

# **SFL**

## **2007 INTERIM RESULTS**

*24 July 2007*

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# Key Figures

	H1 2007	H1 2006	% Change
Property rentals (IFRS)	€83.3m	€78.7m	+5.9%
Operating profit before fair value adjustments	€72.3m	€66.6m	+8.7%
Fair value adjustments	€274.2m	€331.0m	
Operating profit	€346.5m	€397.6m	-12.8%
Disposal gains	-	€3.7m	
Profit attributable to equity holders	€306.4m	€343.1m	-10.7%
Attributable cash flow	€48.2m	€37.6m	+28.1%
Attributable cash flow per share	€1.08	€0.87	+ 23.2%
Portfolio value, excluding transfer costs, attributable to equity holders at 30 June	€3,827m	€2,977m	+28.5%
NAV per share, including transfer costs	€62.5	€53.3	+17.3%

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 **First-Half Financial Statements and Results**

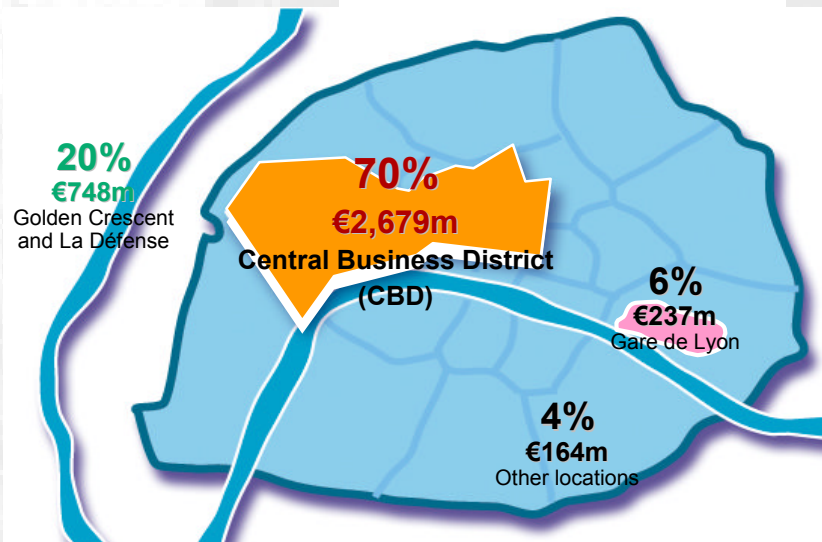
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 Appendices

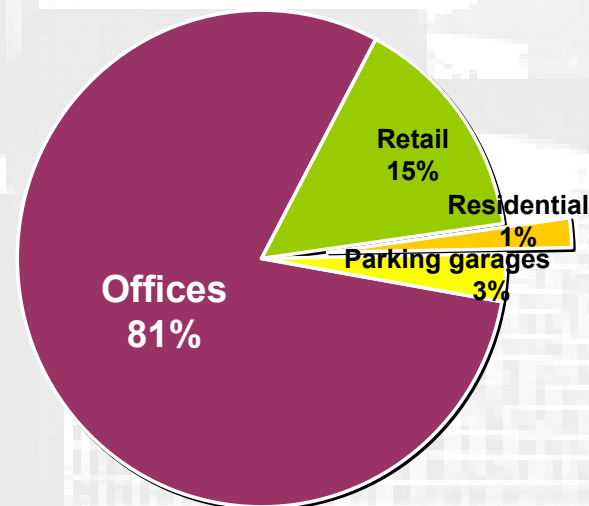
# Property Portfolio

Appraisal value at 30 June 2007  
**€3,827m** excluding transfer costs  
(up 15.3% on 31 Dec. 2006/up 9.2% like-for-like <sup>(1)</sup>)

## Geographic focus



## Property focus



(1) Excluding the acquisition of Prédica's 50% stake in the Cézanne-St. Honoré building



# Locations



# Appraisal Values at 30 June 2007

**Appraisal value (attributable): €3,827m excluding transfer costs**  
(up 15.3% on 31 Dec. 2006)

**€4,047m including transfer costs**

**Like-for-like portfolio  
(excl. transfer costs)**  
up 9.2% on 31 Dec. 2006

**Average value per sq.m.  
(excl. transfer costs)**

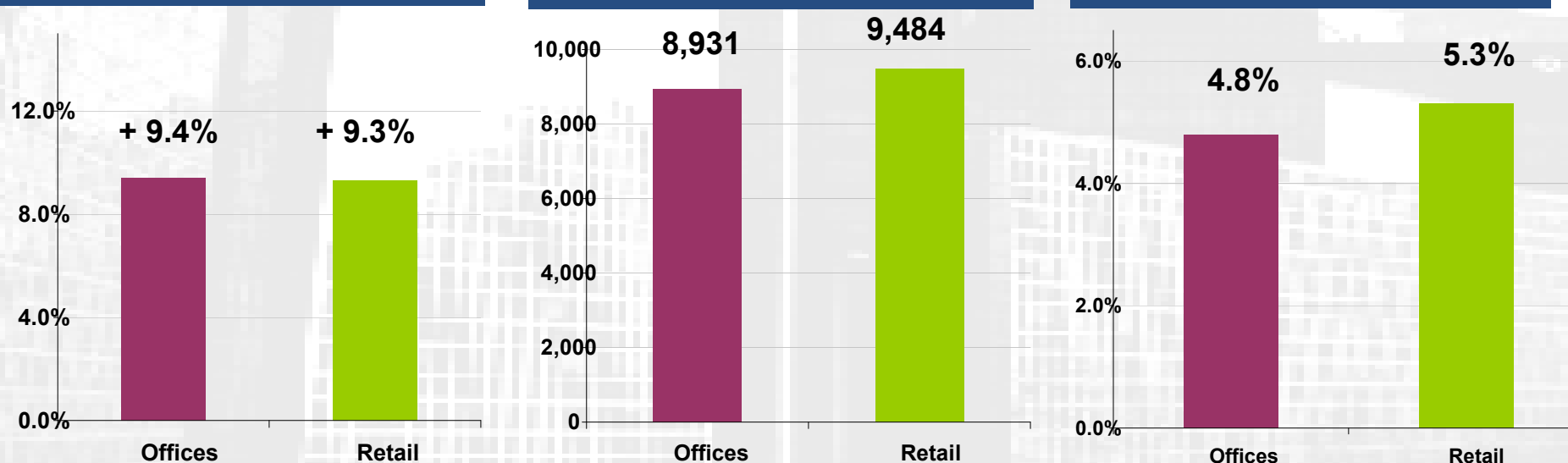
**€8,981**

(€7,884 at 31 Dec. 2006)

**Spot yield <sup>(1)</sup>**

**4.97%**

(5.23% at 31 Dec. 2006)



(1) (Passing rent + Market rent on vacant properties)/(Appraisal value including transfer costs + Capex)



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# The Paris-Area Commercial Property Market, First Half 2007



## Commercial property investment

Volume stable at €10.1bn (down 2% from H12006)  
 Prime yields down to 3.8% from 4.3% at 31 Dec. 2006  
 Proportion of offices up sharply from yearend 2006, to 95%  
 Proportion of Paris area stable at 80% of total investment in France  
 Increase in portfolio sales and large individual transactions (13 >€200m)

## Office rentals

H1 2007: 1.43 million sq.m, down 3% on H1 2006  
 Supply stable vs. 31 Dec. 2006: 2.4 million sq.m available immediately and 3.5 million sq.m available in one year  
 Slight upturn in average rents to €304/sq.m/year, up 6% from 31 Dec. 2006  
 Vacancy rate stable at 5.2%

