

**SFL**

**2008 RESULTS**

*18 February 2009*

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# Key Figures

	2008	2007	% change
Property rentals (IFRS)	€181.5m	€170.4m	+6.5%
Operating profit before fair value adjustments	€152.3m	€147.3m	+3.4%
Fair value adjustments to investment properties	(€546.5m)	365.1m	
Profit on disposal of investment properties	-	€3.3m	
Net profit (loss)	(€393.0m)	€416.5m	
Current cash flow attributable to equity holders	100.0m	€97.2m	+2.8%
Current cash flow per share attributable to equity holders	€2.15	€2.13	+0.9%
Portfolio value excluding transfer costs at 31 December (attributable)	€3,477m	€3,909m	-11.0%
NAV per share including transfer costs	€51.3	€63.6	-19.3%
Loan to value	31.5%	25.2%	

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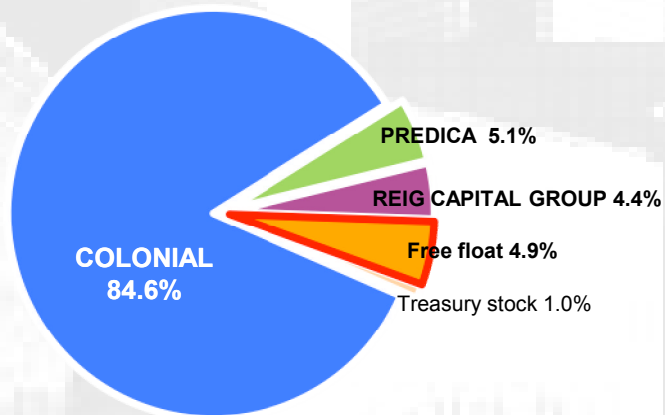
■ 2008 Financial Statements & Results

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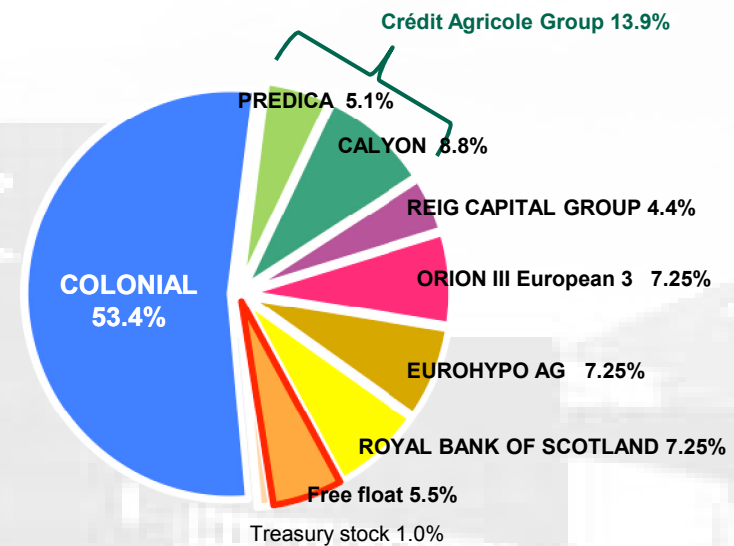
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# Ownership Structure

31 December 2007  
(46.5 million shares)



31 January 2009  
(46.5 million shares)



The reduction in Colonial's interest to below 60% ensures that SFL will continue to qualify for the SIIC tax regime

# 2008 Property Portfolio

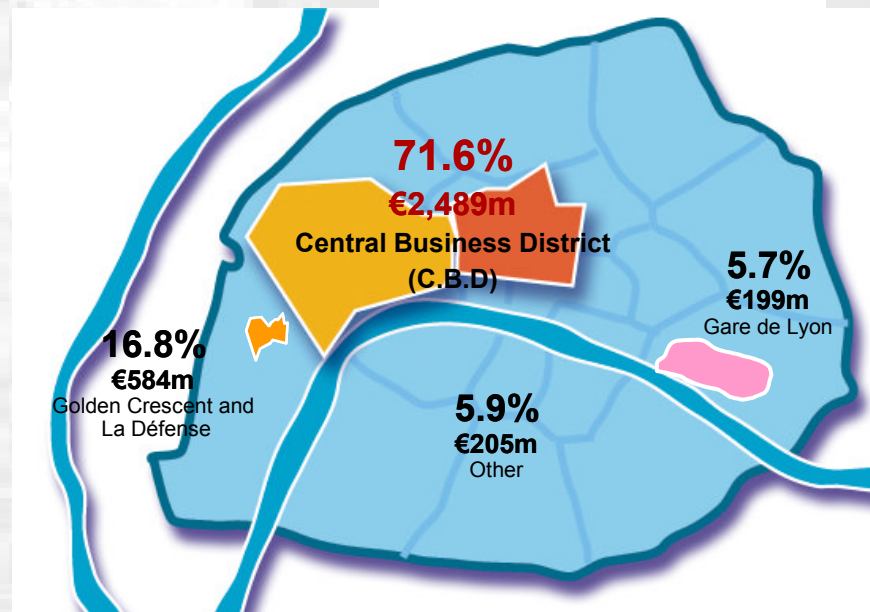
## Appraisal value at 31 December 2008

€3,477m excluding transfer costs

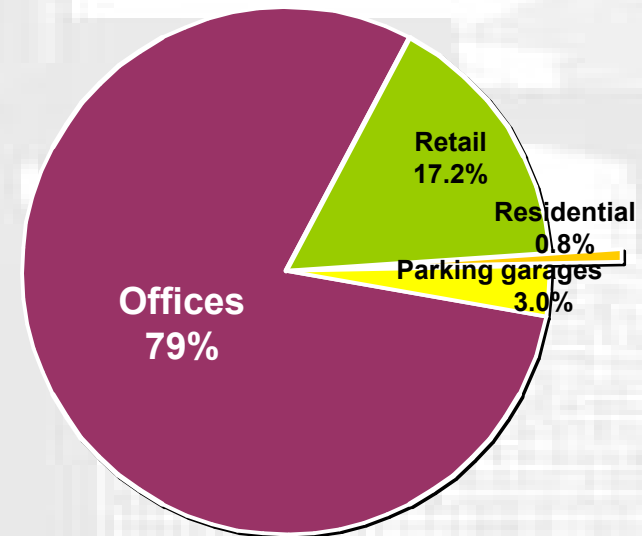
€3,672m including transfer costs

(down 11.5% on 31 Dec. 2007 at constant scope of consolidation)

