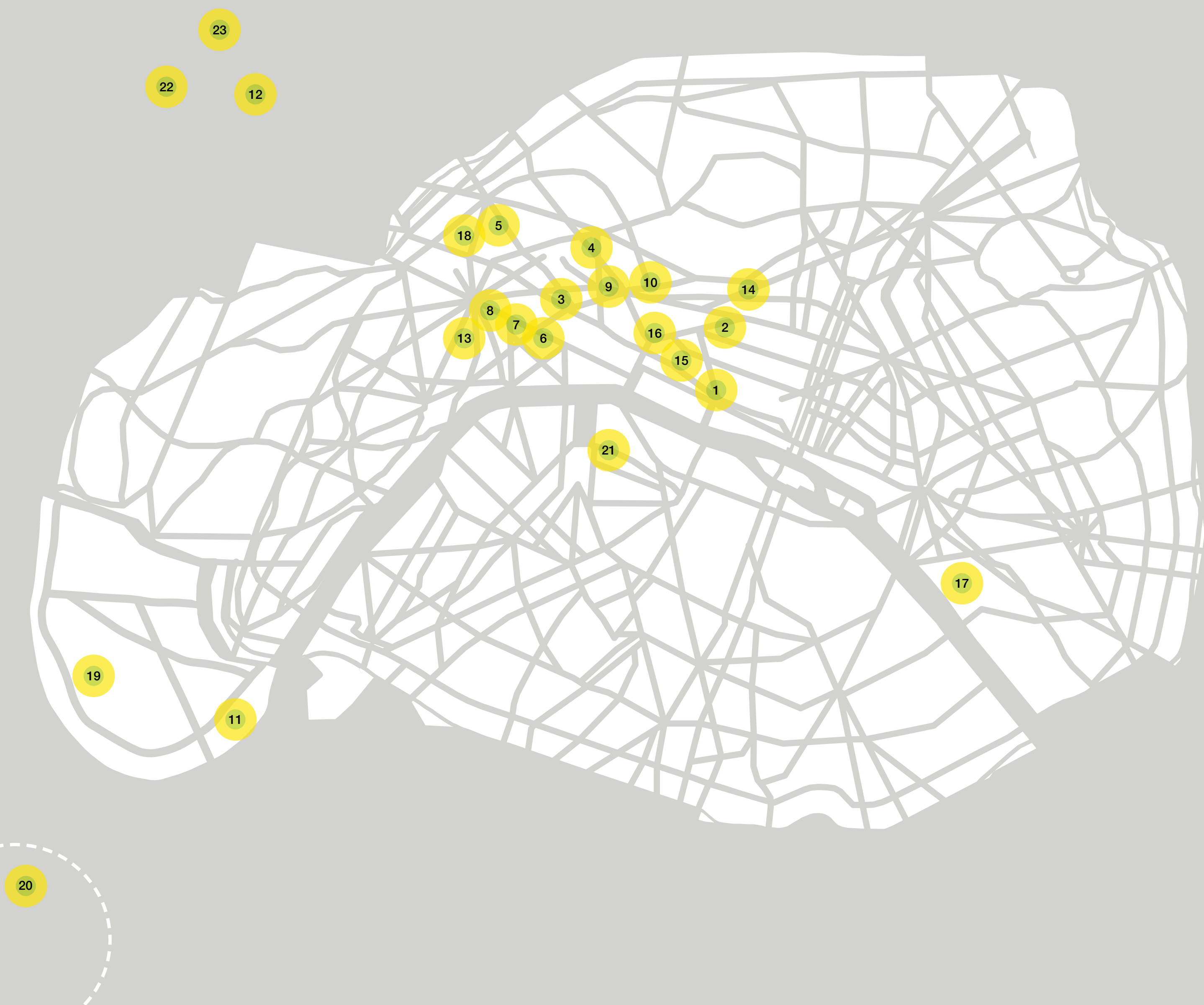
Faced with ICC-driven rent increases and their own financial difficulties, new and existing tenants called on property owners for support such as rent-free periods and free fitting out of the offices. SFL, like other property companies, engaged in negotiations with tenants in order to lock in future cash flows.

## The Construction Cost Index



# SFL, a benchmark player in the Paris commercial property market

With a portfolio of prime properties located mainly in the Central Business District of Paris, SFL is one of the most pro-active investors in the French capital's commercial property market. The 23 properties in its portfolio, with a total value of nearly €3.3 billion including transfer costs, are testimony to its expertise in property and renovation management.



1. Louvre des Entreprises
Louvre des Antiquaires
2. Ilot Richelieu
3. Washington Plaza
4. Haussmann
Saint-Augustin
5. Prony-Wagram
6. 82-88 galerie des
Champs-Elysées
7. 90 av. des Champs-Elysées
8. 92 av. des Champs-Elysées
9. Cézanne Saint-Honoré
10. Edouard VII
11. Le Vaisseau
Issy-les-Moulineaux
12. Avenue Charles-de-Gaulle
Neuilly-sur-Seine
13. Avenue d'Iéna
14. Rue de Hanovre
15. Rue Saint-Honoré
16. Boulevard des Capucines
17. Rives de Seine
18. Avenue de Wagram
19. Quai Le Gallo
Boulogne-Billancourt
20. Pavillon Henri IV
Saint-Germain-en-Laye
21. 103 rue de Grenelle
22. Tour Coface
La Défense
23. Tour Les Miroirs
la Défense

## PROPERTY LOCATIONS

72.4%
CENTRAL BUSINESS DISTRICT (CBD)

16.4%
THE GOLDEN CRESCENT AND LA DÉFENSE

5.8%
GARE DE LYON

5.4%
OTHER

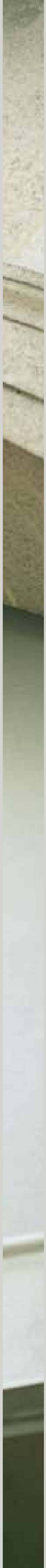
## PROPERTY USAGE

76%
OFFICES

20%
RETAIL

1%
RESIDENTIAL UNITS

3%
PARKING GARAGES



# SFL, a benchmark player in the Paris commercial property market

## LOUVRE DES ENTREPRISES-LOUVRE DES ANTIQUAIRES


2 place du Palais-Royal
**75001 PARIS**

**Let property**
PURCHASED IN 1995
TOTAL SURFACE AREA: 47,801 sq.m.
RETAIL UNITS: 7,090 sq.m.
OFFICES: 28,219 sq.m.
STAFF RESTAURANT: 3,929 sq.m.
COMMON AREAS: 8,563 sq.m.
PARKING SPACES: 234

**Main tenants**
Banque de France,
GIE Cartes Bancaires,
Proparco, Conseil d'Etat and Iedom

Completed in 1852, this attractive building has evolved in step with the Paris economy. In 1855, the year of France's Exposition Universelle, shopkeepers Alfred Chauchard and Auguste Hériot opened the capital's first department store on the premises, with the financial backing of the Péreire brothers. Known as "Grands Magasins du Louvre", it served as a shopping arcade for the guests of the Hôtel du Louvre, which also occupied the building at the time. A century later, large companies began renting offices there. In 1975, the British Post and Telegraph Employee Pension Fund acquired the building, which had become vacant, and set out to convert it into a modern business centre with Louvre des Antiquaires on the ground floor, creating the world's largest specialised antique centre. Acquired by SFL in 1995, the complex has since been renovated several times. Following its latest partial upgrade in 2009, part of the property was relet to BMS Exploitation, Royal International Insurance Holding and, the largest of the three tenants, Iedom.

## 131 AVENUE WAGRAM

131 avenue de Wagram
**75017 PARIS**

**Let property**
PURCHASED IN 1999
TOTAL SURFACE AREA: 9,186 sq.m.
OFFICES: 7,100 sq.m.
ARCHIVES, STAFF RESTAURANT AND OTHER COMMON AREAS: 2,086 sq.m.
PARKING SPACES: 124

**Main tenant**
TV5 Monde

Halfway between Parc Monceau and Place de L'Etoile on the corner of rue de Prony, this building is located in an area where many financial institutions have chosen to set up their headquarters. Extensively remodelled in 1994, the contemporary structure features a terrace, nine floors of office space and four basement levels. The whole of the building's interior was renovated in 2009.

## EDOUARD VII

16-30 boulevard des Capucines,
2-18 rue Caumartin
**75009 Paris**

**Let property**
PURCHASED IN 1999
TOTAL SURFACE AREA: 54,115 sq.m.
RESIDENTIAL UNITS: 4,509 sq.m.
RETAIL UNITS (INCLUDING RESIDENTIAL HOTEL AND THEATRES): 18,475 sq.m.
OFFICES: 28,112 sq.m.
STAFF RESTAURANT: 3,019 sq.m.
PARKING SPACES: 510

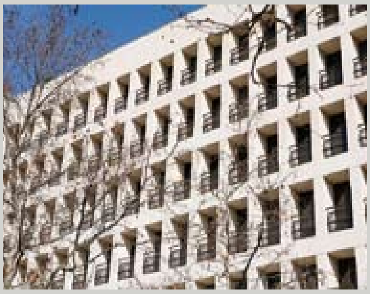
### Main tenants

Allen & Overy, Ashurst, L'Olympia

Four years after the Louvre des Entreprises acquisition, the 1999 purchase of the Edouard VII complex supported SFL's strategic shift towards Paris's prime commercial property segment, where it now ranks among an exclusive set of large companies specialising in major renovation. Extensively remodelled inside, this Haussmann-style property has kept its original façades and retained its legendary charm as home to Paris's most famous private theatres, Edouard VII and L'Olympia. Built on a 1.5-hectare plot, the Edouard VII complex is located on the edge of the 8th and 9th arrondissements, between Opéra Garnier and La Madeleine. The building is occupied by a variety of businesses that mirror the diversity of the neighbourhood, which boasts the highest concentration of companies in all of Paris, including nearly half of the city's Japanese companies, three-quarters of its American companies and a host of French and foreign consulting and service companies. In 2009, the building welcomed its newest tenant, Neo Sécurité.

