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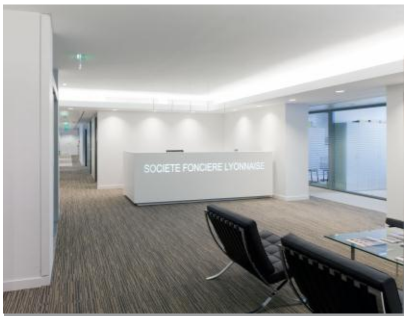
SFL – 2013 Annual Results



Paris, 12 February, 2014

Rental income: €149.3 million (+3.9% on a comparable portfolio basis)
Attributable net profit: €147.3 million
Portfolio value excluding transfer costs: €3,874 million (+7.9% on a comparable portfolio basis)
EPRA NNNAV: €46.7/share (+3.1%)

The financial statements for the year ended 31 December, 2013 were approved by the Board of Directors of the Société Foncière Lyonnaise on 12 February, 2014 at a meeting chaired by Juan-José Brugera.

These financial statements, which were presented by Bertrand Julien-Laferrière, Chief Executive Officer, include, on a comparable portfolio basis, a new increase in rental income (+3.9%) and a significant rise in the portfolio's appraisal value (+7.9%).

The financial statements have been audited and the auditors' report is being prepared.

Consolidated data (€ millions)

	31/12/2013	31/12/2012
Rental income	149.3	150.2
Operating profit before disposals and fair value adjustments	119.8	122.5
Attributable net profit	147.3	283.2
Underlying attributable profit (EPRA earnings)	58.7	69.5

	31/12/2013	31/12/2012
Attributable equity	2,215	2,137
Consolidated portfolio value excluding transfer costs	3,874	3,882
Consolidated portfolio value including transfer costs	4,071	4,072
EPRA NNNAV	2,172	2,108
EPRA NNNAV per share	€46.7	€45.3

With an exceptional portfolio of properties valued at €4.1 billion including transfer costs, essentially located in the Paris Central Business District, SFL is a preferred vehicle for investors wishing to invest in the Paris office and retail property market. As the leading player in this market, the Group is firmly focused on pro-actively managing high-quality property assets. SFL has elected to be taxed as an SIIC since 2003.

STOCK MARKET:
Euronext Paris Compartment A – Euronext Paris ISIN FR0000033409 – Bloomberg: FLY FP – Reuters: FLYP PA

S&P RATING: BBB- Stable outlook

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Results

- Rental income stood at €149.3 million on 31 December, 2013, versus €150.2 million on 31 December, 2012 :

- On a comparable portfolio basis, rents increased by €4.6 million (+3.9%) as a result of new leases signed in 2012 and 2013 and the impact of applying rent indexation clauses.
- Revenues from buildings undergoing renovations during the period in question fell by €8.5 million due primarily to the redevelopment of the **#Cloud** building (îlot Richelieu). This was partially compensated for by the delivery of **Ozone** at the end of 2012.
- Variations in the perimeter led to an increase in revenues of €3.0 million. This is derived on the one hand from the full consolidation of Parholding (a jointly-owned subsidiary with Predica, part of Crédit Agricole Assurances) on 31 December, 2012 (+€13.0 million) and, on the other, from the sale of the **Mandarin Oriental** in February 2013 (-€10.0 million).

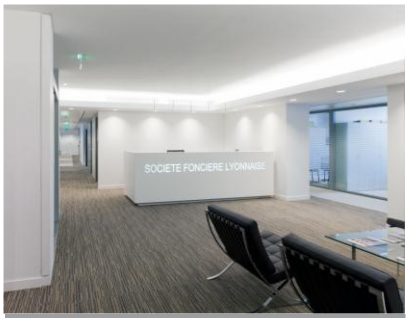
- Operating profit before disposal gains and losses and fair value adjustments to investment properties stood at €119.8 million on 31 December, 2013, versus €122.5 million on 31 December, 2012.

- The portfolio's appraisal value on 31 December, 2013 showed an increase of 7.9% over the year on a comparable basis, resulting in positive fair value adjustments to investment properties worth €145.3 million in 2013 (versus €236.3 million in 2012).

- The contribution from associated companies, namely the 29.6% share owned in SIIC de Paris, stood at €21.0 million on 31 December, 2013, €11.5 million of which was included in EPRA earnings. The comparable figures for 31 December, 2012 were €21.0 million and €13.2 million respectively.

- Net financial charges stood at €70.6 million on 31 December, 2013 versus €72.2 million on 31 December, 2012. Derivative instrument fair value adjustments and recycling had a cost impact of €18.2 million in 2013 (compared to €16.0 million in 2012). Recurring financial costs on 31 December, 2013 were down by €2.9 million, due primarily to a reduction in the average cost of debt.

- After taking account of these key items, attributable net profit on 31 December, 2013 stood at €147.3 million, compared to €283.2 million on 31 December, 2012. Excluding the impact of disposals, changes in the fair value of investment properties and financial instruments and the related tax effect, underlying attributable net profit (EPRA earnings) amounted to €58.7 million on 31 December, 2013 versus €69.5 million on 31 December, 2012.



