




SFL


2006 INTERIM RESULTS PRESENTATION


26 July 2006

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- 2**  **First Half 2006 Business Review**

- 3**  **First Half 2006 Results**

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Key Figures


	H1 2006 IFRS	H1 2005 IFRS	% change
Rental revenues (IFRS)	€78.7m	€76.4m	+2.9%
Operating profit	€49.9m	€47.5m	+4.9%
Disposal gains	€4.1m	€29.2m	-86.0%
Profit attributable to equity holders	€31.6m	€59.2m	-46.6%
Current Cash Flow excl. disposal gains	€40.4m	€57.1m	-29.2%
Portfolio value, excl. transfer costs, attributable to equity holders at 30 June	€2,977m	€2,322m	+28.2%
NAV per share, incl. transfer costs ⁽¹⁾	€53.3	€40.8	+30.5%
	43,104	43,104	


(1) Diluted number of shares at period-end (in thousands)

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The French Property Market

First Half 2006

Investment market (business property, Paris area)

Volume up €10.3 billion (139%) on H1 2005
Prime yields remain low
Continued slow shift away from offices towards warehouses
Shift towards the Paris area (87% of total investment) away from the regions
Increase in portfolio sales and in very large individual transactions

Office rental market (Paris area)

49% rise in completed lettings (vs. H1 2005) to 1.44 million sq.m.
Available supply down 9% (vs. 1 Jan. 2006) to 2.5 million sq.m.
1% increase in average rents for new properties (vs. 1 Jan. 2006) to
€302/sq.m./year
Further decline in vacancy rate to 5.2% (from 5.8% in Jan. 2006)

Office rental market (Central Business District)

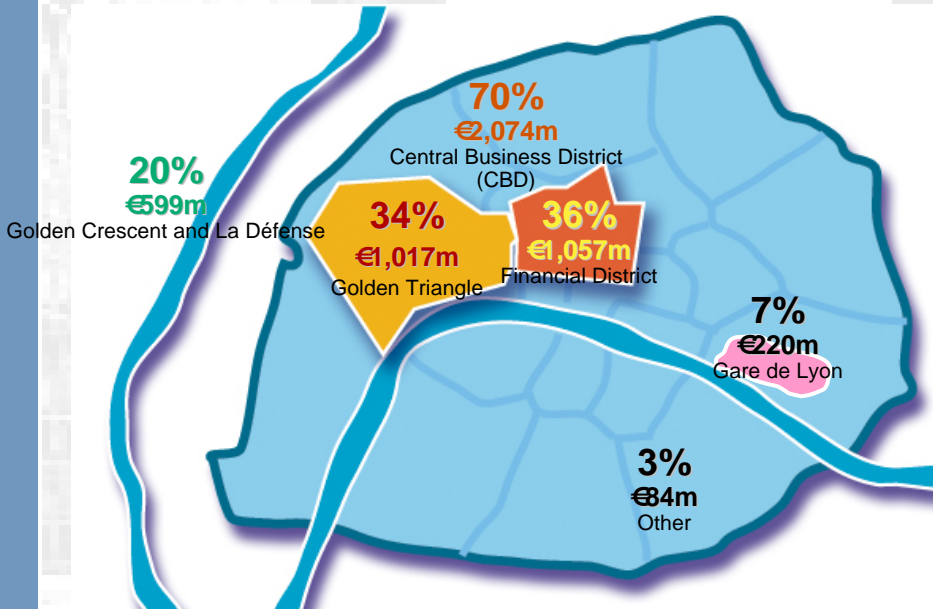
Shift away from the CBD, which represented 20% of 2005 completed lettings in
Paris area (287,500 sq.m.); volume up 34% on H1 2005
Prime nominal rent up €678 (6% vs. 1 Jan. 2006), narrower commercial benefits
Vacancy rate down, at 4.8%, with increased proportion of new property up for
rent

Retail rental and investment market

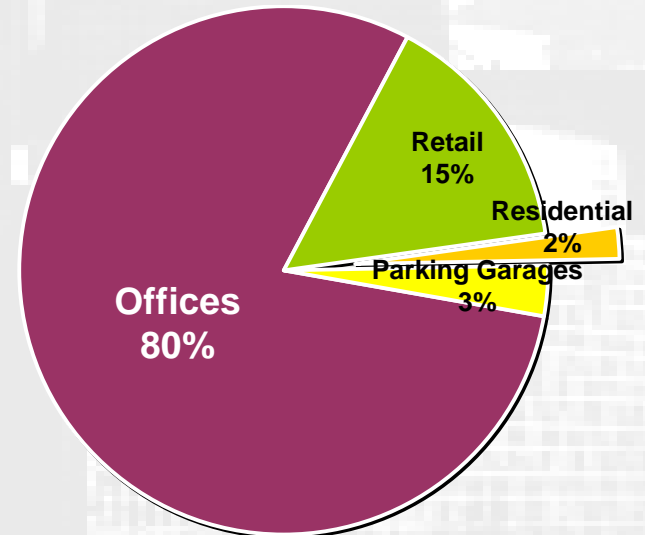
Rental: Rents have stabilised at a high level; strong demand for all products.
Foreign retailers increasingly present
Continued strong and varied investment demand; further decline in yields.