## 90 AVENUE DES CHAMPS-ELYSÉES

90 avenue des Champs-Elysées
**75008 Paris**



### Let property

6,000 sq.m. PURCHASED IN 2002,
2,500 sq.m. IN 2009
(50% owned in partnership with Prédica)
TOTAL SURFACE AREA: 8,509 sq.m.
OFFICES: 8,509 sq.m.

### Main tenants

Ateac, National Bank of Kuwait

This contemporary building is held through Parholding. SFL acquired the Latsis group's 50% stake in Parholding in 2002. In October 2009, Latsis sold its remaining Parholding shares to Prédica, which thereby became joint owner of the property with SFL on a 50-50 basis. In December 2009, the joint venture acquired two additional floors in the building for €16.6 million excluding transfer costs, representing around 2,500 square meters of office space.

## WASHINGTON PLAZA

38-44 rue Washington,
29 & 31 rue de Berry,
43 & 45 rue d'Artois
**75008 Paris**

### Let property

PURCHASED IN 2000
(66%-owned by SFL and 34% by Prédica)
TOTAL SURFACE AREA: 47,097 sq.m.
OFFICES: 39,811 sq.m.
RETAIL UNITS: 460 sq.m.
STAFF RESTAURANT: 4,513 sq.m.
COMMON AREAS: 2,313 sq.m.
PARKING SPACES: 662

### Main tenants

Poweo, Norton Rose

Located just off the Champs-Elysées, on an 8,000-square meter plot, Washington Plaza is one of the capital's finest office complexes. Extensively remodelled and renovated in 1993, the building offers a full range of facilities and services to meet the present day expectations of the Parisian rental market. Acquired in 2000 with Prédica, the building is 66%-owned by SFL. Nearly one fifth of the total interior surface area was extensively renovated in 2009 at a cost of €9.2 million. The newly updated office space will be delivered in the first half of 2010.


## QUAI LE GALLO

46 quai Le Gallo
**92100 Boulogne-Billancourt**

### Let property

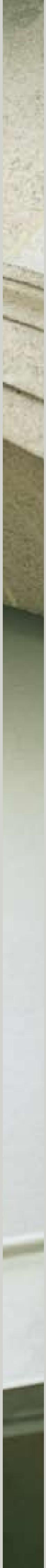
PURCHASED IN 2000
TOTAL SURFACE AREA: 33,806 sq.m.
OFFICES: 31,003 sq.m.
STAFF RESTAURANT: 1,275 sq.m.
COMMON AREAS: 1,528 sq.m.
PARKING SPACES: 425

### Main tenant

NBC Universal

Taking advantage of the 31 December 2009 departure of former tenant Thomson Multimedia, SFL has decided to extensively remodel the quai Le Gallo property, of which a small portion is nonetheless still being let to NBC Universal. In a prized location at Paris's city limits, between the Sèvres and Saint-Cloud bridges, the building is on a major road leading to several strategic Ile-de-France business centres. The property is also immediately adjacent to the future Western Paris urban development project on the Ile Seguin, which includes the 50-hectare site of the former Renault factory. Built in 1923, 46 quai Le Gallo started life as a factory for Le Matériel Téléphonique (LMT), which in 1937 developed the period's most powerful transmitter, installed at the top of the Eiffel Tower. Converted into a modern office complex flooded with natural light from its huge windows, this former industrial building boasts more than 34,000 square meters of useful floor space on a lot measuring over 1.5 hectares. It will be fully renovated to meet the needs of future tenants and to comply with France's Grenelle II environmental standards.

# SFL, a benchmark player in the Paris commercial property market



## AVENUE D'IENA

96 avenue d'Iéna
3 rue de Presbourg,
83-85 bis avenue Marceau
**75016 Paris**

**Let property**
25% PURCHASED IN 2001,
REMAINING 75% IN 2007
TOTAL SURFACE AREA: 8,834 sq.m.
OFFICES: 7,285 sq.m.
STAFF RESTAURANT: 1,189 sq.m.
COMMON AREAS: 360 sq.m.
PARKING SPACES: 263

**Main tenant**
Compagnie Générale de Santé

SFL acquired a 25% interest in this five-storey property on Place de l'Etoile in partnership with US pension fund TIAA-CREF. The building features an interior courtyard and terraces offering exceptional views of the Arc de Triomphe. Following the unwinding of the joint venture with TIAA-CREF, SFL became the sole owner of the property in 2007. In 2009, the lease with Compagnie Générale de Santé on 3,567 square meters of office space was renewed.

## CEZANNE SAINT-HONORÉ

1-6 rue Paul Cézanne,
27 rue de Courcelles,
168 rue du Faubourg-Saint-Honoré
**75008 Paris**

**Let property**
50% PURCHASED IN 2001,
REMAINING 50% IN 2007
TOTAL SURFACE AREA: 29,021 sq.m.
RETAIL UNITS: 1,849 sq.m.
OFFICES: 24,411 sq.m.
STAFF RESTAURANT: 1,257 sq.m.
COMMON AREAS: 1,504 sq.m.
PARKING SPACES: 125

**Main tenant**
Freshfields

This exceptional office and retail complex comprises two separate buildings facing each other on either side of a 100-meter long, 15-meter wide private street that functions as a private parking lot. Rue Paul Cézanne links rue de Courcelles and rue du Faubourg Saint-Honoré. Built in the 1930s, the structures have no interior supporting walls and are well suited to the installation of large, functional units. Acquired in partnership with Prédica in 2001, the buildings were entirely restored before being delivered in March 2005. The Cézanne Saint-Honoré complex has won two awards. It was named Renovation Project of the Year at the 2004 SIMI Awards and, a year later, received the European Grand Prize in The Urban Land Institute's Awards for Excellence 2005. A large portion of the building is let to the Freshfields international law firm. SFL is now the sole owner of the complex, after acquiring Prédica's 50% interest at the beginning of 2007.

## HAUSSMANN SAINT-AUGUSTIN

104-106, 108-110,
Boulevard Haussmann
**75008 Paris**

**Let property**
PURCHASED IN STAGES, IN 2002
AND 2004
(50%-owned in partnership with
Prédica)
TOTAL SURFACE AREA: 13,434 sq.m.
RETAIL UNITS: 791 sq.m.
OFFICES: 11,683 sq.m.
STAFF RESTAURANT: 960 sq.m.
PARKING SPACES: 104

**Main tenant**
GIE La Mondiale Groupe

Comprising over 13,000 square meters of rental space in one of the French capital's most attractive districts, this seven-storey property features an 82-meter-long freestone façade. It represents the seamless combination of four originally separate buildings into a single office complex. Fully renovated in 2007 while retaining the charm and spirit of the Haussmann style, the complex has a spacious entrance hall bathed in natural light from a monumental glass roof. The use of natural, noble materials defines a classic, yet contemporary interior. As befits a property of this standard, it offers high quality services on a 24/7 basis to ensure optimum working conditions. Its facilities include multifunctional spaces that can be laid out as meeting rooms or libraries, a modular conference area with seating for 145, spaces set aside for coffee breaks throughout the complex and numerous archive and stock rooms. The property also has balconies, terraces and private interior courtyards. As part of the comprehensive renovation programme, a two-level underground parking garage was built to accommodate up to 104 vehicles. The property is 50%-owned by SFL through Parholding, a 50-50 joint venture set up in 2002 with the Latsis group. In October 2009, Latsis sold its 50% interest in Parholding to Prédica, which is now SFL's partner in the joint venture.

## RIVES DE SEINE

68-74 quai de la Rapée
**75012 Paris**

**Let property**
PURCHASED IN 2004
TOTAL SURFACE AREA: 22,670 sq.m.
OFFICES: 19,362 sq.m.
STAFF RESTAURANT: 3,118 sq.m.
COMMON AREAS: 190 sq.m.
PARKING SPACES: 366

**Tenant**
Natixis

Located close to the Gare de Lyon, the Rives de Seine building offers easy access to the banks of the Seine. Built in 1974, it features 16 floors rising above a vast lobby that overlooks the river. The building was extensively remodelled and renovated in 2001. The extension of the lease in 2008 has secured future revenues from the investment.

## TOUR COFACE

12 cours Michelet
**92800 Puteaux- La Défense**

**Let property**
PURCHASED IN 2004
TOTAL SURFACE AREA: 28,418 sq.m.
OFFICES: 26,716 sq.m.
STAFF RESTAURANT: 1,702 sq.m.
PARKING SPACES: 229

**Tenant**
COFACE

Built in 1986, the Coface building comprises nine floors of offices and 229 parking spaces on four underground levels. Located near the CNIT conference and exhibition centre in the Michelet quarter of the La Défense business district, the property was acquired by SFL in April 2004.


