



2012 Annual Report

prime inspiration



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THE LEADING SPECIALIST IN PRIME  
COMMERCIAL PROPERTY  
**IN PARIS**  
SFL IS REINVENTING ITS BUSINESS  
AROUND A UNIQUE VISION: TO CREATE OFFICE BUILDINGS  
THAT ACT AS A POWERFUL TOOL TO  
**ATTRACT, RETAIN  
AND MANAGE TALENT  
OVER THE LONG TERM**

Consolidated portfolio value including transfer costs: €4,072 m

Rental income: €150.2 m

Loan-to-value: 35.5%

EPRA NNAV per share: €45.3

Property portfolio: 383,000 sq. m.

Offices: 74%

## Chairman's message

Europe faced a challenging environment in 2012 and France was confronted with a slowdown in economic activity, compounded by presidential and parliamentary elections which affected the pace of some economic programmes and corporate decision-making processes.

This difficult period had an impact on the property market, which shrank relative to 2011. Nevertheless, SFL enjoyed an excellent year and reported very satisfactory results. A strengthened management team guided our Company to a record year in terms of leasing and, in parallel, laid the groundwork of our robust financial position.

The sale of the Mandarin Oriental Hotel, which was completed in February 2013, and the issue of a second €500 million bond have given SFL the means to move forward with confidence and ambition.

Our Chief Executive Officer, Bertrand Julien-Laferrière, and his team did outstanding work in 2012. In addition to their leasing achievements, they boldly implemented an ambitious development programme for a number of key assets in our portfolio. The Ozone building on the Champs-Élysées was delivered and fully leased at the end of 2012. There was continued progress on the spectacular In/Out project in Boulogne. The ambitious Cardinal project on the rue de Richelieu in Paris was launched. These examples confirm SFL's ability to generate opportunities for value creation and to develop the drivers of future growth. The results presented here are founded on an innovative, ambitious vision that enables SFL to approach its business with a clear focus and unstinting determination.

This vision will be the cornerstone of our future success.

Juan José Brugera Clavero – Chairman of the Board




# prime inspiration

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to give  
meaning to  
our actions





*Above all, it's a question  
of re-inventing the way  
we understand our business.*

*How would you characterize your second year at the helm of Société Foncière Lyonnaise?*

In 2011, we increased the pace of change at SFL as a matter of urgency. We took urgent action to get our teams back to work, to clarify our organization and working practices, to lease certain buildings with very high vacancy rates, to open the Mandarin Oriental Hotel in style, to diversify sources of funding in a worrying financial environment, and to push ahead with the major development projects we launched following Thomson/Technicolor's decision to leave Boulogne and the planned departure of Crédit Lyonnais from the rue de Richelieu. Setting a new strategic direction for SFL and uniting our staff around a shared vision were key to getting this transformation underway. 2012 will be remembered as a year when we restructured our processes, ramped up our teams, and formalized and consolidated our leadership strategy in the Parisian prime commercial property market.

# vision

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Bertrand Julien-Laferrière  
Chief Executive Officer

*Would it be fair to say that 2012 marks a turning point?*

Absolutely. This year has given real meaning to what we do and has harnessed the diverse strengths of our company behind common goals. We redefined SFL's vocation as the leading prime commercial property specialist in Paris and reinvented the rationale that drives value creation across all aspects of our business. I believe that all the pieces of the jigsaw are now in place and that our teams are perfectly aligned behind a shared vision. They can now channel their energy, their ideas and their skills into creating value for the Company.

### *What are the cornerstones of your strategic vision?*

Above all, it's a question of reinventing the way we understand our business. Instead of thinking about supply, assets and investments, our starting point is our clients, the market, and the needs of the companies that work in our buildings. Then we think about the value proposition and the offer that we want to make to these clients. Thereafter we adapt our property portfolio to deliver answers that respond to the needs of our market segment. As such, we focus primarily on the fundamental question of the "user value contribution" that is offered by our prime office buildings: to what extent can a company create value by choosing a prime asset in the CBD rather than a building in a poorer location or of lesser quality? The winning formula for SFL and its clients is that we are able to demonstrate that the choice of prime office space in central Paris leads to productivity gains that more than offset and thus fully justify the higher rental costs of these assets. The new paradigm that we have developed forms the basis of the work we have started and it will continue to shape our strategy going forward.

*The winning formula for SFL and its clients is that we are able to demonstrate that the choice of prime office space in central Paris leads to productivity gains that more than offset and thus fully justify the higher rental costs of these assets.*

### *How has the transformation of SFL affected employees?*

The new course we have taken and the unprecedented challenges it brings required a complete overhaul of our businesses and the working practices of our teams. What matters most now is the inspiration and the motivation that underpin their actions and how that helps our clients work more efficiently. In practice this involves strengthening client relationships in the Property Management business, adopting new marketing and leasing models for our buildings, and designing projects and buildings that are better aligned with our clients' needs. It also requires us to maintain a mindset that is open, interested, inventive and ambitious and place professional excellence and creativity at the heart of our objectives. This shared vision, which we have implemented together, has already brought us great success in 2012.





Ozone, 92 Champs-Élysées

*In your view, what was SFL's greatest achievement in 2012?*

It's difficult to answer that question: there are so many great successes to choose from and there are also the impressive results we achieved by significantly accelerating our programmes to create value across the SFL portfolio. Breaking our records for leasing in terms of both volume and value in a year as difficult as 2012 was an exceptional achievement. Reaching full occupancy at 103 Grenelle and Washington Plaza without compromising on rental values and with first class tenants is also highly satisfying as these two assets accounted for a significant portion of our vacancy rate over the last three years. There's the staggering success of 92 Champs-Élysées, from the quality of the development and the fact that it was fully leased at record rents before delivery to the exceptional uplift in value that was achieved for this asset. Other highlights of 2012 include the unchallenged and rapid delivery of the building permit for the 33,000 sq. m. Cardinal/Îlot Richelieu project in Paris's second arrondissement, the successful issue of €500 million of bonds in November, and the agreement to sell the Mandarin Oriental Hotel building to its operator at an excellent price. Personally, I am particularly happy about the revitalization of Washington Plaza as this project was flawlessly executed and demonstrates the fantastic creativity, resolute determination, and sound collective intelligence of our teams. □

# management team

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Fabienne BOILEAU  
Director of Management  
Control & Accounting



Dimitri BOULTE  
Deputy Managing Director  
and Chief Operating  
Officer



Franck DATTÉE  
Technical Director



François DERRIAN  
Human Resources Director



Bénilde ESCOUBOUÉ  
Investments and Asset  
Management Director

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## *Board of Directors*

Chairman: Juan José BRUGERA CLAVERO,

Directors: Jean ARVIS, Jacques CALVET, Anne-Marie de CHALAMBERT,  
Jean-Jacques DUCHAMP, Carlos FERNANDEZ-LERGA GARRALDA, Carmina GAÑET  
CIRERA, Aref LAHHAM, Bertrand LETAMENDIA, Carlos LOSADA MARRODAN,  
Luis MALUQUER TREPAT, Pere VIÑOLAS SERRA, Anthony WYAND, REIG CAPITAL  
GROUP LUXEMBOURG SARL (represented by Alejandro HERNANDEZ-PUERTOLAS)

## *Audit Committee*

Chairman: Carlos FERNANDEZ-LERGA GARRALDA

Members: Jean ARVIS, Jacques CALVET, Jean-Jacques DUCHAMP

## *Remuneration and Selection Committee*

Chairman: Pere VIÑOLAS SERRA

Members: Jean ARVIS, Juan José BRUGERA CLAVERO, Anthony WYAND



Bertrand JULIEN-LAFERRIÈRE  
Chief Executive Officer



Franck MORIN  
Property Management Director



Nicolas REYNAUD  
Managing Director and  
Chief Financial Officer



François SEBILLOTTE  
Chief Resources Officer,  
Secretary to the Board



Marc STRAVOPODIS  
Marketing Director

# governance

## *Executive and Strategy Committee*

Chairman: Juan José BRUGERA CLAVERO

Members: Jean-Jacques DUCHAMP, Carmina GAÑET CIRERA,  
Aref LAHHAM, Pere VIÑOLAS SERRA

## *Committee of Independent Directors*

Members: Jean ARVIS, Jacques CALVET, Anthony WYAND

# prime inspiration

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to enhance  
the performance  
of our clients





*Establishing the foundations of lasting growth for SFL and its portfolio.*

*What is your view on the results of 2012?*

2012 was a watershed year for SFL. We successfully launched a whole range of initiatives to enhance the value of our portfolio and we also confirmed the quality of the business model that underpins our leadership of the prime sector of the Paris real estate market. Clearly many of the initiatives undertaken this year and in 2011 are not reflected in our 2012 results but they will have a very significant impact on SFL's future results and will confirm our position as a consistently profitable benchmark in the real estate sector. In this respect 2012 – and to some extent 2013 – represents a period of consolidation which is enabling us to establish the foundations of lasting growth for SFL and its portfolio.