## Office rentals CBD and West Central Paris

22.2% of Paris area completed lettings in H1 2007 (21.7% in H1 2006)  
 - Average rent up 6% since 1 Jan. 2007, to €534/sq.m/year  
 - Top prime nominal rent up 14% since 1 Jan. 2007, to €830, but signing incentives held firm at 12 to 15%  
 Vacancy rate down, to 4%

## Retail rentals and investment

Rentals: rents stable at high levels. Favourable outlook for business parks; downward pressure on city centre and shopping centre properties  
 Foreign retailers more present, with strong demand from luxury goods and services  
 Investment: demand still strong and diversified; yields still trending downwards

Sources: Immostat, CBRE, CWHB and AtisReal

# H1 2007 European Comparison

## Commercial property investment market



Main markets	Investment			H1 2007 investment by sector			Prime yield		
	H1 2007 (€ bn)	H1 2006 (€ bn)	% Change	Offices	Retail	Other <sup>(1)</sup>	Jun 07	Dec 06	% Change on 31 Dec. 06
Central London	12.6	12.7	-0.8%	90%	5%	5%	3.75	3.75	0
Central Paris	8.8	9.3	- 5%	80%	10%	10%	3.80	4.30	-12%
Munich	2.8	1.9	+ 47%	80%	6%	14%	4.10	4.75	-14%
Frankfurt	4.7	1.1	+ 327%	96%	2%	2%	4.10	4.85	-15%
Berlin	2.7	1	+ 170%	54%	32%	14%	4.30	4.75	-10%
Madrid	1.4	2.2	- 36%	95%	5%	0%	3.90	3.90	0
Brussels	1	0.6	+66%	89%	3%	8%	5.50	5.85	-6%
<b>TOTAL</b>	<b>34.2</b>	<b>29.3</b>	<b>16.7%</b>						

(1) Warehouses, hotels, medical facilities, recreational facilities, etc.

Source: AtisReal

Demand is still growing in Germany (especially Frankfurt), recovering in Brussels, flat in London and slightly down in Paris (but the pipeline is full). The Madrid market has dropped due to a lack of supply.

More than ever, offices are the flagship product, with only Germany showing significant diversification into other investments (hotels, medical, recreational and other facilities).

Yields declined in every market during the half, but may have bottomed out in London, Paris and Madrid.

# H1 2007 European Comparison

## Office rental market



Main markets	Take-up			Vacancy rate			Prime rent			Average rent CBD June 07
	H1 2007 (in sq.m '000s)	H1 2006 (in sq.m '000s)	% Change	June 07	Dec 06	% Change on 31 Dec. 06	June 07 (€/sq.m/y)	Dec. 06 (€/sq.m/y)	% Change on 31 Dec. 06	% YOY change (€/sq.m/y)
Central Paris	1,186	1,157	+ 3%	5.2%	5.6%	- 7%	830	730	+14%	534 (+10%)
Central London	631	629	0	4.3%	6.2%	- 30%	1,839	1,518	+21%	738 (+17%)
Madrid	556	398	+ 40%	6.8%	7.4%	- 8%	456	372	+22%	379 (+51%)
Munich	370	358	+ 3%	9.4%	8.8%	+ 7%	372	354	+5%	222 (+5%)
Frankfurt	202	185	+ 9%	14.2%	14.5%	- 2%	420	420	0	257 (+6%)
Brussels	271	280	- 3%	10.7%	10.2%	+ 5%	300	295	+2%	171 (0%)
Berlin	194	189	+ 3%	8.3%	8.3%	0%	250	246	+2%	191 (+16%)
<b>TOTAL</b>	<b>3,410</b>	<b>3,196</b>	<b>+ 6.7%</b>							

Source: AtisReal

Volumes were generally flat to slightly up, except in Madrid where they rose sharply over the half. Brussels remains sluggish.

Vacancy rates were generally down across the region, but varied by region. Still high in Germany.

As a result, prime and average CBD rents rose fastest in London, Paris and Madrid.

German rents remained reasonable.

# H1 2007 Property Purchase: €199m

## Cézanne St-Honoré



Cézanne saint-Honoré, Paris.

Photo : Luc Boegly.

Acquisition of Prédica's 50% stake in  
SCI Paul Cézanne

SFL's interest raised to 100% on 30 March 2007

Price: €198.7 million

Financed by issuing nearly 3,500,000 new shares



# T8 Project

## SFL wins T8 tender

*(as part of the Paris Rive Gauche development programme)*

**Principal: Nexity**

**Architect: Rudy Ricciotti**

**Investor: SFL**

### Space allocation (in net floor area):

- 21,368 sq.m of offices
- 7,646 sq.m of stores
- 1,532 sq.m of retail booths
- 5,843 sq.m of housing
- 200 parking garages (under concession)

### Tentative schedule:

- **Sept. 2007:** Signature of purchase and sale agreement
- **Dec. 2009:** Completion of cover by SEMAPA and signature of T8 property costs transfer agreement
- **Dec. 2011:** Delivery of building by Nexity

**Cost:** around €250 million excluding interest charges (€7,000€/sq.m of net floor area)





# Current Renovation Projects

## New growth drivers

Property	District	Type	Renovated surface area	Forecast rentals (100% basis)	Delivery
104-110 Bd Haussmann (100%)	Central Business District	Offices	11,990 sq.m	€9.5m	End 07/2007
103 rue de Grenelle	Paris 7	Offices	17,630 sq.m	€11.3m	H2 2008
Galerie des Champs Elysées (100%)	Central Business District	Retail	6,239 sq.m	€9.2m	2009
92 avenue des Champs Elysées	Central Business District	Offices/ Retail	6,000 sq.m	€12.0m	2010
247-251 rue Saint Honoré	Central Business District	Hotel/ Retail	16,203 sq.m	€10.5 - €12.7m	H2 2010
<b>Total</b>			<b>58,062 sq.m</b>		



104-110 Bd Haussmann,  
Paris 8ème



103, rue de Grenelle  
Paris 7ème



Galerie des Champs Elysées,  
Paris 8ème



92 av. des Champs Elysées,  
Paris 8ème



247-251, rue Saint Honoré  
Paris 1er

# Rental Revenues

## H1 2007 versus H1 2006

€m

<b>H1 2006 rental revenues</b>	<b>78.7</b>
Like-for-like growth	+ 4.5
Increase due to purchases and post-renovation remarketing	+ 3.5
Decrease due to sales and major renovations	- 3.4
<b>H1 2007 rental revenues</b>	<b>83.3</b>