## ILOT RICHELIEU

81-83 rue de Richelieu,
2-8 rue Ménars,
16-18 rue de Gramont,
1-5 rue Grétry
**75002 Paris**

**Let property**
PURCHASED IN 2004
TOTAL SURFACE AREA: 38,207 sq.m.
OFFICES: 24,392 sq.m.
STAFF RESTAURANT & OTHER: 5,095 sq.m.
COMMON AREAS: 8,720 sq.m.
PARKING SPACES: 94

**Main tenant**
Crédit Lyonnais

Purchased by SFL in April 2004, Ilot Richelieu is located in Paris's second arrondissement within short walking distance of the Paris Stock Exchange building, Palais Brongniart, in the city's financial district. Fully let to a major French bank, the complex was partially renovated in the 1990s.

# SFL, a benchmark player in the Paris commercial property market

## 103 GRENELLE

103 rue de Grenelle
**75007 Paris**

**Let property**
PURCHASED IN 2006
TOTAL SURFACE AREA: 17,028 sq.m.
RETAIL UNITS: 131 sq.m.
OFFICES: 15,374 sq.m.
OTHER (ARCHIVES, STAFF RESTAURANT & STOCK ROOMS): 1,523 sq.m.
PARKING SPACES: 100

**Main tenant**
Harry's France

Located in the Left Bank district that is home to many government offices, including the Ministries for Agriculture, for Youth & Sports and for Education, this complex is dominated by a tower that housed the first Chappe telegraph system in the 19th century and, until very recently, the headquarters of the French Telephone and Telegraph Administration. Delivered in mid-2009 following extensive remodelling and renovation, the building offers nearly 15,000 square meters of prime rental office space. The project was the first renovation of a 19th century freestone building to be awarded France's HQE environmental certification.

## TOUR LES MIROIRS

18 avenue d'Alsace
**92400 Courbevoie - La Défense**

**Let property**
PURCHASED IN 2005
TOTAL SURFACE AREA: 19,874 sq.m.
OFFICES: 19,432 sq.m.
OTHER: 442 sq.m.
PARKING SPACES: 220

**Tenant**
Atos Origin

Part of a flagship complex in La Défense, this 97-meter tall office block offers spectacular panoramic views of the area from its upper storeys. Featuring a parking garage that is directly accessible from the Boulevard Circulaire ring-road around La Défense, the entire building is let to first-class covenant Atos Origin.

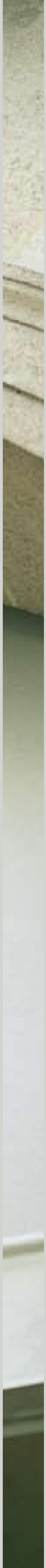

## GALERIE DES CHAMPS-ELYSÉES

82-88 avenue
des Champs-Elysées
**75008 Paris**

**Building under renovation**
PURCHASED IN 2002
(50%-owned in partnership with Prédica)
TOTAL SURFACE AREA: 5,661 sq.m.
RETAIL UNITS: 5,661 sq.m.
PARKING SPACES: 243

**Main tenants**
Promod, Etam, L'Occitane, Paul, Minelli, McDonald's and Micromania

Galerie des Champs is one of the best-patronized locations on the sunny side of the Champs-Elysées. Dating from the 1970s, the arcade was remodelled in 2009 at a cost of €9.5 million to revitalize its retail mix and transform it into a flagship shopping destination. Its façade was changed to match the style of other buildings on the avenue. All of the work was carried out without causing any disruption to current tenants. The fully renovated Galerie will house a world-renowned banner starting in the autumn of 2010.



## RUE SAINT-HONORÉ

247-251 rue Saint-Honoré
**75001 Paris**

**Building under renovation**
PURCHASED IN 2006
TOTAL SURFACE AREA: 22,024 sq.m.
RESIDENTIAL HOTEL: 16,319 sq.m.
OTHER: 5,705 sq.m.

Located a short distance from Place Vendôme, this complex comprises two buildings erected in different periods, one dating back to the 1930s that was designed by architect Charles Letrosne and the other built in the 1950s, designed by Marcel Réby and François Robic. Originally designed as insurance company offices, it was home to the Ministry of Justice in the 1970s and 1980s, with the ground floor given over to luxury boutiques. Renovated in 2009 in compliance with French HQE environmental standards, the property is the future home of Paris's seventh luxury destination hotel, which will open under the Mandarin Oriental Hotel Group banner. A total of €41 million was invested in 2009 in creating the upscale 142-room establishment, which will be the first of its kind in Paris with HQE certification.

## PRONY-WAGRAM

108-112 avenue de Wagram
66-72 rue de Prony
**75017 Paris**

**Building under renovation**
PURCHASED OFF PLAN IN 2008
TOTAL SURFACE AREA: 5,270 sq.m.
RETAIL UNITS: 890 sq.m.
OFFICES: 4,380 sq.m.
PARKING SPACES: 26

Built in the third part of the 19th century, this former private mansion was repaired and updated several times in the 20th century. Converted into an office building towards the end of the 1940s, the property has retained the finest elements of its original design, including a main staircase with access to all floors, a raised entrance and a façade with decoratively framed windows and doors overlooking avenue de Wagram. Since the 1970s, the ground floor has been given over to an 890-square meter Post Office branch. After acquiring the property in December 2008, SFL undertook its renovation with the aim of creating a prestigious building complying with HQE standards. The work will be completed in the fourth quarter of 2010, with remarketing scheduled for the beginning of 2011.

## 92 CHAMPS-ELYSÉES

92 avenue des Champs-Elysées
**75008 Paris**

**Building under renovation**
PURCHASED IN 2000
TOTAL SURFACE AREA: 7,641 sq.m.
RETAIL UNITS: 3,396 sq.m.
OFFICES: 4,209 sq.m.
COMMON AREAS: 36 sq.m.

Home to Thomas Jefferson during his 1785-1789 stay in Paris, this is one of the best-situated buildings on the sunny side of the Champs-Elysées, on the corner of rue de Berri. It comprises retail units on the ground floor and offices on the upper floors. A technical and architectural study has been conducted in preparation for its full remodelling and renovation starting in March 2010. The building is scheduled to be delivered in 2012.





# The Business

In 2009, SFL managed its portfolio even more actively, pursuing large-scale renovation and remodelling programmes and making several key investments.

**_SFL has demonstrated resilience in the face of the recession that has hit all European property companies** since the autumn of 2008, driving down property prices and occupancy rates.

The lower appraisal values had a direct impact on the consolidated financial statements. While operating profit rose 3.8% to €158.1 million, the Group ended the year with a net loss of €252.2 million due to negative fair value adjustments to the property portfolio. In all, the portfolio's appraisal value contracted by €383 million over the year, to €3.09 billion excluding transfer costs at 31 December 2009.

Our occupancy rate also declined, to 93.9% at 31 December 2009 from 98.3% at the previous year-end. However, it was still higher than the market rates of 92.6% for the greater Paris area and 93.5% for the Paris Central Business District where most of our properties are located.

These exceptionally high quality properties generally command rents that are above the Central Business District average. In 2009, for example, we let 10,365 square meters of office space at an annual average rent of €610 per square meter, compared with a district average of €495.

Last year's growth in rental revenues was attributable to the rise in France's construction cost index (ICC) which serves as the basis for rent escalation clauses. The quarterly index has been rising rapidly for several years and the trend continued in the first quarter of 2009, before reversing in the second.

Under French law (Article L.145-39 of the Commercial Code), when application of ICC-based escalation clauses leads to excessive rent increases, tenants can ask for their rent to be reduced to a level in line with the market rent for their premises. We responded pragmatically to these requests, agreeing to reductions in rent in exchange for an extension of the leases in order to lock in future cash flows.

# 87%*

LET PROPERTIES

Let properties are operational assets. They represent a secure source of cash flows and operating profit over an average of 2.8 years until the next potential exit date, or an average of 4.6 years until the lease expiry date. At 31 December 2009, the average rent on our office properties was €549 per square meter per year. The occupancy rate at that date was 93.9%, above the market rates of 92.6% for the greater Paris area and 93.5% for the Paris Central Business District.

# 13%*

BUILDINGS UNDER RENOVATION

The properties at 92 avenue des Champs-Elysées, the Galerie des Champs-Elysées, 247-251 rue Saint-Honoré and 108-112 avenue Wagram were or are currently undergoing renovation. Undertaking such work is the key to securing future revenues. We are renowned for our ability to optimise rental values by offering customers high quality technical services and environmental performance in line with the latest standards.

* Excluding transfer costs, at 31 December 2009.