Appraisal value at 30 June 2006
€2,977 million excluding transfer costs
(up 13.8% on 31/12/2005; up 28.2% on 30/06/2005)

Geographic focus



Market focus



H1 2006 Property Purchases: €250 million

Properties	Date	Surface area (sq.m.)	Price (€m - excl. transfer costs and tax)	Comments
247-251, rue Saint Honoré 75 001 Paris	5 July 2006	22,000 (offices and retail)	94	Major renovation (4-star luxury hotel or office building)
TELEGRAPHE 103, rue de Grenelle 75007 Paris	24 July 2006	14,200 - offices 300 - retail 86 parking spaces	125	Major renovation of offices (demolition and building permit obtained in March 2006)
LE VAISSEAU 39-51 Pierre Poli Issy les Moulineaux	25 July 2006	5,600 - offices 350 - archives 124 parking spaces	31	Fully let (to Dalkia) Leased for a non-cancellable period of 9 years as from 1 April 2006 Cash flow as from 2006
TOTAL			€250 million	



247 – 251, rue Saint-Honoré
Paris 1



Télégraphe
103, rue de Grenelle
Paris 7



Le vaisseau
39-51 Pierre Poli
Issy les Moulineaux

H1 2006 Property Sales: €24.8 million

Properties sold	Surface area (sq.m.)	Date	Price (€m - excl. transfer costs and tax)
87/89, rue de la Faisanderie	2,404	14 Feb.	20.0
39/41 rue de Rome	1,141	28 Feb.	3.7
Vauban (sale as a property trader)	226	H1	1.0
Other			0.1
Total			24.8

Properties under option	Surface area (sq.m.)	Date	Price (€m - excl. transfer costs and tax)
82, rue Beaubourg	2,387 (offices/retail)	Sept 2006	12.3
10, rue de Stockholm	489 (hotel-bar)	Sept 2006	1.1

Capital gains
€3.8m

Margin on sales as a property trader
€0.3m



87-89, rue de la Faisanderie
Paris 16



82, rue Beaubourg
Paris 3



10, rue de Stockholm
Paris 8

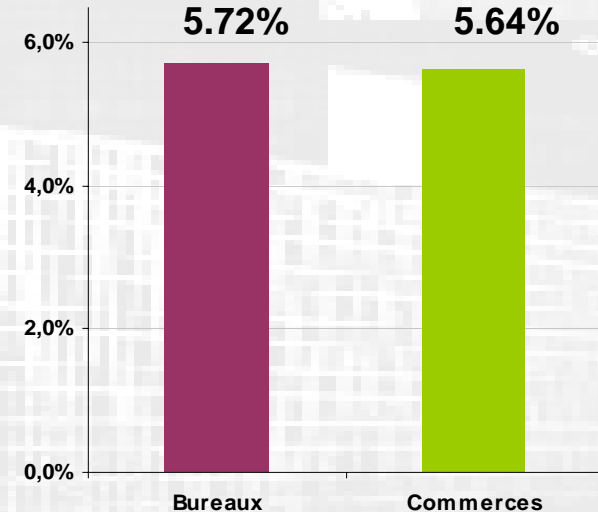
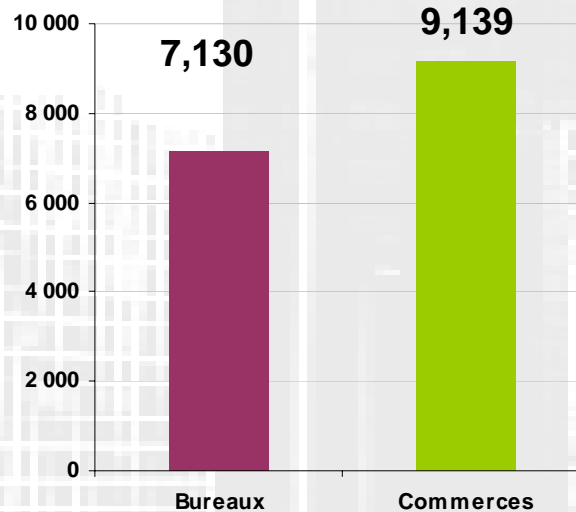
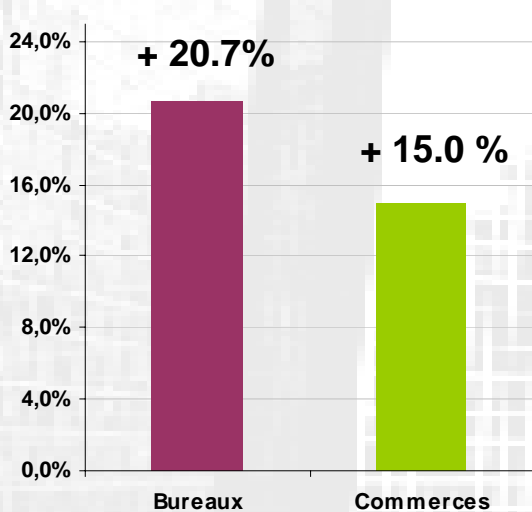
Appraisal values at 30 June 2006

Appraisal values (Group share): €2,977m excl. transfer costs (up 13.8% on 31/12/05)
€3,149m incl. transfer costs (up 14.1% on 31/12/05)

Like-for-like
(excl. transfer costs)
up 20.2% on 30/06/2005

Average value per sq.m.
(excl. transfer costs)
€7,316

Spot yield⁽¹⁾
(excl. transfer costs)
5.68%
(6.38% at 31/12/05)



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

Development Pipeline

Driving value creation

Property	District	Type	Renovated surface area	Forecast rentals (100% basis)	Delivery
104-110 Bd Haussmann	Golden Triangle	Offices	11,888 sq.m.	€8.0m	H1 2007
Galerie des Champs Elysées	Golden Triangle	Retail	6,239 sq.m.	€9.2m	H2 2008
5, rue Alfred de Vigny	Golden Triangle	Offices	2,558 sq.m.	€1.7m	H2 2006/H1 2007
92, av. des Champs Elysées	Golden Triangle	Offices/retail	6,000 sq.m.	€12.0m	H2 2008
Total			26,685 sq.m.	€30.9m	



104-110 Bd Haussmann,
Paris 8



Galerie des Champs Elysées,
Paris 8



5, rue Alfred de Vigny,
Paris 8



92 av. des Champs Elysées,
Paris 8

Projects in the pipeline:

247-251, rue Saint Honoré
Télégraphe – 103, rue de Grenelle

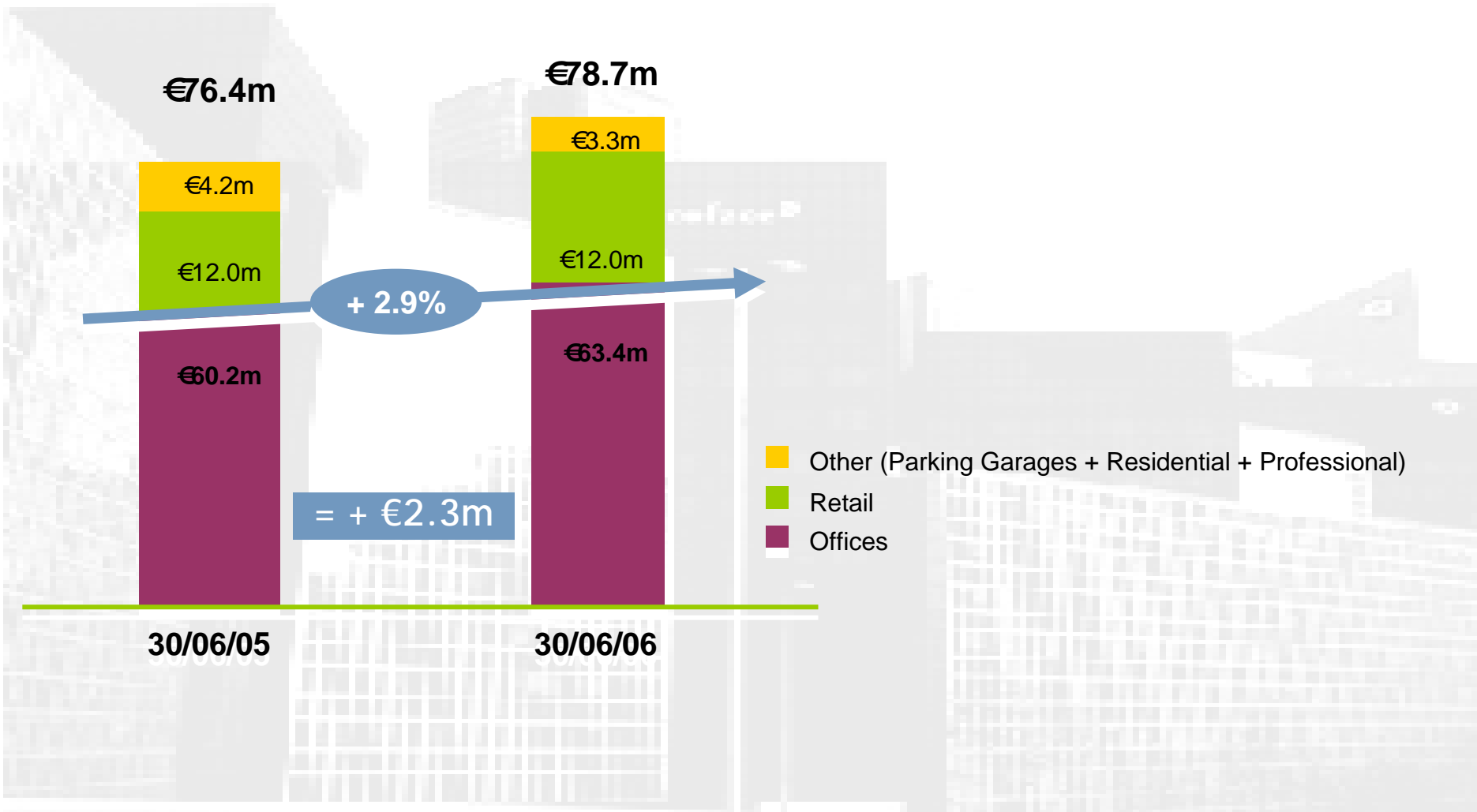
Rental Revenues

H1 2006 versus H1 2005

In €m

H1 2005 rental revenues	76.4
Of which IFRS adjustments	3.0
Increase due to purchases and post-renovation remarketing	+6.4
Decrease due to sales and renovations	-4.1
H1 2006 rental revenues	78.7
Of which IFRS adjustments	5.9