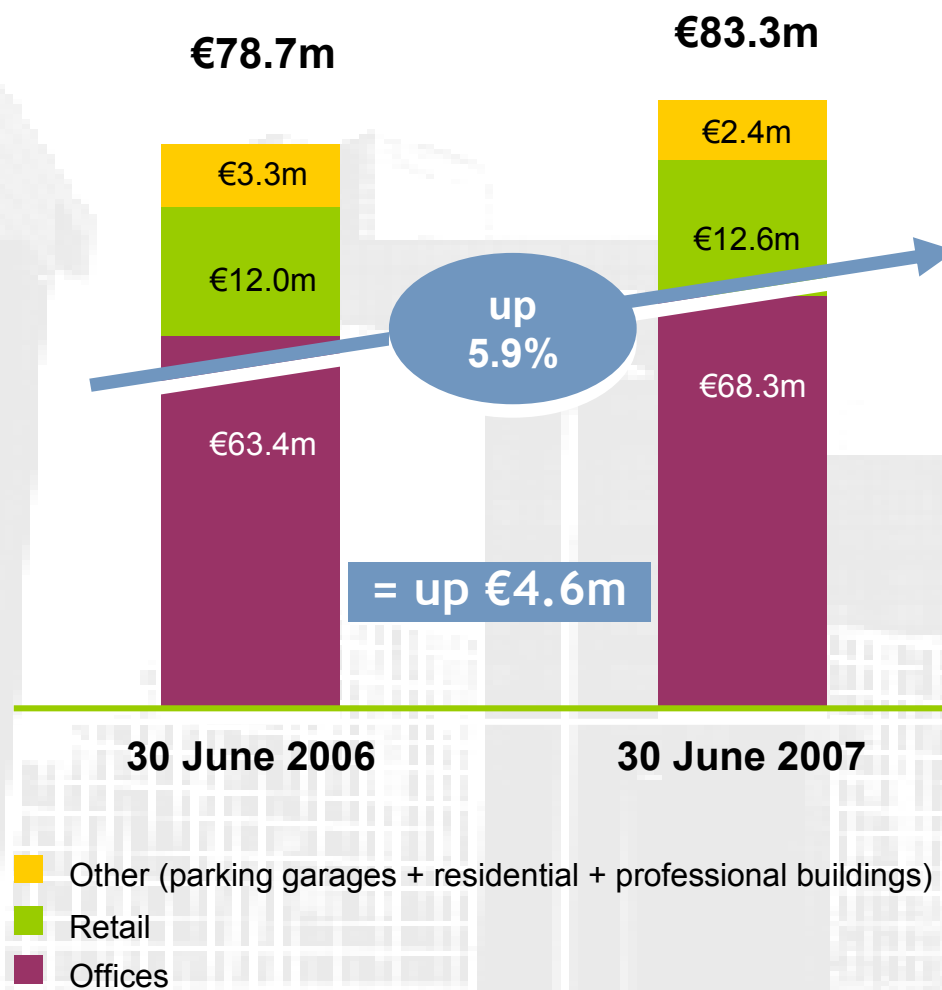
**Reported increase**

**5.9%**

**Like-for-like  
increase**

**6.4%**

# Rental Revenues



# Marketing Programme

**New leases: 27,535 sq.m**

## Offices

- 26,593 sq.m
- Total rent: €13,738,000 or €517/sq.m./year
- Attributable to SFL: €10,404,000

## Retail

- 574 sq.m
- Total rent: €335,000 or €583/sq.m./year
- Attributable to SFL: €290,000

**Rents on new leases:  
up 2% <sup>(1)</sup>**

(1) Based on rents on new or renegotiated leases in H1 2007.



**6 avenue Vélasquez**  
**Tenant: Curtis**



**Washington Plaza**  
**Tenant: Hammerson**

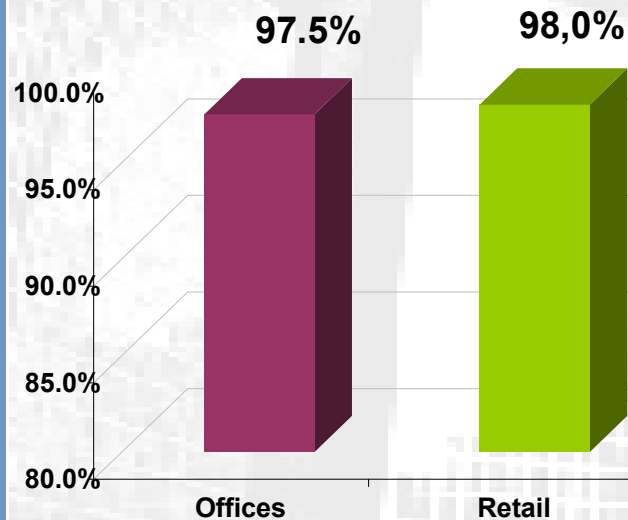
## Main leases signed in H1 2007

Property	Type	Surface (sq.m.)	Tenant
EDOUARD 7	Offices	6,522	ALLEN ET OVERY
WASHINGTON	Offices	3,993	DEXIA ASSET MANAGEMENT
WASHINGTON	Offices	2,736	HAMMERSON
QUAI LE GALLO	Offices	2,068	THOMSON EUROPE SALES
CEZANNE ST HONORE	Offices	1,940	FIPAM
6 VELASQUEZ	Offices	1,323	CURTIS
176 CH. DE GAULLE	Offices	629	SODILAC
EDOUARD 7	Offices	477	HOULIHAN

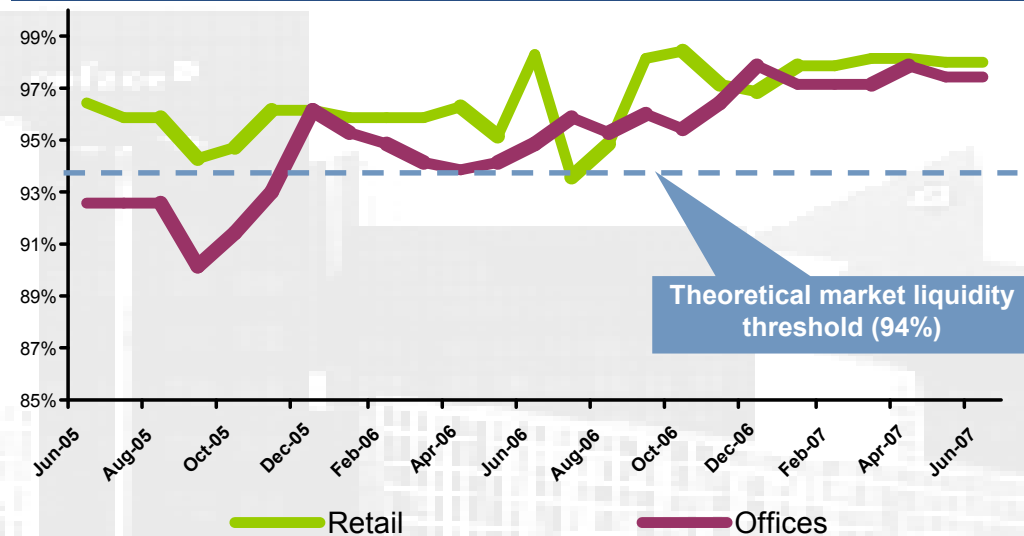
# Occupancy Rates

**Occupancy rate <sup>(1)</sup> at 30 June 2007: 97.7%**  
(97.8% at 31 December 2006)

## Occupancy rate by property type



## Occupancy rates, June 2005 - June 2007 <sup>(2)</sup>



## Office occupancy rates at 30 June 2007

SFL:	97.5%
Central Business District <sup>(3)</sup> :	96.0%
Greater Paris <sup>(3)</sup> :	94.8%