# 415,000 sq.m.

TOTAL SURFACE AREA OF THE 23 PROPERTIES IN SFL'S PORTFOLIO

# + 2.9%

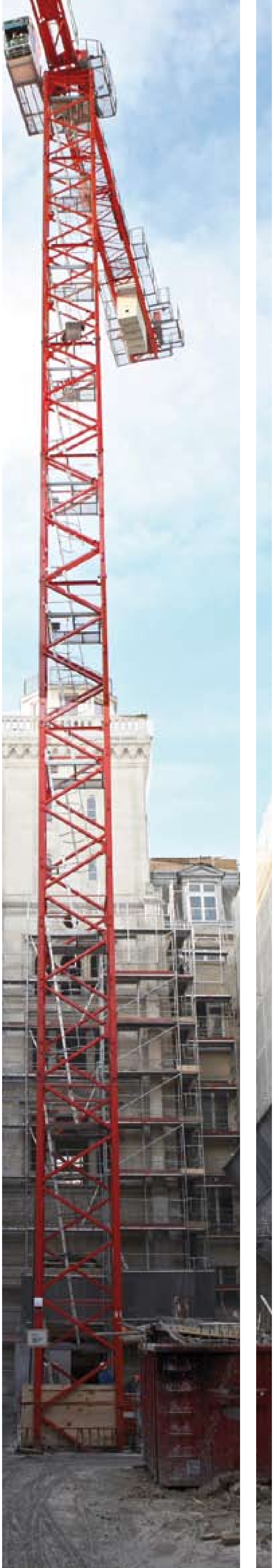
RISE IN PROPERTY RENTALS ON A COMPARABLE PORTFOLIO BASIS

# + 3.5%

RISE IN NOMINAL RENTS FOR NEW LEASES

**PROPERTY RENTALS BY CLIENT SECTOR AT 31 DECEMBER 2009**

| | |
|---|---|
| Banks and insurers | 40% |
| Services | 19% |
| Law firms | 13% |
| Retail | 11% |
| Media/Communications | 9% |
| Industry | 2% |
| Other | 6% |



# The Business

## A revitalized portfolio management strategy

—

Although bank credit remained tight until September, SFL's asset management strategy regained momentum in 2009. Five properties were sold between 1 January and 10 June, at prices ranging from €12.5 million to €28 million. The very satisfactory average price of €10,500 per square meter, excluding tax, attested to the properties' alignment with market demand. In all, 11,800 square meters of offices and 511 square meters of retail space were sold during the year, representing 3.7% of the portfolio.

Relatively small, yet strategically important acquisitions were also made during the year. Two additional floors (2,500 square meters) in the 90 avenue des Champs-Elysées building were acquired for €16.6 million. The transaction was carried out under the business and financial partnership strategy with Prédica, through our 50-50 joint subsidiary, Parchamps. Next door, at 82-88 avenue des Champs-Elysées, three-quarters of the first-floor will be converted from offices into around 30 retail units, adding 7,700 square meters to the Galerie des Champ-Elysées' total surface area.

Underpinned by a sound balance sheet, our Group is positioned to take advantage of market opportunities.

## A value creation strategy

SFL increases the value of its property portfolio through renovation work and targeted investments.

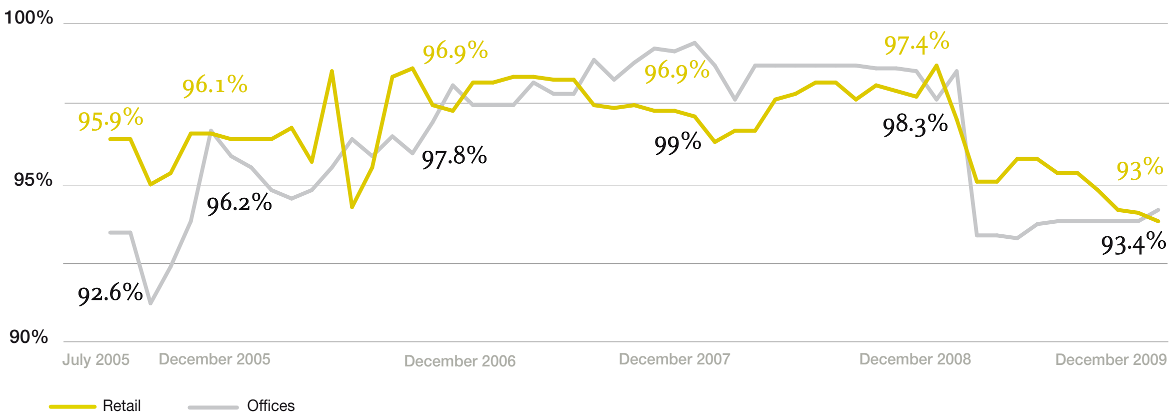
€549/sq.m./ year

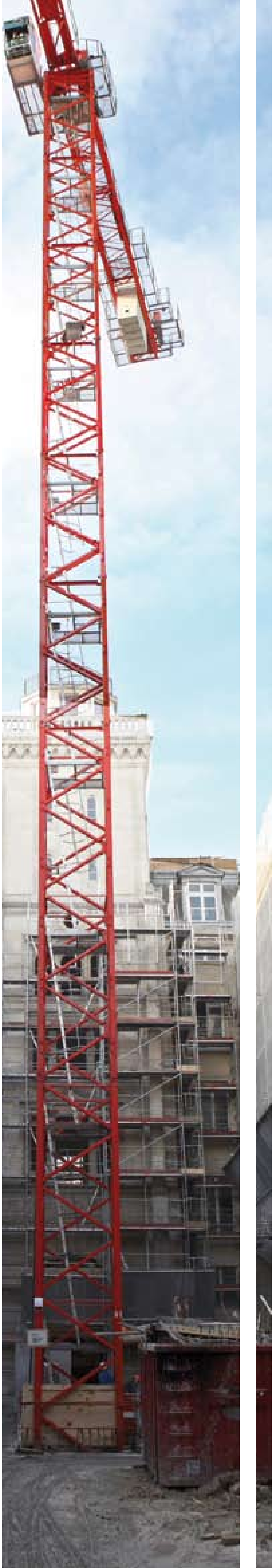
AVERAGE RENT FOR THE SFL OFFICE PORTFOLIO AT 31 DECEMBER 2009

### MAIN LEASES SIGNED IN 2009

| Building | Usage | Surface area (sq.m.) | Tenant |
|---|---|---|---|
| 96, avenue d'Iéna | Offices | 3,567 | Générale de Santé |
| LDE-LDA | Offices | 2,160 | IEDOM |
| 103 Grenelle | Offices | 1,606 | Barilla (Harry's) |
| LDE-LDA | Offices | 1,245 | Royal International Insurance Holding |
| LDE-LDA | Offices | 1,074 | BMS Exploitation |
| Edouard VII | Offices | 420 | NEO Sécurité |

### CHANGE IN OCCUPANCY RATES





# The Business

## Value-added renovations

—

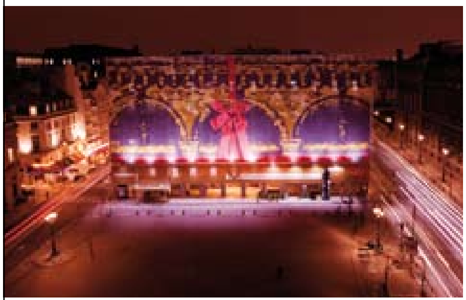
SFL's value creation strategy is guided by an unwavering commitment to high value-added renovation programmes. Compelling examples from recent years include 104-110 boulevard Haussmann and 103 rue de Grenelle, which was delivered in 2009. Currently, similar projects are underway at 247-251 rue Saint-Honoré (for the future Mandarin Hotel) and Galerie des Champs-Elysées.

In December 2008, renovation work began on a 5,300-square meter building located on the corner of avenue de Wagram and rue de Prony. A leading developer is undertaking the work on behalf of SFL, which acquired the property for €56.2 million in an off-plan purchase. Once brought up to standard, the building will be delivered in fourth-quarter 2010.

Property renovations are meticulously planned. In 2009, we invested €59.7 million in major remodelling and renovation projects, including €41 million to convert the 247-251 Saint-Honoré property into a luxury hotel for the Mandarin Oriental Group.

At the same time, we are constantly enhancing the appearance, functionality and energy efficiency of our let properties. In 2009, €36.9 million was allocated to improvement work, including €18.6 million for the Louvre des Entreprises and €9.2 million for Washington Plaza.

The broad vision for remodelling and renovation projects is shaped by analysing the market and the characteristics of each building, and by anticipating tenant needs. One example is the quai Le Gallo property in Boulogne-Billancourt, which we plan to remodel following the departure of the main tenant at the end of 2009. We are currently examining the situation in the local market, including scheduled deliveries of other development programmes in the area, so that the renovated property is marketed at a time when competing supply is limited. We are also analysing tenant demand from both a design and a financial perspective. In design terms, the issue is to determine the best type of renovation and whether or not the building should retain its industrial style. The challenge from a financial perspective consists of developing the most cost effective offer for future tenants based on their specific financial criteria, such as the cost per workstation or the number of employees per square meter.



Crucial to product positioning, this pragmatic approach is applied at every stage of a project's lifecycle. For example, monitoring committees will be set up with tenants to effectively anticipate the impact of France's Grenelle II environmental standards on building energy use in buildings.

## Closely managing debt

—

One of the least indebted real estate companies in the market, SFL has seized available opportunities to refinance its bank loans. In 2009, net interest expense was reduced a year earlier than originally planned to €43.9 million from €49.5 million, while total debt was unchanged at €1,136 million. As a result, the loan-to-value ratio was maintained at 34.2%, compared with 31.5% at end-2008, despite lower asset values. Syndicated lines of credit represented 35% of total debt, versus 51% a year earlier, and lease financing accounted for a stable 17%. The average life of debt was extended to 3.2 years from 2.6 years, and the average cost of debt remained stable at 4.6%, versus 4.4%. A discriminating tenant selection process, tight control of overheads and close management of the debt structure will remain the key drivers of SFL's strategy in 2010, along with pro-active management of tenant relations.