### Geographic focus



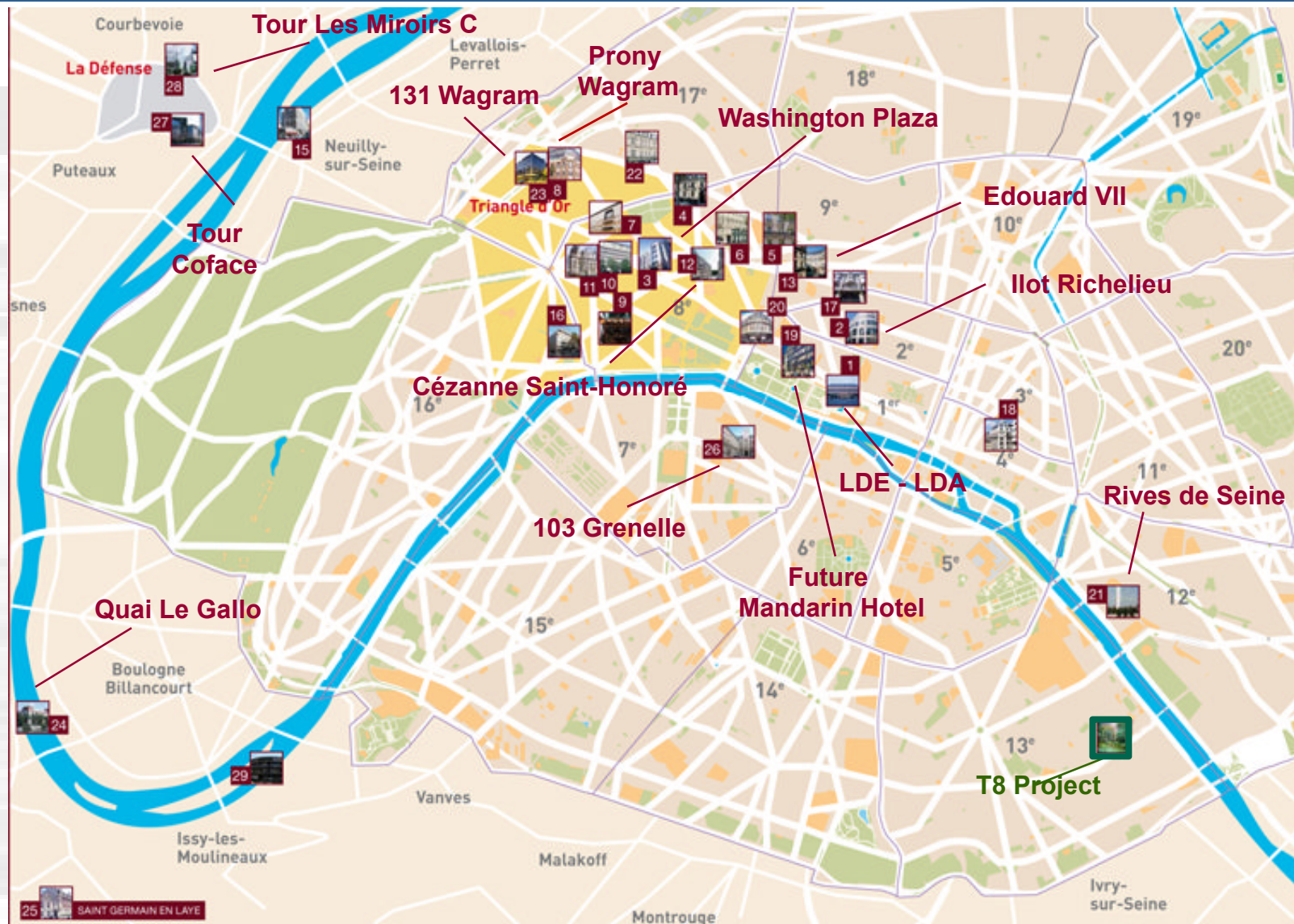
### Market focus





# 2008 Property Portfolio

## 430,000 sq.m. / 28 buildings





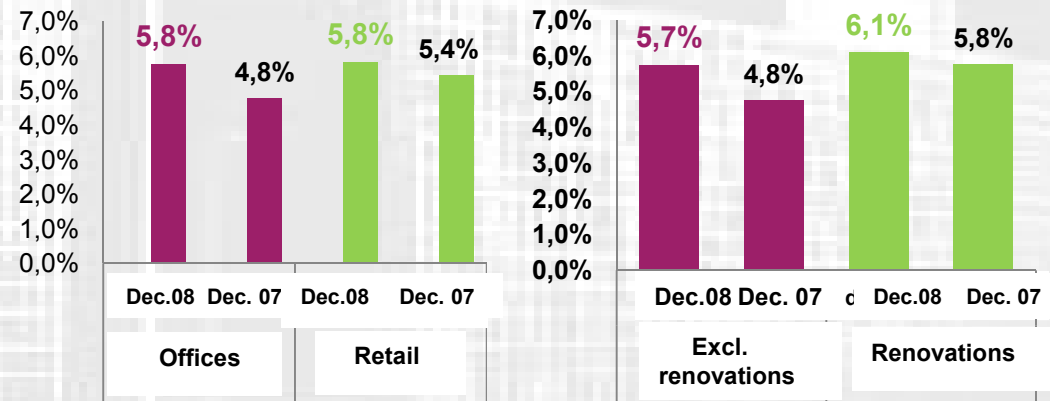
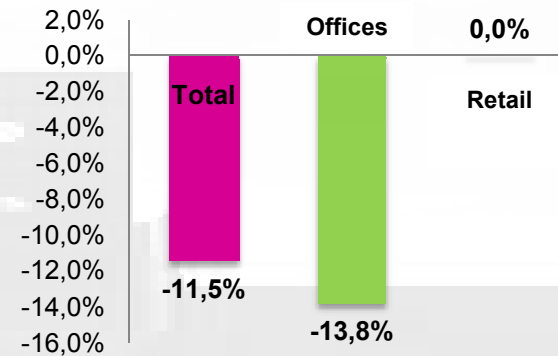
# Appraisal Values at 31 December 2008

Appraisal value (attributable): €3,477m, excluding transfer costs  
(down 11 % on 31 Dec. 2007)  
€3,672m including transfer costs

Like-for-like portfolio  
(excl. transfer costs)  
down 11.5% on 31 Dec. 2007  
(up 12.0% on 31 Dec. 2006)

Average value per sq.m.  
(excl. transfer costs)  
€8,184  
(€9,062 at 31 Dec. 2007)

Spot yield<sup>(1)</sup>  
5.8%  
(4.90% at 31 Dec. 2007)



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

# Slowdown in Paris Region Office Rental Market

## PARIS REGION

- **Total rental volume in 2008:** 2.4m sq.m., down 14% on 2007
- **Immediately available stock:** 2.7m sq.m. at 31 Dec. 2008, up 13% on end-2007
- → Vacancy rate higher at 5.6% (vs. 4.9% at 31 Dec. 2007)
- **Average rent in 2008:** €317/sq.m./year, up 5% over 2007. However, deal sweeteners have increased and marketing periods are longer.