(1) Attributable to SFL, excluding surface areas or properties being renovated

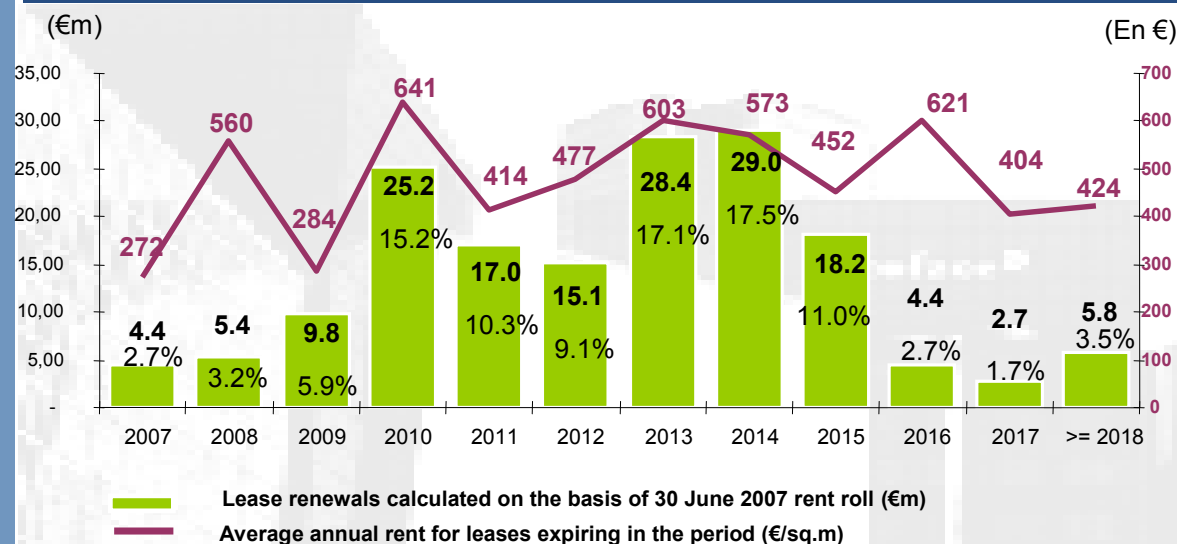
(2) Month-end spot rates

(3) Source: AtisReal, eFlash des Bureaux Île-de-France, July 2007

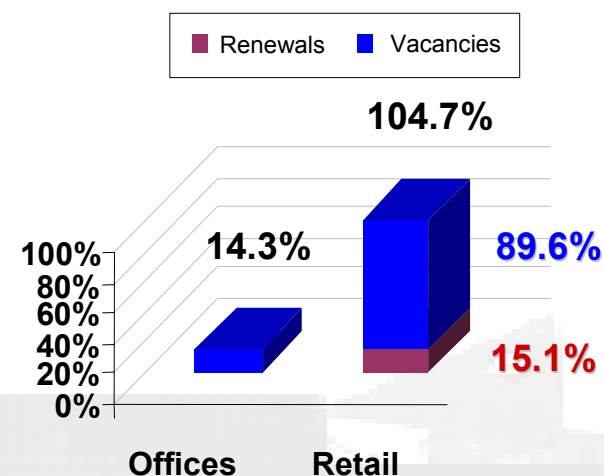


# Lease Renewals and Reversionary Potential

## Commercial lease expiry dates



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



Average rent, SFL office properties, 30 June 2007

**€516/sq.m./year**  
(up 8% from €477/sq.m./year at 31 Dec. 2006)

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

**5.5 years**

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

**3.5 years**

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

**24.5%**

(1) Weighted average period remaining for leases in progress as of 30 June 2007, up to lease expiry date

(2) Weighted average period remaining for leases in progress as of 30 June 2007, up to next potential exit date

(3) As a percentage of current rents



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# First-Half 2007 Results

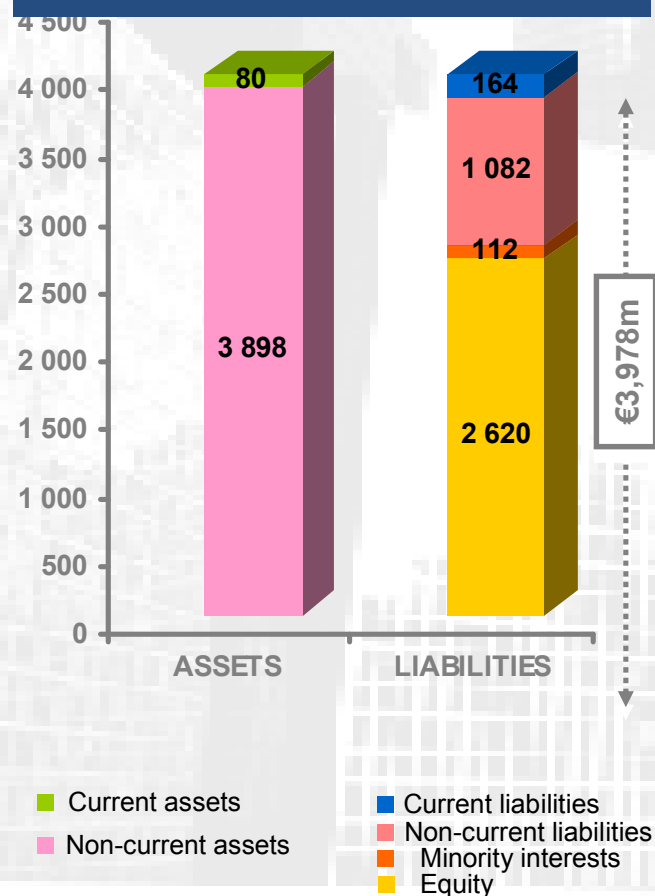
€m	H1 2007	H1 2006	% change	Full-year 2006
Property rentals	83.3	78.7	5.9%	161.5
Property costs, net of recoveries	(3.8)	(4.3)	-11.7%	(8.2)
<b>Net property rentals</b>	<b>79.5</b>	<b>74.4</b>	<b>6.9%</b>	<b>153.3</b>
Service and other revenues	3.3	1.4		4.5
Depreciation, amortisation and provision expense, net	0.2	1.0		1.5
Employee benefits expense and other expenses	(10.6)	(10.2)		(24.5)
<b>Operating profit before fair value adjustments</b>	<b>72.3</b>	<b>66.6</b>	<b>+8.7%</b>	<b>134.8</b>
<b>Fair value adjustments</b>	<b>274.2</b>	<b>331.0</b>		<b>533.8</b>
<b>Operating profit</b>	<b>346.5</b>	<b>397.6</b>	<b>-12.8%</b>	<b>668.6</b>
Profit on asset disposals	0.0	3.7		49.5
Finance costs, net	(19.8)	(19.0)		(54.6)
Share of profit of associates	17.9	2.9		6.0
<b>Profit before income tax</b>	<b>344.6</b>	<b>385.2</b>	<b>-10.5%</b>	<b>669.4</b>
Income tax expense	(13.7)	(25.6)		(32.8)
<b>Profit for the period</b>	<b>330.9</b>	<b>359.6</b>	<b>-8.0%</b>	<b>636.6</b>
Minority interests	(24.5)	(16.5)		(30.0)
<b>Profit attributable to equity holders</b>	<b>306.4</b>	<b>343.1</b>	<b>-10.7%</b>	<b>606.6</b>

# Current Cash Flow

€m	H1 2007	H1 2006	% change	Full-year 2006
Net property rentals	79.5	74.4		153.3
IFRS adjustments	(0.7)	(5.9)		(7.6)
Service and other revenues	3.3	1.3		4.5
Employee benefits and other expenses	(11.7)	(10.1)		(24.5)
Finance costs, net	(19.5)	(19.3)		(41.2)
<b>Current cash flow</b>	<b>50.9</b>	<b>40.4</b>	<b>26.1%</b>	<b>84.5</b>
<b>Attributable current cash flow</b>	<b>48.2</b>	<b>37.6</b>	<b>28.1%</b>	<b>79.2</b>
Average shares outstanding (thousands)	44,789	43,066	4.0%	43,069
<b>Current cash flow per share</b>	<b>€1.14</b>	<b>€0.94</b>	<b>21.3%</b>	<b>€1.96</b>
<b>Attributable Current cash flow per share</b>	<b>€1.08</b>	<b>€0.87</b>	<b>23.2%</b>	<b>€1.84</b>