**PROPERTY SALES IN 2009**

| Building | Amount |
|---|---|
| 5 rue Alfred de Vigny | €27.8m, excl. tax |
| 63 boulevard Haussmann | €27m excl. transfer costs |
| 11 rue de Prony | €27m excl. transfer costs |
| 62 rue de Beaubourg | €22.3m excl. transfer costs |
| 6 avenue Vélasquez | €12.5m excl. transfer costs |

**RENOVATION PROJECTS UNDERWAY IN 2009**

| Building | Area | Useful surface area under renovation | Delivery date |
|---|---|---|---|
| Galerie des Champs-Elysées | Paris Central Business District | 6,239 sq.m. | H2 2010 |
| 247-251 rue Saint-Honoré | Paris Central Business District | 16,422 sq.m. | H1 2011 |
| 92 avenue des Champs-Elysées | Paris Central Business District | 7,078 sq.m. | H1 2012 |
| Quai Le Gallo, Boulogne | Golden Crescent | 26,800 sq.m. | H2 2012 |

# Sustainable Development

For several years now, SFL has incorporated environmental concerns into its various management processes with the aim of anticipating change and meeting tenant needs at a time of increasingly stringent legislation.

**_France's Grenelle I and II environmental legislation** mainly addresses the issue of energy performance in buildings. Globally, buildings are responsible for 30% to 40% of total greenhouse gas emissions and 40% to 50% of fossil fuel consumption (oil, gas and coal).

France is unusual in that 77% of its electricity is derived from nuclear power. However, as is the case in other European countries, the government is determined to reduce the energy footprint of the nation's buildings, since this is the fastest, most reliable way to reduce emissions as well as to promote technological innovation.

Following the Grenelle I bill passed in 2009, a second bill will be submitted to the French Parliament in 2010. At this stage, we can be sure of three things. First, as of 1 January 2011, France's "RT 2005" thermal insulation regulations will be replaced by the more stringent "RT 2012" regulations, which will set a ceiling on energy consumption in new buildings of 50 kWh/sq.m./year. The ceiling will be adjusted to reflect the local climate and the building's intended use (industrial, office or residential).

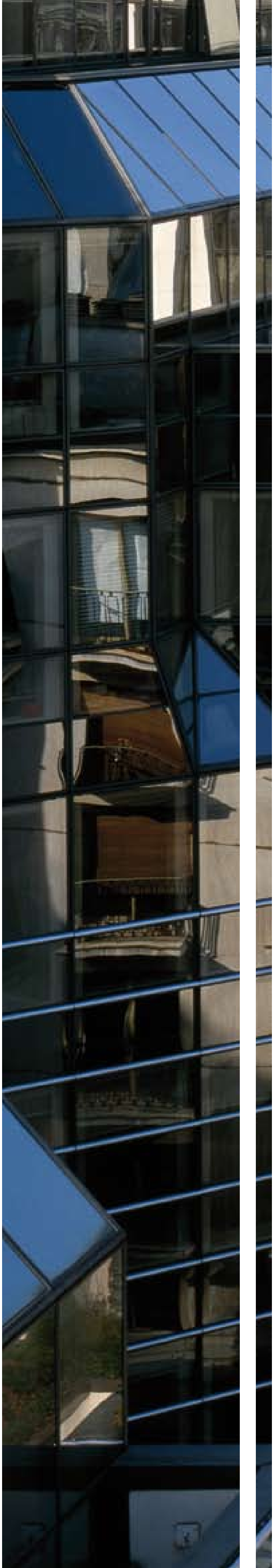
Second, the new regulations will provide for a 38% cut in energy use in older buildings from 2005 levels, meaning that between 2012 and 2020 owners of property portfolios will have to undertake major renovation projects to enhance their buildings' energy performance.

Third, an ambitious national programme will be launched in 2013 to improve the buildings' thermal insulation, with the objective of upgrading properties representing around 400,000 square meters per year.

France's HQE environmental seal has been awarded or is in the process of being awarded to four SFL renovation projects –103 Grenelle, 108 Wagram, 92 Champs-Elysées and 247-251 rue Saint-Honoré, site of the future Mandarin hotel. The rue Saint-Honoré property is in line to be one of the first HQE-certified hotel renovation projects, following in the footsteps of 103 Grenelle, which was the first 19th century freestone building renovation in France to obtain the HQE seal.

**ENVIRONMENTAL EXPENDITURE**

| (in €m) | Commitments, excluding tax | Group share |
|---|---|---|
| **DIAGNOSTICS/ANALYSES (I)** | 178 | 173 |
| **WORK (II)** | | |
| Asbestos removal | 3,988 | 3,278 |
| Work on cooling and air treatment systems | 1,597 | 1,597 |
| Replacement of lead pipes with copper pipes | 2,762 | 2,465 |
| Work to isolate coatings that contain lead particles | 2,509 | 2,330 |
| Enhanced thermal insulation and sound-proofing (dry lining, double glazing) | 2,289 | 2,289 |
| Modernisation of air conditioning and heating systems to reduce energy consumption | 9,522 | 8,795 |
| Expenditure to improve security installations and related compliance work (sprinklers, fire extinguishers, videosurveillance systems, etc.) | 1,991 | 1,610 |
| **TOTAL INITIATIVES (I + II)** | **24,836** | **22,537** |





# Sustainable Development

## Making technological progress

—

To better identify the implications of the Grenelle Environmental Summit, SFL has participated in several working groups alongside other real estate company representatives to facilitate the passage of Grenelle objectives into law. The company's strategy to act in advance of new regulations, launched more than four years ago, makes it a credible player in this process.

Illustrating that strategy, several of SFL's remodelling and renovation projects have been HQE-certified or are in the process of obtaining certification, which can be awarded for renovation processes as well as for delivered properties. Labelled HQE-compliant for both the process and the finished product, the property at 103 rue de Grenelle is the first 19th century building in France to earn this distinction.

The same commitment is evident in our renovation of 108 avenue Wagram, 92 avenue des Champs-Elysées and 247-251 rue Saint-Honoré, site of the future Mandarin hotel, which is in line to be the one of the first HQE-certified hotel renovation projects. At 108 avenue Wagram, for example, we have innovated by requiring the contractor to commit to meeting energy performance targets.

After the building is delivered, we continue deploying the HQE process through a best environmental practices guide for tenants. In 2009, the first green lease was signed with Barilla, which has rented part of 103 rue de Grenelle, after trialling the lease at the Beaubourg building. Green leases contain an appendix explaining both how the building functions and how its use can be optimised, without imposing any obligations on the tenant.

This environmental appendix anticipates the "Grenelle II" building energy performance legislation that will be put before Parliament in 2010. Under the new legislation, all leases for commercial buildings will have to include this type of appendix and compliance with its recommendations will be crucial to obtaining HQE certification.

For SFL, these documents present a useful management opportunity, as they include a list of all the original building materials. This will make future renovations much easier.

BREEAM, LEED and HQE are the respective green building rating systems of the United Kingdom, the United States and France. They stand for “Building Research Establishment Environmental Assessment Model”, “Leadership in Energy and Environmental Design” and “Haute Qualité Environnementale”. Each of these systems takes a country-specific approach. For that reason, real estate professionals have created the SB Alliance (Sustainable Building Alliance) network to develop common metrics for building performance assessment and rating. The index will be based on seven core indicators covering financial performance, CO2 emissions, energy use, water use, waste, air quality and comfort.


## Sustainable development as a management tool

—

In a market shaped by constantly rising environmental standards and increasingly strict legislation, we are focusing on enhancing the value of our portfolio while reducing service charges for tenants and our own operating expenses.

In liaison with the development, asset management and marketing departments, the technical team is working on improving the energy performance of our buildings as cost-effectively as possible.

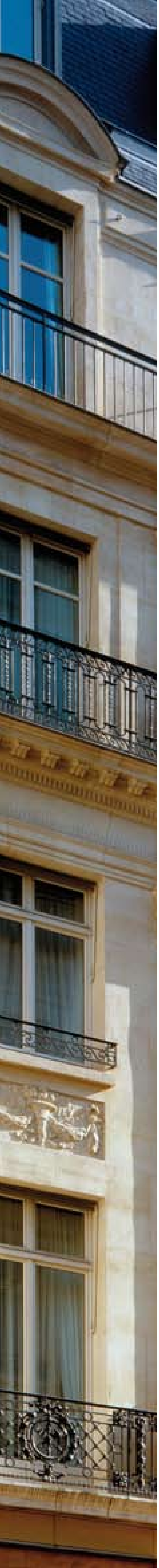
We have decided to create a system for incorporating energy efficiency and other environmental criteria into our master plan for renovation projects. The plan should be completed in 2010, once the Grenelle II environmental legislation and related enabling legislation has been passed. Parliament is scheduled to vote in the spring.

The three core aims of the master plan are to reduce energy use, enhance insulation and improve maintenance systems.