## PARIS CENTRE WEST & CBD

- **Total rental volume in 2008:** 366,650 sq.m. (16% of Paris region market, up 40% vs. 2007)
- **Immediately available stock** up 24% → Vacancy rate up 3.6%.
- **Prime rents at end-2008:** €830/sq.m./year
- **Average rent:**
  - ✓ **CBD:** €529/sq.m./year, up 6% on 2007
  - ✓ **Paris Centre West:** €412/sq.m./year, up 5% on 2007

## 2009 OUTLOOK

- Marketing volumes fell significantly in 2008 and should continue to decline in 2009. At the same time, immediately available stock is increasing → Net absorption will decrease
- Deal sweeteners are increasing
- Users jittery, lower market rental values
- A number of construction projects in the Paris region likely to be put on hold

# Paris Region Office Investment Market Dries Up

## FRANCE & PARIS REGION

- Total deal flow in **France in 2008: €15.5bn** (down 49% on 2007). Offices 64% (66% in 2007), retail 7% (14% in 2007), warehouses 6% (8% in 2007), services 19% (7% in 2007) → Significant increase in services
- **Paris region market: €8.4bn (down 59% on 2007)**
- Much lower average transaction amount
- Yields for Offices increased significantly in Paris region (between 100 and 200 bps), and less significantly in other regions (20 to 65 bps). Retail yields rose by 50 to 150 bps.

## PARIS CENTRE WEST & CBD

- Total deal flow: **€1.7bn**, 21% of Paris region market. Share of market down as West increases to 25%
- **Prime CBD yields increased by 125 to 150 bps to settle at between 5.50% and 5.75% at 31 December 2008**
- Asset values continue to be adjusted down, while risk premiums increase, particularly for non-prime buildings presenting a tenant risk

## 2009 OUTLOOK

- The financial crisis has caused bank financing to dry up → Big ticket, low-yield assets are becoming harder to move
- With no significant transactions taking place, low repricing visibility
- Uncertainty about when the financial markets will recover

# Property Sales and Acquisitions

Sale of 19 Boulevard Malesherbes - Paris 8<sup>th</sup>



▶ 2,300 sq.m. of office space and 650 sq.m. of residential space

▶ Property value: €25.5m, excl. transfer costs

Off-plan purchase of 108-112 Avenue Wagram – Paris 17<sup>th</sup>



▶ Developer: Emerige / Architect: B&B Architectes

▶ Surface area: 5,500 sq.m. of which 920 sq.m. let to La Poste

▶ €56.2m incl. transfer costs, scheduled for delivery in March 2011



# Current Renovation Projects

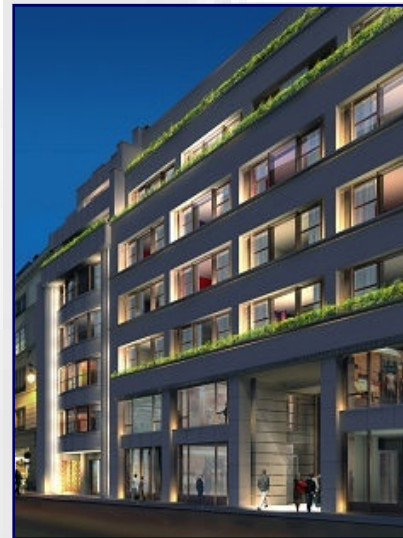
Property	District	Type	Renovated surface area	Forecast rentals (100%)	Delivery
103, rue de Grenelle	Paris 7 <sup>ème</sup>	Offices	17,630 sq.m.	€11.3m	Q1 2009
Galerie des Champs Elysées (100%)	CBD	Retail	6,239 sq.m.	€9.2m	H2 2010
247-251, rue Saint Honoré	CBD	Hotel/ Retail	16,203 sq.m.	€10.5 - €12.7m	H2 2010
92, av. des Champs Elysées	CBD	Offices/ Retail	7,313 sq.m.	€8.8m	H2 2011
<b>Total</b>			<b>47,385 sq.m.</b>		



103, rue de Grenelle  
Paris 7<sup>ème</sup>



Galerie des Champs Elysées  
Paris 8<sup>ème</sup>



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



92, av. des Champs Elysées  
Paris 8<sup>ème</sup>

# Rental Revenues

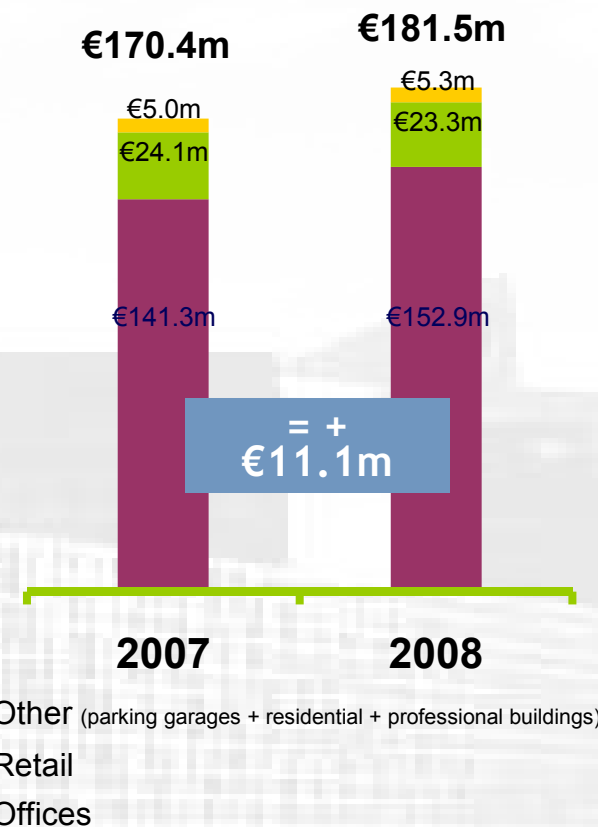
## 2008 versus 2007

In €m

<b>2007 Rental revenues</b>	<b>170.4</b>
Like-for-like growth	+5.5
Increase due to purchases and post-renovation remarketing	+8.9
Decrease due to sales and major renovations	(3.3)
<b>2008 Rental revenues</b>	<b>181.5</b>

