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The Parisian Spirit

OPÉRA – BOURSE – ÉTOILE



SFL
SOCIÉTÉ FONCIÈRE LYONNAISE

2015 ANNUAL REPORT



SOCIETE FONCIERE LYONNAISE

**SFL has always chosen its properties
in exceptional neighbourhoods.**

Their locations, in the heart of the major
business districts in central and western
Paris, **offer outstanding working
environments.**

Paris

Choosing the best offices and the best working environment has a major impact on tenants, both for their image and for the performance and motivation of their teams. That's why **SFL offers them prime properties,** equipped with the latest innovative amenities.

Prime

Founded in 1879, **SFL is France's oldest real estate company**, renowned for the quality of its property portfolio and its unrivalled ability to redevelop and renovate large buildings. We support our clients throughout the project execution process, **with a constant focus on nurturing enduring, trust-based relationships.**

Enduring

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positive year for SFL

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2015, a year of
multi-faceted achievement



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office properties in the heart of Paris

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Paris Scope

In the centre of this Annual Report, you'll find
Paris Scope, a detachable booklet presenting
our twenty outstanding properties.



___ 54

Figures

Significant improvement in aggregates



136 years of heritage and continuous reinvention _____

The leader in the prime Parisian office segment, SFL owns a portfolio of high-potential assets worth more than €5.2 billion, 93% of which are located in the centre of Paris.

With our talented partners in the fields of architecture, design, hotel amenities, sociology of work and energy efficiency, we can boldly transform a building, both in its structure and how it operates. This pure-player strategy enables us to offer tenants premium workspaces unlike any others in the capital.

Reinvented and beautified, each building becomes a matchless ecosystem of offices that are outstanding both in the quality of their amenities on offer and in their ability to accommodate the latest trends in working and the workplace.

**SFL embodies an innovative vision
for office property in the heart of Paris.**

€5,242m in portfolio value excluding transfer costs

405,000 sq.m in the property portfolio

80% in the central business district (CBD)

€168.8m in rental income

€58.5 in EPRA NNAV per share

100% of assets certified BREEAM In-Use



Eventful and positive

SFL had a great year in 2015, which saw the leasing of In/Out, the delivery of #cloud.paris, the acquisition of 9 Percier and an improvement in operating aggregates.

2015 was a year of achievement on several fronts. How would you describe it?

J.J.B.C. 2015 was a key year for SFL, when a leaner, highly enthusiastic management team had to meet major business and investment challenges. It was also a year when we would start reaping the benefits of five years of intensive investment designed to capture all the value of our outstanding property assets. In this way, we would strengthen our pure-player strategy in prime Parisian real estate, which turned out to be highly effective in our market. I'd say that today, these objectives have been amply met and we're very proud of it.

N.R. SFL pursued its strategy of moving existing properties upmarket, as illustrated by the #cloud.paris project. This was a top-to-bottom renovation, almost like starting from scratch, in the very heart of Paris, which is now a latest-generation business centre providing a modern, efficient working environment for companies and their employees. The planning leveraged all of our expertise as an integrated real estate company and our teams are very proud of the completed results. We also enjoyed an exceptionally successful year in leasing, with the placement of 85,000 sq.m. Our portfolio is now more than 95% let, in line with our business model, and our major operating aggregates entered the first stage of significant growth during the year, led by the quality of the investments committed since 2011.

What are the next steps in SFL's growth?

J.J.B.C. The Parisian office property investment market is still highly competitive, which shows that it is just as attractive as ever. Nevertheless, in late June 2015, we successfully acquired a very fine property on avenue Percier, which we're renovating as tenants move out. This transaction confirms our commitment to investing in prime Parisian buildings, either core or with added value, whose potential our teams can realize by aligning their features with the needs of the market and possible tenants. More generally, our objective is very clearly to continue acquiring buildings or portfolios consistent with our positioning and strategy.

N.R. Operating issues are still our primary concern and our teams are highly focused on understanding the needs of our clients and addressing them by improving the quality of our buildings and their amenities. As important as it may be, a building's functionality has to go hand-in-hand with an architectural design that plays a major role in attracting tenants. Designers and architects are called upon to create spaces that are both liveable for occupants and impressive for visitors. At the same time, SFL wants to expand and acquire new buildings. We have the financial and technical capabilities to once again invest in property assets and ambitious projects as opportunities arise.

“In 2015, SFL started to reap the benefits of five years of intensive investment.”

MANAGEMENT COMMITTEE

From left to right:

1

NICOLAS REYNAUD
Chief Executive Officer

2

PIERRE-FRANÇOIS CHIAPPONI
Head of Leasing and Investments

3

FRANÇOIS DERRIAN
Human Resources Director

4

DIMITRI BOULTE
Managing Director, Chief Operating Officer

5

AUDE GRANT
Deputy Managing Director – Asset Management
and Investment





ÉRIC OUDARD

Technical and Development Director

7

FABIENNE BOILEAU

Chief Financial Officer

8

FRANÇOIS SEBILLOTTE

Chief Resources Officer,
Secretary to the Board of Directors

BOARD OF DIRECTORS

____ *Chairman of the Board of Directors:*

Juan José Brugera Clavero

____ *Directors:*

Pere Viñolas Serra (Vice-Chairman),
Angels Arderiu Ibars, Ali Bin Jassim Al Thani,
Jacques Calvet, Anne-Marie de Chalambert,
Jean-Jacques Duchamp, Chantal du Rivau,
Carlos Fernandez-Lerga Garralda,
Carmina Ganyet I Cirera, Carlos Krohmer,
Luis Maluquer Trepas, Adnane Mousannif,
Nuria Oferil Coll, Anthony Wyand,
Reig Capital Group Luxembourg SARL
(represented by Carlos Enseñat Reig)

CORPORATE GOVERNANCE

Executive and Strategy Committee

____ *Chairman:*

Juan José Brugera Clavero

____ *Members:*

Jean-Jacques Duchamp, Carmina Ganyet I Cirera,
Pere Viñolas Serra

Audit Committee

____ *Chairman:*

Carlos Fernandez-Lerga Garralda

____ *Members:*

Jacques Calvet, Jean-Jacques Duchamp

Remuneration and Selection Committee

____ *Chairman:*

Anthony Wyand

____ *Members:*

Anne-Marie de Chalambert, Pere Viñolas Serra

Committee of Independent Directors

____ *Members:*

Jacques Calvet, Anne-Marie de Chalambert,
Anthony Wyand

Members of the Board of Directors
and Advisory Committees as of 12 February 2016.

The Arc de Triomphe,
just up the street from 90 Champs-Élysées.



P A N

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CHAPTER 1

LEASES – ACQUISITIONS – DELIVERIES – CERTIFICATIONS – RATINGS

Leases

With 85,000 sq.m leased in 2015, of which five transactions exceeding 5,000 sq.m, **SFL had an excellent year, despite particularly challenging conditions** in the office leasing market.



In/Out

Headquartered at Porte de la Muette in Paris, the Organisation for Economic Co-operation and Development (OECD) has taken a 12-year fixed term lease on the In/Out building located on Quai Alphonse-le-Gallo in Boulogne-Billancourt. The 36,600 sq.m property has been fully renovated by the DTACC architectural agency and the Jouin Manku design firm to offer spacious, modular office floor plates and a services pavilion, all set in an exceptional environment.

#cloud.paris

Already 90% pre-leased upon delivery, #cloud.paris will be occupied in first-half 2016 by investment company Exane and by two new economy majors, Facebook and BlaBlaCar. For companies seeking to nurture workplace well-being, facilitate hiring or retain new talent, #cloud.paris's prized location in the Opéra-Bourse central business district is a major advantage.





Le Vaisseau

Révolution 9 has signed a six-year fixed term lease for the entire Le Vaisseau building in Issy-les-Moulineaux. In taking up the more than 6,000 sq.m of office space, the marketing and communications agency chose premises with a strong identity, that foster a working environment conducive to creativity and the exchange of ideas in the heart of the Grand-Paris Seine Ouest media and information technologies cluster.

Lease renewal

131 Wagram

TV5 Monde has renewed its lease, for a 12-year fixed term, on 7,500 sq.m in this building located in the 17th arrondissement, on the corner of rue de Courcelles. The renewal attests to the television channel's attachment to the property and its neighbourhood, which has been its home for nearly ten years.



OTHER SIGNATURES

Louvre Saint-Honoré – 4,000 sq.m occupied by Proparco and 1,900 sq.m by Swiss Life Asset Managers

Washington Plaza – 3,700 sq.m occupied by Akamai and Meda Pharma

176 Charles de Gaulle – 1,300 sq.m occupied by Sacem

— Acquisition

9 Percier

SFL acquired a property in Paris's eighth arrondissement at a price of €68 million including transfer costs. The 6,700-sq.m office building in the heart of the central business district is primarily leased to the EDF Foundation (31%). It features excellent intrinsic amenities, as well as the potential to create greater value by optimising the rental situation, for example by leasing the three vacant floors and improving the remaining terms of existing leases (see p. 28).