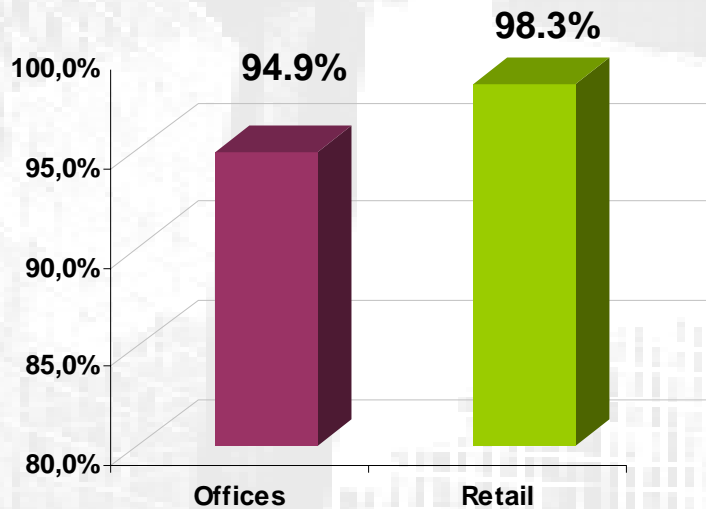
Rental Revenues



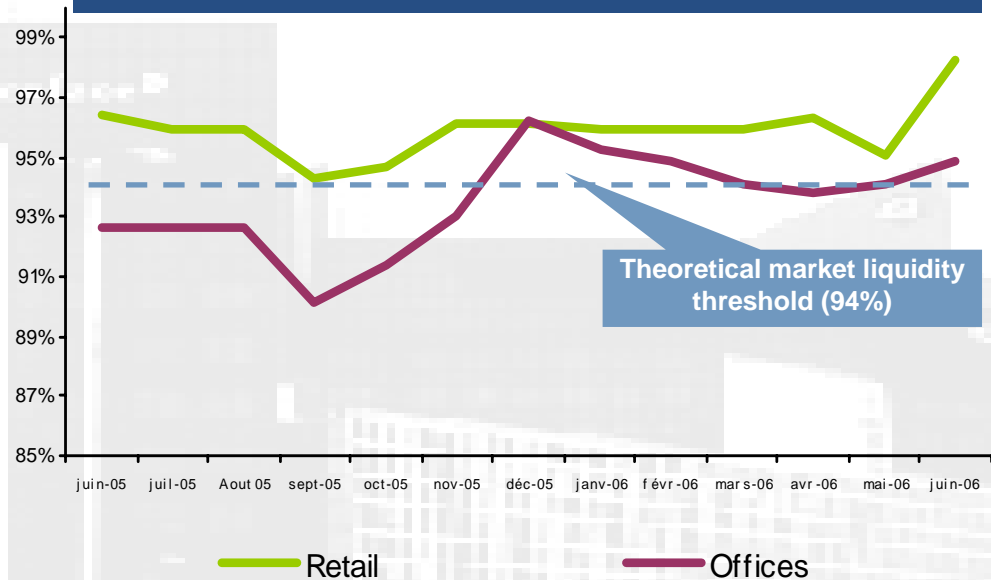
Occupancy Rates

Occupancy rate⁽¹⁾ at 30 June 2006
95.4%

Occupancy Rate by Property Type



Occupancy Rates, June 2005 - June 2006 ⁽²⁾



Office Occupancy Rates at 30 June 2006

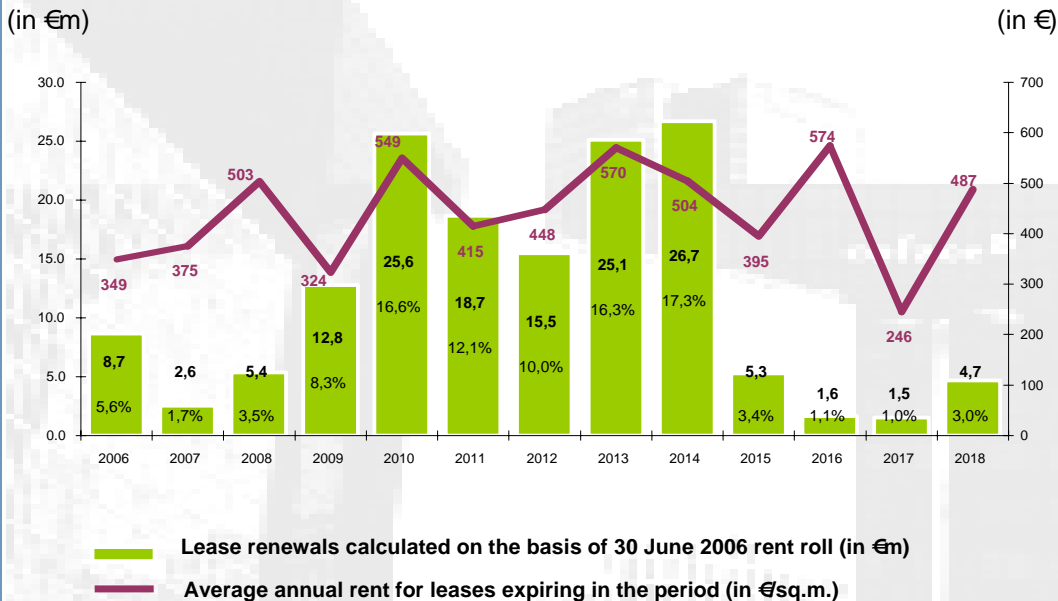
SFL:	94.9%
Central Business District:	95.2%
Paris region:	94.8%

(1) : Excluding surface areas undergoing renovation

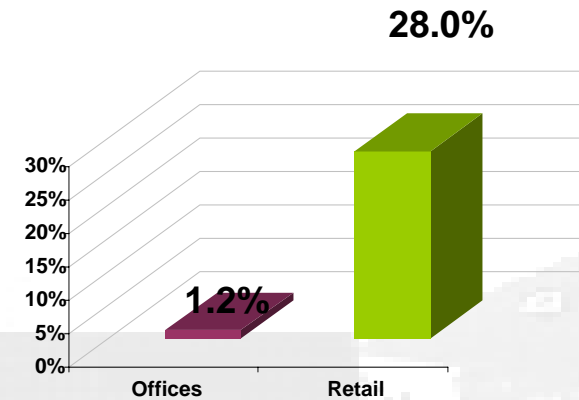
(2) : Spot rate at 30 June

Lease Renewals and Reversionary Potential

Commercial Lease Expiry Dates ⁽¹⁾



Reversionary Potential




Average office rent
30 June 2006:
€463/sq.m./year


Average remaining
lease term: 6.3 years
*No significant lease renewals
before 2010*


Reversionary
potential⁽²⁾
(Group share): 5.5%


(1) Calculations based on €154m commercial lease rent roll


(2) Based on estimates of rents for lease renewals (10.4% if based on open market rentals)

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First Half 2006 Results

In €m – 100% basis	H1 2006	H1 2005	% change	Full-year 2005
Rental revenues	78.7	76.4	+2.9%	153.3
Property costs net of recoveries	(4.3)	(2.4)		(8.1)
Net property rentals	74.4	74.1	+0.4%	145.2
Service and other revenues	1.4	3.5		8.3
Depreciation, amortisation and provisions	(15.7)	(18.8)		(37.8)
Employee benefits expense and other expenses	(10.2)	(11.3)		(22.8)
Operating profit	49.9	47.5	+4.9%	93.0
Profit on asset disposals	4.1	29.2		32.2
Finance costs, other financial income / expense	(19.0)	(15.0)		(34.8)
Share of profit of associates	0.4	0.9		1.4
Profit before income tax	35.4	62.7	-43.6%	91.7
Income tax expense	(1.6)	(1.2)		3.0
Profit for the period	33.8	61.5	-45.0%	94.7
Minority interests	(2.3)	(2.3)		(5.2)
Attributable profit	31.6	59.2	-46.7%	89.5