**Reported increase**  
**6.5%**

**Like-for-like increase**  
**3.6%**





# Marketing Programme

**New leases: 43,384 sq.m.**

## Offices

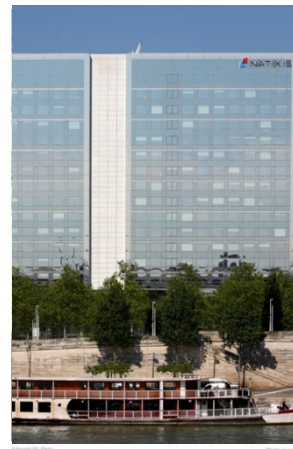
- 40,179 sq.m. newly let or relet
- Total rent: €22,970k or €572/sq.m./year
- Attributable to SFL: €22,411k

## Retail

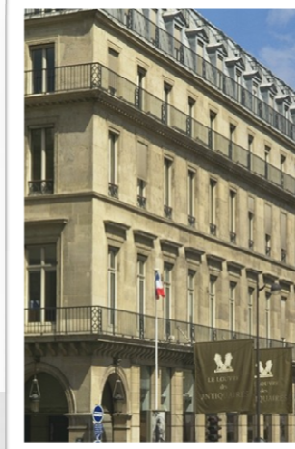
- 2,002 sq.m. newly let
- Total rent: €1,078k or €538/sq.m./year
- Attributable to SFL: €769k

**Rents on new leases:  
down 3.0%<sup>(1)</sup>**

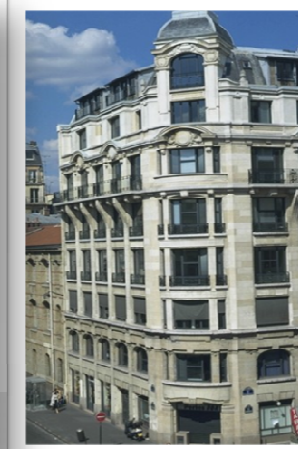
(1) Growth in rents for leases signed in 2008 (new leases and renegotiations).



**RIVES DE SEINE**  
Tenant: Natixis



**LDE-LDA**  
Tenant: Louvre Museum



**62 BEAUBOURG**  
Tenant: Ministry of Culture

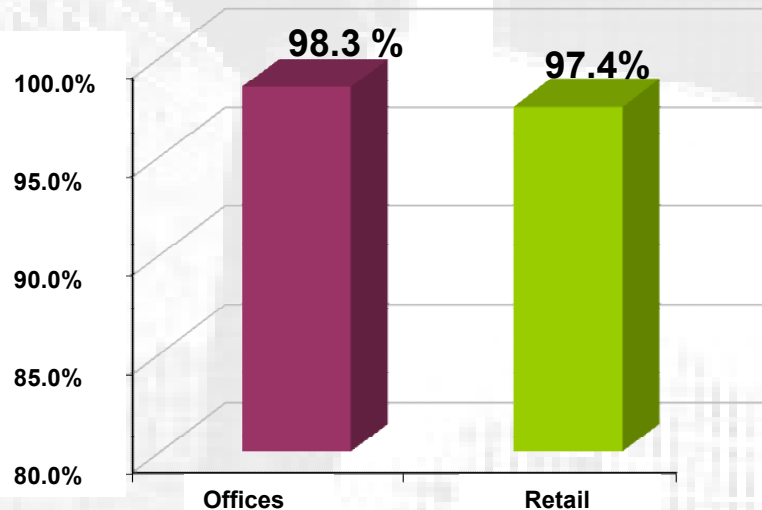
## Top leases signed in 2008

Property	Type	Surface (sq.m.)	Tenant
RIVES DE SEINE	OFFICES	22,030	NATIXIS
62 RUE BEAUBOURG	OFFICES	2,922	MINISTERE DE LA CULTURE
LDE-LDA	OFFICES	2,731	GIE CARTES BANCAIRES
LDE-LDA	OFFICES	2,669	PROPARCO
LDE-LDA	OFFICES	1,854	MUSEE DU LOUVRE
EDOUARD VII	OFFICES	1,747	SERVCORP
96 AVENUE D'IENA	OFFICES	1,174	W FINANCE
EDOUARD VII	OFFICES	1,094	LYONNAISE DES EAUX (EXTENSION)
38-44 RUE WASHINGTON	OFFICES	962	POWEO (EXTENSION)

# Occupancy Rates

**Occupancy rate<sup>(1)</sup> at 31 December 2008: 98.3% / (93.5%)<sup>(2)</sup>  
(98.9% at 31 December 2007)**

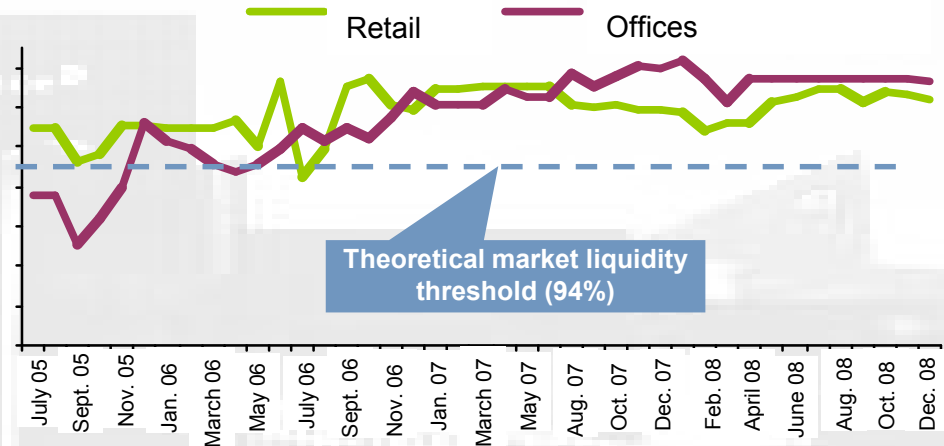
## Occupancy rate by property type



## Office occupancy rates at 31 December 2008

SFL:	98.3%
CBD <sup>(4)</sup> :	95.9%
La Défense <sup>(4)</sup> :	96.3%
Paris region <sup>(4)</sup> :	94.4%

## Occupancy rates July 2005-Dec. 2008<sup>(3)</sup>



## Occupancy rate

Annual average<sup>(5)</sup>

98.4%

Financial<sup>(6)</sup>

Q4 08: 97.4%

(1) : Surface area attributable to SFL, excluding surface areas and buildings undergoing refurbishment or renovation