— Ratings

SFL upgraded

In July 2015, Standard & Poor's raised SFL's long- and short-term credit ratings from BBB-/A3 to BBB/A2 with a stable outlook. S&P noted that the leasing of the In/Out building, which follows on from the recent positive letting performance, has improved our financial risk profile. The agency expects our EBITDA/Interest ratio to remain above 2.4 over the long-term. The credit rating continues to reflect the quality of our asset portfolio, with a strong presence in the Paris central business district.



— Refinancing

New bond issue

A €500-million issue of new seven-year, 2.25% bonds was successfully placed with a broad base of European investors, primarily in France, the United Kingdom and Germany. The new issue will be used to refinance existing debt and for general corporate purposes, while also extending average debt maturity.

In addition, all of the bank lines of credit were renegotiated during the year, which reduced their average cost and extended their terms.





— Deliveries

90 Champs-Élysées

After 24 months of redevelopment work, 90 Champs-Élysées was delivered in the spring of 2015, and the lease to a leading international management consulting firm immediately came into effect. These events completed the process of creating value from the property complex, which includes the Galerie des Champs-Élysées shopping mall and the flagship stores for the H&M and Promod chains.

PLUS

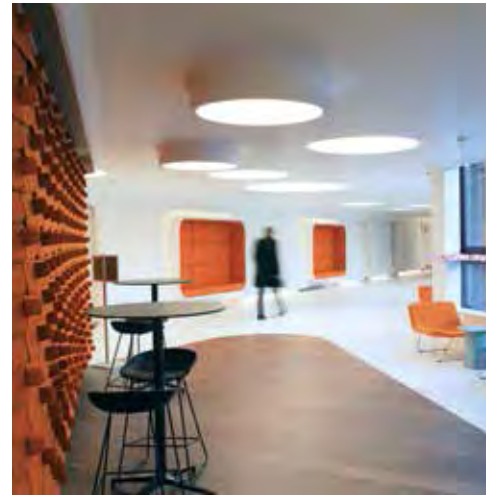
#cloud.paris
November 2015
(see p. 22)

Le Vaisseau
January 2016

— BREEAM Awards

Washington Plaza celebrated in 2015

The Washington Plaza business centre was named the winner in the Offices In-Use category at the 2015 BREEAM Awards. The judges appreciated how the building's value had been enhanced by its recent renovation and the improvements in its technical performance and energy efficiency. The award supports our commitment to setting the highest standards in managing our assets and increasing their value.



— GRESB 2015

SFL ranked second among office real estate companies in Europe

SFL has been awarded the 'Green Star 2015' label by the Global Real Estate Sustainability Benchmark (GRESB). Since first participating in the assessment in 2013, our GRESB Score has steadily improved, to 88/100 in 2015. This ranked us second among office real estate companies in Europe and first in France, further attesting to the effectiveness of our assertive CSR strategy.



#cloud.paris

Creation of a new generation business centre with a bold, contemporary architecture.

Located within walking distance of the former Paris Stock Exchange building (Palais Brongniart) and the Paris Opera, #cloud.paris offers an unmatched experience and working environment in the heart of the capital's financial district. Creatively inspired by SFL, the business centre reflects the unprecedented collaborative efforts of an entire team. Upstream from the project to redevelop four 19th century buildings, SFL put together a package leveraging the highly complementary skills of such participants as engineering and architectural firms, young designers, ergonomists, energy efficiency consultants, landscapers, retailing consultants and hospitality industry experts. Each one further enhanced the project and gave it a totally unique personality. #cloud.paris is much more than a conventional business centre, it's a total living and working environment, dedicated to business.

Comfortable amenities and the art of work/life integration have been reinvented, in resonance with the expectations of modern companies, for which workplace well-being and appeal are not just pre-requisites, but also an end in themselves. All of the spaces are bathed in natural light; spacious 3,000-sq.m floor plates offer highly modular layouts; an innovative filtering system and premium materials guarantee exceptional air quality; and, to bring the country into the city, 3,000 sq.m of landscaped areas and green spaces foster a sense of working in the great outdoors.

3,000 sq.m

of bright, modular floor plates

2,000 sq.m

of terraces with breathtaking views of Paris

1,000 sq.m

of fully redesigned interior courtyards, with natural light shining down to the second basement

800

metres of bordering balconies, facing directly south





PRIME CERTIFICATIONS

- LEED® Gold
- BREEAM® Excellent
- HQE® Exceptional (with 10 of the 14 target criteria rated highly efficient)

LABEL

- BBC Effinergie Rénovation

AWARDS

- SIIC industry's 2015 "Ville et Avenir" prize
- Geste d'or 2015
- MIPIM Awards 2016 "Best Office & Business Development"



Francis Nappéz
Co-founder of BlaBlaCar

“Naturally, for a company, an office building is a production facility. But at BlaBlaCar, we were looking for more than that. We wanted a building that wasn't boring, that would make people want to join BlaBlaCar and that our teams would be proud to work in. We chose #cloud.paris, because it offers 3,000 sq.m of open office space in the heart of Paris, flexibly laid-out areas for sharing and collaborating – which corresponds to our work-style – and depths flooded with natural light. But also because it's a building that is rare, spectacular and highly attractive!”





One of #cloud.paris's major innovations, the E-Lounge shells have created a new typology of spaces for collaborative working and creative thinking, resonant with today's work practices. They were designed by **Noé Duchaufour-Lawrance**.

In/Out

Transformation of a 1930s industrial building into an office campus supported by a services centre offering premium amenities.

In/Out is a marriage. First, of industrial architecture and modern design, combining the strict lines of a 1930s building and the flowing forms of a futurist pavilion. And second, of masterful vision – of the DTACC architectural agency – and seasoned experience in hospitality amenities – of the Jouin Manku design firm. Freeing itself from any major redevelopment restrictions, and without knowing anything about the initial tenant, SFL created a daring office campus that brings together highly luminous, modular workspaces, a services centre with a prestigious conference hall and a lobby celebrating the user experience.

Since September 2015, this leading edge project has been the headquarters of the Organisation for Economic Co-operation and Development (OECD), which was won over by the quality of the hospitality amenities, the layout of the premises and their exceptional environment on the banks of the Seine.

1.6 hectares
of landscaped gardens

1
services pavilion

36,600 sq.m
of total surface area



IN/OUT'S SUSTAINABLE PERFORMANCE

Triple certification:

- HQE® Sustainable Building Passport “Exceptional” rating
- BREEAM® Office (shell only) “Very Good” rating
- LEED® “Platinum” level.

Double label:

- BBC Effinergie Rénovation
- Certivéa Sustainable Building Passport “Exceptional” label



TWO DISTINCTIVE GLASS CUPOLAS

The two existing cupolas were transformed into glass domes, with panoramic views of the Seine River and the terraces.



A MAJESTIC LOBBY

The lobby, with its gracefully flowing forms, and its glass roof, supported by a glue-laminated wood framework, soften the geometry of the original building.

9 Percier

A plethora of people-friendly amenities in the heart of the central business district.

The 6,700 sq.m building, created in the purest Art Deco style on avenue Percier, offers corporates looking for less than 1,000 sq.m of office space an alternative to large business centres. All of its unique personality, with its façade, mosaics, high ceilings and two interior courtyards that bath the floors in natural light, has been preserved. Today, it provides employees with user-friendly workspaces, with very few structural impediments.

The well-proportioned reception and common areas, as well as the second, more private entrance, add to the building's aura of harmonious comfort.

6,000 sq.m
of offices

800 sq.m
of space on each of the modular floor plates

2
separate entrances

AN ART DECO BUILDING

The building features an exceptionally bright interior, huge windows on the courtyard side and spacious, well-lit floor plates.





**JUST THE RIGHT
BLEND OF CLASSIC
AND MODERN**

The stunning beauty of up-to-the-minute materials has enhanced the building's Art Deco personality.

The very embodiment of a Parisian office building, 9 Percier is also unusual in its blend of classic and contemporary styles, creating an atmosphere that is at once cosy and all-business. With its acquisition, SFL has broadened its asset portfolio to smaller properties, but offering the same high-quality amenities as larger buildings.

The Paris Opera, just a short walk
from the Haussmannian Édouard VII building.



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CHAPTER 2

INTEGRATED EXPERTISE – PREMIUM SERVICES – INNOVATIVE SOLUTIONS

Parisian

Our twenty outstanding properties

PARIS, A WORLD LEADER IN THE INNOVATION ECONOMY

INNOVATION

Paris has been rated as the European city with the liveliest innovation market¹.

CONNECTIONS

Paris and its region are in the heart of the European market and its 500 million consumers. It also offers prominent, strategic access to Africa, the Near East and the Middle East².

CONCENTRATION

Thanks to its central location and vibrant economy, Paris is home to more corporate head offices than any other city in Europe.