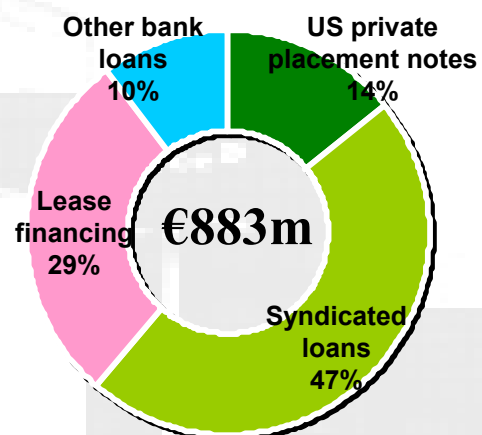
# Consolidated Balance Sheet

## Consolidated balance sheet at 30 June 2007 (€m)

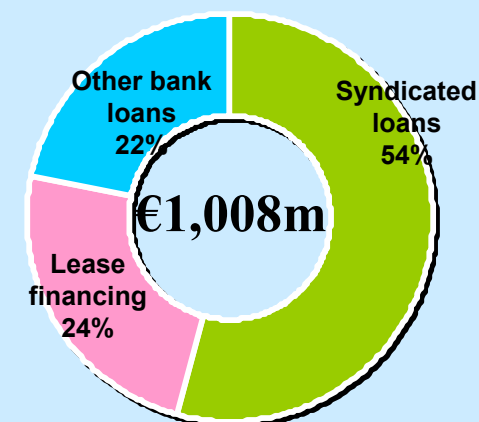


## Debt structure

At 31 Dec. 06



At 30 June 2007



## Loan-to-value ratio

At 31 Dec. 06

24.5%

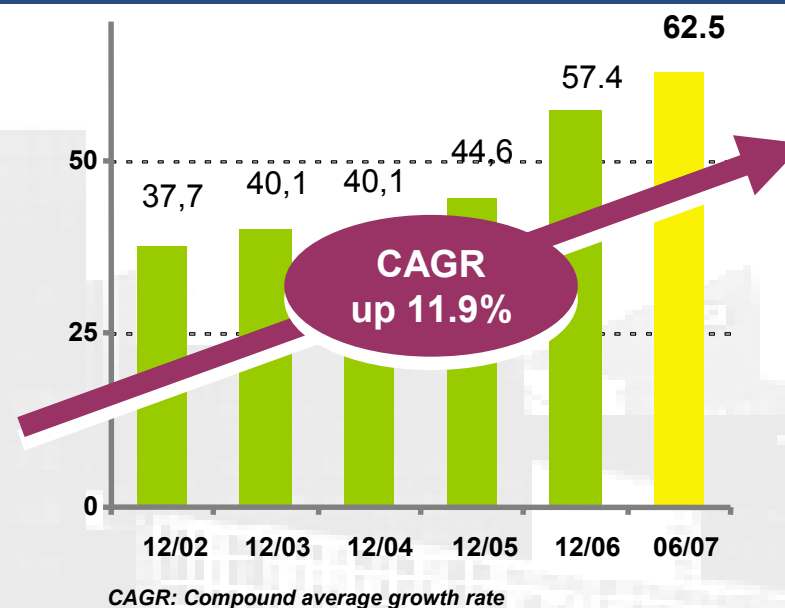
At 30 June 2007

24.4%

# NAV Per Share

NAV calculation (€m)	30 June 2007
Equity	2,620
Unrealised capital gains	73
Tax on unrealised capital gains	(14)
Dilution gain	8
<b>NNNAV excl. transfer costs</b>	<b>2,687</b>
Transfer costs on property portfolio	220
<b>NNNAV incl. transfer costs</b>	<b>2,907</b>
Shares and potential shares (thousands)	46,529
<b>NNNAV/share excl. transfer costs</b>	<b>€57.7</b>
<b>NNNAV/share incl. transfer costs</b>	<b>€62.5</b>

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



NAV/share (incl. transfer costs):  
up 8.8% since 31 Dec. 2006  
up 17.3% since 30 June 2006

# H1 2007 Results

■ [www.fonciere-lyonnaise.com](http://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**  
**14 mai 2007 :**  
SFL 1er trimestre 2007  
> en savoir plus  
.....  
**27 avril 2007 :**  
Rapport Annuel 2006  
> en savoir plus

**COURS DE BOURSE**  
23/07/2007 - 11:30  
**€ 63.45**  
ISIN: FR0000033409  
**Rapport Annuel 2006**

**AGENDA**  
**24 juillet 2007 :**  
Présentation des résultats  
semestriels 2007 à 15h30  
Centre de conférences  
Edouard VII  
23, square Edouard VII -  
75009 PARIS

**« Avec un patrimoine exceptionnel de plus de 3.8 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. »**

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Language

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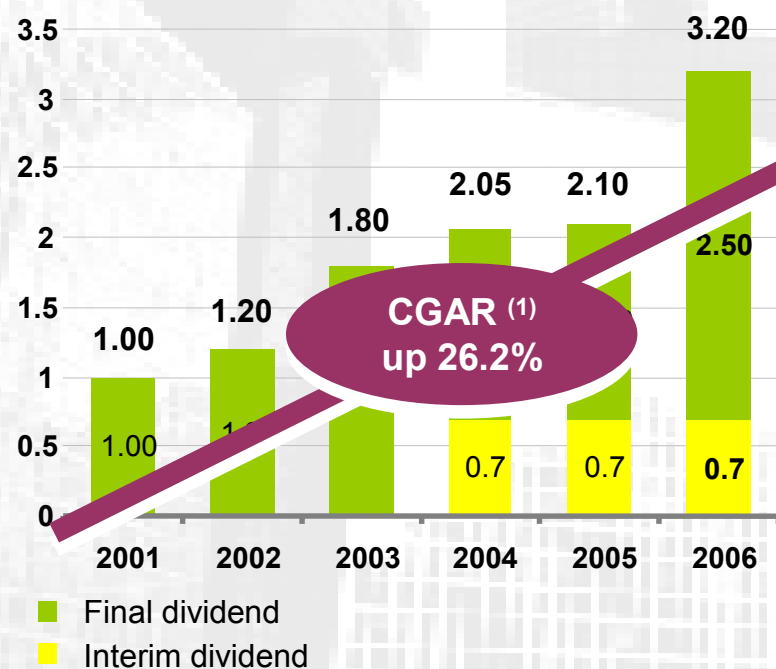


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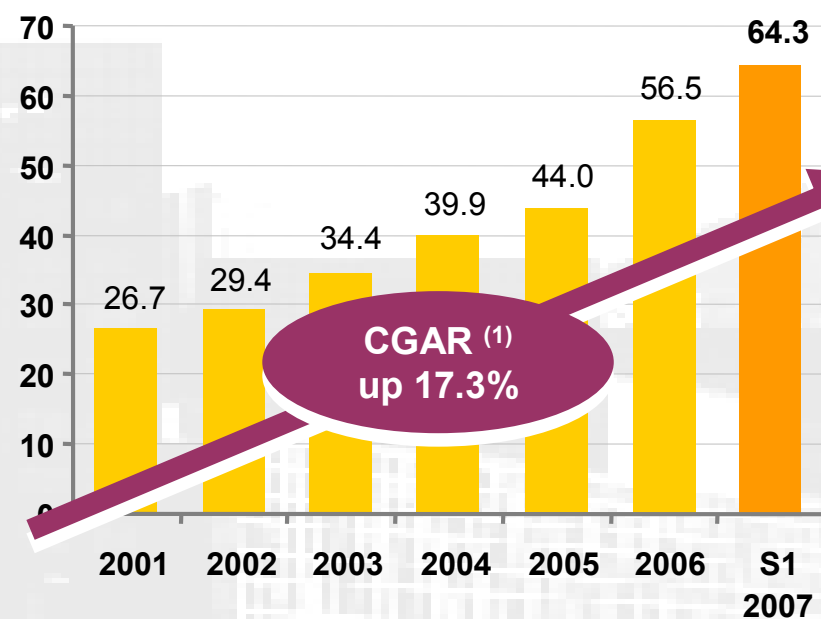
# The SFL Share