(2) : Including 103 rue de Grenelle

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

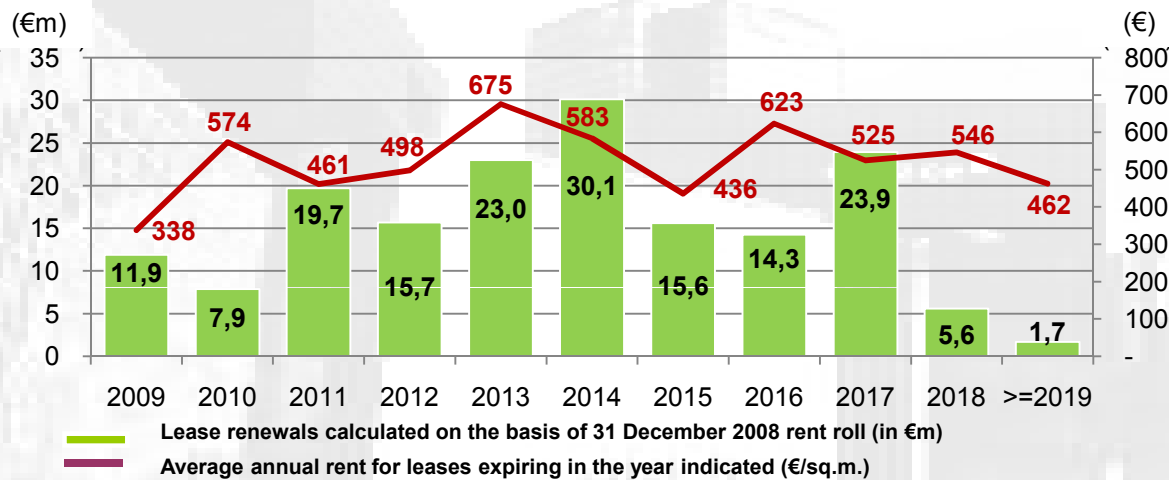
(4) : Source: AtisReal, and Flash Bureaux Ile de France January 2009.

(5) : Average end-of-month spot rate, based on surface area attributable to SFL, excluding surface areas and buildings undergoing refurbishment or renovation

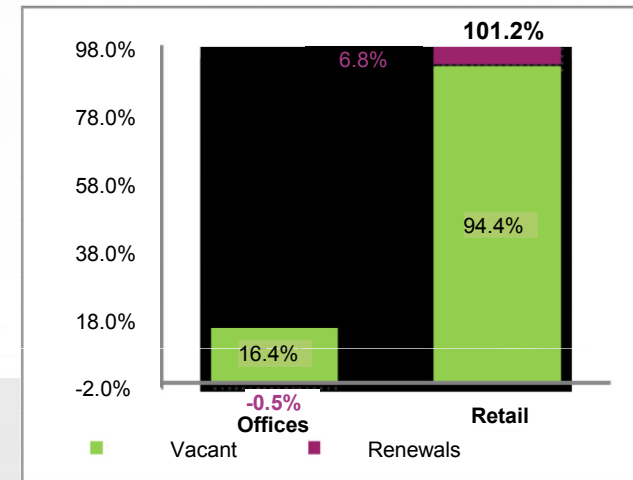
(6) : Surface areas attributable to SFL, excluding surface areas and buildings undergoing refurbishment or renovation, (Assumed rent for vacant units/Passing rent + assumed rent)

# Lease Renewals and Reversionary Potential

## Commercial lease expiry dates



## Reversionary potential (3)



Average rent, SFL office properties, 31 Dec. 2008:

**€559/sq.m./year**  
(€543 at 31 Dec. 2007, up 3%)

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

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

Reversionary potential<sup>(3)</sup>  
27.4%

- (1) Weighted average period remaining for leases in progress as of 31 December 2008, up to lease expiry date.
- (2) Weighted average period remaining for leases in progress as of 31 December 2008, up to next potential exit date.
- (3) Percentage of current rent.

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# 2008 Results

In €m	2008	2007	% change
Property rentals	181.5	170.4	6.5%
Property expenses, net of recoveries	(10.3)	(8.1)	26.8%
<b>Net property rentals</b>	<b>171.2</b>	<b>162.3</b>	<b>5.5%</b>
Service and other revenues	4.8	7.2	
Depreciation, amortisation and provision expense, net	(1.5)	(1.5)	
Employee benefits expense and other expenses	(22.2)	(20.6)	
<b>Operating profit before fair value adjustments</b>	<b>152.3</b>	<b>147.3</b>	<b>3.4%</b>
Fair value adjustments to investment properties	(546.5)	+365.1	
Profit on asset disposals	-	3.3	
Finance costs and other financial income and expense	(53.1)	(43.4)	
Share of profit of associates	-	15.5	
<b>Profit before income tax</b>	<b>(447.3)</b>	<b>+487.8</b>	
Income tax expense	31.6	(36.4)	
<b>Profit for the year</b>	<b>(415.7)</b>	<b>+451.4</b>	
Minority interests	22.7	(34.9)	
<b>Attributable profit</b>	<b>(393.0)</b>	<b>+416.5</b>	

# Property Expenses

In €m	2008	2007	% change
Property expenses	41.4	39.1	5.9%
Expense recoveries	31.1	31.0	0.4%
<b>Property expenses, net of recoveries</b>	<b>10.3</b>	<b>8.1</b>	<b>26.8%</b>
<b>Recovery rate</b>	<b>75.1%</b>	<b>79.2%</b>	<b>-4.1pts</b>
<b>Cost ratio (property expenses/property rentals)</b>	<b>22.8%</b>	<b>22.9%</b>	<b>-0.1pt</b>