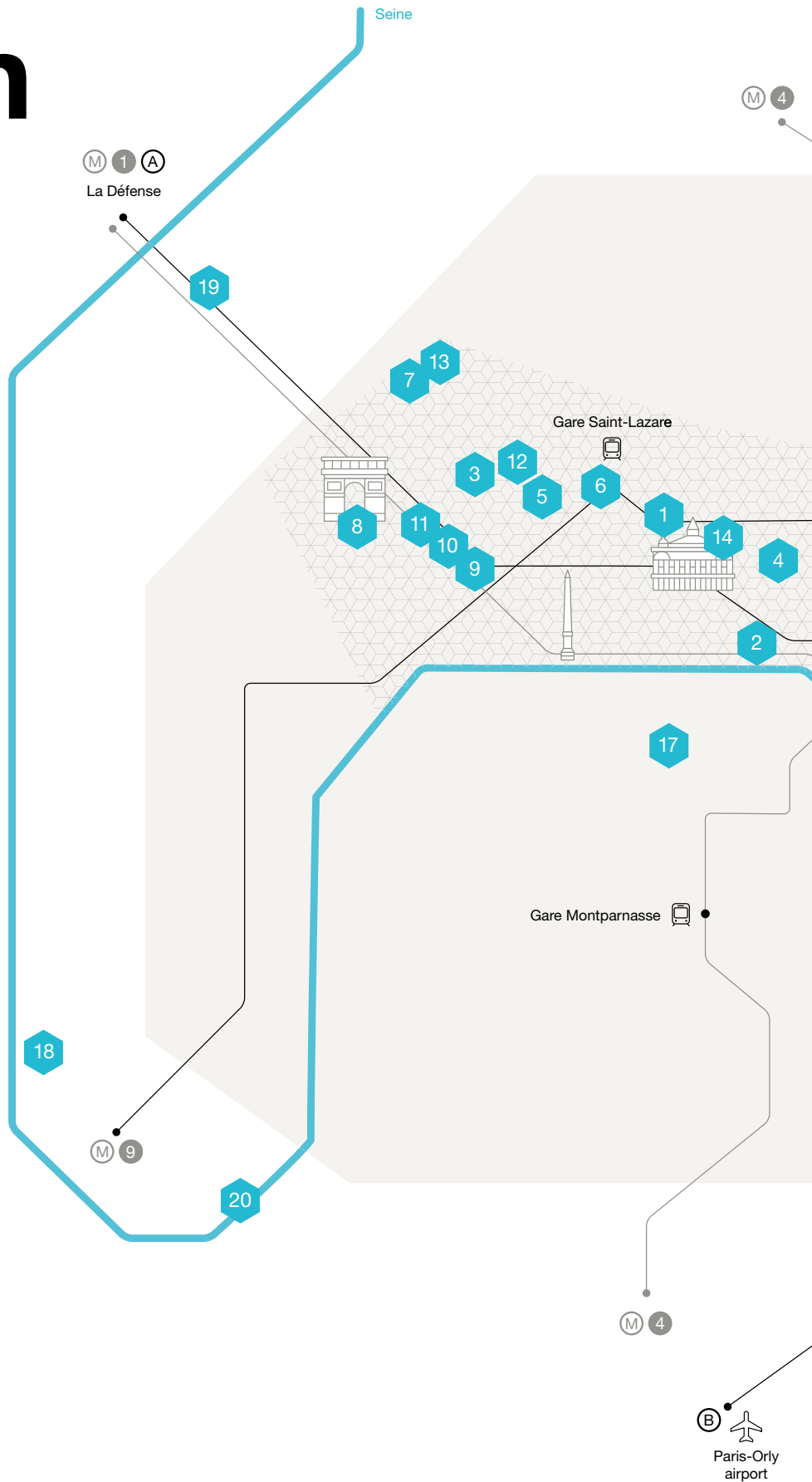
TALENTS

As a prized source of new talent, Paris has confirmed its leadership in intellectual capital and innovation, ahead of London³.

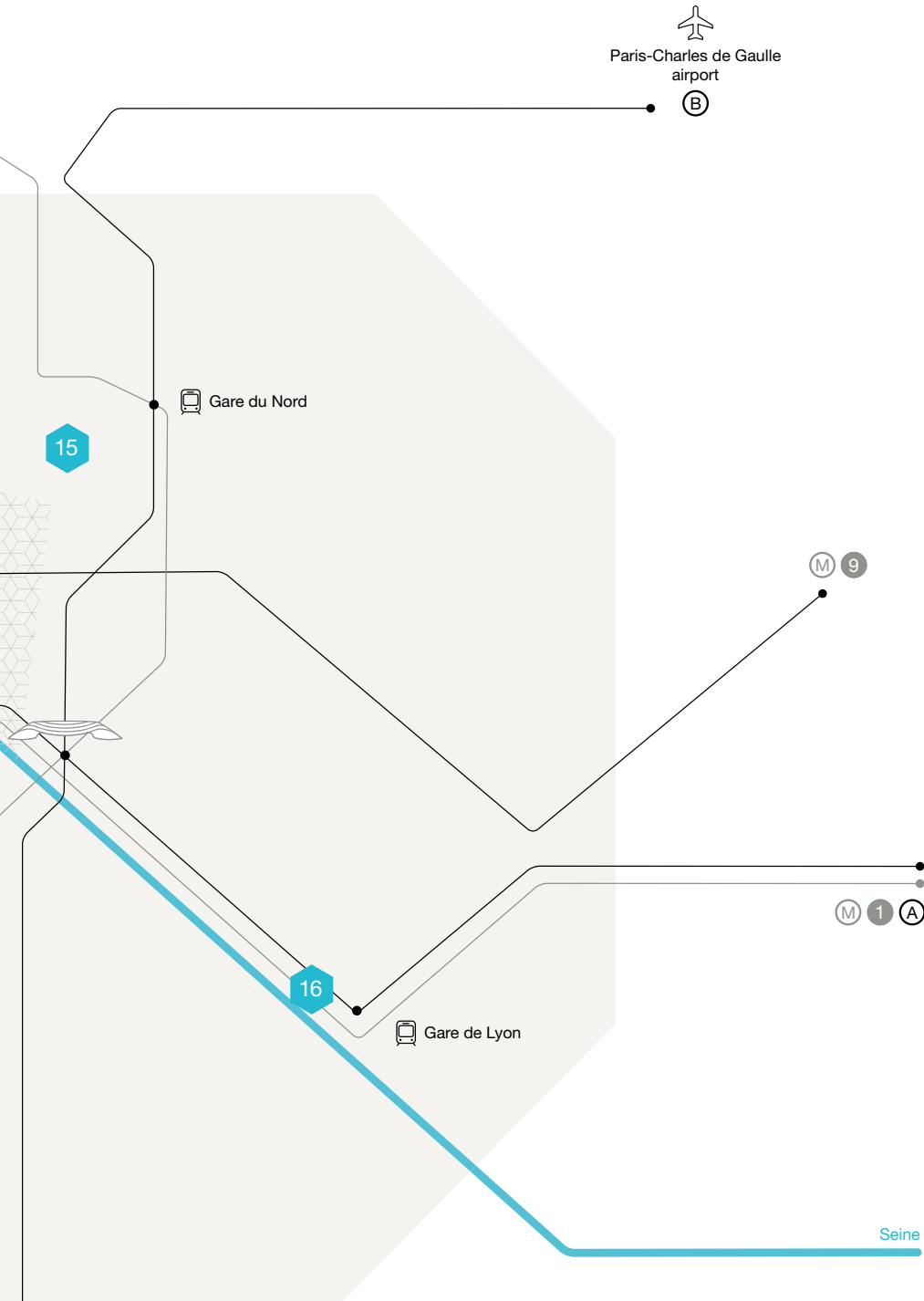
1. CB Insights blog entry, "The Next Silicon Valley", November 2014.
2. Paris&Co.
3. Cities of Opportunity 2014, PricewaterhouseCoopers.

31

of the world's 500 largest companies, as well as international organisations, are headquartered in Paris².



Paris-Orly airport

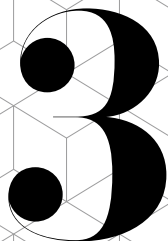


- 1 Édouard VII
- 2 Louvre Saint-Honoré
- 3 Washington Plaza
- 4 #cloud.paris
- 5 Cézanne Saint-Honoré
- 6 Haussmann Saint-Augustin
- 7 131 Wagram
- 8 96 Léna
- 9 Galerie Champs-Élysées
- 10 90 Champs-Élysées
- 11 92 Champs-Élysées
- 12 9 Percier
- 13 112 Wagram
- 14 6 Hanovre
- 15 Condorcet
- 16 Rives de Seine
- 17 103 Grenelle
- 18 In/Out
- 19 176 Charles de Gaulle
- 20 Le Vaisseau

The only integrated prime real estate company

At SFL, all of the capabilities involved in acquisitions, property development and the asset value strategy are integrated.

This operating and strategic expertise guarantees that our investments are selected on a highly independent basis.



integrated centres of expertise _____



Investment

_____ At SFL, we deploy in-house expertise across the entire acquisition process, with careful reviews of the legal, real estate, technical and financial aspects of each transaction. Upstream, the Investment division identifies assets to be acquired, with a priority focus on well-established or promising business districts, while downstream, it organises the disposal of previously acquired buildings once the value creation process has been completed. Its in-depth knowledge of the Parisian market provides a distinctive advantage in seizing the best opportunities.