# performance

Nicolas Reynaud  
Managing Director and  
Chief Financial Officer

It was in this context that we achieved our best leasing performance in five years and a significant rise in appraisal values, despite an economic environment that was less than favourable. At the same time, the value of our portfolio increased very significantly. This was due to our excellent leasing results and lower vacancy rates but also, and above all, to our investment and asset enhancement projects.

*What role does your positioning in the prime segment of the Paris real estate market play in your long-term growth strategy for the business?*

Our strategy is anchored in the scarcity of high-quality office space in the CBD and our ability to offer products within that segment, primarily due to our outstanding ability to deliver large-scale property renovations. Even though the supply of prime properties is expanding, it is widely recognized within the real estate sector that the supply of high-quality products in the CBD is not sufficient to satisfy demand. We believe that this lack of supply, which is structural and set to last, will be particularly rewarding for our business.

Over and above the issue of supply, however, is a more interesting question about the inherent value for users of prime office properties in Paris. We are convinced that the real paradigm in the prime segment of the CBD market is the contribution that these workspaces make to the performance of the companies that use them. In our view it is this “user value contribution” that underpins our clients’ ability to accept the high rents that prime offices command in the CBD. In fact, we have constructed our new business model around this concept.

The growth of our business will, of course, depend on our ability to leverage the well-honed expertise of our teams and our intimate knowledge of the market to identify new opportunities to create value through the acquisition and renovation of office properties in the centre of Paris.

We are constantly on the lookout for opportunities that are aligned with our strategy and positioning.

*We are convinced that the real paradigm  
in the prime segment of the CBD market  
is the contribution that these workspaces  
make to the performance of the companies  
that use them.*

*You say that the “user value contribution” is the basis of your business model. What exactly does this mean?*

Despite the current economic situation, SFL’s clients are willing to pay effective rents of €600 to €700 per square metre, which equates to nominal rents of €700 to €850. This is not simply because our offices are attractive and well managed – that would be too easy – nor is it because their chief executives take pride in having offices in the capital’s most sought-after neighbourhoods. The fundamental reason is that having offices in the centre of Paris, in buildings that are well designed and aligned with their needs, helps them to improve the performance of their teams and, as a result, to create added value. The cost per workstation in one of SFL’s prime properties ranges from €8,000 to €12,000. However, the economic and financial impact of this choice of office space on the added value of the company can be as much as €5,000 to €15,000 per person per year for high value-added companies! It is for this reason that an increasing number of companies that had relocated to less central sites in order to cut costs have decided to return to the centre of Paris. SFL has built its strategy around this paradigm of user value and carefully managed prime positioning. This is why we are confident in our ability to deliver continued growth over the long term. SFL is probably the only real estate company capable of deploying this innovative approach across the whole of its portfolio.





Édouard VII

*Are you still lobbying for greater transparency in the CBD office market?*

Absolutely, and for two reasons. Firstly, because the market would benefit from clearer, more accessible information about the rental values of property transactions. SFL is the first – and still, unfortunately, the only – listed property company to disclose both its nominal and its effective rents. Secondly, because the office sector in the CBD would benefit from better market segmentation. It is currently a disparate market that includes everything from converted Haussmann-style apartments and obsolete 1970s buildings to high-quality properties that have been constructed or renovated in line with international standards over the last twenty years. In the absence of genuine transparency and relevant segmentation it is very difficult to obtain a clear understanding of the market. This is a key challenge faced by our business as it becomes more professional. We are working on this issue with the leading players on the market and with IPD, the independent organization that manages the Immostat database, with a view to developing universally accepted classification criteria and a set of guidelines that will be useful for everyone. It is very important to be able to analyze this segment in detail – to know its size, perimeter, rental values, vacancy rate, and levels of supply and demand – and be able to track changes in these parameters over time. For our part, we need to be able to measure our market share more accurately and strengthen our leadership position within the prime segment. □

## Business model ————— SFL confirms the relevance of its business model

### *Our market: prime commercial property in Paris*

SFL was, more than ever, a key player in high-end commercial real estate in the Paris CBD in 2012. This segment held up particularly well relative to the wider office market of the Ile-de-France Region. Two major trends were noticeable: a contraction in demand and a fall in rental values for properties that were obsolete, poorly located or had poor transport links; and stable or rising rents and property values for well-designed, centrally-located assets with good public transport connections and a high level of technical quality and functionality.

————— *All of the studies conducted by property consultants indicate that rents and property values held firm in the Parisian CBD and, more importantly, that these values are following an upward trend in the case of high-quality buildings in the centre of Paris.* —————



Cézanne Saint-Honoré



Edouard VII

*We firmly believe that the decisive factor in the Parisian office market, especially in the prime segment of the CBD, is the extent to which these workspaces enhance the results of the companies that occupy them.*

SFL is the leading property specialist dedicated to prime commercial assets in Paris. It is a pure player in the segment and controls more than 300,000 square metres in the CBD. We are focusing all of our energy on consolidating our leadership position over the coming years. It is our firm belief that developing the capital's prime real estate, in particular by renovating obsolete buildings, will drive growth for the whole of the sector and will help other geographic segments to reposition themselves more effectively. The quality of SFL's assets and the assiduous work undertaken by our operating teams to maintain them to the highest standards mean we are able to meet the exacting requirements of leading companies. These factors also explain the record number of leases SFL signed in 2012 and the exceptionally high levels of average effective rent that were achieved.

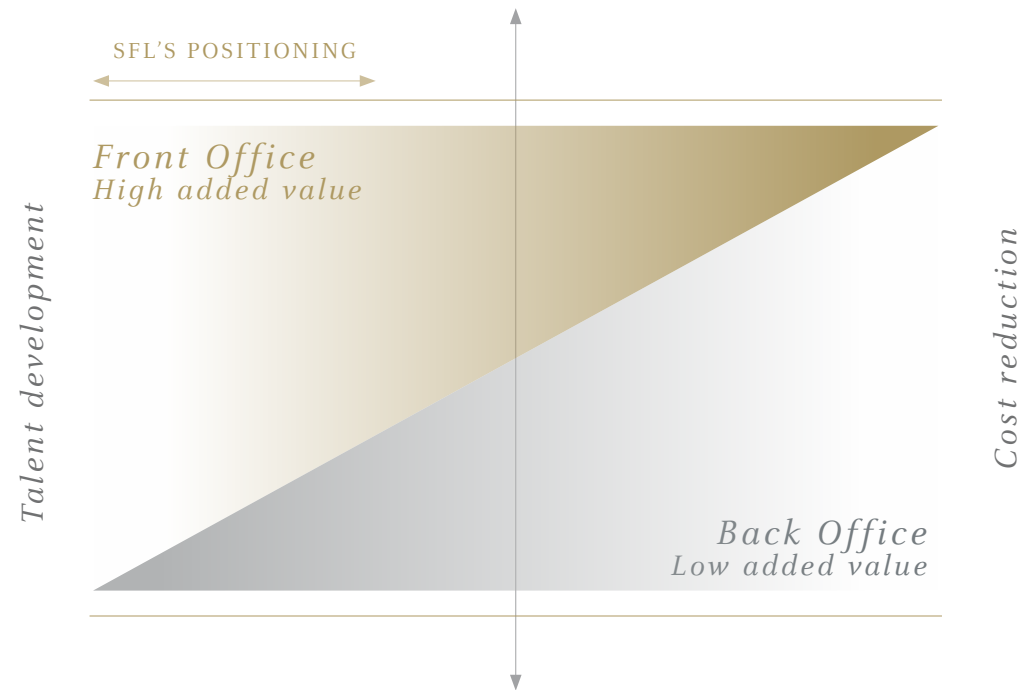


### *Our clients: leading businesses*

The headquarters of large French corporations, the local subsidiaries of multinational groups, well-known consulting firms, financial services companies, firms in the luxury, media and advertising sectors: SFL's clients are leaders in their market or their field of business.

Talent management and development is key for these companies. As most of their employees are front office staff, their success depends heavily on their ability to attract the best professionals, on the motivation and performance of their teams, and on their ability to retain talent over the long term. The comfort and well-being of these high-value employees is therefore of primary concern.

### The real estate strategy matrix





Edouard VII

*Our challenge:  
to make buildings that enhance the performance of our clients*

In order to respond more effectively to the demands of leading companies, SFL is completely reinventing its business model: we have transformed ourselves from a commodity supplier that leases square metres into a solutions provider that offers workspaces and amenities. We aim to offer properties that are perfectly aligned with our clients' needs and make a relevant and meaningful contribution to their results by enhancing the value generated by their employees. There are considerable benefits to be derived from choosing high profile, emblematic and easily accessible offices that offer exceptional amenities and unmatched property management services at the heart of one of the world's leading economic centres. This is the basis of the strategy SFL has implemented in the last two years, the rationale underpinning the work carried out by our teams on almost all of our properties, and the driving force behind our new business model.