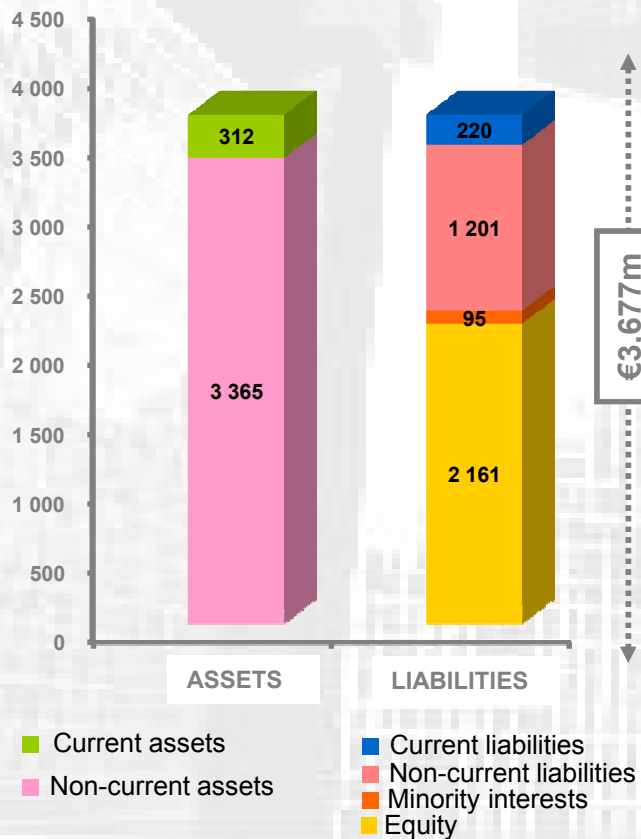


# Current Cash Flow

In €m	2008	2007	% change
Property rentals, net	171.2	162.3	} 7.7%
IFRS adjustments - Property rentals	1.8	(1.6)	
Other income	4.8	7.2	
Employee benefits expense and overheads	(21.5)	(21.1)	
Finance costs, net	(49.5)	(43.3)	
<b>Current Cash Flow</b>	<b>106.8</b>	<b>103.5</b>	<b>3.2%</b>
<b>Attributable Current Cash Flow</b>	<b>100.0</b>	<b>97.2</b>	<b>2.8%</b>
Average number of shares (thousands)	46,502	45,646	1.9%
<b>Current Cash Flow per share</b>	<b>€2.30</b>	<b>€2.27</b>	<b>1.3%</b>
<b>Attributable Current Cash Flow per share</b>	<b>€2.15</b>	<b>€2.13</b>	<b>0.9%</b>

# Balance Sheet

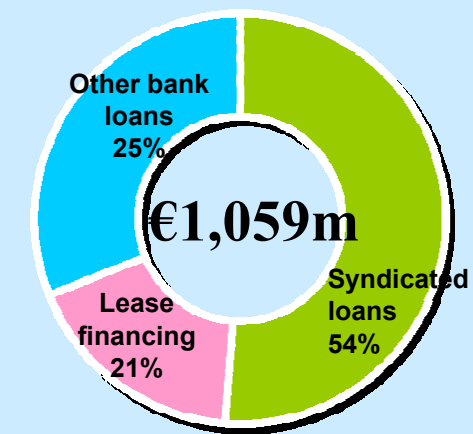
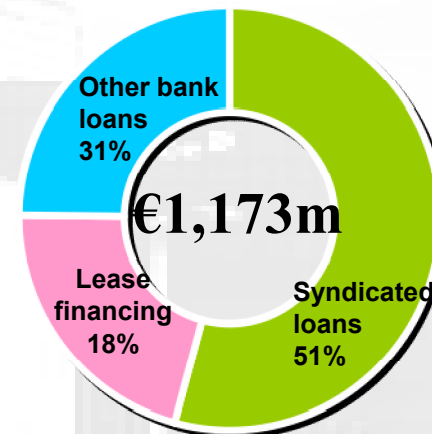
## Balance sheet at 31 December 2008 (in €m)



## Debt Structure

At 31 Dec. 2008

At 31 Dec. 2007



## Loan-to-Value Ratio

At 31 Dec. 2008

At 31 Dec. 2007

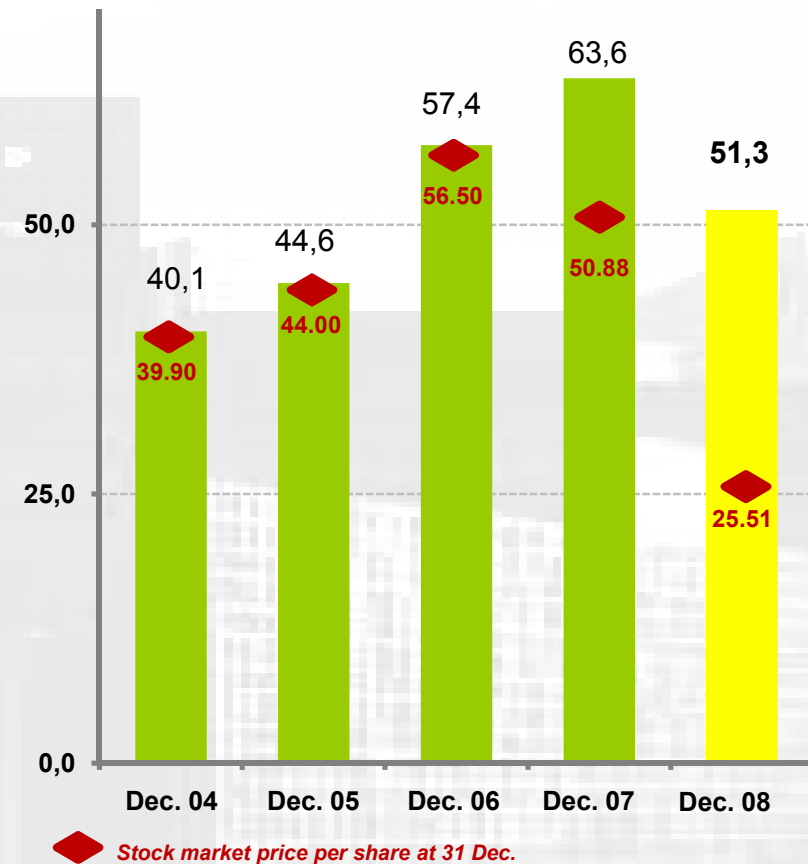
31.5%

25.2%

# NAV Per Share

NAV calculation (in €m)	31 Dec. 2008	31 Dec. 2007	% change
Equity	2,161	2,664	
Unrealised capital gains	17	45	
Dilution gain	14	26	
<b>NNNAV excl. transfer costs</b>	<b>2,191</b>	<b>2,734</b>	<b>-19.9%</b>
Transfer costs on property portfolio	195	223	
<b>NNNAV incl. transfer costs</b>	<b>2,386</b>	<b>2,958</b>	<b>-19.3%</b>
Shares and potential shares (thousands)	46,529	46,529	
<b>NNNAV/share excl. transfer costs</b>	<b>€47.1</b>	<b>€58.8</b>	<b>-19.9%</b>
<b>NNNAV/share incl. transfer costs</b>	<b>€51.3</b>	<b>€63.6</b>	<b>-19.3%</b>