The key to reducing energy costs lies not only in installing solar panels or mini biomass systems, but also in adopting simple, technical solutions, some of which are already in place at several of our properties. Ranging from dry lining insulation to centralised building management, these solutions also include energy efficient doors and windows, energy saving technology for elevators, fans, pumps and lighting systems and similar technology for heating, cooling and electrical systems.

The master plan will be rolled out over a period of eight years, in two phases. In the first phase, we will evaluate the improvement potential of each building and, in the second, we will bring our property portfolio into compliance with Grenelle II requirements.

This very disciplined approach to renovation will help us to monitor projects and maintenance service providers more closely and thereby facilitate cost control. It forms an integral part of our value creation strategy.



# SFL and the stock market

In January 2009, SFL's controlling shareholder Colonial reduced its interest in the Company to less than 54%, from 85% previously. The corresponding shares were acquired by three large European banks and a Luxembourg investment fund.

**_Colonial's interest in SFL was reduced at the end of January 2009 when four of its creditor banks –** Crédit Agricole, Eurohypo, the Royal Bank of Scotland and Goldman Sachs – exercised the calls on SFL shares received from Colonial. Goldman Sachs almost immediately sold its interest to Luxembourg-based investment fund Orion III European 3.

The reduction in Colonial's interest enabled SFL to continue benefiting from the REIT-style (SIIC) tax regime, which is available only to listed property companies that are less than 60%-owned by a majority shareholder or by several shareholders acting in concert.

In 2010, Colonial will finish restructuring its debt and will be recapitalized by exchanging its bank debt for shares. This will profoundly change Colonial's ownership structure, but should not have an impact on SFL's capital

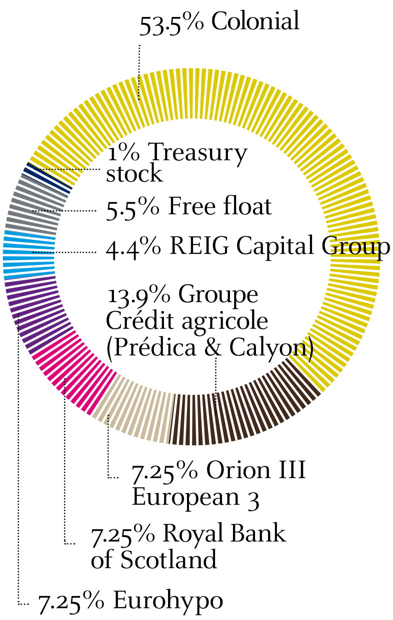
## Share Price

After dropping early in the year to a low of €20.70 on 10 March 2009, the SFL share price rose sharply, reaching a high of €35 on 22 September and falling back only slightly to €33.5 at the year-end. The improvement has continued into 2010, although the share price has not yet recovered to the record high of €59.49 reached on 25 April 2008.

SFL's stock market performance mirrored that of the French market and of other European property stocks. At 31 December 2009, the shares were trading at a discount of just 22.6% to NAV, less than half the 50% discount applied by the market at end-2008.

The average daily trading volume in 2009 stood at 3,292 shares or €91,000. The number of shares remained stable during the year, totalling 46,505,676 at 31 December 2009.

**Ownership structure at 31 December 2009**




The SIIC regime sets a 60% ceiling on the percentage ownership of an SIIC by a majority shareholder or shareholders acting in concert. SIICs were afforded a two-year grace period as from 1 January 2007 in which to comply with this requirement. Colonial complied by reducing its interest in SFL to 53.5%. Also under SIIC rules, 20% withholding tax is due on dividends paid from 1 July 2007 to shareholders that hold at least 10% of the SIIC's capital and are not taxed on the dividends at a rate at least equal to one-third of the French rate. This withholding tax could be due on dividends paid by SFL to Colonial if Colonial was not taxed on the dividends in Spain. If this were the case, it was agreed that Colonial would reimburse SFL for the withholding tax. SFL's Articles of Association were amended to extend this arrangement to all shareholders in the same tax position as Colonial. However, SIICs such as SFL enjoy a competitive advantage, as they are taxed on capital gains at a reduced rate.

+ 31%
SFL

+ 22%
CAC 40

+ 37%
SIIC

+ 29%
EPRA EUROPE

SFL share price
CAC 40
SIIC index
EPRA Europe

Base 100 as of 31 December 2008
Data up to 31 December 2009

Sources: Euronext, EPRA.

**Market for the Company's shares**

STOCK MARKET
NYSE Euronext Paris
(Compartment A)
ISIN Code: 0000033409

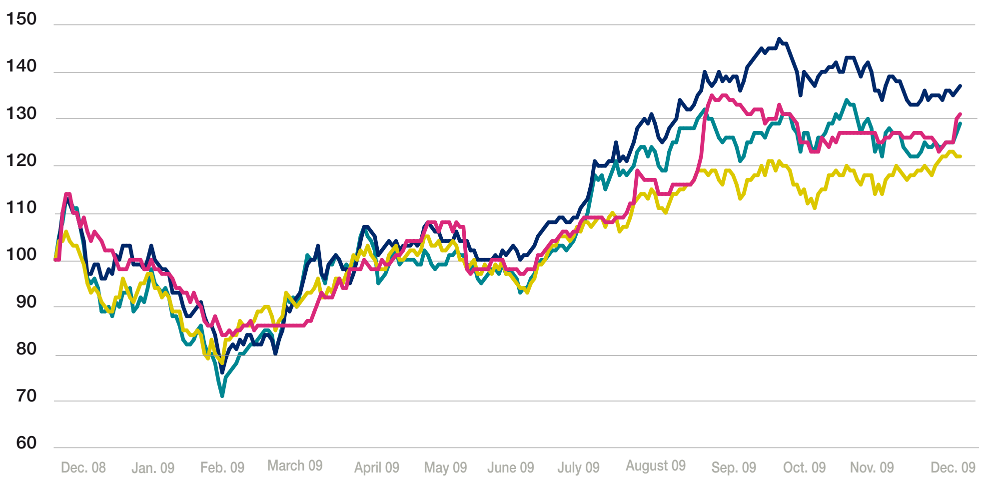
REUTERS
FLYP.PA

BLOOMBERG
FLY.FP

**Shareholder relations**

Financial Information
and Investor Relations
Nicolas Reynaud
Managing Director
Tel: +33 (0)1 42 97 27 00

2010 INVESTOR CALENDAR
2009 Results Presentation:
12 February 2010
Annual General Meeting:
19 April 2010



# Current cash flow, debt and NAV

In 2009, the contribution of our properties to EBITDA rose by 3.5%, while debt fell by 3%. These results attest to SFL's steadfast commitment to improving operating margin and tightly controlling debt.

## I - Contribution to results of operations

**CONTRIBUTION TO CONSOLIDATED EBITDA BY PROPERTY (in € thousands)**

| Property | 2009 contribution | 2009 (€k) | 2008 (€k) | Comments |
|---|---|---|---|---|
| CHAMPS ELYSEES 90 | 0.5% | 867 | 847 | |
| LDE-LDA | 8.8% | 15,393 | 11,630 | |
| CAPUCINES | 1.4% | 2,492 | 2,260 | |
| CEZANNE SAINT-HONORE | 10.5% | 18,428 | 17,425 | |
| EDOUARD VII | 14.9% | 25,965 | 24,831 | |
| HANOVRE | 1.0% | 1,717 | 1,621 | |
| HAUSSMANN 104-110 | 2.6% | 4,557 | 4,159 | |
| IENA | 2.6% | 4,487 | 5,135 | |
| LE VAISSEAU | 1.1% | 1,875 | 1,713 | |
| LES MIROIRS | 6.2% | 10,817 | 9,720 | |
| MICHELET - LA DEFENSE | 6.8% | 11,815 | 13,147 | |
| NEUILLY | 1.7% | 2,943 | 2,197 | |
| PAVILLON HENRI IV | 0.2% | 368 | 480 | |
| PRONY-WAGRAM | 2.8% | 4,830 | 4,353 | |
| QUAI LE GALLO | 4.3% | 7,525 | 7,656 | |
| RICHELIEU | 9.2% | 16,040 | 15,161 | |
| RIVES DE SEINE | 6.7% | 11,783 | 13,886 | |
| WASHINGTON-PLAZA | 15.4% | 26,948 | 27,143 | |
| **Total, comparable portfolio** | **96.6%** | **168,850** | **163,364** | |
| 103 GRENELLE | 0.0% | (86) | (103) | Delivered in 03/2009 |
| **Total acquisitions and new lets** | **0.0%** | **(86)** | **(103)** | |
| CHAMPS ELYSEES 82-88 | 1.3% | 2,210 | 2,573 | 2004-2010 renovation |
| CHAMPS ELYSEES 92 | 0.7% | 1,244 | 1,281 | 2005-2012 renovation |
| 247 SAINT-HONORE | (0.2)% | (375) | (367) | 2006-2011 renovation |
| **Total properties under renovation** | **1.8%** | **3,079** | **3,487** | |
| HAUSSMANN 63 | 0.4% | 646 | 1,514 | Sold in 05/2009 |
| VIGNY | 0.5% | 808 | 1,276 | Sold in 05/2009 |
| PRONY 11 | 0.4% | 729 | 1,529 | Sold in 06/2009 |
| VELASQUEZ | 0.2% | 294 | 711 | Sold in 06/2009 |
| BEAUBOURG 62 | 0.3% | 606 | 989 | Sold in 06/2009 |
| OTHER ASSETS | (0.1)% | (163) | (1,803) | 2008 Vauban dispute |
| **Total sales** | **1.7%** | **2,920** | **4,216** | |
| **TOTAL CONTRIBUTION OF PROPERTIES TO EBITDA** | **100%** | **174,763** | **170,964** | |
| | | | | |
| CORPORATE COSTS | | (15,521) | (17,142) | |
| **TOTAL EBITDA** | | **159,242** | **153,822** | |