————— *Moving into a prime office building in the centre of Paris leads to productivity gains  
that more than offset and thus fully justify the higher rents charged for this kind of asset.* —————

*Factors influencing productivity  
in the service sector*

NEEDS

ACCESSIBILITY  
Commuting times

A CENTRAL LOCATION  
Frequency of visits from clients  
and/or meetings with business  
partners

WORKING METHODS  
Collaboration  
and teamwork

WORK ENVIRONMENT  
Quality of local shops  
and cultural venues

SUSTAINABLE  
DEVELOPMENT  
Physical, psychological  
and mental well-being  
and social responsibility

ATTRACTIVENESS  
Pride in the workplace  
and self-image

THE SFL OFFER

PARISIAN PUBLIC  
TRANSPORT  
NETWORK

CENTRAL BUSINESS  
DISTRICT

SFL'S PRIME  
PROPERTIES

URBAN  
ENVIRONMENT

EXCEPTIONALLY  
LOW CARBON  
FOOTPRINT

ARCHITECTURE  
AND DESIGN



112 Wagram



# U

## User value contribution

In late 2010, the French subsidiary of Zurich Insurance left the obsolete property it was renting in the suburb of Levallois-Perret and moved into SFL's new office building at 112 avenue Wagram in Paris. Relocating to a prime office building which is more expensive to rent but unrivalled in its location, public transport links and environmental quality resulted in an increase in productivity and a sharp improvement in employee performance. *"There has been a significant reduction in our absence rate and, therefore, in psychosocial risks,"* notes Anne Charon, CEO of Zurich in France. *"Furthermore, our client relations have improved, our sales people are more successful in their prospecting and are meeting, on average, twice as many clients as before, and our teams are more available thanks to shorter commuting times. Finally, we have enhanced our ability to attract new talent and to motivate and retain our employees, who take greater pride in belonging to a company that takes care of their needs."* The experience has been so successful that it has caught people's imagination, with Zurich's Paris office now attracting many visitors from the Group's headquarters in Switzerland and other international subsidiaries.

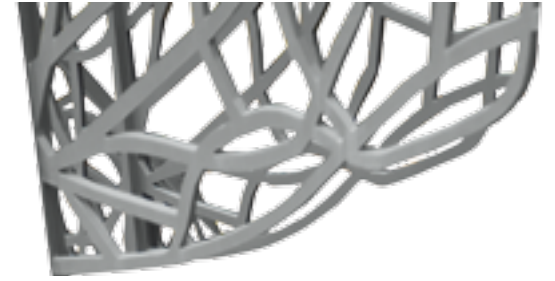
prime inspiration

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to drive greater  
innovation in  
the way we manage  
our projects



A black and white portrait of a man with dark, wavy hair and glasses, wearing a dark suit jacket, white shirt, and dark tie. He is looking slightly to the left of the camera with a neutral expression. The background is a blurred office window with horizontal blinds.

*Providing our clients with offices  
that actively contribute  
to their talent management process.*

### *What is your view on the results of 2012?*

We established new records for leasing in terms of both volume and value. Leases on 37,000 sq.m. were signed during 2012, of which 25,000 sq.m. were new leases, and average nominal office rents reached €688/sq.m. which equates to an average effective rent of €636/sq.m. Almost all of our assets are undergoing some form of transition within the framework of the value-creation action plan that covers every building in the portfolio. The delivery of the Mandarin Oriental Hotel, the transformation of 92 Champs-Élysées and the renovation of the Art Nouveau building on the rue de Hanovre all demonstrate SFL's ability to create substantial value in seemingly complex or challenging situations. We also successfully launched two very large redevelopment projects: the In/Out project in Boulogne-Billancourt (35,000 sq.m.) and the Cardinal/Îlot Richelieu complex in the second arrondissement of Paris (33,000 sq.m.). We are building a new business model which is innovative and assertive and is backed by our teams of enthusiastic, motivated and inspired employees. These outstanding operating results should also be understood as a consequence of this new framework for our business and the innovative approach we are taking to the Parisian prime real estate market.

# innovation

Dimitri Boulte  
Deputy Managing  
Director and  
Chief Operating Officer

### *Can you tell us more about this new framework?*

We decided to find out what purpose our buildings serve and how they generate value for the people who use them. The results of this pivotal decision obliged us to completely rethink our organization and to reinvent our business. As a result, the term "tenant" has been removed from our vocabulary and replaced by the word "client", which refers not only to the companies we deal with but also to the people who live and work in our buildings. We are now focused on what our clients do, what they need, and how those needs are changing. We think about ways of meeting their expectations, everything from the services that matter to them and the kinds of buildings that enable them to work more efficiently, to their office hours and the way they wish to greet their visitors. This change in focus affects our approach to business but also our organizational structure, our professional standards, our corporate culture, our value chain and so on. We need to reinvent everything.

### *How are you going about getting to know your clients better?*

We are building close relationships with the companies that lease our buildings and listening to their opinions. When we initiated this strategic review process in 2011 we started from the simple observation that companies that are mainly composed of front office staff – as is the case for our clients – are particularly focused on talent development when it comes to choosing their offices. These companies are facing new challenges and are compelled to innovate rapidly and to adapt and reinvent themselves. As such, individual performance and employee well-being are critical to their success. We decided that the best way to help our clients manage their teams and enhance their performance was to offer them centrally located buildings in a lively urban environment with good public transport links, appealing work and leisure spaces, and an unparalleled range of services. We need to build even closer relationships with our clients to ensure that our offer is increasingly well matched to their needs. SFL's property management teams have been charged with this mission.

*We are now focused on what our clients do,  
what they need, how those needs  
are changing, and how we meet their  
expectations.*

### *What does the new business model mean in practical terms?*

Good knowledge of our current clients is the best way to understand the needs of our future clients. In this respect it is central to the work of our leasing teams. If we can give potential clients a framework that enables them to measure the impact of their choices on the value generated by their people then we will completely change the way in which our leasing negotiations are conducted.



Le Nouveau Louvre des Antiquaires

*How is this approach reflected in your asset management strategy?*

We have a long list of exceptional projects that are in progress. Some are more complex than others and they are at different stages of completion but they are all helping us to reposition SFL as the leader in Paris's prime commercial property market.

To understand what it means for an asset to be "outstanding" simply take a walk past the incredible entrance of 92 Champs-Élysées, designed by Mathieu Paillard. Or consider the amazing transformation of the In/Out site in Boulogne-Billancourt, the fact that the Cardinal/Îlot Richelieu project is one of the very few new buildings that will be constructed in central Paris in the coming years, the remarkable makeover carried out in the rue de Hanovre, or the transformation of the shared spaces in the Washington Plaza. Not to mention the renovation of the Édouard VII complex and SFL's superb proposal for a more compact and luxurious Louvre des Antiquaires. All of these projects are driven by the inspiration that underpins our actions and gives meaning to what we do. □

## Asset management ————— an original, creative approach to asset management

### *Putting the client at the centre of our business*

SFL has put client satisfaction at the heart of a new professional activity: Prime Property Management. This client-centric concept has given new meaning to the mission of our Property Management teams, transforming them into service providers who establish a relationship with clients that extends beyond the basic formalities of contract management. These teams are further reinforcing SFL's service offering by maintaining regular contact with clients and providing our teams with feedback on clients' needs in a way that was previously lacking.

In 2012, they organized SFL's first client satisfaction survey. The survey was designed to profile the users of SFL's buildings, identify their needs and understand how they perceive their workplace. A total of 450 questionnaires were returned, enabling SFL to perform a multi-criteria analysis of the results in collaboration with HEC Junior Consulting. The main takeaway was that almost 80% of respondents are satisfied or very satisfied with their workplace. This is a very positive result, although our goal is to achieve a rate of 90%. The study also enabled us to define an improvement plan for each building and its amenities. The final survey report was distributed to our main clients, giving them an opportunity to appreciate the usefulness and effectiveness of the initiative.

*We are reinventing the way we understand our business.  
Instead of thinking about supply, assets and investments,  
our starting point is our clients, the market,  
and the needs of the businesses that work in our buildings.  
Then we think about the value proposition and  
the offer that we want to make to these clients.*





Édouard VII

*In a year of crisis and uncertainty, SFL achieved its best leasing results in five years. This performance was exceptional in terms of both quantity and quality, with more than 10% of the portfolio leased or renewed. This performance clearly demonstrates the resilience of our business model and the relevance of our strategic choices.*



In / Out

## *New paradigms in office property leasing*

Very few corporate real estate manager or consultant have identified – or are able to measure – the financial impact that a company's choice of offices can have on its results when its profitability depends primarily on the quality and motivation of its staff. In fact, most of them limit their analysis to the basic issue of cost savings. As such, we find ourselves explaining to executives who understand the importance of human capital that the rental cost of each workstation needs to be understood in the context of its impact on the value generated by employees. The managers of high added-value companies (€100,000 to €300,000 per employee), which are the majority of SFL's clients, should know that an additional rental cost of €100 per square metre equates on average to a 1% increase in employee productivity or around five minutes of extra work per day. This gain can be achieved in a number of ways, such as a shorter commute, proximity to customers and partners, or increased motivation.