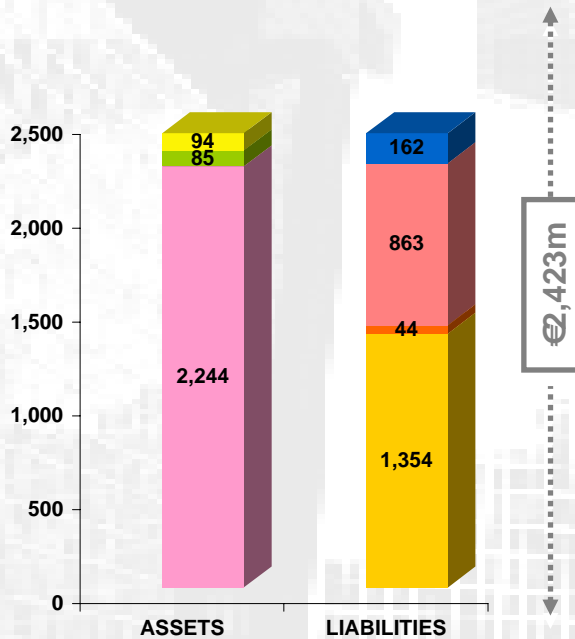
Current Cash Flow

In €m – 100% basis	H1 2006	H1 2005	% change	Full-year 2005
Operating profit	49.9	47.5	+4.9%	93.0
Finance costs net of interest income	(19.0)	(15.0)		(34.8)
Depreciation, amortisation and provision expense, net	15.6	22.9		41.6
IFRS adjustments	(6.1)	1.7		(0.8)
Current Cash Flow before disposal gains	40.4	57.1	-29.2%	99.0
Average number of shares (thousands)	43,066	43,004		43,034
Current Cash Flow per share before disposal gains	€0.94	€1.33	-29.3%	€2.30

Balance Sheet

Significant investment capacity

Balance Sheet
at 30 June 2006
(in €m)

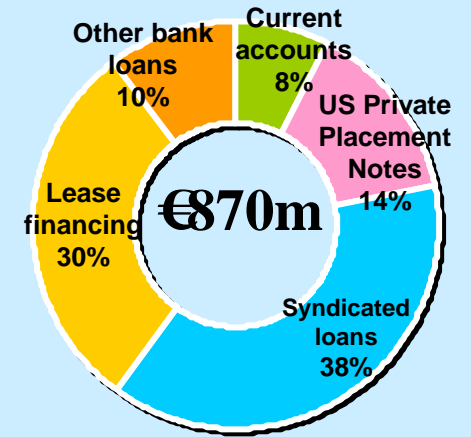
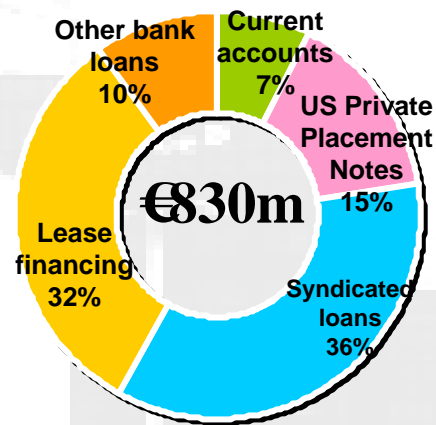


- Assets held for sale
- Current assets
- Non-current assets
- Current liabilities
- Non-current liabilities
- Minority interests
- Equity

Debt Structure and Current Accounts

At 31 December 2005

At 30 June 2006



Loan-to-Value Ratio

At 31 December 2005

At 30 June 2006


25.8%


24.4%


NAV Per Share


Diluted NAV	Including transfer costs			Excluding transfer costs		
	30/06/06	31/12/05	30/06/05	30/06/06	31/12/05	30/06/05
NAV (€m)	2,297	1,925	1,759	2,118	1,779	1,629
Shares and potential shares, including treasury stock (in thousands)	43,104	43,104	43,104	43,104	43,104	43,104
NAV/share	€53.3	€44.6	€40.8	€49.1	€41.3	€37.8


NAV/share (including transfer costs):
 up 19.5% over 6 months
 up 30.5% over 12 months

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- Inmocaral, a property company headed by Luis Portillo, has made a cash offer for the entire capital of Colonial, SFL's parent company. The offer is supported by Caixa.
- Under stock market regulations, following the change of control of Colonial, Inmocaral will be required to make a cash offer for the 20.6% of SFL not held by Colonial.
- During this process, which is expected to last several months, SFL will continue to implement its development and business strategies.

First Half 2006 Results

■ www.fonciere-lyonnaise.com



SFL
SOCIÉTÉ FONCIÈRE LYONNAISE

bienvenue sur le site internet de la Foncière Lyonnaise

Language 

ACTEUR DE RÉFÉRENCE DU MARCHÉ DE L'IMMOBILIER TERTIAIRE PARISIEN

ACTUALITÉS

17 juillet 2006 :
ANR estimé au 30 juin 2006 à 53,3 € par action droits inclus
> en savoir plus

.....