€68_m

invested in Paris in 2015 _____

Development

_____ The Development division transforms properties and manages the technical performance of their utilities and amenities. As part of this process, it performs feasibility, scheduling and design studies, and prepares applications for administrative permits. It also participates in sourcing assignments by analysing opportunities and managing the technical, architectural, regulatory and environmental aspects of the due diligence process.

€118_m

in improvement works undertaken on the SFL portfolio in 2015 _____

Asset Management

_____ The Asset Management division defines, leads and deploys our asset value-creation strategy. Managing client relationships is a core concern of its teams, whose role is to support companies as they expand. They listen attentively to clients, to understand their expectations, retain their custom and offer them superior-quality offices. At the same time, Asset Management experts define works projects and oversee them in direct liaison with the Technical and Development Department.

15.7%

growth in appraisal values on a comparable portfolio basis during the year _____



Positioned at the top

For our tenants, which include some of the world's most prestigious companies, we create premium office buildings designed to mesh seamlessly with their organisation and support their growth strategy. This positioning in the prime segment, which is specific to SFL, demands extremely detailed knowledge of tenants' work environment and expectations.



Purchase

____ SFL purchases well-located buildings with strong potential for creating value in up-and-coming, mixed-use neighbourhoods, and always close to public transport.

Foresee

____ To define its products, SFL primarily listens to the expectations expressed by clients and their employees. We also carefully track emerging trends in society and the workplace, to proactively respond to changing needs.

Design

____ SFL creates workspaces that meet the needs of the most demanding tenants by integrating design codes and amenities similar to those found in hospitality and retail facilities. In this way, the workplace becomes a worklife environment offering an outstanding user experience.



Integrate

____ With the support of talented architects, designers and service providers, SFL offers a wide range of amenities that make daily worklife easier for employees, with a constant eye on aesthetics, design and functionality.

Welcome

____ For our tenants, an office building is not just a workplace, but also a source of comfort, well-being and productivity that drives greater business performance.

Dimitri Boulte
Managing Director

“Our tenants are reinventing themselves and constantly adjusting their organisations to new challenges by selecting offices that are going to contribute to the performance and well-being of their employees. SFL is striving to address these new challenges by designing properties that aren't just a matter of square metres and rental expense, but instead help to stimulate creativity, motivation, collaborative working and, in this way, make the company more efficient and therefore more productive.”

Smart buildings

Every new property project is an opportunity for us to take the transformation of existing facilities to the next level and introduce innovative new amenities. This culture of innovation is reflected in our new ideas, not only in architecture and design, but also in utilities management, quality of service and the tenant experience.

95.6% occupancy rate

Architecture

_____ To foster a seamless flow between a building's office and community spaces, SFL works with a wide range of architects and designers. The transition to and from outside lifespaces and office workspaces becomes simple and natural. Thanks to this cross-functional approach, the building projects a strong identity that enhances the tenant's corporate image.

Tenant experience

_____ The notion of the tenant or user experience, borrowed from the luxury hospitality industry, is having an increasing impact on office design. Everything is designed to smooth the user journey and make it a pleasant experience. Building structures are modified to raise ceilings and bring natural light in at every level. Lobbies and passageways are redesigned with innovative layouts that add informal community spaces for breaks, meet-ups or work.



New techniques

_____ Open, modular, spacious and beautiful, the office of the future will be increasingly liberated from the restrictions of its original structure. A key enabler of this process is efficient utilities management, which makes it possible to use raised floors, ceilings and HVAC systems more flexibly. SFL constantly tracks emerging technical solutions and the latest innovative materials.

Amenities

_____ Modern amenities like physical or virtual corporate concierges, restaurants, room service and fitness rooms not only make employees' lives easier, but also make the working environment more pleasant and comfortable, in ways that transform the office building into a performance driver.

An ambitious CSR strategy

Since 2011, SFL has been leading a disciplined CSR strategy designed to reduce the environmental impact of its assets.

This deep-felt commitment is reflected in the certifications earned by almost every building in the portfolio, the integration of urban habitat biodiversity and the introduction of accurate, easy-to-understand, real-world environmental performance indicators.

No. 1 office property company

in France, the no. 2 in Europe, and the no. 13 in the world (versus no. 132 in 2013).

GRESB 2015 global ranking —

100%

of revenue-generating properties are certified to the **BREEAM In-Use** International standard —

Flexibility, performance and the virtuous circle

From initial investment to tenant move-in, all of our building transformation and improvement decisions are directed towards sustainable, intelligent, aesthetically pleasing solutions. Our office buildings and business centres integrate innovative technologies, latest-generation materials and effective energy management systems that deliver superior operating efficiency, while offering the widest possible range of design and layout options. Thanks to this outstanding flexibility, we can delight our tenants and attenuate the potential risk of building obsolescence.

Special attention is also paid to biodiversity issues in each office complex, even if the urban environment is dense and closed in.



Four indicators to drive continuous improvement

Four environmental performance indicators have been introduced to measure and manage energy and water use, waste production and recycling, and building greenhouse gas emissions. The water and waste indicators already show levels close to their 2017 targets, while the reported energy and CO₂ data are continuing to improve. Data collection methods are being upgraded by broadening the scope of both measurement (to determine energy use by destination) and reporting (by exchanging data with clients in single-tenant buildings). The entire process is designed to get the last few percentage points of improvement, which are always the hardest to obtain.

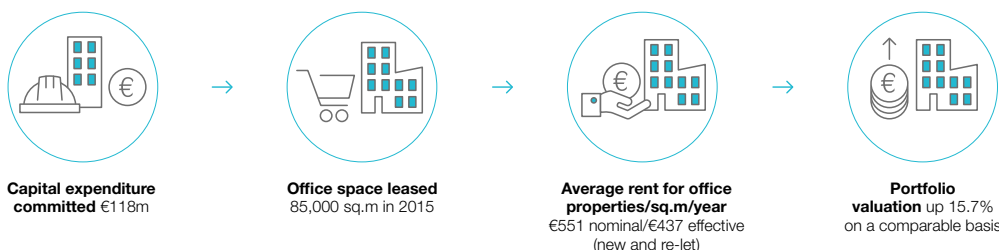
Certified assets

Today, all of the revenue-generating properties have been certified to the BREEAM In-Use International (BIU) standard, Part 1 (asset performance) and Part 2 (building management performance). Constructive discussions are underway with tenants to enable us to earn certification in Part 3 (Occupier management) as well. The Washington Plaza business centre, already BIU-certified for Part 1, Part 2 and Part 3, won the 2015 BREEAM® Award in the 'BREEAM Offices In-Use' category. The major redevelopment projects, like #cloud.paris, have also been awarded the BREEAM® New Construction, LEED® and HQE® labels.

Éric Oudard, Technical and Development Director

“**CSR is about a lot more than environmental issues. It includes three types of value to which we pay careful attention: the value a building creates for the tenant (through maximum flexibility and efficient operation), its green value (through energy efficiency and a small carbon footprint) and its social value (through the quality of worklife, the quality of supplier relationships and the quality of employee appreciation).**”

VALUE CHAIN



The Louvre across the street
from the Louvre Saint-Honoré business centre.



V
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O N

CHAPTER 3

ANALYTICAL PROCESS – HOLISTIC APPROACH – CONTEMPORARY VISION – UNIQUE CLIENTS

Pragmatic

Understanding our tenants to design offices in their image.

How do companies and their employees feel about their office building? What impact does it have on the company's image and ability to attract new talent? In what way is its location or architecture a critical factor? To design one-of-a-kind buildings that address even the slightest tenant need, SFL carefully tracks the latest trends in the role that offices play in our worklives.

OFFICES WHERE PEOPLE LIKE TO WORK

Every year, SFL conducts two statistical surveys to get a clearer picture of the needs expressed by companies, managers and executives. In 2015, the findings once again showed that users are especially happy with our properties.

The findings also offer invaluable guidance in making key decisions about such issues as asset location and personality, or the building's architectural transformation and new layout, and in preserving the flexible agility of our business model, which continues to underpin our successful leasing performance.

Frédéric Dabi

Deputy Managing Director, Ifop



“It's always an enriching experience for a market research firm to see a property company like SFL pay attention to employee expectations and needs, so that it can keep a firm grasp on reality. With the ParisWorkPlace survey, SFL is comparing its vision with the expectations of potential users. The findings are a valuable source of information to help guide the company's choices in designing and improving its buildings in line with its high standards.”

Dimitri Boulte, Managing Director

“To make our offices a byword for an appealing worklife environment and community, our challenge is to place the end-user squarely in the centre of our thinking and to infuse the physical space with their experience and feelings.”

96%

are satisfied or very satisfied with the building where they work (compared with an average 76% of managers in the Île-de-France region).

83%

are satisfied or very satisfied with the location of their buildings (employees working in an SFL property have a 16-minute shorter commute, on average, than managers in the Île-de-France region).