**Dividend per share  
(€/share)**



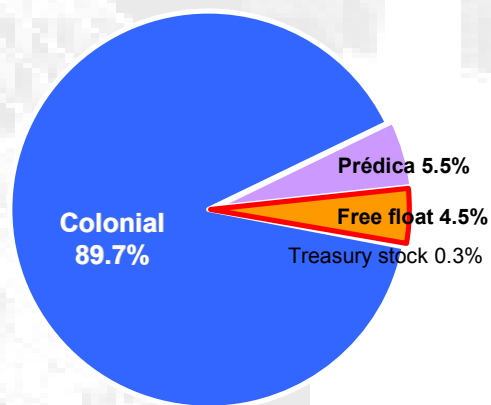
(1) CAGR: Compound annual growth rate

**End of period share price  
(€/share)**

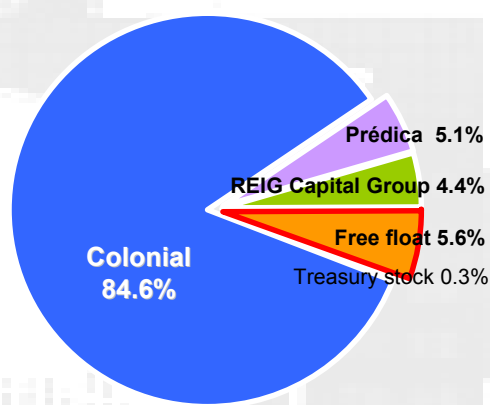


# Ownership Structure

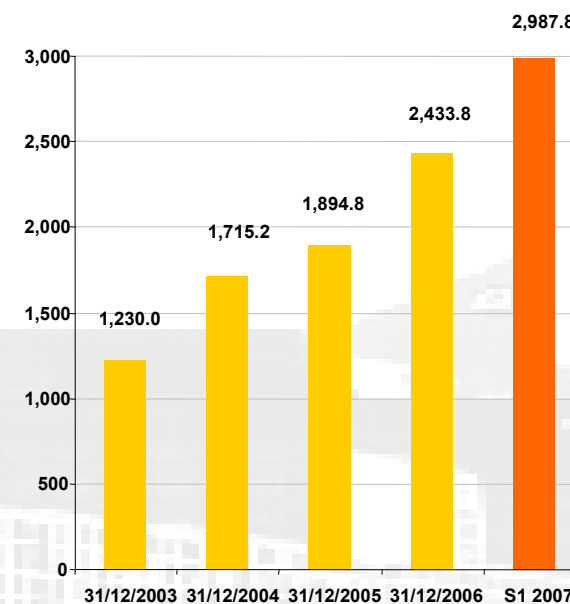
31 Dec. 2006  
(43.1 million shares)



30 June 2007  
(46.5 million shares)



Growth in market capitalisation  
(€m)



April 2007

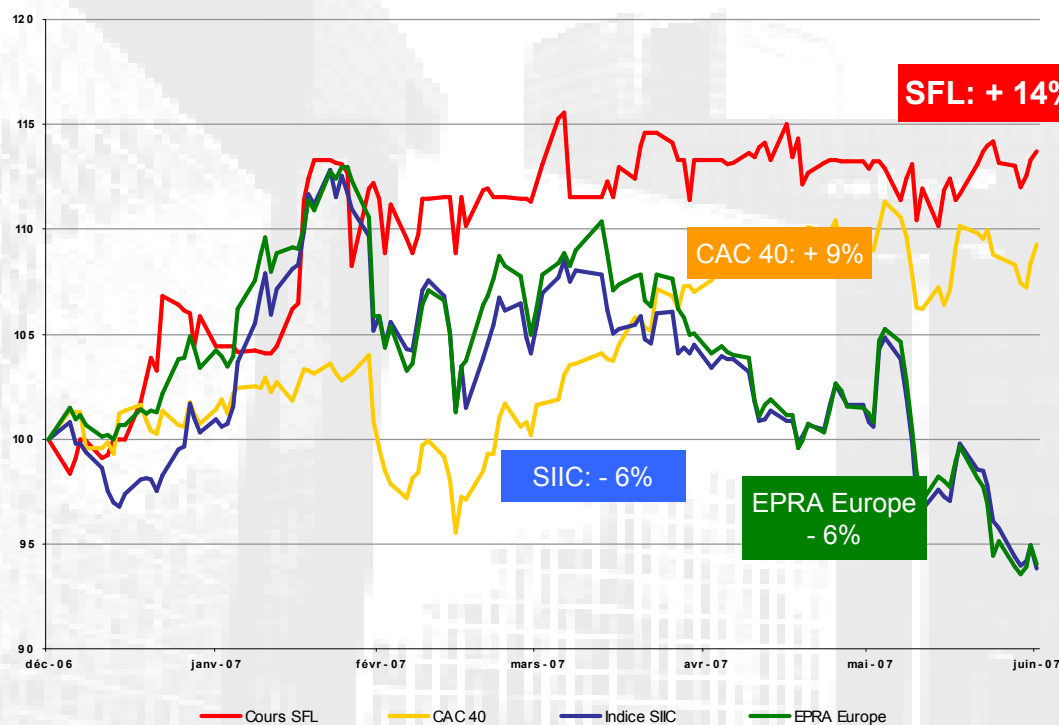
Issue of 3,500,000 new shares  
=> to settle the Prédica acquisition

REIG Capital Group acquires a 4.4% stake

# Share Performance



## H1 2007 share performance (1)



(1) Base 100: 31 Dec. 2006; data up to 30 June 2007  
Sources: Bloomberg/Euronext

## H1 2007 key figures

Shares outstanding at 30 June 2007	46,502,301
Average daily trading volume (shares)	3,643
Average daily trading volume (amount)	€225,000
+ High for the period (3 April 2007)	€66.60
+ Low for the period (2 January 2007)	€55.55
Closing price on 30 June 2007	€64.25

# Loan-to-Value

(€m)	30 June 2007	31 Dec. 2006	Change
US private placement notes	-	125.0	(125.0)
Syndicated loan	545.0	416.0	129.0
Lease financing	244.2	250.9	(6.7)
Other bank loans	219.2	91.2	128.0
<b>Total debt</b>	<b>1,008.4</b>	<b>883.1</b>	<b>125.3</b>
Average life (years)	4.5	4.2	+ 0.3
Average spot cost (after hedging)	5.3%	5.4%	- 0.1pt
Cash and cash equivalents	21.0	23.6	(2.6)
Net debt (debt less cash and cash equivalents)	987.4	859.6	127.8
Estimated value of assets (incl. transfer costs)	4,047.3	3,511.0	536.3
<b>Loan-to-value ratio</b>	<b>24.4%</b>	<b>24.5%</b>	<b>- 0.1pt</b>

# Property Valuation and NAV Calculation

Independent experts

Jones Lang LaSalle, CBRE, AtisReal

Methodology

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

Frequency

Entire portfolio valued at least every six months

NAV calculation

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

Validation

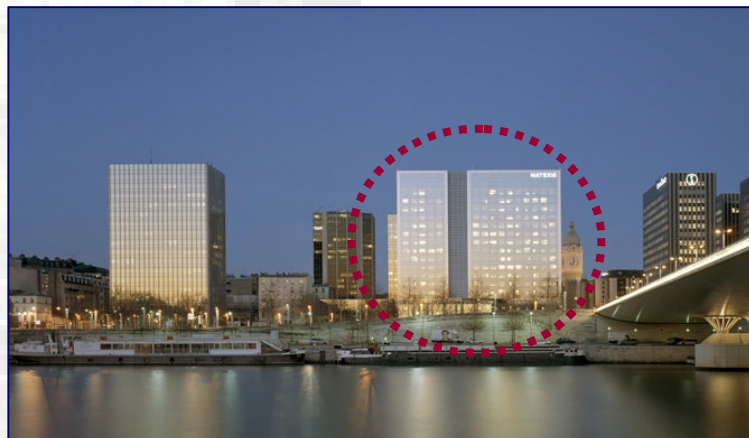
NAV calculation is reviewed by the auditors