18 avril 2006 :
Rapport Annuel 2005
> en savoir plus

COURS DE BOURSE
24/07/2006 - 17:30:17

€ 50.25
ISIN: FR0000033409

AGENDA

26 juillet 2006 :
Réunion analystes ;
Présentation des résultats semestriels

« Avec un patrimoine exceptionnel de près de 3 milliards d'euros centré sur le Quartier Central des Affaires (QCA) de Paris, SFL constitue le vecteur privilégié d'accès au marché immobilier de bureaux et de commerces de la capitale. »

LA SOCIÉTÉ

LE PATRIMOINE

LES FINANCES

LES ENGAGEMENTS DURABLES

CARNET DE L'ACTIONNAIRE

Locaparis **GESTION ET COMMERCIALISATION DE NOTRE PATRIMOINE IMMOBILIER**

Language 

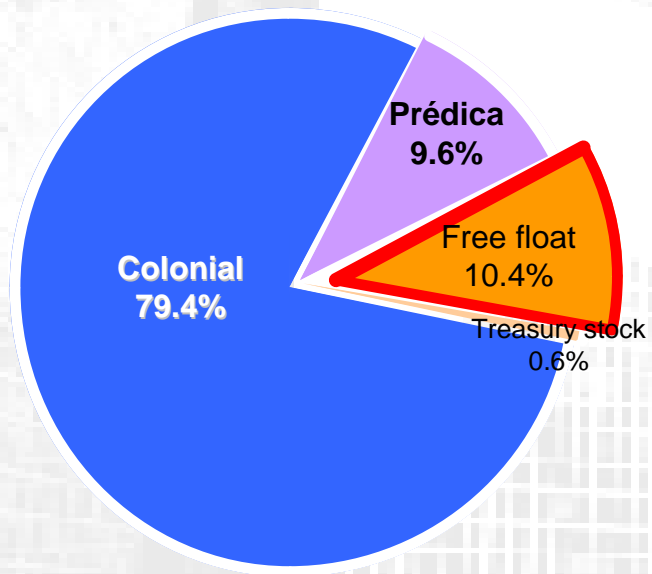
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APPENDICES

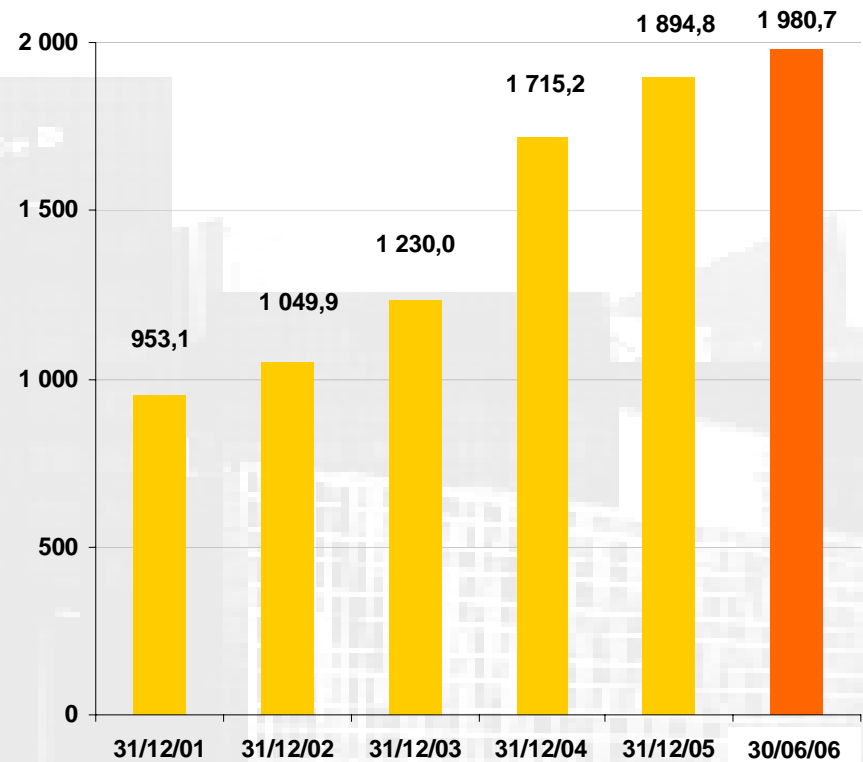


Ownership Structure

30 June 2006
(43.1 million shares)

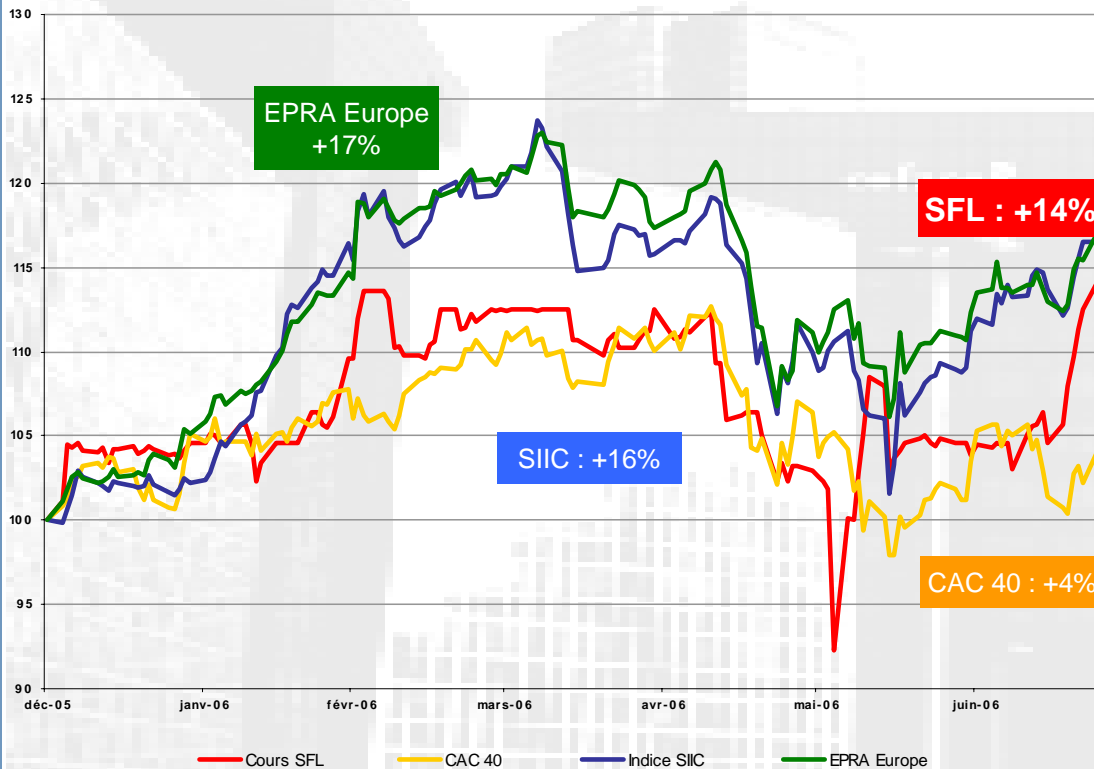


Growth in market capitalisation
(in € millions)