The challenge for our teams is to spread this message about the benefits offered by the seamless design and size of our office spaces, their central locations and public transport links, and the quality of their functions and services. They help clients to assess the user value contribution of office spaces and provide them with the evaluation tools they need in order to compare SFL's assets with other properties. With its tight geographic focus and consistent leasing strategy, SFL is probably the only property company capable of implementing this innovative approach across its whole portfolio.

## *Unmatched expertise on complex projects*

SFL is determined to align its business model with its commitment to professional excellence. As such, we are constantly reinventing our assets to ensure they meet our standards in terms of differentiation and user value. This brings a host of new challenges: to turn constraints into opportunities; to master all aspects of the building transformation process, whether historical, urban, architectural, technical, administrative or financial; to create properties that are perfectly aligned with the increasingly demanding requirements of leading companies; and to manage all of the drivers that contribute to the success of a complex restructuring project.

We are able to generate a virtuous cycle of value creation because we apply our highly specialized expertise and strategic vision to every asset in the portfolio, implement a carefully targeted leasing approach, and engage superior skills in design and technical development.

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*Our tagline, "We care for your talents", neatly summarizes the manner in which we wish to address our existing and potential clients.*

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Ozone, 92 Champs-Élysées

# A

## Architectural excellence

### 92 Champs-Élysées, a remarkable achievement

92 Champs-Élysées is a building steeped in history. It recently underwent a highly complex, large-scale restructuring project which involved replacing the building's underpinnings.

The work was carried out by Bouygues under the direction of architect Vincent Cortes. This architectural gem has also been enhanced by the work of the designer Mathieu Paillard and now features an organic sculpture that floats in a deliberately austere space in the lobby facing the Champs-Élysées. In a relocation project of unusual complexity, the Morgan and Solaris stores were moved in phases and the Maltese Embassy found a new home in a private mansion nearby. All parties were satisfied with the results of these changes. Zara has set up its new European flagship store in the property, a stone's throw from the H&M flagship which is in an adjoining building that SFL renovated two years ago with the architect Jean Nouvel. An exemplary leasing process meant 92 Champs-Élysées was fully leased prior to delivery and has welcomed prestigious clients such as the international law firm SJ Berwin. This is one of SFL's finest achievements in terms of value creation, with an appraisal value at end-2012 estimated to be 50% higher than the total cost of the project.

prime inspiration

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to promote  
professional  
excellence  
at all levels





*Developing collective intelligence  
to achieve continuous improvement.*

*What is your view on the results of 2012?*

Our teams were ramped up in 2012 following two years of colossal effort during which SFL's support services pushed themselves to meet the ambitious targets that we had set. At the same time we fully overhauled our organizational structure and working practices. In just two years we have completely transformed the organization. We have created clearly defined business divisions, hired new talent while reducing the total number of employees, re-written all of our processes and operating procedures, revised all delegations of authority, and changed our policy on variable remuneration. We even moved our offices into a large workspace in the Washington Plaza building which provides the same high quality working conditions that we offer to our clients.

The underlying theme for all staff was the need to develop professional excellence and collective intelligence; the importance of constantly striving to do things better rather than just doing them well. Although everyone was pushed hard to take their performance to the next level they did so knowing that they could count on support and help from their colleagues.

excellence

François Sebillotte  
Chief Resources Officer,  
Secretary to the Board

*Is it fair to say that SFL's transformation is as much professional as cultural?*

The change in our professional culture is starting to bear fruit and will play an integral part in the work we undertake over the coming decades. The cultural dimension, however, particularly as regards architecture and design, is equally important even though it is relatively underdeveloped in our industry. SFL is one of the few companies that is able to understand and discuss the logic behind creative concepts, set objectives for designers, share an aesthetic vision and, above all, appreciate how architectural elements can enhance the value of a project.

By sharing this kind of expertise – which is rare or even non-existent in the world of property developers and investors – we are able to handle issues relating to design, architecture and interiors with a high degree of professionalism. This professional expertise is essential when dealing with companies that are leaders in their respective areas and expect their landlord to achieve the same level of excellence in their real estate products and services.

— *Our business practices are also inspired by human relationships and an ethical vision.* —

### *Is this why SFL is becoming actively involved in contemporary art?*

Yes, clearly, even though the initial purpose of “Mémoires Contemporaines”, the art event we launched in 2011, was to quickly give SFL a cultural dimension. With each event, we have tried to emphasize a theme that is important to our clients, a topic that matters to companies and appeals to their management. On the In/Out project we worked with artists Per Barclay and Alain Bublex on the theme of “transformation”, which relates to the need for companies to constantly reinvent themselves and adapt in order to remain competitive. With Felice Varini, we focused on “perspective”. On the one hand, the perspective of an artist who can create perfect order from a chaotic mass of lines and shapes, and on the other, the perspective of a business leader who has to give direction to a company, define a vision of the world and the market, and share it with employees and partners. Inspiration is key when it comes to inventing the future and promoting a forward-looking vision.



Ozone, 92 Champs-Élysées

*Do you see a renewed focus on people and culture as central to the future of this business?*

Of course! Our future and the future of all other listed French property companies will be closely tied to questions of sustainable development, ethics and corporate social responsibility.

SFL remains actively committed to environmental performance; our results are detailed in the Sustainable Development Report that forms part of the 2012 Registration Document. At this time we are pleased to announce that all of our buildings are being adapted to make them accessible to people with reduced mobility. Our business practices are also inspired by human relationships and an ethical vision.

In this spirit, Juan José Brugera, the Chairman of the Board of Directors, used the appointment of the new management team as an opportunity to strengthen corporate governance and improve certain aspects of the Company's management practices. We are particularly pleased with the positive, transparent working relationship that has been established between the management team and the Board of Directors: it has enabled us to pursue an ambitious, creative strategy with the full support of our shareholder representatives. □

# Responsibility and high standards

A strategy that  
engages every  
employee

## *Professional excellence at every level*

SFL's outstanding performance in 2012 is also the result of our teams' engagement in the overhaul of their business practices and working methods. This transformation was not limited to front-line jobs, although they were the first to be revised in 2011, but was also applied across the support and corporate functions. The Human Resources team played an active role in the reorganization process, established new pay systems and piloted an annual performance review process. The Information Systems team undertook a massive overhaul of the Company's IT systems to provide employees with tools that better meet their needs. The Legal team developed a closer working relationship with operational teams. The Management Control team was centralized, particularly with respect to budgets and decision-making support. Finally, our approach to communications was consolidated and revitalized. All of these changes were driven by a lean, close-knit management team which is constantly seeking new opportunities to promote professional excellence and develop greater teamwork.

*This professional expertise is essential  
when dealing with companies that  
are leaders in their respective areas  
and expect their landlord to achieve  
the same level of excellence in their  
real estate products and services.*