# Property Portfolio



**Tour Coface – La Défense**  
**28,267 sq.m**



**Rives de Seine – Paris 12**  
**22,670 sq.m**



**Edouard VII – Paris 9**  
**51,854 sq.m**



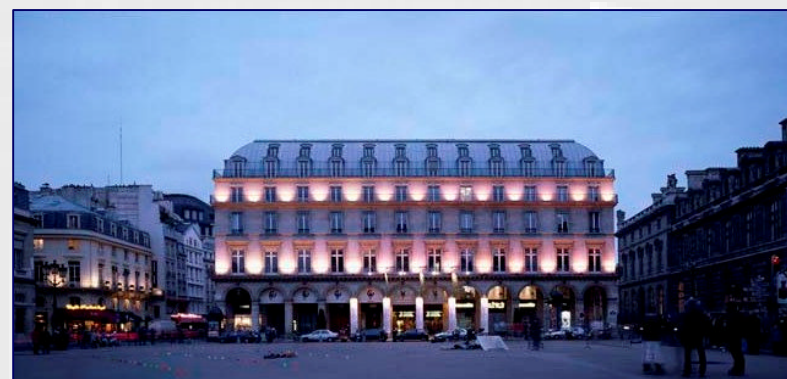
# Property Portfolio



**Ilot Richelieu – Paris 2**  
**38,270 sq.m**



**Cézanne Saint-Honoré – Paris 8**  
**27,929 sq.m**



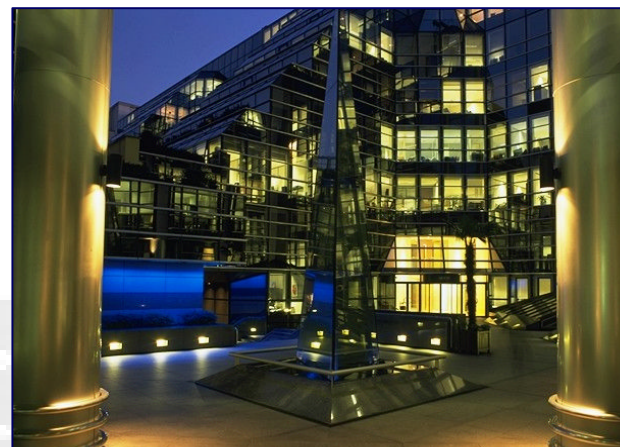
**CALL - LDA – Paris 1**  
**37,291 sq.m**