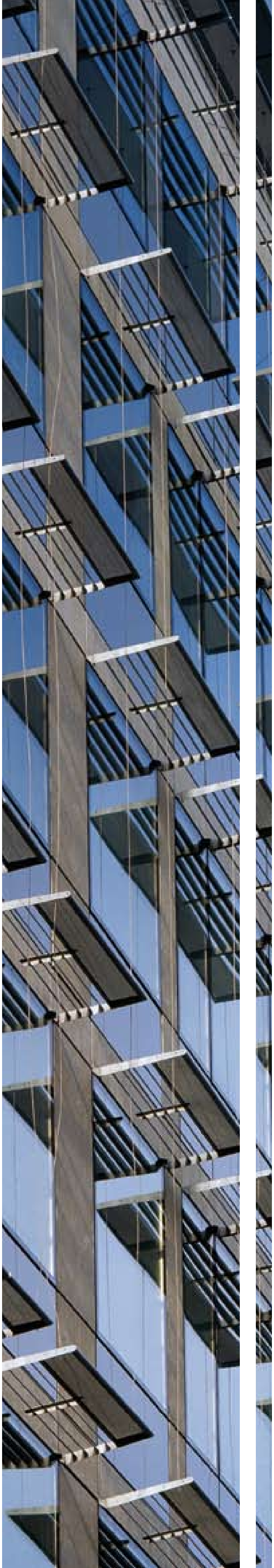
## II - Details of Debt

The debt structure was adjusted in 2009, by reducing syndicated lines of credit to 35% of the total and increasing the weighting of corporate loans.

### DEBT AT 31 DECEMBER 2009 (IN € MILLIONS)

| Description | Company | Used portion | Unused portion | Due | Rate |
|---|---|---|---|---|---|
| EMPRUNT HSBC/CALYON (SFL share: 50%) | Parholding Group | 76,196 | 7,904 | 29 Dec. 2012 | 3-month Euribor + 250 bps |
| Natixis syndicated loan | SFL | 200,000 | 0 | 26 Jan. 2011 | 3-month Euribor + 40 bps |
| (including €400m revolving facility) | | 200,000 | 0 | 6 Jan. 2012 | |
| | | 400,000 | 0 | | |
| BNP Paribas syndicated loan | SFL | 150,000 | 150,000 | 8 Oct. 2014 | 3-month Euribor + 270 bps |
| (including €300m revolving facility) | | | | | |
| BancoSabadell loan | SFL | 50,000 | 0 | 28 Feb. 2012 | 3-month Euribor + 60 bps |
| CADIF loan | SFL | 15,000 | 0 | 31 Dec. 2010 | 1-month Euribor + 65 bps |
| BECM (including €150m revolving facility) | SFL | 150,000 | 0 | 4 May 2012 | 1-month Euribor + 40 bps |
| Royal Bank of Scotland | Iéna 1 and Iéna 2 | 40,800 | 0 | 31 Oct. 2013 | 3-month Euribor + 56 bps |
| Deutsche Hypo (including €50m revolving facility) | SFL | 50,000 | 0 | 23 Oct. 2012 | 3-month Euribor + 55 bps |
| LEASE FINANCING | | | | | |
| 131 Wagram | SFL/FORTIS LEASE | 44,010 | 0 | 14 June 2016 | 3-month Euribor + 200 bps |
| Quai Le Gallo | SFL/FORTIS LEASE | 62,231 | 0 | 28 Feb. 2012 | 3-month Euribor + 75 bps |
| Rives de Seine | SFL/ELYBAIL | 86,340 | 0 | 29 Oct. 2013 | 6-month Euribor + 75 bps |
| | | 192,581 | 0 | | |
| **OVERDRAFT FACILITY** | | **11,755** | **0** | | |
| **TOTAL DEBT** | | **1,136,332** | **157,904** | | |
| ACCRUED INTEREST | | 4,552 | | | |
| CURRENT ACCOUNT ADVANCES (LIABILITIES) | | 53,314 | | | |
| **TOTAL DEBT** including accrued interest and current account advances | | **1,194,198** | | | |
| IMPACT OF IFRS (negative mark-to-market adjustments to hedges) | | 49,845 (1) | | | |
| IMPACT OF DEFERRED RECOGNITION OF COMMISSIONS | | (5,336) | | | |
| DEPOSITS | | 16,666 | | | |
| **TOTAL REPORTED DEBT** | | **1,255,373** | | | |
| Average maturity of debt (excluding impact of IFRS/ current account advances/overdrafts) | | 3.2 years | | | |
| Average spot cost of debt (after hedging and excluding current account advances) | | 4.59% | | | |
| Loan-to-Value | | 34.2% (2) | | | |

(1) Hedging instruments with a positive fair value are entered on the assets side of the balance sheet.
(2) LTV is determined before IFRS adjustments and without deducting treasury stock for the calculation of net debt.



# Current cash flow, debt and NAV

## III - NAV AND VALUE CREATION

### Independent valuations

—

The portfolio valuation carried out by BNP Paribas Real Estate, Jones Lang LaSalle and CBRE put the appraisal value of the portfolio at €3,094 million excluding transfer costs at 31 December 2009, a decrease of 11% compared with €3,477 million at the previous year-end.

On a comparable portfolio basis, including properties undergoing renovation, the portfolio's appraisal value was down by 7.8%, as follows:

**AVERAGE APPRAISAL VALUES IN 2009**

| | Excluding transfer costs | Year-on-year change |
|---|---|---|
| Offices and parking spaces | €7,072/sq.m. | -10.9% |
| Retail | €10,052/sq.m. | +7.4% |
| Residential | €6,018/sq.m. | +2.1% |

### Spot yield

—

The spot yield excluding transfer costs for the portfolio as a whole is 6.3%, calculated as follows: Spot yield = (passing rent + average assumed rent)/(appraisal value including transfer costs + discounted capex).

**SPOT YIELDS**

| | Year-on-year change |
|---|---|
| Offices | 6.29% |
| Retail | 6.47% |
| Residential | 4.11% |
| Parking spaces | 6.38% |

## Change in NAV

**At 31 December 2009, NAV excluding transfer costs stood at €1,843 million or €39.6 per share, a decrease of 15.9% over the previous year-end.** NAV is calculated before and after transfer costs, on a fully diluted basis, with financial instruments marked to market. The entire portfolio is valued at 6-monthly intervals, in December and June. The portfolio valuations are carried out by BNP Paribas Real Estate, Jones Lang LaSalle and CBRE, using the discounted cash flows, capitalised net revenue or comparable transactions methods.

### NAV PER SHARE

| | 31 Dec. 2009 | 31 Dec. 2008 | 31 Dec. 2007 |
|---|---|---|---|
| Diluted NAV excluding transfer costs | 1,843 | 2,191 | 2,734 |
| Transfer costs | 172 | 195 | 223 |
| Diluted NAV including transfer costs | 2,015 | 2,386 | 2,958 |
| Diluted number of shares (thousands) | 46,529 | 46,529 | 46,529 |
| Diluted NAV/share excluding transfer costs | € 39.6 | € 47.1 | € 58.8 |
| Diluted NAV/share including transfer costs | € 43.3 | € 51.3 | € 63.6 |

## Appraisal values excluding transfer costs per square meter

### 2009 APPRAISAL VALUES EXCLUDING TRANSFER COSTS PER SQUARE METER(1) PORTFOLIO AT 31 DECEMBER 2009

| Area | Offices €/sq.m. | Retail €/sq.m. | Residential €/sq.m. | Parking spaces €/unit |
|---|---|---|---|---|
| Outer suburbs | - | 1,349 | - | - |
| La Défense | 6,264 | - | - | 19,624 |
| Paris 5/6/7 | 9,090 | - | - | 40,000 |
| Paris Rive Gauche | 7,524 | - | - | 28,308 |
| Central Business District | 7,318 | 10,750 | 6,018 | 32,179 |
| Western Paris Business District | 3,725 | 5,088 | - | 11,247 |

### 2008 APPRAISAL VALUES EXCLUDING TRANSFER COSTS PER SQUARE METER(1) PORTFOLIO AT 31 DECEMBER 2008

| Area | Offices €/sq.m. | Retail €/sq.m. | Residential €/sq.m. | Parking spaces €/unit |
|---|---|---|---|---|
| Outer suburbs | - | 1,480 | - | - |
| La Défense | 7,271 | - | - | 21,068 |
| Paris 5/6/7 | 9,700 | - | - | 40,000 |
| Paris Marais | 6,871 | 7,042 | - | 18,342 |
| Paris Rive Gauche | 8,255 | - | - | 31,539 |
| Central Business District | 8,321 | 10,207 | 5,994 | 32,771 |
| Western Paris Business District | 4,255 | 6,921 | - | 14,964 |

### YEAR-ON-YEAR CHANGE(2)

| Area | Offices | Retail | Residential | Parking spaces |
|---|---|---|---|---|
| Outer suburbs | - | -9% | - | - |
| La Défense | -14% | - | - | -7% |
| Paris 5/6/7 | -6% | - | - | 0% |
| Paris Marais | - | - | - | - |
| Paris Rive Gauche | -9% | - | - | -10% |
| Central Business District | -12% | +5% | 0% | -2% |
| Western Paris Business District | -12% | -26% | - | -25% |

(1) Based on independent valuations.
(2) Resulting from changes in both portfolio structure and market values.