Rives de Seine



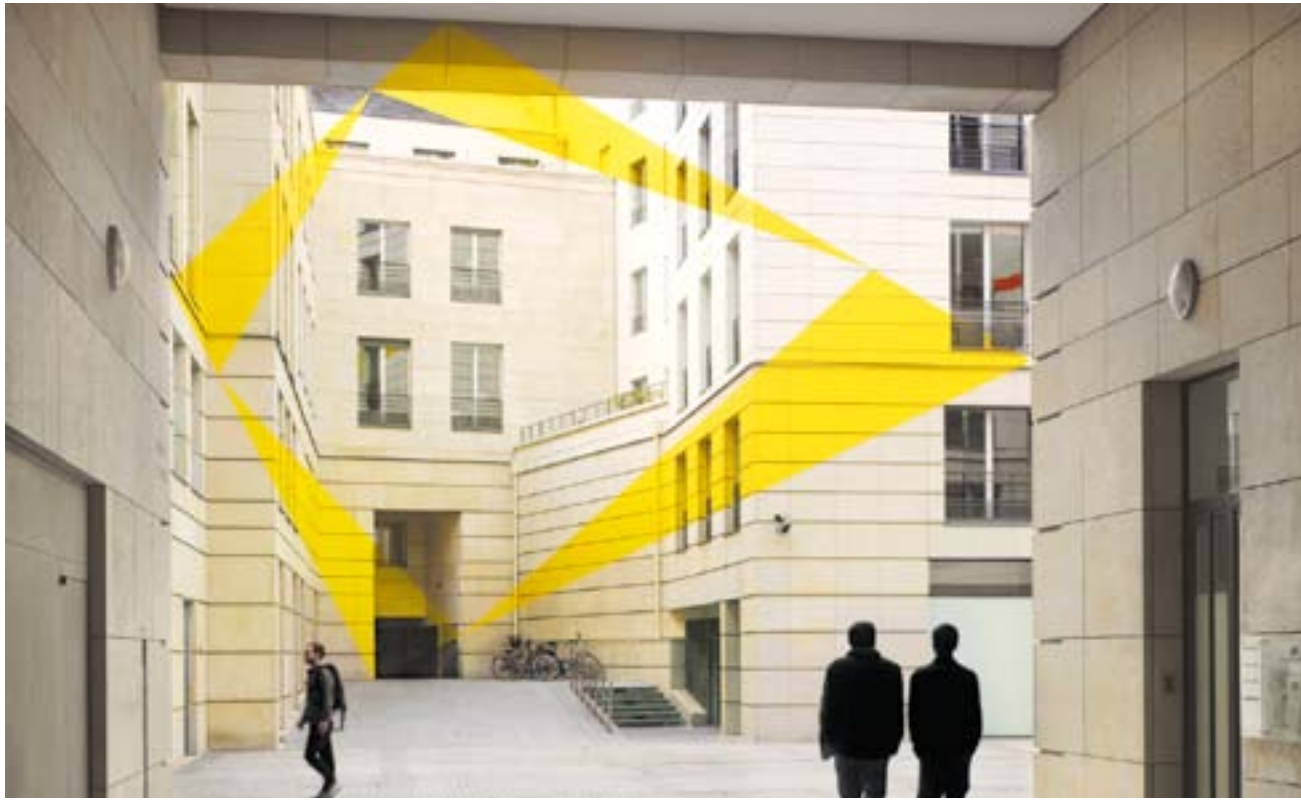


Cardinal project / Îlot Richelieu

### *Transforming SFL's corporate culture*

Although this new corporate culture is the bedrock of SFL's business model, architecture and design are also playing an important role in reshaping the Company. There is a cultural dimension at the heart of most of our projects, whether they are flagship developments like In/Out in Boulogne-Billancourt and Cardinal/Îlot Richelieu in Paris or smaller projects like Washington Plaza, the Art Nouveau building on the rue de Hanovre or the Louvre des Antiquaires. For SFL, the visual and cultural impact of these projects will be just as important for their future success as their more typical real estate attributes.

*All of SFL's teams are coming to appreciate that the cultural and conceptual component of our projects is not neutral but can make a meaningful contribution to our ability to achieve our goals and create value.*



*The underlying theme has been  
the development  
of professional excellence  
and collective intelligence,  
— that capacity that we all have, —  
both individually and as  
a team, to strive constantly  
to do things better rather than  
simply to do them well.*

### *A growing commitment to sustainability*

SFL stepped up its already active sustainable development programmes in 2012 and achieved outstanding results, especially in terms of its carbon footprint, which stands at an almost record 5.6 tonnes CO<sub>2</sub>e per year and per employee. All of our properties were audited with a view to improving access for people with reduced mobility. As a result, the boutiques on the lower and upper levels of the Louvre des Antiquaires will be relocated to the ground floor and various improvements will be made immediately to remove existing obstacles. The same approach is being adopted at Washington Plaza, where the communal areas are being restructured. In the area of corporate governance, the Audit Committee engaged KPMG to review SFL’s operating procedures and check that decisions are made and implemented in compliance with corporate governance rules. As a result, recurring controls and key processes have been introduced for high-risk areas of the business. These actions have also provided assurance to the Board of Directors that there are adequate controls to ensure compliance with governance rules.



Édouard VII – Felice Varini "Cinq ellipses ouvertes"

# C

## Contemporary art

### **Mémoires Contemporaines.**

For the first edition of Mémoires Contemporaines, SFL wanted to draw attention to an exceptional site, Thomson's former headquarters in Boulogne-Billancourt.

It also wanted to surprise the market by unveiling a more creative, innovative and iconoclastic image and to create new ties with its clients and stakeholders.

Only a handful of the people who came to see Norwegian artist Per Barclay's Oil Room and the Phantom Pavilion of French artist Alain Bublex were art specialists

or regular gallery goers. Everyone, however, was struck by this unique artistic experience and by its relevance.

The 2012 edition – Mémoires Contemporaines 2, which was held at the Édouard VII asset – featured three works by Franco-Swiss artist Felice Varini and was again a resounding success. In both cases, SFL demonstrated

its commitment to quality and culture by selecting internationally renowned artists, choosing artwork that complimented the location, and creating an opportunity to add life to our properties.



prime inspiration

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to develop  
a new vision of  
our business





In / Out Project



# finance

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2012: a year  
of strong value  
creation

*2012 saw the success of value creation initiatives across the portfolio, confirmation of the quality of our strategy, a record number of transactions, and significantly improved results. This performance demonstrated that the impetus created in the past two years by the new management team is delivering the intended results and that fresh inspiration is the best way to reinforce the effectiveness of the business model.*

Ozone, 92 Champs-Élysées



*In an year marked by economic uncertainty, SFL posted a significant 7.5% rise in rental income on a comparable portfolio basis and a solid 12% increase in the portfolio's appraisal value, feeding through to strong growth in net profit which reached €283 million.*

### ***Rental income: up 7.5% on a comparable portfolio basis***

Rental income dipped slightly to €150.2 million in 2012 from €151.6 million in 2011. This represented a very good performance as the 2011 figure included rent on the Old England building that was sold in December 2011 and a lease termination penalty received from Allen & Overy, a tenant of the Édouard VII building, for a total of €6.5 million. On a comparable portfolio basis, rental income increased by €8.0 million or 7.5%, reflecting leases signed in 2011 and 2012 and the impact of applying rent indexation clauses. Revenues from properties undergoing redevelopment declined by €3.7 million overall. This was primarily due to the launch of a project to remodel the Cardinal/Îlot Richelieu building in the second half of 2012 and the refurbishment of 6,500 sq.m. of office space in the Édouard VII building, the effects of which were partly offset by the delivery of the Ozone building at the end of the year.

Le Louvre des Antiquaires &amp; des Entreprises







Edouard VII

**EBITDA ANALYSIS BY PROPERTY**  
(in € millions)

	Contribution 2012	2012	2011
ÉDOUARD VII	14.6%	20.1	26.8
WASHINGTON PLAZA	13.4%	18.5	17.5
LDE LDA	9.3%	12.9	15.9
CARDINAL / ÎLOT RICHELIEU	8.3%	11.5	14.0
CÉZANNE ST-HONORÉ	10.5%	14.4	12.8
RIVES DE SEINE	8.5%	11.7	11.4
251 SAINT-HONORÉ	8.0%	11.0	7.4
GALERIE DES CHAMPS-ÉLYSÉES	4.1%	5.6	5.1
131 WAGRAM	3.6%	5.0	4.8
HAUSSMANN SAINT-AUGUSTIN	3.5%	4.8	4.5
IÉNA	3.0%	4.1	4.4
103 GRENELLE	4.0%	5.5	4.0
NEUILLY	2.3%	3.2	2.9
90 CHAMPS-ÉLYSÉES	1.1%	1.5	1.9
LE VAISSEAU	1.4%	1.9	1.8
112 WAGRAM	2.2%	3.0	1.6
OZONE	2.5%	3.5	1.3
IN/OUT	0.0%	0.0	0.4
HANOVRE	-0.1%	-0.1	-0.3
Properties in the portfolio at 31 December 2012	100.0%	138.0	138.2
CAPUCINES	0.0%	0.0	2.3
OTHER ASSETS	0.0%	0.0	0.0
Sold properties and other	0.0%	0.0	2.3
<b>TOTAL PROPERTIES</b>	<b>100%</b>	<b>137.9</b>	<b>140.5</b>
CORPORATE		-14.5	-14.8
<b>TOTAL EBITDA</b>		<b>123.4</b>	<b>125.6</b>

103 Grenelle



In / Out



Operating profit before disposal gains and losses and fair value adjustments to investment properties stood at €122.5 million in 2012 versus €125.4 million in 2011. Underlying attributable net profit (EPRA earnings) amounted to €69.5 million in 2012 versus €81.2 million the year before. Attributable net profit on 31 December 2012 came in at €283.2 million compared to €180.9 million in 2011.

Consolidated portfolio value \_\_\_\_\_  
 €3,882 million (EXCL. TRANSFER COSTS) 383,000 sq. m.

finance \_\_\_\_\_

UNDERLYING ATTRIBUTABLE NET PROFIT (EPRA EARNINGS)  
(in € millions)

	2012			2011		
	Recurring EPRA	Non-recurring	Total	Recurring EPRA	Non-recurring	Total
Rental income	150.2	0	150.2	151.6	0	151.6
Property expenses, net of recoveries	-12.4	0	-12.4	-10.6	0	-10.6
<i>Net rental income</i>	<i>137.8</i>	<i>0</i>	<i>137.8</i>	<i>141.0</i>	<i>0</i>	<i>141.0</i>
Service and other revenues	4.0	0	4.0	3.4	0	3.4
Depreciation, amortisation and provision expense, net	-0.9	0	-0.9	-0.3	0	-0.3
Corporate costs	-18.4	0	-18.4	-18.8	0	-18.8
Operating profit before disposals and fair value adjustments	122.5	0	122.5	125.4	0	125.4
Profit/loss on property disposals	0	0	0	0	7.7	7.7
Fair value adjustments to investment properties	0	236.3	236.3	0	98.1	98.1
Share of profit of associates	13.2	7.8	21.0	11.7	7.0	18.7
Finance costs and other financial income and expense	-56.0	-16.2	-72.2	-49.1	-4.6	-53.7
Income tax expense	-4.7	-3.3	-8.1	-2.1	-0.9	-3.0
Profit for the year	74.9	224.6	299.5	85.9	107.2	193.1
Minority interests	-5.4	-10.9	-16.3	-4.7	-7.5	-12.2
Attributable net profit	69.5	213.7	283.2	81.2	99.7	180.9
Average number of shares (thousands)	46,529			46,529		
EPRA earnings per share	€1.49			€1.74		

*An exceptional leasing performance*

2012 was an exceptional year in terms of both the volume and the quality of leases signed. Leases were signed on 37,000 sq.m., representing some 10% of the portfolio leased or renewed during the year. This performance lifted the physical occupancy rate of properties in operation to 95.3% at 31 December 2012. SFL demonstrated the resilience of its business model and the relevance of its choices by achieving an average nominal rent of €688/sq.m. for office leases signed in 2012 and, more importantly, an average effective rent of €636/sq.m. In one of the highest-profile transactions of the year, the office spaces at 92 Champs-Élysées commanded an average effective rent of €700/sq.m.