74%

feel that their offices have a positive impact on their customer relations (versus 57% of managers in the Île-de-France region).

87%

feel that their offices have a positive impact on their corporate image (versus 65% of managers in the Île-de-France region).

70%

think that their offices have a positive impact on their ability to attract new talent (an opinion shared by only 54% of managers in the Île-de-France region).

78%

believe that their offices have a positive impact on employee motivation (59% of managers in the Île-de-France region agree with them).

SFL Panel – Satisfaction Survey – SFL Properties – 2015
331 respondents (50% men, 50% women, 75% managers).
Ifop 2015 ParisWorkPlace survey

1,000 managers and 301 executives in the Île-de-France region (55% men and 45% women).

Holistic

Transforming the building in depth,
satisfying our customers and creating value.

Each of the assets chosen by SFL offers any number of compelling features, including architectural style, location and exposure, surface area and view. Nevertheless, not all of them are suitable for use as modern office buildings. This is why we are willing to transform them from top to bottom, both structurally and in the way they are used.

DESIGNING A BOLD WORK ENVIRONMENT

While preserving a building's original spirit, we reinvent its ability to accommodate people by freeing the design from as many structural restrictions as possible. Many of these transformations can be quite radical, involving the movement or modification of walls, the raising of floors or the extensive elimination of partitions.

Thanks to our excellent knowledge of current legislation and close synergy with the Paris urban planning authorities, these redevelopments are always carried out with a constant concern for consistency, aesthetic appearance and the building's harmonious integration into the surrounding environment.

DELIGHTING COMPANIES AND THEIR EMPLOYEES

Even as the structure is being modified and sometimes radically converted, the quality of the user experience is also being dramatically upgraded by a thorough review of how the building is actually used, covering such areas as connecting spaces, the user journey and amenities. This means that even the smallest SFL project can substantially improve the building and help to create asset value over the medium term and enhance the user experience every day.

85,000 sq.m in leased space _____



Modern

Enabling tenants to enjoy an unmatched office experience.

€118m

in capital expenditure committed in 2015 _____

The standards of workplace organisation and well-being have changed considerably over the past ten years. New practices have emerged and offices have become integrated worklife environments, connected in so many more ways than before to their neighbourhood and city. To keep pace with these trends, SFL offers tenants a remarkably pleasant environment where employees like to work.

DESIGN AND ARCHITECTURE: MAKING ALL THE DIFFERENCE

In beautifying, opening up, reinventing and transforming its buildings, SFL works with the world's finest architectural and design firms, with a conscientious refusal to impose any structural limits on the finished product. Each of their contributions – natural light down to the lowest floors, collaborative workspaces to encourage innovation, sublimely landscaped terraces, office floor plates optimized for maximum layout options – offers tenants an unparalleled working environment.

PRIME AMENITIES: SFL'S ADDED VALUE

There's always a special relationship between an SFL office building and the surrounding cityscape. Life in the neighbourhood no longer stops at the lobby doors, but instead flows seamlessly into the tenant experience. To provide an exciting, constantly stimulating workplace, SFL buildings welcome a tenant's employees or customers with a full range of high value-added prime amenities, such as reception lounges, corporate concierge services, arcades, informal meet-up spaces, premium food courts, fitness rooms and reception and conference rooms. According to a well-identified user journey, these interlinked amenities make life easier in the workplace, thereby enhancing employee well-being.

A #cloud.paris bordering balcony.



Unique

Unique offices for exceptional tenants.

Our tenants include world-class companies and market leaders among law firms, financial services and asset management companies, consultancies, fashion and luxury goods giants, property companies, media and advertising agencies and insurance companies.

These clients share our belief that offices are more than just a place for companies to work; they are also a fantastic performance driver and management tool. They embody a company's image, enhance its ability to attract and retain talent and encourage innovation. An office building also has a positive impact on a company's relationship with its customers and its employees' relationships with each other.

By providing our tenants with bold, high-performance and differentiating properties, we are increasing the value of our offices for every user.



83%

of the SFL panel feel that their office building's location is a major advantage (employees working in an SFL property have a 16-minute shorter commute, on average, than managers in the Île-de-France region) _____

LAW FIRMS

ashurst

Bird & Bird

Freshfields

KING & WOOD
MALLESONS

CONSULTANCIES

Hudson

L.E.K.

SIMON • KUCHER & PARTNERS
Strategy & Marketing Consultants

valtech.

FASHION HOUSES

BOSS
HUGO BOSS

FAST RETAILING

H&M

MORGAN

promod

ZARA

DIGITAL/MEDIA COMPANIES

BlaBlaCar

facebook.

Lagardère

Pretty Simple

REVOLUTION 9

TV5MONDE

FINANCE/
ASSET MANAGEMENT/
INSURANCE

AG2R LA MONDIALE

Apax
PARTNERS

COMGEST

EXANE

NATIXIS

ZURICH

MANUFACTURERS

Constellium

FONDATION EDF

Générale
de santé

GRDF
GAS RESERV
DISTRIBUTION FRANCE

MISYS

REAL ESTATE COMPANIES

Aberdeen
Asset management

CBRE
GLOBAL
INVESTORS

FRG
IMMOBILIER

KLEPIERRE

SwissLife
Asset Managers

OTHER

esma
European Securities and
Markets Authority

OCDE
DES POLITIQUES MEILLEURES
POUR UNE VIE MEILLEURE

PARIS SCOPE

OUR TWENTY OUTSTANDING PROPERTIES



1

ÉDOUARD VII

16-30, boulevard des Capucines, 75009 Paris

Year of acquisition } 1999

Main tenants } Ashurst, Bird&Bird, ITOCHU France, Klépierre,
l'Olympia and Zara

Total surface area } 54,100 sq.m

Certification } BREEAM In-Use

Built on a 1.5-hectare plot, the Haussmann-style Édouard VII complex is located in the heart of one of Paris's liveliest neighbourhoods. The property's surroundings and distinguished architectural style – the result of extensive remodelling – make it an outstanding showcase.





2

LOUVRE SAINT-HONORÉ

2, place du Palais-Royal, 75001 Paris

Year of acquisition } 1995

Main tenants } **Fast Retailing, GIE Cartes bancaires, Hugo Boss, IEDOM, Proparco and Swiss Life Asset Managers**

Total surface area } **47,700 sq.m**

Certification } **BREEAM In-Use**

Louvre Saint-Honoré offers vast, highly functional 5,400-sq.m floor plates in a prime location looking on to the Louvre museum.

Until the end of 2016, the building is being beautified by 'Grandes Ondes', an ephemeral architectural light installation by the artist François Morellet.





3

WASHINGTON PLAZA

38-44, rue Washington, 75008 Paris

Year of acquisition } **2000**
Main tenants } **Candriam, Lagardère and Misys**
Total surface area } **47,000 sq.m**
Certification } **BREEAM In-Use**

Located just off the Champs-Élysées on an 8,000-sq.m site, Washington Plaza is one of the capital's finest office complexes. It was recently extensively renovated to radically transform its operation, identity and image.





4

#CLOUD.PARIS

81-83, rue de Richelieu, 75002 Paris

Year of acquisition } 2004

Main tenants } **BlaBlaCar, Exane and Facebook**

Total surface area } **35,000 sq.m**

Certifications } **BREEAM Construction, HQE® and LEED®**

#cloud.paris, a latest generation business centre in the very heart of Paris, offers beautiful, innovative, flexible offices designed to deliver environmental excellence.

Delivered in November 2015 and already pre-leased to Exane and BlaBlaCar, its outstanding features earned it the French SIC industry's 2015 "Ville et Avenir" Award.





5

CÉZANNE SAINT-HONORÉ

1-6, rue Paul Cézanne, 75008 Paris

Years of acquisition } **2001 and 2007**

Main tenants } **APAX, Freshfields and LEK**

Total surface area } **29,000 sq.m**

Certification } **BREEAM In-Use**

This exceptional office and retail complex comprises two stand-alone buildings that stand on either side of a 100-metre long, 15-metre wide private street.





6

HAUSSMANN SAINT-AUGUSTIN

104-110, boulevard Haussmann, 75008 Paris

Years of acquisition } **2002 and 2004**
Main tenant } **AG2R La Mondiale**
Total surface area } **13,400 sq.m**
Certification } **BREEAM In-Use**

In 2007, four separate buildings on boulevard Haussmann were transformed into a luxury office complex. Designed around a vast central lobby naturally lit from a glass roof, it features an 82-metre long freestone façade and a total surface area of more than 13,000 sq.m on seven floors.





131 WAGRAM

131, avenue de Wagram, 75017 Paris

Year of acquisition } **1999**

Tenant } **TV5 Monde**

Total surface area } **9,200 sq.m**

Certification } **BREEAM In-Use**

131 Wagram features a terrace, an interior garden, nine floors of offices and five underground levels. It offers light-filled floor plates of around 800 sq.m each, with flexible layouts, along with an auditorium and a staff restaurant.

TV5 Monde recently renewed its lease for a fixed 12-year term.