## PORTFOLIO AT 31 DECEMBER 2009

| Total portfolio at 31 December 2009 | | Surface area (Group share, sq.m.) | Offices (useable area, sq.m.) | Retail (usable area, sq.m.) |
|---|---|---|---|---|
| Owned properties | | 343,163 | 229,192 | 26,042 |
| Properties under finance leases | | 65,662 | 57,466 | 0 |
| Properties acquired off plan | | 5,869 | 4,159 | 893 |
| Properties sold during the year | | - | - | - |
| **Total at 31 December 2009** | | **414,694** | **290,817** | **26,935** |

| Owned properties | | Surface area (Group share, sq.m.) | Offices (useable area, sq.m.) | Retail (usable area, sq.m.) |
|---|---|---|---|---|
| 1ST | 2 place du Palais-Royal — LDE-LDA | 47,801 | 28,219 | 7,090 |
| 1ST | 247 rue Saint-Honoré | 22,024 | | |
| 2nd | rue de Richelieu | 38,207 | 24,392 | |
| 2nd | 6 rue de Hanovre | 4,761 | 3,003 | |
| 7th | 103 rue de Grenelle | 17,028 | 15,374 | 131 |
| 8th | Washington Plaza (66 %) | 31,084 | 26,238 | 340 |
| 8th | 104-110 boulevard Haussmann (50 %) | 6,718 | 5,899 | 339 |
| 8th | Galerie des Champs-Elysées (50 %) | 2,831 | | 2,831 |
| 8th | 90 avenue des Champs-Elysées (50 %) | 4,255 | 4,255 | |
| 8th | 92 avenue des Champs-Elysées | 7,641 | 4,209 | 3,396 |
| 8th | 1-6 rue Paul-Cézanne | 29,021 | 24,411 | 1,849 |
| 9th | Edouard VII | 54,115 | 28,112 | 7,331 |
| 9th | 12 boulevard des Capucines | 2,243 | | 2,243 |
| 16th | 96 avenue d'Iéna | 8,834 | 7,285 | |
| Neuilly-sur-Seine | 176 avenue Charles-de-Gaulle | 7,381 | 5,621 | 492 |
| Puteaux | 12 cours Michelet — Tour Coface | 28,418 | 26,716 | |
| La Défense | 18 avenue d'Alsace — Les Miroirs | 19,874 | 19,432 | |
| Issy-les-Moulineaux | 39-51 rue Pierre-Poli — Le Vaisseau | 6,332 | 6,026 | |
| Saint-Germain-en-Laye | 21 rue Thiers — Pavillon Henri IV (hotel) | 4,596 | | |
| **TOTAL** | | **343,163** | **229,192** | **26,042** |

| Properties under finance leases | | Surface area (Group share, sq.m.) | Offices (useable area, sq.m.) | Retail (usable area, sq.m.) |
|---|---|---|---|---|
| 12th | quai de la Rapée — Rives de Seine | 22,670 | 19,362 | |
| 17th | 131 avenue de Wagram | 9,186 | 7,100 | |
| Boulogne-Billancourt | 46 quai Le Gallo | 33,806 | 31,003 | |
| **TOTAL** | | **65,662** | **57,466** | **0** |

| Properties acquired off plan | | Surface area (Group share, sq.m.) | Offices (useable area, sq.m.) | Retail (usable area, sq.m.) |
|---|---|---|---|---|
| 17th | 108-112 avenue de Wagram — Prony-Wagram | 5,869 | 4,159 | 893 |
| **TOTAL** | | **5,869** | **4,159** | **893** |

| For reference: Properties sold during the year | | Surface area (Group share, sq.m.) | Offices (useable area, sq.m.) | Retail (usable area, sq.m.) |
|---|---|---|---|---|
| 3rd | 62 rue Beaubourg | 3,810 | 3,060 | 381 |
| 8th | 6 avenue Velasquez | 1,483 | 1,360 | |
| 8th | 63 boulevard Haussmann | 2,998 | 2,660 | 168 |
| 8th | 5 rue Alfred-de-Vigny | 3,845 | 2,639 | |
| 8th | Ilôt Saint-Augustin | 0 | | |
| 8th | 1 rue de Stockholm | 0 | | |
| 16th | 38-44 avenue Bugeaud | 0 | | |
| 17th | 11 rue de Prony | 2,661 | 2,521 | |
| **TOTAL** | | **14,796** | **12,240** | **549** |

| Hotels (usable area, sq.m.) | Cinemas/Theatres (useable area, sq.m.) | Residential (useable area, sq.m.) | Staff restaurants and other infrastructure (sq.m.) | Common areas and other (sq.m.) | Parking spaces (number) | 2009 rental revenue (100% basis, €k) |
|---|---|---|---|---|---|---|
| 23,913 | 8,019 | 4,570 | 29,749 | 21,678 | 2,663 | 154,301 |
| 0 | 0 | 0 | 5,493 | 2,704 | 915 | 25,614 |
| 0 | 0 | 179 | 0 | 638 | 26 | 0 |
| - | - | - | - | - | - | 3,064 |
| **23,913** | **8,019** | **4,749** | **35,242** | **25,020** | **3,604** | **182,979** |

| Hotels (usable area, sq.m.) | Cinemas/Theatres (useable area, sq.m.) | Residential (useable area, sq.m.) | Staff restaurants and other infrastructure (sq.m.) | Common areas and other (sq.m.) | Parking spaces (number) | 2009 rental revenue (100% basis, €k) |
|---|---|---|---|---|---|---|
| 0 | | | 3,929 | 8,563 | 234 | 16,167 |
| 16,319 | | | 5,705 | | | 0 |
| | | | 5,095 | 8,720 | 94 | 15,520 |
| | | 61 | 1,697 | | | 1,761 |
| | | | 1,523 | | 100 | 518 |
| | | | 2,979 | 1,527 | 437 | 25,423 |
| | | | 480 | | 52 | 4,675 |
| | | | | | 130 | 2,832 |
| | | | | | | 1,065 |
| | | | | 36 | | 1,942 |
| | | | 1,257 | 1,504 | 125 | 18,980 |
| 3,125 | 8,019 | 4,509 | 3,019 | | 510 | 29,569 |
| | | | | | | 2,550 |
| | | | 1,189 | 360 | 263 | 4,441 |
| | | | 426 | 842 | 145 | 3,050 |
| | | | 1,702 | | 229 | 12,545 |
| | | | 442 | | 220 | 10,788 |
| | | | 306 | | 124 | 1,897 |
| 4,469 | | | | 127 | | 578 |
| **23,913** | **8,019** | **4,570** | **29,749** | **21,678** | **2,663** | **154,301** |

| Hotels (usable area, sq.m.) | Cinemas/Theatres (useable area, sq.m.) | Residential (useable area, sq.m.) | Staff restaurants and other infrastructure (sq.m.) | Common areas and other (sq.m.) | Parking spaces (number) | 2009 rental revenue (100% basis, €k) |
|---|---|---|---|---|---|---|
| | | | 3,118 | 190 | 366 | 12,138 |
| | | | 1,100 | 986 | 124 | 4,980 |
| | | | 1,275 | 1,528 | 425 | 8,496 |
| **0** | **0** | **0** | **5 493** | **2 704** | **915** | **25,614** |

| Hotels (usable area, sq.m.) | Cinemas/Theatres (useable area, sq.m.) | Residential (useable area, sq.m.) | Staff restaurants and other infrastructure (sq.m.) | Common areas and other (sq.m.) | Parking spaces (number) | 2009 rental revenue (100% basis, €k) |
|---|---|---|---|---|---|---|
| | | 179 | | 638 | 26 | |
| **0** | **0** | **179** | **0** | **638** | **26** | **0** |

| Hotels (usable area, sq.m.) | Cinemas/Theatres (useable area, sq.m.) | Residential (useable area, sq.m.) | Staff restaurants and other infrastructure (sq.m.) | Common areas and other (sq.m.) | Parking spaces (number) | 2009 rental revenue (100% basis, €k) |
|---|---|---|---|---|---|---|
| | | | 250 | 119 | 18 | 637 |
| | | | 123 | | 3 | 326 |
| | | | 170 | | | 663 |
| | | | 124 | 1,082 | 12 | 680 |
| | | | | | 10 | 0 |
| | | | | | 15 | 0 |
| | | | | | 1 | 0 |
| | | | 41 | 99 | 24 | 758 |
| **0** | **0** | **0** | **707** | **1,300** | **83** | **3,064** |

**Stock Market**

SFL shares are quoted on NYSE Euronext Paris
ISIN Code: 0000033409
Reuters: FLYP.PA
Bloomberg: FLY.FP

**Website**

www.fonciere-lyonnaise.com

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**Investor Information**

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Printed versions will be sent on request.

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