*Significant investments*

SFL pursued its ambitious development programme in 2012 and invested €125 million in remodelling projects. The largest investments concerned the In/Out project in Boulogne, which will be delivered in summer 2013, the Ozone building at 92 Champs-Élysées, which was delivered at the end of 2012, and the full-scale refurbishment of large office spaces in the Édouard VII and Louvre des Entreprises buildings.

Rents

€150.2 m — RENTAL INCOME

95.3% — PHYSICAL OCCUPANCY RATE

5.7% — EPRA VACANCY RATE

Results

€283.2 m — ATTRIBUTABLE NET PROFIT

€45.3 — EPRA NNAV PER SHARE

€69.5 m — UNDERLYING ATTRIBUTABLE PROFIT (EPRA EARNINGS)

### A significant increase in portfolio value

The 12% growth in appraisal values over the year, which was spread evenly between the first and second halves, drove a 5.8% increase in EPRA NNNAV to €45.3 per share. A number of major operations were completed with great success. The sale of the building at 249 rue Saint-Honoré, which houses the Mandarin Oriental Hotel, was agreed for a net price of €290 million. This is about 15% more than its appraisal value just prior to the sale being announced and a 30% gain on the total cost of the renovation. The complete remodelling of the building at 92 Champs-Élysées is, without doubt, SFL's finest example of value creation over the last twenty years. This magnificent structure of 7,600 sq.m. is an architectural gem and is located on the corner of the rue de Berri and the most beautiful avenue in the world. It brings in rental income of more than €10 million per annum and its appraisal value has increased by 130% over the past three years, which represents value creation of around 50% net of investments.

The estimated market value of SFL's portfolio at 31 December 2012 was €3,882 million excluding transfer costs. The estimated replacement value, including transfer costs, was €4,072 million. For the first time this year, these figures include on a 100% basis the buildings owned in partnership with Prédica through our joint subsidiary, Parholding. This follows changes in the Parholding shareholders' pact which have led to the company being fully consolidated. On a comparable basis, the value of the portfolio increased 12% in 2012. EPRA NNNAV stood at €2,108 million or €45.3 per share at 31 December 2012, compared to €42.8 per share at 31 December 2011, an increase of 5.8%.

### NET ASSET VALUE (in € millions)

	31/12/12	31/12/11
Equity	2,137	1,948
Treasury shares and stock options	16	16
Unrealised capital gains	9	3
Elimination of financial instruments at fair value	18	47
Elimination of deferred taxes	67	63
<b>EPRA NAV</b>	<b>2,246</b>	<b>2,078</b>
<b>EPRA NAV/share</b>	<b>€48.3</b>	<b>€44.7</b>
Financial instruments at fair value	-18	-47
Fixed-rate debt at fair value	-54	25
Deferred taxes	-67	-63
<b>EPRA NNNAV</b>	<b>2,108</b>	<b>1,993</b>
<b>EPRA NNNAV per share</b>	<b>€45.3</b>	<b>€42.8</b>
Transfer costs on property portfolio	164	154
<b>NAV including transfer costs</b>	<b>2,271</b>	<b>2,147</b>
<b>NAV/share including transfer costs</b>	<b>€48.8</b>	<b>€46.1</b>

— *Our results confirm SFL's positioning as a reliable, resilient shareholding.* —

### Rating

**BBB-** (S&P)

Debt profile at 31 December 2012

**€1,547 m** CONSOLIDATED NET DEBT

**3.9 years** AVERAGE MATURITY

finance



Haussmann Saint-Augustin

### *A strong balance sheet, the foundation for sustained growth*

SFL has established long-term working relationships with leading French and international banks and has always enjoyed their confidence. This confidence is strengthened by the quality of our portfolio, our conservative financial ratios, our strong results and our resilient business model. Nonetheless, SFL has decided to diversify its sources of financing rather than depending exclusively on the credit lines provided by our banking partners. Following an inaugural €500 million bond issue carried out in 2011, we conducted a second bond issue for the same amount in November 2012. The 3.50% bonds were purchased by a mix of French and international investors (57% and 43% respectively). SFL's balance sheet at 31 December 2012 was exceptionally strong as a result of this bond issue, with two-thirds of financing needs covered by bond debt and one-third by lines of bank credit.

### DEBT STRUCTURE (in € millions)

	31 December 2012		31 December 2011	
	Total	Attributable	Total	Attributable
Bonds	1,000	1,000	500	500
Syndicated revolving line of credit	45	45	240	240
Other bank loans	438	335	411	411
Lease financing	89	89	103	103
<b>Total debt</b>	<b>1,572</b>	<b>1,469</b>	<b>1,255</b>	<b>1,255</b>
Cash and cash equivalents	25	14	11	11
<b>Net debt</b>	<b>1,547</b>	<b>1,455</b>	<b>1,243</b>	<b>1,243</b>
Undrawn lines of credit	605	605	610	610
Estimated value of assets (incl. transfer costs)	4,072	3,621	3,399	3,241
SIIC de Paris shares	287	287	266	266
Loan-to-value ratio	35.5%	37.2%	33.9%	35.5%
Average life (years)	3.9	3.8	3.7	3.7
Average spot cost (after hedging)	3.6%	3.7%	4.2%	4.2%

SFL also has €605 million in undrawn lines of credit. In addition, mortgage refinancing of €206 million was obtained in September 2012 for Parholding, the holding company for the two properties we own jointly with Predica (Galerie/90 Champs-Élysées and Haussmann Saint-Augustin). Lastly, following the February 2013 sale of the Mandarin Oriental Hotel building, SFL has a very positive financial profile that is particularly well suited to the current economic and financial environment and will make it easy for us to take up any investment opportunities that fit our positioning and business model. Our strong balance sheet is, alongside our operational momentum, a cornerstone of sustained long-term growth.

**35.5%** — LOAN-TO-VALUE

**3.6%** — AVERAGE SPOT COST OF DEBT (AFTER HEDGING)

Washington Plaza "Internal Gallery"

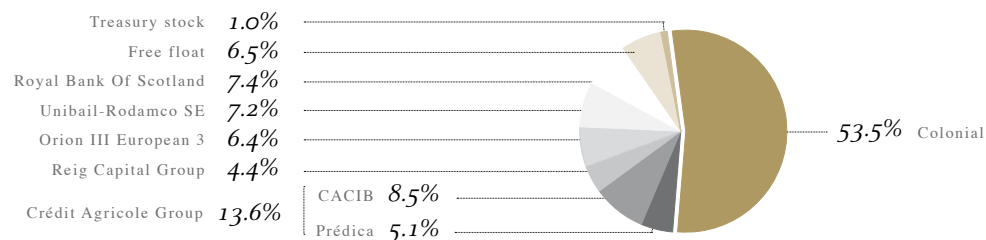


### Stock market performance

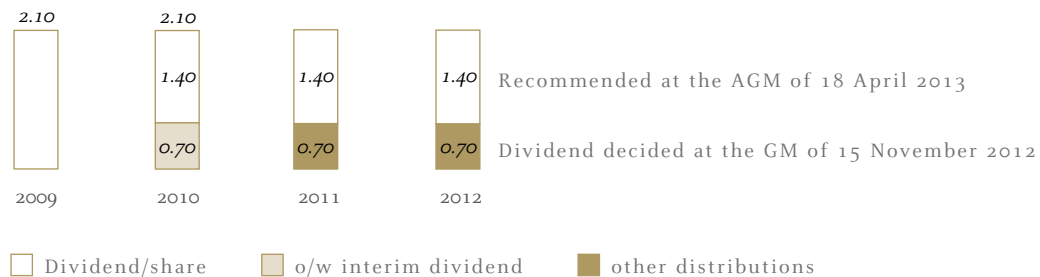
SFL's stock market performance in 2012 was uneven: the price rose in the first quarter then fell back over the next two quarters before recovering in the fourth. The share ended the year at €35.50, up 6% over the year but behind the EPRA Europe index (+22.6%) and the CAC 40 (+15.2%). SFL shares have gained 2.5% over the last two years while the EPRA Europe index has risen 6.4% and the CAC 40 has fallen 4.3%.