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



# 2008 Results

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



bienvenue sur le site internet de la Foncière Lyonnaise Language 

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

**ACTUALITÉS**

**21 janvier 2009 :**  
Evolution de l'actionariat de SFL  
> en savoir plus

**21 octobre 2008 :**  
SFL : 3ème Trimestre 2008  
> en savoir plus

**COURS DE BOURSE**  
17/02/2009 - 09:12

€ 24.80  
ISIN: FR0000033409

**AGENDA**

**18 février 2009 :**  
Présentation des résultats  
annuels 2008 à 14h30  
Hotel Régina  
2, Place des Pyramides -  
75001 PARIS

**LA SOCIÉTÉ** **LE PATRIMOINE**

**LES FINANCES** **LES ENGAGEMENTS DURABLES**

Locaparis **GESTION ET COMMERCIALISATION DE NOTRE PATRIMOINE IMMOBILIER** **CARNET DE L'ACTIONNAIRE**

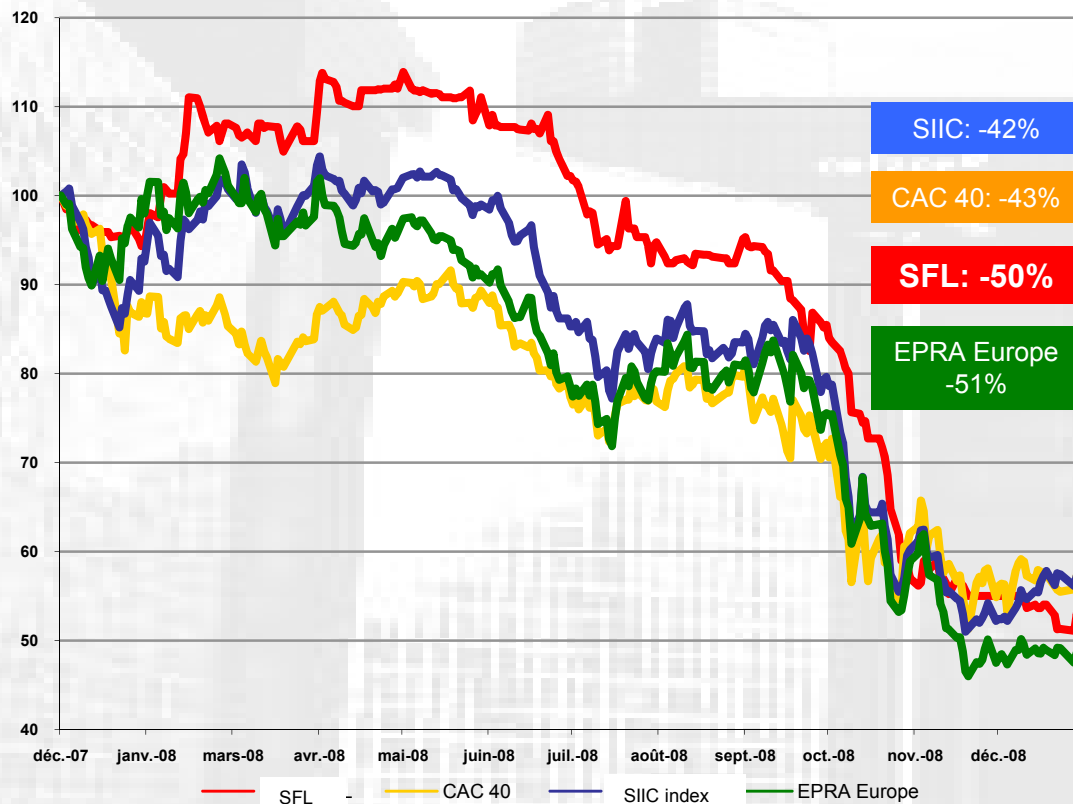
Language  crédits | plan du site | contact | recherche/aide | avertissement | mentions légales

# Appendices



# Share Performance

## 2008 share performance<sup>(1)</sup>



(1) Base 100: 31 December 2007; data up to 31 December 2008

Sources: Euronext, Epra

## 2008 key figures

Number of shares at year-end	46,502,301
Average daily trading volume (shares)	2,214
Average daily trading volume (amount)	€110,000
High (25 April)	€59.49
Low (21 November)	€25.47
Year-end closing price	€25.51

**SFL share price at  
9 Feb. 2009: €25.40**



# Loan To Value

(in €m)	31 Dec. 2008	31 Dec. 2007	Change
Syndicated loan	600.0	574.0	+26.0
Lease financing	208.2	222.2	-14.0
Other bank loans	364.6	262.6	+102.1
<b>Total Debt</b>	<b>1,172.8</b>	<b>1,058.8</b>	<b>+114.1</b>
Average life (years)	2.6	3.7	-1.1
Average spot cost (after hedging)	4.4%	5.3%	-0.9pt
Cash and cash equivalents	14.2	15.9	-1.7
Net debt (debt – cash and cash equivalents)	1,158.6	1,042.9	+115.8
Estimated value of assets (incl. transfer costs)	3,672.0	4,132.2	-460.1
<b>Loan-to-Value ratio</b>	<b>31.5%</b>	<b>25.2%</b>	<b>+6.3pts</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 6 months