8

96 IÉNA

96, avenue d'Iéna, 75016 Paris

Years of acquisition } **2001 and 2007**
Main tenant } **Générale de Santé**
Total surface area } **8,900 sq.m**
Certification } **BREEAM In-Use**

With an exceptional location right beside Place de l'Étoile, this six-storey property features an interior courtyard and terraces offering outstanding views of the Arc de Triomphe. The appeal of its unique location is enhanced by triple exposure on three streets, which afford it a rare degree of visibility.





9

GALERIE CHAMPS-ÉLYSÉES

82-88, avenue des Champs-Élysées, 75008 Paris

Year of acquisition } 2002

Main tenants } **Etam, H&M, L'Occitane, McDonald's, Minelli, Paul and Promod**

Total surface area } **8,700 sq.m**

Certification } **BREEAM In-Use**

Enjoying one of the most prestigious locations in Paris, on the sunny side of the most popular section of the Champs-Élysées, this shopping arcade has been extensively redeveloped in recent years. The property has regained its sleek, elegant and eye-catching looks following a complete redesign by Jean Nouvel.





10

90 CHAMPS-ÉLYSÉES

90, avenue des Champs-Élysées, 75008 Paris

Years of acquisition } **2002 and 2009**

Total surface area } **8,900 sq.m**

Certification } **BREEAM Construction**

Located above the Galerie des Champs-Élysées shopping arcade, this contemporary complex features a façade recently transformed by Jean Nouvel and covered in freestone like that found in the most stunning Haussmannian buildings.

The property has been meticulously redeveloped and offers very attractive, bright floor plates of 1,200 sq.m each.





11

92 CHAMPS-ÉLYSÉES

92, avenue des Champs-Élysées, 75008 Paris

Year of acquisition } 2000

Main tenants } **King & Wood Mallesons and Zara**

Total surface area } **7,700 sq.m**

Certifications } **HQE®, BREEAM In-Use**

Home to Thomas Jefferson when he lived in Paris from 1785 to 1789, this is one of the best-situated buildings on the Champs-Élysées, on the corner of rue de Berri. A top-to-bottom redevelopment to restore its former glory was delivered in late 2012 with offices certified to HQE® standards.





12

9 PERCIER

9, avenue Percier, 75008 Paris

Year of acquisition } **2015**
Main tenant } **EDF Foundation**
Total surface area } **6,700 sq.m**

Acquired in 2015, 9 Percier is a 6,700 sq.m office building located in the heart of the Paris central business district. It enjoys excellent intrinsic amenities, including Art Deco façades, historic courtyards, a double lobby, 800 sq.m floor plates, exceptionally high ceilings and bright natural lighting.





13

112 WAGRAM

108-112, avenue de Wagram, 75017 Paris

Year of acquisition } **2008 off plan**
Main tenant } **Zurich France**
Total surface area } **6,000 sq.m**
Certifications } **HQE®, BREEAM In-Use**

Nestled between Place de l'Étoile and Porte de Champerret, the 112 Wagram stands out for its elegant industrial architecture, contemporary interior design, noble materials and impressive volumes, with ceiling heights of nearly four metres on the first and second floors, three vast terraces and an interior courtyard.





14

6 HANOVRE

6, rue de Hanovre, 75002 Paris

Year of acquisition } **1958**
Tenant } **Pretty Simple**
Total surface area } **4,600 sq.m**
Certification } **BREEAM In-Use**

In the heart of the Paris financial district, this 1908 building featuring an Art Nouveau façade by architect Adolphe Bocage is a registered national heritage site. The vast entrance lobby leads to a majestic horseshoe staircase, while the concrete lobby façade and elevator shaft are decorated with ceramic tiles by Alexandre Bigot. Following a recent meticulous renovation, it now offers bright, well laid-out office spaces.





15

CONDORCET

4-8, rue Condorcet, 75009 Paris

Year of acquisition } 2014

Tenant} GrDF

Total surface area } 24,900 sq.m

Certification } BREEAM In-Use

Composed of seven buildings dating from the late 19th century, the Condorcet complex remains deeply steeped in history thanks to the conservation of its original features. The building interiors are set off by a myriad of neo-classical touches, such as sculpted columns, painted ceilings and a variety of decorative elements in marble and wood.





16

RIVES DE SEINE

68-74, quai de la Râpée, 75012 Paris

Year of acquisition } **2004**

Tenant} **Natixis**

Total surface area } **22,700 sq.m**

Certification } **BREEAM In-Use**

Located on the banks of the Seine close to the Gare de Lyon train station and public transit hub, Rives de Seine was built in 1974 and renovated in 2000.

Rising above a vast entrance lobby, the 16-storey building offers dominating river views.





17

103 GRENELLE

103, rue de Grenelle, 75007 Paris

Year of acquisition } 2006
Main tenants } **ESMA and Regus**
Total surface area } **18,900 sq.m**
Certifications } **HQE®, BREEAM In-Use**

Located on the Left Bank in a district that is home to many government ministries, this historical complex is dominated by a tower that housed the first Chappe telegraph system in the 19th century and, until recently, the French Telegraph Administration.

The building offers nearly 20,000 sq.m of prime rental office space with HQE® certification.





18

IN/OUT

46, quai Le Gallo, 92100 Boulogne-Billancourt

Year of acquisition } **2000**

Main tenant } **OECD**

Total surface area } **36,600 sq.m**

Certifications } **BREEAM Construction, HQE®, LEED®, BREEAM In-Use**

Without losing sight of its storied past, SFL recently redeveloped this 35,000-sq.m symbol of France's industrial and cultural heritage into a brand new office complex, certified to HQE®, BREEAM® and LEED® standards.

The main building is dedicated to offices, while a new, ultra-contemporary extension houses the services pavilion.





19

176 CHARLES DE GAULLE

176, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine

Year of acquisition } **1997**
Main tenants } **Hudson and Sacem**
Total surface area } **7,400 sq.m**
Certification } **BREEAM In-Use**

Located on the thoroughfare linking Place de l'Étoile to the La Défense business district, 176 Charles de Gaulle is composed of offices and a large retail space on the ground floor. The courtyard-facing façade looks out over new, landscaped gardens.





20

LE VAISSEAU

2, allée des Moulineaux, 92130 Issy-les-Moulineaux

Year of acquisition } **2006**
Tenant } **Revolution 9**
Total surface area } **6,300 sq.m**
Certification } **BREEAM In-Use**

Located on Île Saint-Germain, Le Vaisseau owes its name (the ship) to its unusual shape. The façade was inspired by naval architecture, with a moveable roof that can open upwards along its entire length. The entire site was recently renovated to seamlessly reintegrate the building into its surroundings by reinterpreting the original concept.



OUR TWENTY OUTSTANDING PROPERTIES



ÉDOUARD VII
LOUVRE SAINT-HONORÉ
WASHINGTON PLAZA
#CLOUD.PARIS
CÉZANNE SAINT-HONORÉ
HAUSSMANN SAINT-AUGUSTIN
131 WAGRAM
96 IÉNA
GALERIE CHAMPS-ÉLYSÉES
90 CHAMPS-ÉLYSÉES
92 CHAMPS-ÉLYSÉES
9 PERCIER
112 WAGRAM
6 HANOVRE
CONDORCET
RIVES DE SEINE
103 GRENELLE
IN/OUT
176 CHARLES DE GAULLE
LE VAISSEAU



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PARIS SCOPE

TAKE A TOUR OF OUR TWENTY OUTSTANDING PROPERTIES

fonciere-lyonnaise.com

The Musée d'Orsay on the Left Bank,
close to 103 Grenelle.



FIN GUR EIS

CHAPTER 4

LEASING – DEVELOPMENT – PORTFOLIO VALUE – FINANCIAL RESULTS

Leasing

In 2015, the rental market in the Île-de-France region remained challenging and selective, with volumes unchanged at 2.1 million sq.m leased during the year.

In particular, the large project segment (more than 5,000 sq.m) under-performed over the period, but this was offset by solid gains in the 1,000 to 5,000 sq.m segment.

Exceptional lease volumes

_____ During the year, SFL successfully leased an exceptional 85,000 sq.m, led by the rental of two of the largest assets in the portfolio, the In/Out building in Boulogne-Billancourt and the #cloud.paris property in the Opéra-Bourse neighbourhood.

Highly significant transactions in the large project segment (more than 5,000 sq.m) were as follows:

- The OECD leased all 35,000 sq.m in the In/Out building in Boulogne-Billancourt for a 12-year fixed term starting on 1 September 2015.
- Exane leased 10,800 sq.m in #cloud.paris for a nine-year fixed term.
- BlaBlaCar leased 9,700 sq.m in #cloud.paris for a four-year fixed term.
- Révolution 9 leased all 6,300 sq.m in the Le Vaisseau building in Issy-les-Moulineaux for a six-year fixed term, starting when the building was delivered after renovation in January 2016.
- A new 12-year fixed term lease was signed with TV5 Monde for its 7,500-sq.m head office building at 131 avenue de Wagram in Paris.