At the Annual General Meeting on 18 April 2013, the Board of Directors will recommend paying a dividend of €1.40 per share.

### OWNERSHIP STRUCTURE (at 31 December 2012)



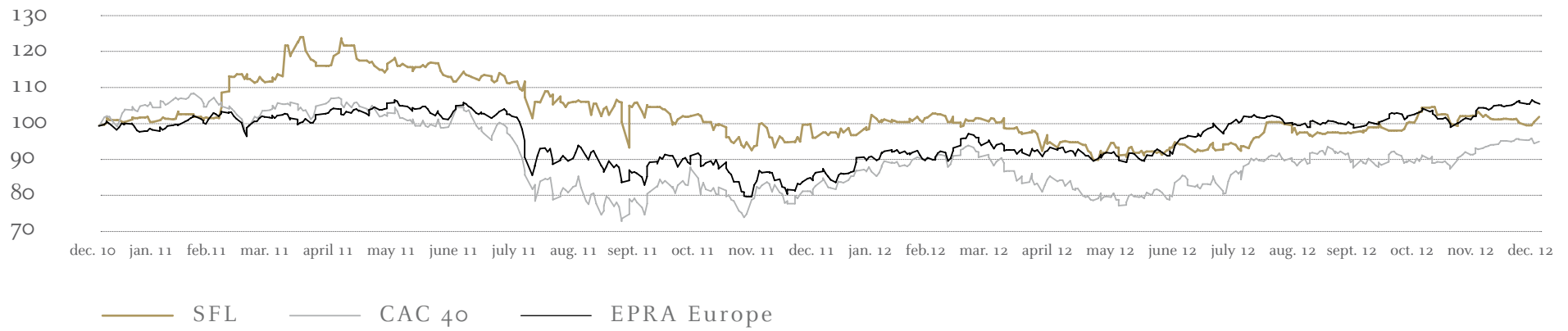
### DIVIDEND PER SHARE (in €)





Edouard VII

SFL STOCK MARKET PERFORMANCE



# An exceptional portfolio \_\_\_\_\_ at the heart of the Paris CBD

*SFL's exceptional portfolio of assets is concentrated in the Central Business District of Paris and the west of the capital. These properties offer a winning blend of a prestigious address, architectural elegance, outstanding public transport links, an urban, cultural and business environment of the highest quality, cutting-edge technical amenities, and excellent environmental performance.*

*Their unique combination of size, product type, location and amenities responds to the most exacting needs of an increasingly demanding clientele, most of whom are leading companies that understand the vital role their workspaces play in driving performance and the talent management process.*

## Geographic focus \_\_\_\_\_



*Honoré  
Cézanne,  
168, rue du  
Saint-Honoré, 75008 Paris*

located on the place de l'Étoile. The building consists of two separate buildings on either side of a 100-metre long, pedestrian-friendly street in the heart of the Central Business District. Delivered in 2004, the building has the advantage of long tenancy, which obviates the need for structural walls and allows for large, open-plan spaces. The Cézanne Saint-Honoré has been awarded two awards in 2004 as one of SFL's finest assets.

awards in 2001 (50%) and 2007

29,252 sq.m.  
1,231 sq.m.  
1,257 sq. m.  
1,504 sq.m.  
5

of fields and Citibank



Ozone  
92, avenue des Champs-Élysées  
75008 Paris

An emblematic building. Home of Thomas Jefferson when he lived in Paris from 1785 to 1789, this building has one of the best locations on the Champs Élysées, on the corner of the Rue de Berri. It has retail units on the ground floor and offices on the upper floors. Between May 2010 and the end of 2011, the building underwent an extensive redevelopment to restore it to its former glory and create prime office space. It has received a High Environmental Quality certification.

Total surface area: 7,641 sq.m.  
Offices: 4,209 sq.m.  
Retail units: 3,396 sq.m.  
Common areas and other: 36 sq.m.

Main clients: SJ Berwin and



## Market focus

74% — OFFICES

25% — RETAIL UNITS / HOTELS

1% — RESIDENTIAL

383,000 sq. m. — TOTAL PORTFOLIO

95% — OCCUPANCY RATE (excluding properties undergoing renovation)



- 1 LOUVRE DES ENTREPRISES & LOUVRE DES ANTIQUAIRES 2 CARDINAL / ÎLOT RICHELIEU 3 WASHINGTON PLAZA  
4 LE VAISSEAU 5 131 WAGRAM 6 HAUSSMANN SAINT-AUGUSTIN 7 RIVES DE SEINE 8 112 WAGRAM  
9 GALERIE DES CHAMPS-ÉLYSÉES 10 90 CHAMPS-ÉLYSÉES 11 OZONE 12 CÉZANNE SAINT-HONORÉ 13 ÉDOUARD VII  
14 IN/OUT 15 AVENUE CHARLES-DE-GAULLE, NEUILLY-SUR-SEINE 16 AVENUE D'IÉNA  
17 RUE DE HANOVRE 18 103 GRENELLE 19 MANDARIN ORIENTAL PARIS

# Portfolio



*112 Wagram*  
108-112, avenue de Wagram,  
66-72, rue de Prony, 75017 Paris

Exceptional working conditions. Nestled between the place de l'Étoile and the porte de Champerret, the building at 112 avenue du Wagram stands out for its elegant industrial architecture, contemporary interior design, noble materials and impressive volumes, with ceilings almost four metres high on the first and second floors, three vast terraces, a courtyard and an interior garden planted with trees. This new office complex lies behind a metallic façade decorated with bricks and glass and offers bright, modular, streamlined workspaces of more than 1,100 sq.m.

Year of acquisition: 2008, purchased off-plan  
Total surface area: 5,437 sq.m.  
Offices: 4,470 sq.m.  
Retail units: 892 sq.m.  
Common areas: 75 sq.m.  
Parking spaces: 29

Main clients:  
Zurich France and Facebook

*131 Wagram*  
131, avenue de Wagram, 75017 Paris

A media hub. 131 Wagram stands halfway between Parc Monceau and the place de l'Étoile on the corner of rue de Prony. The property, which was extensively remodelled in 1992, features a terrace, an interior garden, nine floors of offices and five underground levels. The building offers light-filled, flexible workspaces of around 800 sq.m. in addition to an auditorium and a staff restaurant. The interior was fully renovated in 2004-2005.

Year of acquisition: 1999  
Total surface area: 9,185 sq.m.  
Offices: 7,100 sq.m.  
Staff restaurant, archives and other common areas: 2,085 sq.m.  
Parking spaces: 124

Client: TV5 Monde



*Haussmann Saint-Augustin*  
104-110, boulevard Haussmann,  
75008 Paris

A luxury office complex. A two-year redevelopment project that was completed in 2007 transformed four separate buildings on boulevard Haussmann into a luxury office complex offering optimal working conditions. The building is designed around a vast central lobby that is flooded with natural light from a glass roof. It offers a total surface area of around 13,000 sq.m. over seven floors and its 82-metre long façade is made of cut stone. The use of natural, noble materials creates warmth and architectural beauty while the interior design is an elegant blend of the classic and the contemporary.

Year of acquisition: 2002 and 2004 (50% ownership in partnership with Prédica)  
Total surface area: 13,434 sq.m.  
Offices: 11,798 sq.m.  
Retail units: 678 sq.m.  
Staff restaurant: 960 sq.m.  
Parking spaces: 104

Main client: La Mondiale Groupe



*Îlot Richelieu (Cardinal)*  
81-83, rue de Richelieu, 2-8, rue Ménars, 16-18, rue de Gramont, 1-5, rue Grétry, 75002 Paris

A unique three-building complex. The Îlot Richelieu is a three-building complex in Paris's financial district, a stone's throw from the Palais Brongniart and the Opéra Garnier. The complex is being extensively redeveloped to create an exceptional environment based on modern, flexible office space and prestigious amenities such as a business centre, concierge service, restaurant, panoramic terrace and fitness rooms.

Year of acquisition: 2004  
Total surface area: 33,187 sq.m.  
Offices: 24,430 sq.m.  
Staff restaurant & other: 3,965 sq.m.  
Common areas: 4,792 sq.m.  
Parking spaces: 99





### Louvre des Antiquaires & des Entreprises

2, place du Palais-Royal, 75001 Paris

An exceptional location. This building offers large, efficient 5,400-sq.m. workspaces in a prime location near the Louvre museum. Following extensive renovations which were completed in late 2010, the property delivers a technical performance in line with the highest international standards along with premium amenities including a staff restaurant and round-the-clock security. SFL is spearheading the "Le nouveau LDA" project which has been presented to the centre's antiques businesses as a way to transform the property into a more compact, prestigious and attractive shopping location and meeting place.