NAV calculation

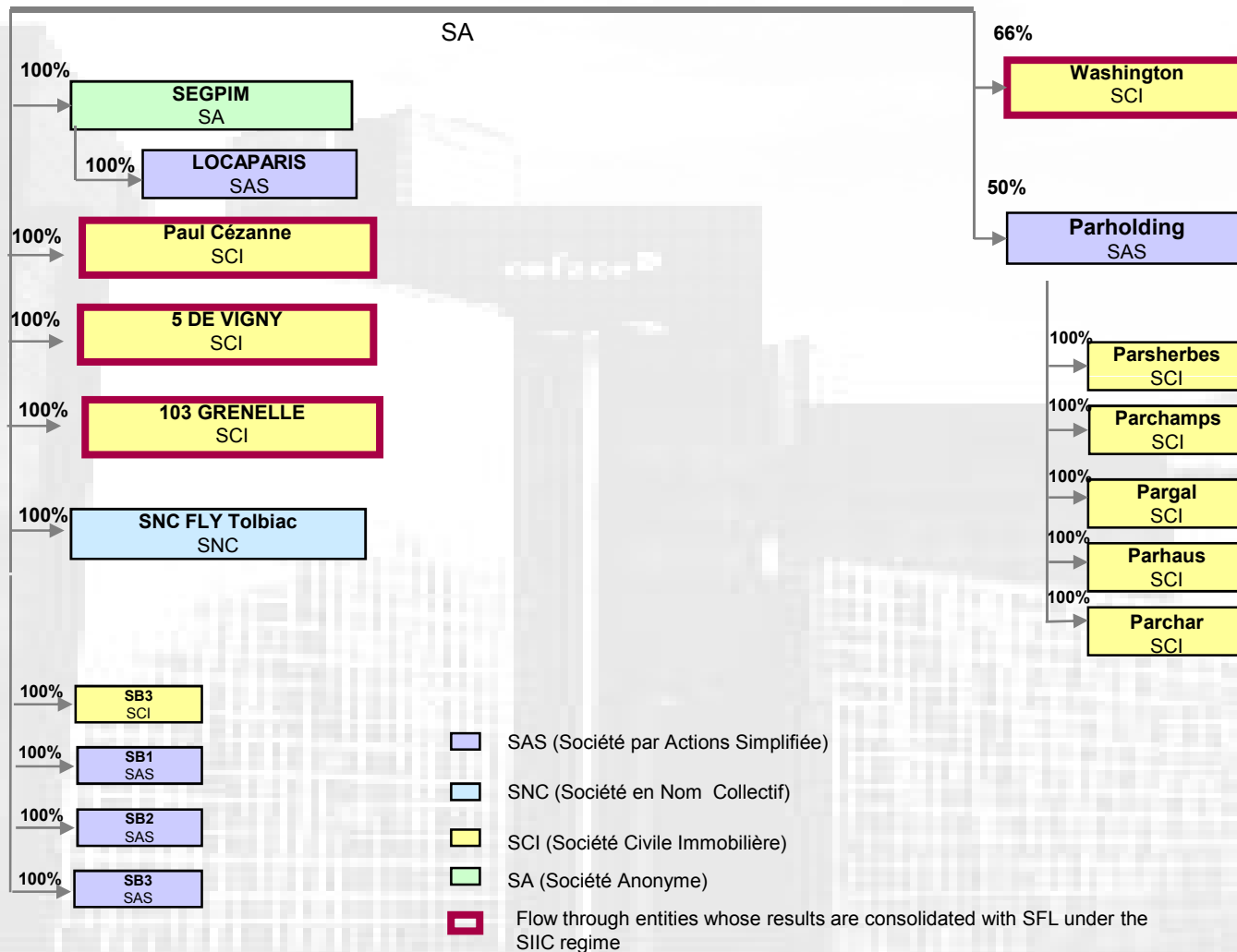
With and without transfer costs  
Fully diluted  
Financial instruments marked-to-market

Validation

NAV calculation is reviewed by the Auditors

# Group Structure at 31 December 2008

## SOCIETE FONCIERE LYONNAISE



# Organisation Structure



**Yves MANSION**  
Chairman &  
Chief Executive Officer

## Number of employees

Head office 86

Building staff and caretakers 3

**Total 89**



**Nicolas REYNAUD**  
Chief Operating Officer  
Chief Financial Officer

Internal Audit



**François SEBILLOTTE**  
Company Secretary



**Marc STRAVOPODIS**  
Marketing Director



**Jean-Luc POTIER**  
Development Dir.



**Olivier ROCHEFORT**  
Asset Mgmt. Dir.



**Franck DATTEE**  
Technical Dir.

HR/Legal  
IT/General services

10 people

Marketing

3 people

Accounting, Control  
and Reporting

16 people

Property  
purchases/sales

2 people

Asset & Property  
Management

35 people

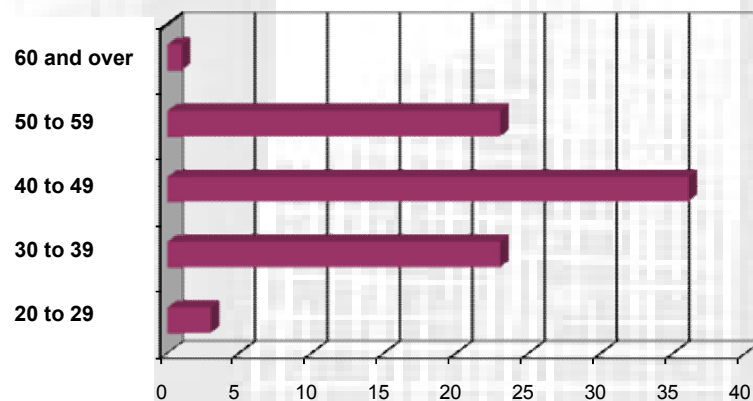
Technical

9 people

# Human Resources

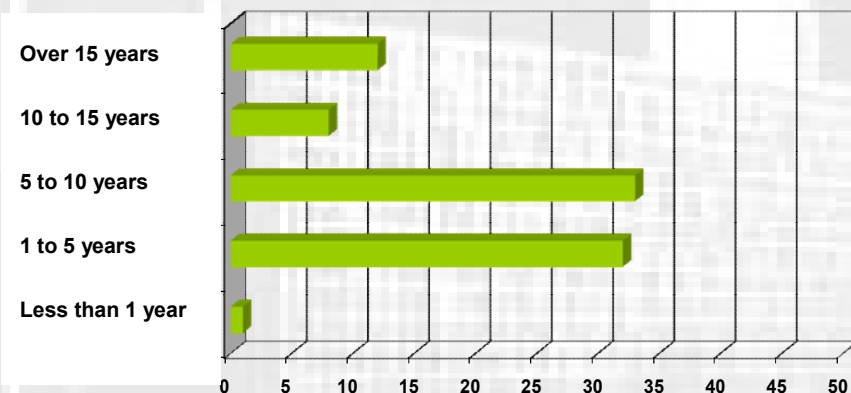
Number of employees	31 December 2007	31 December 2008
Building staff	4	3
Administrative staff	17	15
Supervisors	20	18
Managers	56	53
<b>Total</b>	<b>97</b>	<b>89</b>

**Number of employees<sup>(1)</sup>  
by age group  
(at 31 December 2008)**



(1) Excluding building staff and caretakers

**Number of employees<sup>(1)</sup>  
by years of service  
(at 31 December 2008)**



Expenditures (in €m - 100% basis)	2008	2007	% change
Major renovation projects <sup>(1)</sup>	59.5	32.9	+80.8%
Other capitalised expenditure <sup>(2)</sup>	30.6	15.5	+97.5%
<b>Total</b>	<b>90.1</b>	<b>48.4</b>	<b>+86.1%</b>

- (1) Of which: 103 Grenelle: €39.1m; 247 St-Honoré: €17.2m; 92 Champs Elysées: €1.8m;  
Galerie des Champs Elysées: €1.4m
- (2) Of which: LDE-LDA: €17.8m