Mid-sized transactions included:

- 3,600 sq.m in #cloud.paris leased by Facebook.
- 3,700 sq.m in Washington Plaza leased to two new tenants, Akamai and Meda Pharma.
- 1,900 sq.m in Louvre Saint-Honoré leased to Swiss Life Asset Managers.

Nominal office rents for lease agreements in 2015 averaged €551/sq.m with effective rents of €437/sq.m. For properties in the central business district, the averages were €662/sq.m and €565/sq.m, respectively. The physical occupancy rate for revenue-generating properties on 31 December 2015 was 95.6% compared with 87.1% a year earlier. This highly significant improvement was led by the leasing of the entire In/Out building, which was vacant on 31 December 2014, and the pre-leasing of 90% of the #cloud.paris building, which was delivered and taken up by the tenant in November 2015.

95.6% (attributable)

physical occupancy rate _____

5.1% (attributable)

EPRA vacancy rate _____

Development

SFL buildings undergoing redevelopment accounted for approximately 50,000 sq.m, representing around 15% of the total portfolio. The main project concerned the #cloud.paris building, which was delivered fully renovated in November.

Full deliveries

In all, €118 million was invested in works in 2015, with a constant focus on maintaining the very high quality of our assets, the source of our future value creation.

The year marked the end of a long cycle of redevelopment that began in 2011, which has enabled us to capture all of the value in several highly significant buildings in the portfolio. In particular, during the period we delivered, after redevelopment or top-to-bottom renovation, the Mandarin Oriental (delivered in 2011, sold in 2013), 92 Champs-Élysées (delivered in 2012), In/Out (delivered in 2013), 90 Champs-Élysées (delivered in 2015), #cloud.paris (delivered in 2015) and Le Vaisseau (delivered in January 2016). By 31 December 2015, the proportion of assets undergoing redevelopment had returned to around 5% of the portfolio, which means that ambitious redevelopment projects may once again be considered.

Highlights of the year

- Completion of works underway since 2013 and delivery in November of #cloud.paris, a 35,000 sq.m business centre located between the Opera and the former Paris Stock Exchange building.
- Completion of the full renovation works and delivery in March of the office floors (around 7,000 sq.m) in the 90 Champs-Élysées complex.
- Top-to-bottom renovation of the 6,300 sq.m Le Vaisseau building in Issy-les-Moulineaux, for delivery in January 2016.

Portfolio value

The estimated market value of the consolidated portfolio at 31 December 2015 was €5,242 million excluding transfer costs. The estimated replacement value, including transfer costs, was €5,519 million.

Higher appraisal values

— The portfolio value increased by 17.4% overall during the year and by 15.7% on a comparable basis. The further increase in appraisal values reflects (i) the €118 million in investments committed in 2015 to improve the properties and the resulting value created and (ii) the appreciation in property values as yields continued to narrow in the investment market for prime assets. In particular, the recently delivered renovated buildings accounted for nearly 40% of the increase in value observed during the year, which attests to the effectiveness

of their repositioning. As of 31 December 2015, our Triple Net Asset Value (EPRA NNNAV) stood at €2,721 million or €58.50 per share, up 18.5% from the €49.40 per share reported a year earlier.

€5,242^m
(excluding transfer costs)
portfolio value —

405,000 sq.m
consolidated surface —

Net Asset Value (in € millions)

	31 Dec. 2015	31 Dec. 2014	31 Dec. 2013
Equity	2,713	2,325	2,215
Treasury shares	17	14	15
Unrealised capital gains	14	9	9
Elimination of financial instruments at fair value	0	2	0
Elimination of deferred taxes	102	83	71
EPRA NAV	2,845	2,432	2,309
EPRA NAV per share	€61.20	€52.30	€49.60
Financial instruments at fair value	0	(2)	0
Fixed-rate debt at fair value	(23)	(51)	(65)
Deferred taxes	(102)	(83)	(71)
EPRA NNAV	2,721	2,297	2,172
EPRA NNAV per share	€58.50	€49.40	€46.70
Transfer costs on property portfolio	266	205	168
NAV including transfer costs	3,112	2,637	2,477
NAV per share including transfer costs	€66.90	€56.70	€53.20
Shares outstanding (in thousands)	46,529	46,529	46,529

€58.50

EPRA NNAV per share _____

Rental income

Consolidated rental income rose by a steep €17.3 million or 11.4% to €168.8 million in 2015 from €151.5 million the year before, led by the initial benefits of the investment and property redevelopment strategy deployed since 2011.

Higher rental income

On a comparable portfolio basis, rental income increased by €7.8 million (5.7%) as income from new leases (primarily In/Out, Édouard VII and Cézanne Saint-Honoré) amply exceeded the very limited impact of applying rent indexation clauses. Income from assets undergoing renovation during the year increased by €1.9 million, due mainly to the delivery in March of 90 Champs-Élysées and the initial rental income from the #cloud.paris building delivered in November, partly offset by the decline in revenues from the Le Vaisseau build-

ing which has been undergoing renovation since March 2015. The acquisition of the Condorcet building in December 2014 and the Percier property in June 2015 added €9.1 million to 2015 rental income.

Lastly, the collection of a penalty payment for the early termination of a lease at Washington Plaza in 2014 reduced income by €1.5 million during the year.

€168.8 m
in consolidated rental income

11.4%
growth in rental income

EBITDA analysis by property (in € millions)

Property	2015	2014	2013
Édouard VII	24.2	21.5	22.9
Washington Plaza	18.6	22.4	18.8
Cézanne Saint-Honoré	16.2	15.4	14.5
Galerie Champs-Élysées	12.5	12.1	12.1
92 Champs-Élysées	10.4	10.3	9.8
Rives de Seine	10.2	10.1	11.6
Louvre Saint-Honoré	9.8	11.2	9.6
Hausmann Saint-Augustin	9.5	9.5	9.3
Condorcet	8.7	0.7	-
103 Grenelle	8.0	8.7	8.3
90 Champs-Élysées	5.8	1.6	2.4
131 Wagram	5.4	4.4	5.1
96 Léna	3.8	4.1	4.4
112 Wagram	3.1	3.0	3.1
In/Out	2.7	(2.2)	(0.2)
176 Charles de Gaulle	2.6	2.6	3.1
6 Hanovre	1.3	1.3	(0.2)
#cloud.paris	1.0	-	-
9 Percier	0.8	-	-
Le Vaisseau	0.4	1.9	2.0
Properties in the portfolio at 31 December	155.1	138.4	136.6
Properties sold	-	-	1.1
Corporate overheads and other	(18.4)	(16.1)	(18.3)
TOTAL EBITDA	136.7	122.3	119.4

Financial performance

In 2015, SFL pressed ahead with the asset redevelopment programme underway since 2011, with the highlight of the year being the on-schedule delivery in November of the #cloud.paris building.

Leasing successes

— 2015 was an exceptional year, with 85,000 sq.m leased during the period, notably in the In/Out building, now fully leased, and the #cloud.paris complex, already 90% leased when delivered.

In June, a 6,700 sq.m office building located on avenue Percier in Paris was purchased for €68 million. In November, a €500-million issue of new seven-year bonds was successfully placed, while in December existing bonds in two issues that were soon to mature were redeemed in an aggregate amount of €244 million.

Higher rental income

— The successful leasing of assets redeveloped since 2011 and the improvement in financing terms helped to drive an initial phase of significant growth in our operating aggregates in 2015. Consolidated rental income rose by 11.4% to €168.8 million from €151.5 million in 2014, while operating profit before disposal gains and losses and fair value adjustments to investment properties increased 11.3% to €135.3 million from €121.5 million the year before. Underlying attributable net profit (EPRA earnings) climbed 25.3% to €65.8 million from €52.5 million in 2014. Net profit, which includes €488.4 million in fair value adjustments to investment properties (net of related taxes), came to €545.1 million for the year, of which €492.9 million attributable to owners of the parent.

Underlying attributable net profit (EPRA earnings) (in € millions)

	2015		2014		2013	
	Recurring EPRA	Non-recurring	Recurring EPRA	Non-recurring	Recurring EPRA	Non-recurring
Rental income	168.8	0	151.5	0	149.3	0
Property expenses, net of recoveries	(14.3)	0	(11.9)	0	(12.3)	0
Net rental income	154.5	0	139.6	0	137.0	0
Service and other revenues	2.4	0	1.9	0	2.5	0
Depreciation, amortisation and provision expense, net	(1.3)	0	(0.8)	0	0.4	0
Personnel costs and overheads	(20.2)	0	(19.2)	0	(20.1)	0
Operating profit before disposals and fair value adjustments	135.3	0	121.5	0	119.8	0
Profit/(loss) on asset disposals	0	0	0	8.5	0	(0.2)
Fair-value adjustments to investment properties	0	513.7*	0	227.5	0	145.3
Share of profit of associates	0	0	4.3	(6.5)	11.5	9.5
Finance costs and other financial income and expense	(47.3)	(22.3)	(54.6)	(32.4)	(53.1)	(17.6)
Income tax expense	(8.9)	(25.3)	(6.8)	(21.4)	(8.3)	(24.2)
Profit for the year	79.1	466.1	64.5	175.8	69.9	112.8
Minority interests	(13.3)	(39.0)	(12.0)	(30.5)	(11.2)	(24.2)
Attributable net profit	65.8	427.1	52.5	145.2	58.7	88.6
EPRA earnings per share	€1.41		€1.13		€1.26	

* Excluding the impact of the increase in the transfer tax rate in Paris and the additional tax levied as from 1 January 2016 (€49 million)

€492.9 m

attributable net profit _____

€65.8 m

EPRA earnings _____

Financing

SFL's debt structure further improved in 2015, with an extension in average maturity and a reduction in average cost. This was the result, in particular, of (i) the issue of €500 million in new seven-year, 2.25% bonds maturing in November 2022 and (ii) the redemption at par of €244 million in existing bonds maturing in May 2016 and November 2017.