Share Performance

Share performance up to 24 July 2006 ⁽¹⁾



(1) Base 100 : 31/12/05 ; data up to 24/07/06
Sources: Bloomberg/Euronext

First Half 2006 Key Figures

Number of shares at 30/06/06	43,068,952
Average daily trading volume (shares)	9,456
Average daily trading volume (amount)	€448,000
High (2 March)	€50.00
Low (2 June)	€40.61
Period-end closing price	€45.99

Change in Debt

(in €m - 100% basis)	31/12/2005	30/06/2006
US Private Placement Notes	125.0	125.0
Syndicated loan	296.0	332.0
Lease financing	263.9	257.4
Other bank loans	83.8	87.3
Total debt	768.7	801.7
Current accounts	61.3	66.0
Accrued interest	0.5	2.5
Total debt and current accounts	830.5	870.2
Deferred debt issuance costs	-2.3	-2.0
Impact of applying IAS 32 and 39	59.2	48.7
Total long and short-term debt in the balance sheet	887.4	916.9
Average maturity (years)	6.0	5.5
Average spot cost (after hedging)	4.7%	5.2%
Cash and cash equivalents	28.9	34.0
Net debt (Debt - Cash and cash equivalents)	739.8	767.7
Estimated value of assets (including transfer costs)	2,864.3	3,148.6
Loan-to-Value ratio	25.8%	24.4%

Property Valuation and NAV Calculation

Independent experts

Jones Lang LaSalle and CBRE

Methodology

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

Frequency

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

NAV calculation

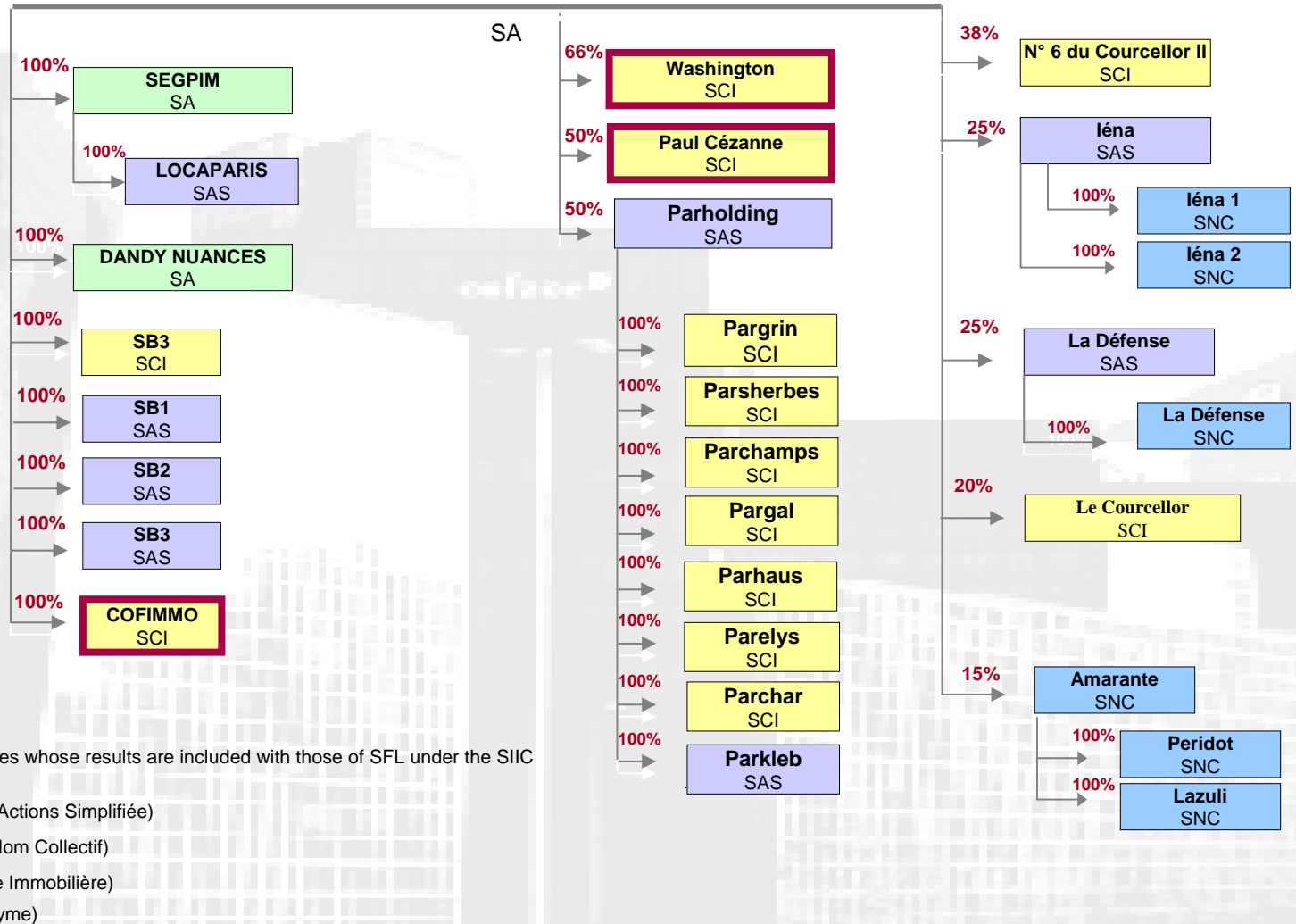
With and without transfer costs
Fully diluted
With financial instruments marked to market