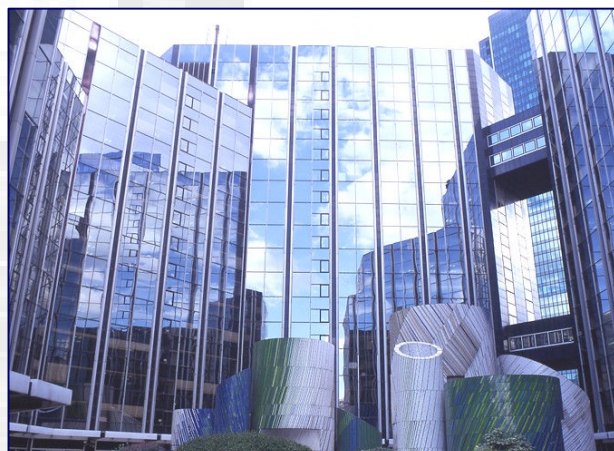
# Property Portfolio



**131 Wagram – Paris 17**  
**8,749 sq.m**



**Washington Plaza – Paris 8**  
**43,495 sq.m**



**Tour Les Miroirs – La Défense**  
**20,500 sq.m**



**Quai Le Gallo – Boulogne (92)**  
**34,504 sq.m**

# Leading Tenants



ashurst

**ALLEN & OVERY**

coface 

Atos   
Origin

 **NATIXIS**

 **citibank**

  
**OLD ENGLAND**  
PARIS

**TV5MONDE**

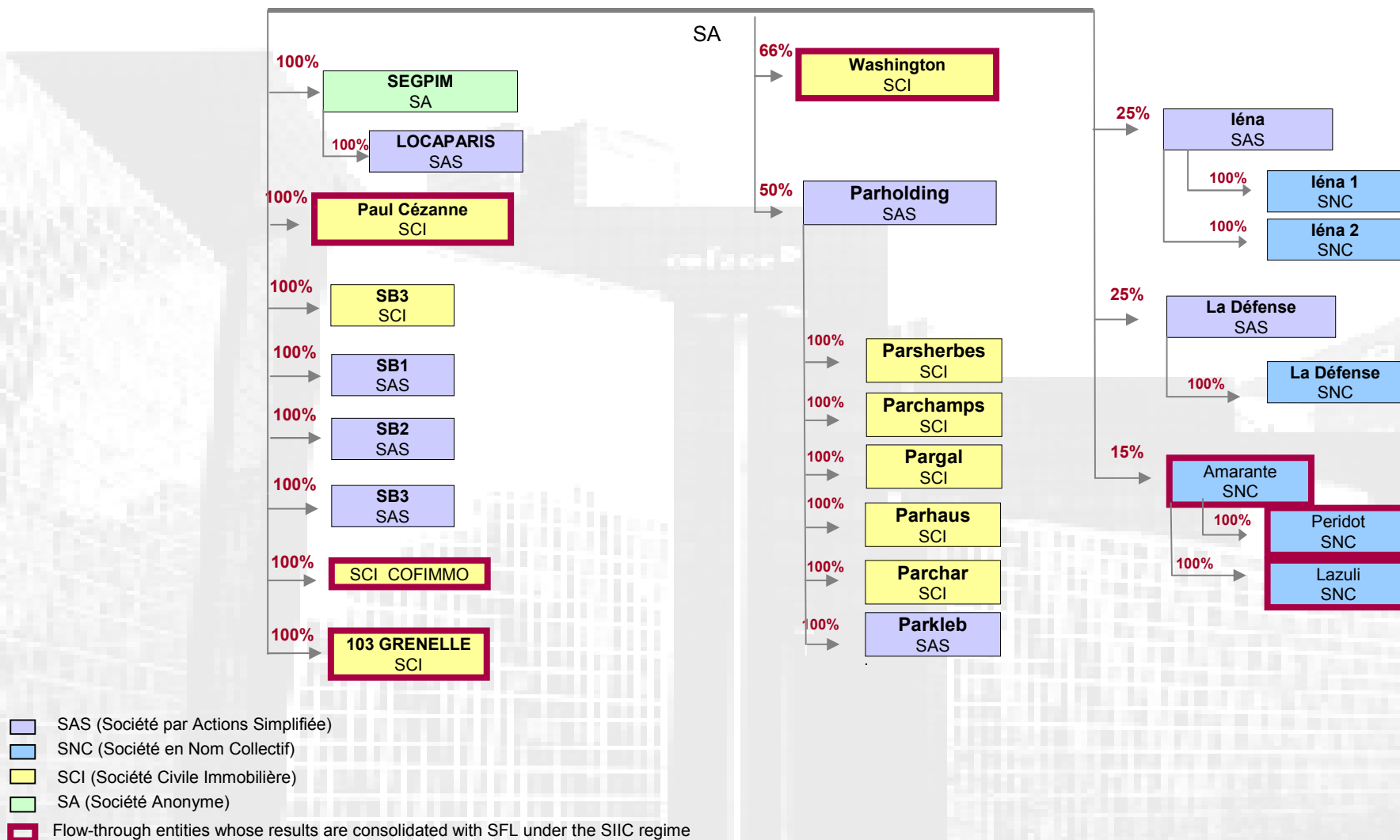
**THOMSON**

 **CALYON**  
CRÉDIT AGRICOLE CIB

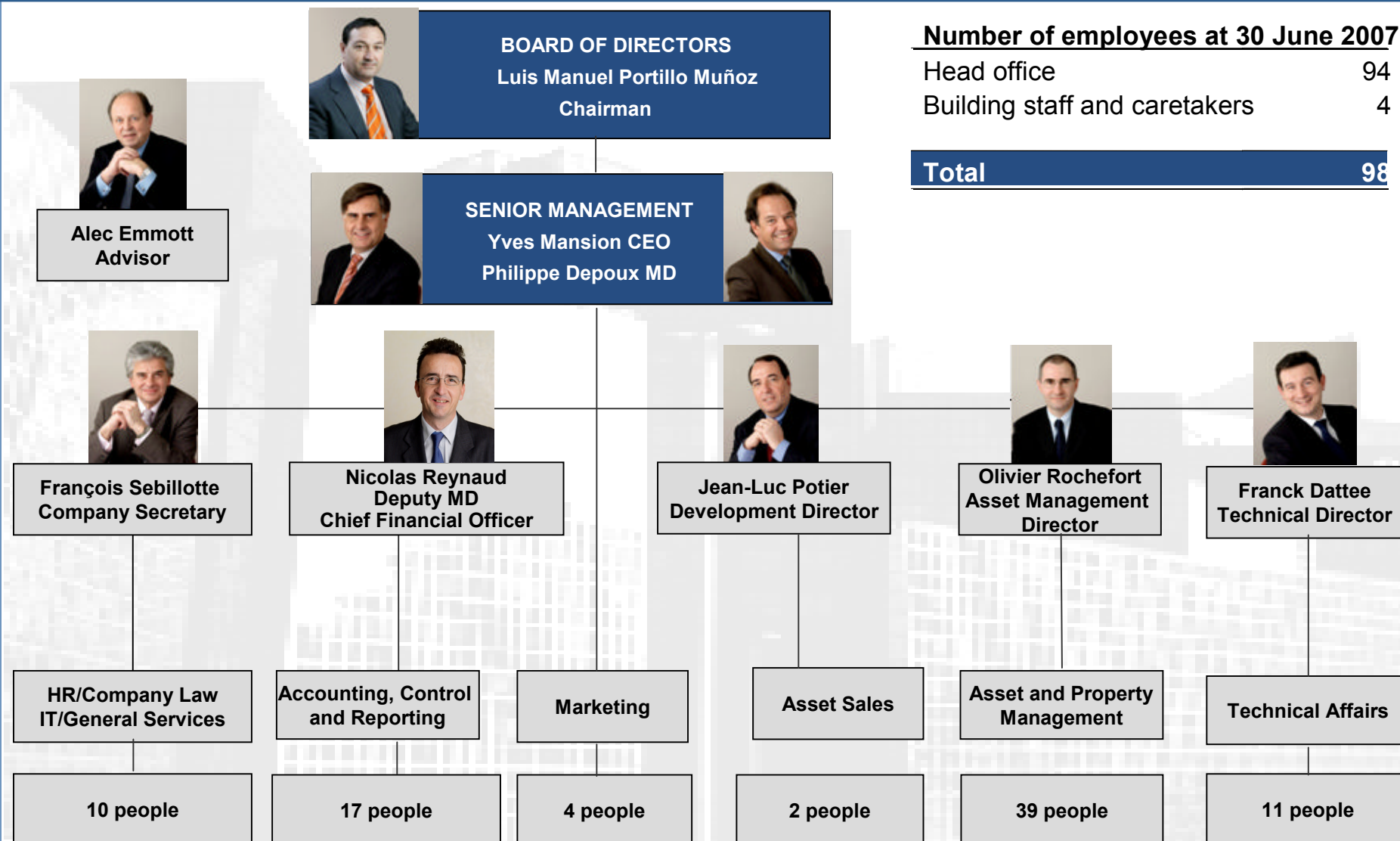
 **FRESHFIELDS BRUCKHAUS DERINGER**

# Legal Structure at 30 June 2007

## SOCIÉTÉ FONCIÈRE LYONNAISE



# Organisation Structure



## Number of employees at 30 June 2007

Head office 94

Building staff and caretakers 4

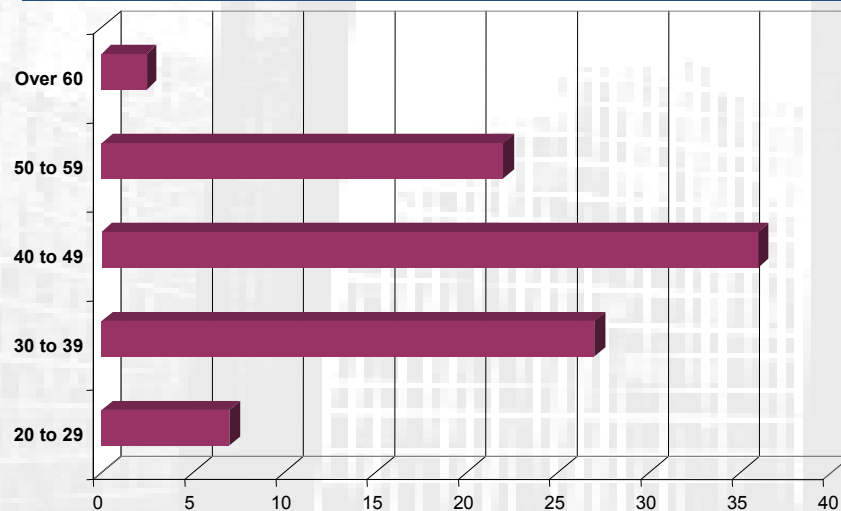
**Total 98**



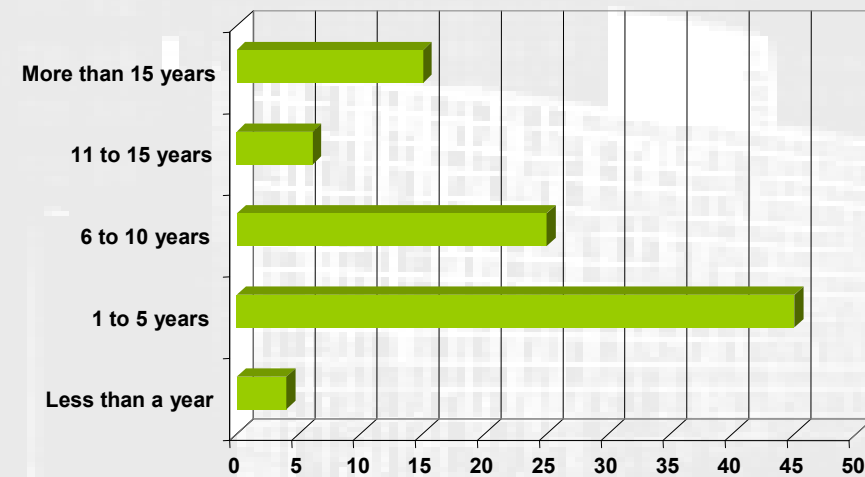
# Human Resources

Number of employees	30/06/2007
Building staff	4
Administrative staff	17
Supervisors	19
Managers	58
<b>Total</b>	<b>98</b>

**Administrative staff by age group**  
(employed as of 30 June 2007)



**Administrative staff by years of service**  
(employed as of 30 June 2007)



Expenditures (€m)	H1 2007	H1 2006	% Change	31 Dec. 2006
Major renovation projects <sup>(1)</sup> (capitalised)	6.0	21.8	- 72.5%	51.9
Other capitalized expenditure	8.1	7.5	+ 6.7%	18.0
<b>Total</b>	<b>14.1</b>	<b>29.3</b>	<b>- 51.9%</b>	<b>69.9</b>

**Capex = 0.4% of portfolio value (attributable to SFL)**

(1) Of which: Haussmann 104-110 (50%): €3.8m; 92 Champs Elysées: €0.5m; 103 Grenelle: €0.8m