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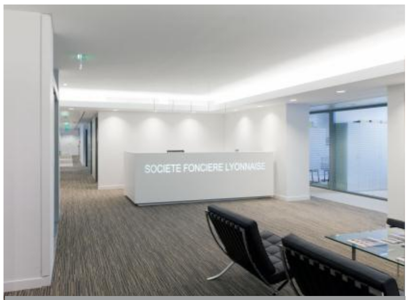

Business review

Rental operations:

Although the rental market saw a significant fall in volumes (-25%) and was highly selective, SFL successfully leased almost 40,000 sq.m. in 2013. Highlights included:

- **Edouard VII** (7,000 sq.m.) let to Klépierre
- **Louvre/Saint Honoré**, with Hugo Boss installing their Parisian headquarters over 2,500 sq.m. and 1,600 sq.m. let to Ariba
- **6 Hanovre** fully leased to Pretty Simple following its renovation
- **Rives de Seine** (22,700 sq.m.), with Natixis signing a new lease contract

Nominal office rents for new lease agreements in 2013 averaged €613/sq.m. with effective rents of €523/sq.m.

The physical occupancy rate (excluding properties undergoing renovation) on 31 December, 2013 fell significantly to 82.0% compared to 95.3% on 31 December, 2012. This increase in vacancy is almost entirely due to the delivery at the end of 2013 of the fully redeveloped **In/Out** building at Boulogne.

The occupancy rate corrected for the impact of **In/Out** stands at 93.5%. Adjusted to include leases that were signed on 31 December, 2013 but that take effect in 2014, it rises to 96.6%.

Development operations:

During 2013, buildings undergoing redevelopment accounted for approximately 90,000 sq.m. equivalent to almost 25% of SFL's portfolio. Investments in these works amounted to €122 million in 2013, an indication of the value they could create in the future. The largest investments of the financial year concerned the **In/Out** building at Boulogne, which was delivered in October 2013, major works at the **#Cloud** project on the Rue de Richelieu, which will be delivered in the second half of 2015, and the complete refurbishment of the shared reception areas at **Washington Plaza**.

Following the delivery of **In/Out**, the development pipeline on 31 December, 2013 has contracted to around 50,000 sq.m. of which **#Cloud** accounts for 33,000 sq.m. These redevelopments, whether recently delivered or still in progress, provide SFL with a significant source of potential rental income, worth around €50 million.

Portfolio operations:

In accordance with the terms of the sale agreement signed in November 2012, SFL sold the **Mandarin Oriental** building in February 2013 for a net sale price of €290 million. This price represents a premium of around 30% on the total cost of the renovated building and is 15% higher than its appraisal value at 30 June 2012, the date of the last appraisal prior to the transaction being announced.

SFL did not acquire any properties in 2013.

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Financing

SFL implemented a €400-million syndicated revolving credit facility with a term of five years, repayable at the end of the period, in July 2013 to replace a credit facility of €300 million that was due to expire in October 2014. This increased its available liquidity while also extending the average maturity of its debt and reducing its financing margin.

Net debt at 31 December, 2013 amounted to €1,457 million compared to €1,547 million on 31 December 2012, which represents a loan-to-value ratio of 33.3% including the minority interest held in SIIC de Paris. At that time SFL also had €700 million in undrawn lines of credit. On 31 December, 2013, the average cost of debt after hedging had fallen to 3.3% (versus 3.6% the previous year) and the average maturity was 3.4 years.

Net Asset Value

On 31 December, 2013, the market value of SFL's portfolio was evaluated at €3,874 million, excluding transfer costs. This is almost stable compared to the valuation of 31 December, 2012 (€3,882 million), the decrease resulting from the sale of the **Mandarin Oriental** having been compensated for by the rise in the value of the portfolio. On a comparable basis, the value of the portfolio increased by 7.9% in 2013. There was a slight compression in yields for prime assets over this period.

The portfolio comprises 18 prestigious properties, most of which are office buildings located in the heart of Paris (92%) and the most attractive parts of the Western Crescent (8%).

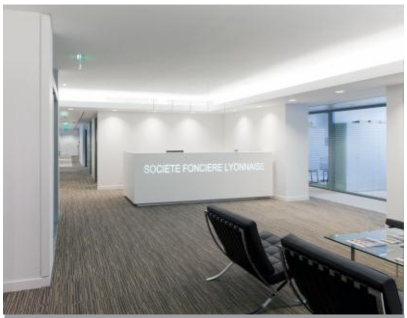
The average rental yield stood at 5.1% on 31 December, 2013, compared with 5.3% on 31 December 2012.

EPRA NNNAV came to €2,172 million or €46.7 per share on 31 December, 2013, compared with €45.3 per share on 31 December, 2012, an increase of 3.1%.

Dividend

At the Annual General Meeting to be held on 24 April 2014, the Board of Directors will recommend paying a dividend of €2.10 per share. This would result in a balance of €1.40 per share being paid once the advance of €0.70 per share that was distributed in October 2013 has been taken into account.

More information is available at www.fonciere-lyonnaise.com



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