Validation

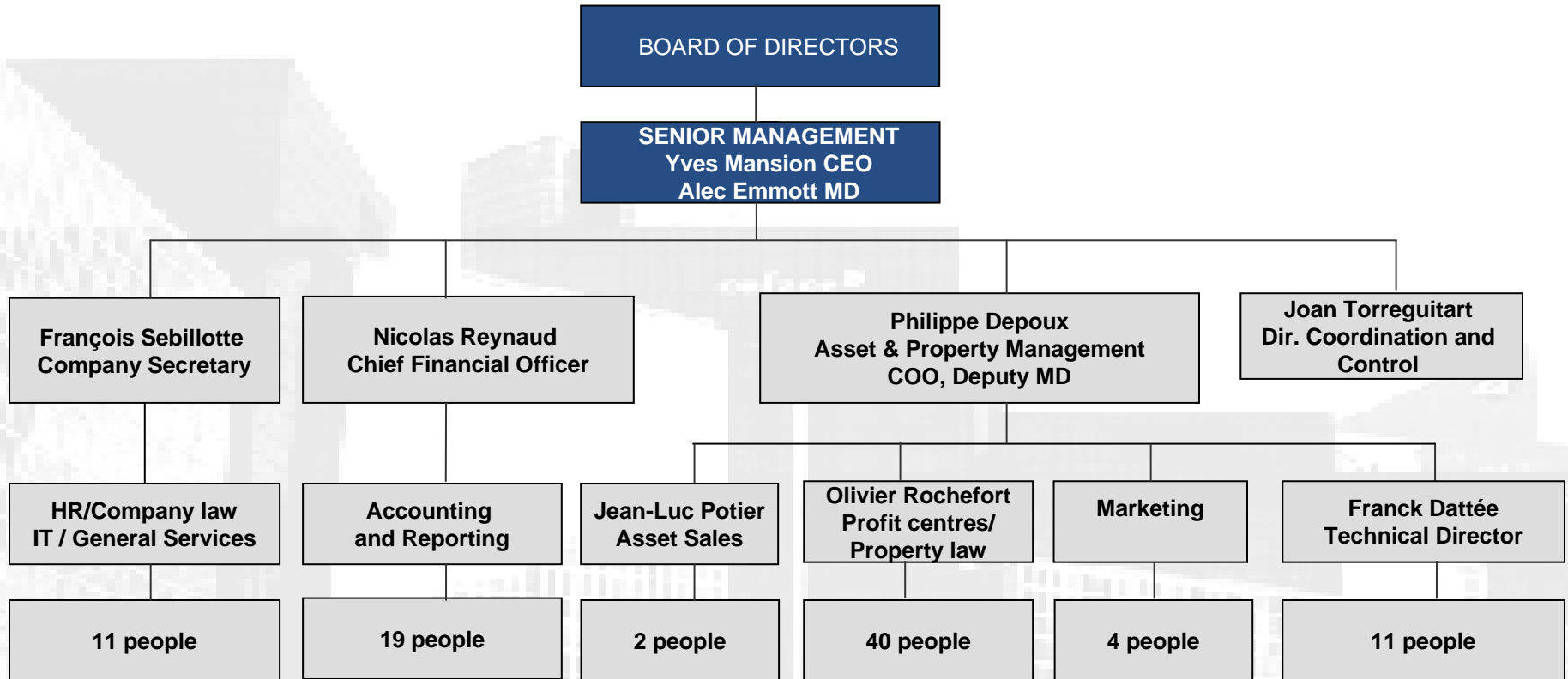
NAV calculation is reviewed by the Auditors

Group Structure at 30 June 2006

SOCIETE FONCIERE LYONNAISE



Organisation Structure



Number of employees

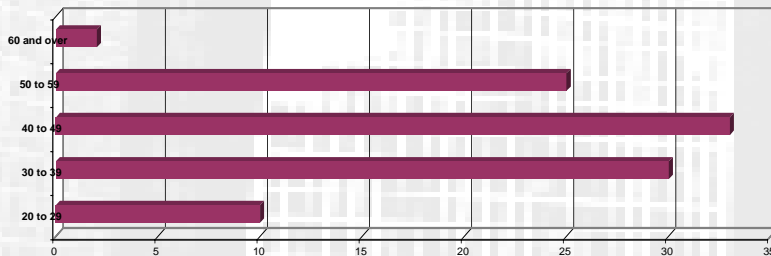
Head office	100
Building staff and caretakers	9

Total	109
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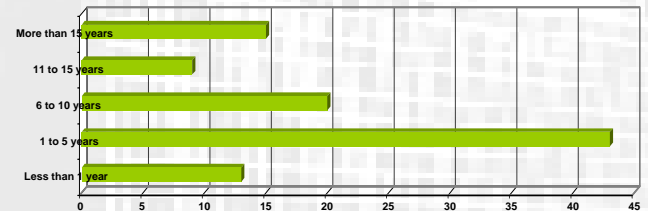
Human Resources

Number of employees	31/12/05	30/6/06
Building staff	11	9
Administrative staff	19	18
Supervisors	18	17
Managers	60	65
Total	108	109

Administrative staff by age group
(at 30/06/06)



Administrative staff by years of service
(at 30/06/06)



Refurbishment and Maintenance

Expenditures (in €m - 100% basis)	H1 2006	H1 2005	% change
Major renovation projects ⁽¹⁾ (capitalised)	21.8	11.7	+86.3%
Other capitalised expenditure	7.5	5.9	+27.1%
Maintenance and general upkeep ⁽²⁾	0.8	0.8	-
Total	30.1	18.4	+63.5%

1.0% of portfolio value (Group share)

- (1) Of which: Haussmann 104-110 (50%): €4.6m; Haussmann 63: €2.5m; 92 Champs Elysées: €10.3m; 82-88 Champs Elysées (50%): €4.1m; Vigny: €0.3m.
- (2) Net of expenses recovered from tenants.