Renegotiation of the bank lines of credit

— All of the bank lines of credit (€700 million in revolving credit facilities and €208 million in mortgage loans) were renegotiated on favourable terms and a new five-year, €50 million credit line was arranged, strengthening our ability to seize investment opportunities and cover our liquidity risk. In July 2015, Standard & Poor's upgraded SFL's credit rating to BBB/A2 (from BBB-/A3 previously), with a stable outlook, in recognition of the sharp increase in the portfolio's occupancy rate and the prospect of an improvement in the operating aggregates.

On 31 December 2015, consolidated net debt amounted to €1,841 million, giving a loan-to-value ratio of 33.4%. It had an average maturity of 4.9 years and an average cost after hedging of 2.4%. SFL also has €610 million in confirmed credit lines that are currently unused but could be drawn at any time.

€1,841 m

Consolidated net debt —

4.9 years

average maturity —

Debt structure (in € millions)

	31 Dec. 2015	31 Dec. 2014	31 Dec. 2013
Bonds	1,456	1,200	1,000
Syndicated revolving credit facilities	0	0	50
Other bank loans	370	359	403
Lease financing	27	30	33
Total debt	1,853	1,589	1,486
Cash and cash equivalents	12	17	29
Net debt	1,841	1,572	1,457
Undrawn lines of credit	610	600	700
Estimated value of assets incl. transfer costs	5,519	4,703	4,071
SIIC de Paris shares	-	-	302
Loan-to-Value	33.4%	33.4%	33.3%
Average maturity (years)	4.9	4.0	3.4
Average spot cost (after hedging)	2.4%	2.9%	3.3%

33.4%

Loan-to-Value _____

2.4%

average spot cost of debt
(after hedging) _____

Ratings: **BBB/A-2**

stable outlook _____

Investor information

The SFL share ended the year at €43.81, representing a very strong 20.5% gain from the 2014 closing price of €36.36.

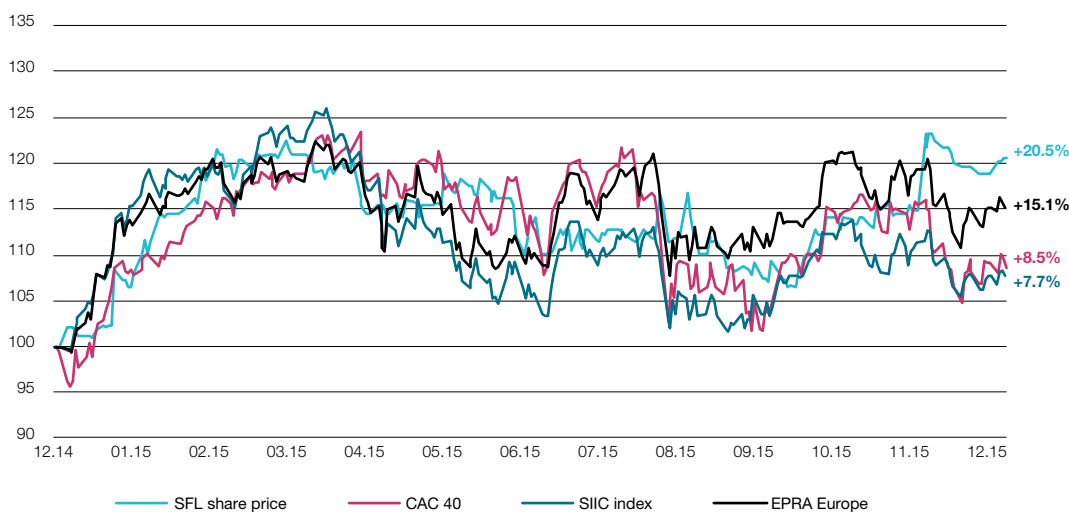
Over the same period, the EPRA Europe index rose by 15.1% and the CAC 40 index by 8.5%.

Trading volumes remained stable, at an average 2,644 shares per day. During the year, the balance of the 2014 dividend, in an amount of €1.40 per share, was paid in April and a further €1.05 per share was distributed in November, in line with the Board's decision on 30 September 2015 to start paying the company's two annual distributions in equal amounts.

Accordingly, at its meeting on 12 February 2016, the Board of Directors decided to recommend that shareholders at the Annual General Meeting of 26 April 2016 approve the payment in cash of a dividend of €1.05 per share.

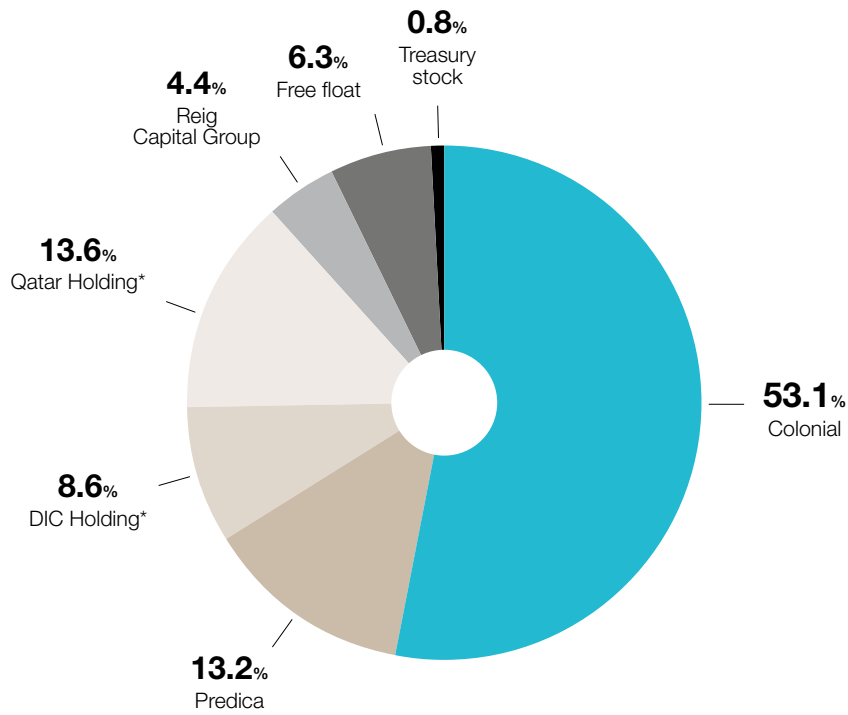
20.5%
gain in the share price

2015 SHARE PERFORMANCE¹



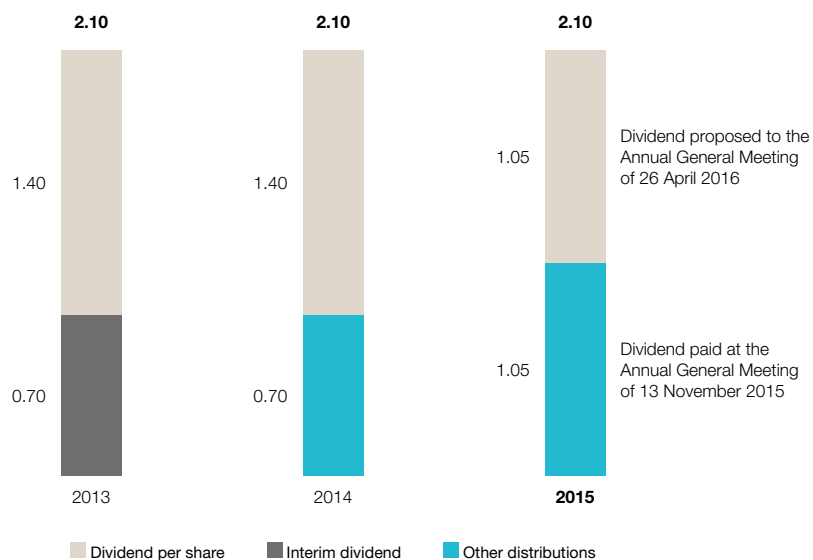
¹ Base 100: 31 Dec. 2014; data up to 31 Dec. 2015 – Sources: Euronext, EPRA.

SFL OWNERSHIP STRUCTURE at 31 December 2015 (46.5 million shares outstanding)



* Acting in concert

DIVIDEND PER SHARE in €





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