Year of acquisition: 1995  
Total surface area: 47,820 sq.m.  
Offices: 28,648 sq.m.  
Retail units: 6,680 sq.m.  
Staff restaurant: 3,929 sq.m.  
Common areas: 8,563 sq.m.  
Parking spaces: 235

Main clients: Louis Vuitton Malletier, Banque de France, GIE Cartes bancaires, Proparco and iEDOM



### Édouard VII

16-30, boulevard des Capucines,  
2-18, rue Caumartin, 75009 Paris

One of the capital's business landmarks. Built on a 1.5-hectare plot, the Haussmann-style Édouard VII complex is situated between the Opéra Garnier, La Madeleine, and the Boulevard des Capucines. Its location at the heart of one of Paris's liveliest neighbourhoods and its distinguished architectural style – the result of extensive remodelling – make this property a fabulous showcase.

SFL intends to give this historic property a more modern and prestigious identity by redeveloping the workspaces, reception areas and public spaces, landscaping the interior courtyards, and revitalizing the shopping street it stands on.

Year of acquisition: 1999  
Total surface area: 54,809 sq.m.  
Offices: 28,112 sq.m.  
Retail (including a hotel, a cinema and theatres): 19,169 sq.m.  
Residential units: 4,509 sq.m.  
Staff restaurant: 3,019 sq.m.  
Parking spaces: 510

Main clients: Bird&Bird, Zara, Ashurst and the Olympia theatre



### Rives de Seine

68-74, quai de la Rapée, 75012 Paris

Effortless access. Located on the banks of the Seine close to the Gare de Lyon train station and public transport hub, this property is emblematic of the revival of the Eastern Paris business district. This 16-storey building was built in 1974 and rises above a vast lobby that overlooks the river. It was extensively renovated in 2001 to create modern, well-lit and highly modular 1,200-sq.m. office units. The extension of the lease with Natixis in 2009 has secured future revenues from the investment.

Year of acquisition: 2004  
Total surface area: 22,671 sq.m.  
Offices: 20,270 sq.m.  
Staff restaurant: 2,184 sq.m.  
Common areas: 217 sq.m.  
Parking spaces: 366

Client: Natixis



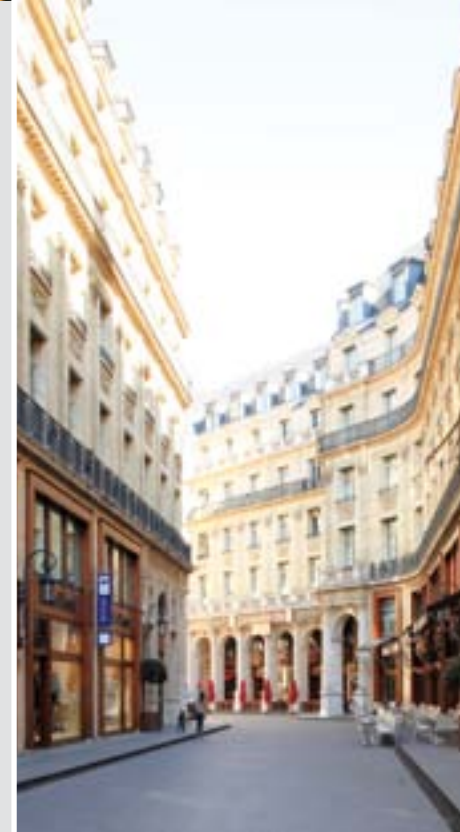
### Washington Plaza

38-44, rue Washington,  
29-31, rue de Berri,  
43-45, rue d'Artois, 75008 Paris

At the heart of the CBD. 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 stands out for the high quality and flexibility of its work spaces and its superior amenities (concierge service, restaurant, cafeteria, security control room). Following an ambitious renovation project that radically transformed the operational structure, image and identity of the complex, it is now particularly notable for the vast lobby at the Friedland entrance and its spectacular interior gallery that opens onto private gardens.

Year of acquisition: 2000  
Ownership stake: SFL (66%) and Prédica (34%)  
Total surface area: 46,857 sq.m.  
Offices: 39,569 sq.m.  
Retail units: 460 sq.m.  
Restaurant and archives: 4,513 sq.m.  
Common areas: 2,313 sq.m.  
Parking spaces: 662

Main clients: MISYS, DEXIA, Lagardère and CCR



### Cézanne Saint-Honoré

1-6, rue Paul Cézanne,  
27, rue de Courcelles, 168, rue du  
Faubourg Saint-Honoré, 75008 Paris

A private street yards from the place de l'Étoile. This exceptional office, retail and residential complex is comprised of two separate buildings that stand on either side of a 100-metre long, 15-metre wide private street in the heart of the capital's historic business district. Delivered in March 2005 after exemplary restoration work, the 1930s building has the advantage of long load-bearing spans that obviate the need for internal structural walls and allow for large, functional units. The Cézanne Saint-Honoré complex was honoured by two awards in 2004 and 2005 and is one of SFL's finest assets.

Year of acquisition: 2001 (50%) and 2007 (50%)  
Total surface area: 29,252 sq.m.  
Offices: 24,411 sq.m.  
Residential units: 231 sq.m.  
Retail units: 1,849 sq.m.  
Staff restaurant: 1,257 sq.m.  
Common areas: 1,504 sq.m.  
Parking spaces: 125

Main clients: Freshfields and Citibank

*Ozone*  
92, avenue des Champs-Élysées,  
75008 Paris

An emblematic building. Home to Thomas Jefferson when he lived in Paris from 1785 to 1789, this building has one of the best locations on the Champs-Élysées, on the corner of rue de Berri. It has retail units on the ground floor and offices on the upper floors. Between May 2010 and the end of 2012 the building underwent an extensive redevelopment to restore it to its former glory and create prime office space with High Environmental Quality (HQE) certification.

Total surface area: 7,641 sq.m.  
Offices: 4,209 sq.m.  
Retail units: 3,396 sq.m.  
Common areas and other: 36 sq.m.

Main clients: SJ Berwin and Zara



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

A new life for a Parisian classic. The Galerie des Champs-Élysées shopping arcade enjoys one of the most prestigious locations in Paris, on the sunny side of the Champs-Élysées in the most visited section of the avenue. A complete redesign by Jean Nouvel has given the property an elegant new look that combines stripped-back Haussmannian style and modern features like light fittings and escalators in black metal. The gallery houses the 2,800-sq.m. international flagship store of H&M.

Year of acquisition: 2002  
Ownership stake: 50% in partnership with Prédica  
Total surface area: 6,357 sq.m.  
Retail units: 6,357 sq.m.  
Parking spaces: 260

Main clients: H&M, Promod, Etam, L'Occitane, Paul, Minelli and McDonald's



*Avenue d'Iéna*  
96, avenue d'Iéna, 3, rue de Presbourg,  
83-85 bis, avenue Marceau, 75016 Paris

A remarkable view of the Arc de Triomphe. With an exceptional location right beside the place de l'Étoile, this six-storey property features an interior courtyard and terraces offering outstanding views of the Arc de Triomphe. The unique appeal of this asset is reinforced by its three street-facing façades, which afford it a rare degree of visibility. With its highly functional, flexible, light-filled workspaces of around 1,200 sq.m. each, the Iéna building is one of a kind.

Year of acquisition: 2001 (25%) and 2007 (100%)  
Total surface area: 8,834 sq.m.  
Offices: 7,285 sq.m.  
Staff restaurant: 1,189 sq.m.  
Common areas: 360 sq.m.  
Parking spaces: 263

Main client: Générale de Santé

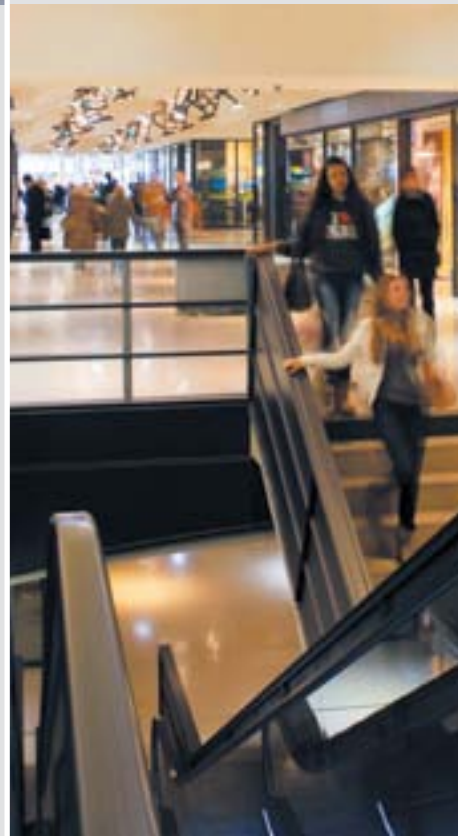


*90 Champs-Élysées*  
90, avenue des Champs-Élysées,  
75008 Paris

Excellent potential for value creation. Located above the Galerie des Champs-Élysées shopping arcade, this modern building features a cut stone façade like that used for the most stunning Haussmann-style buildings. It was recently transformed by Jean Nouvel. Each floor offers 1,200 sq.m. of bright, spacious offices. The building will soon be redeveloped, with the plans including a lighting system designed by Yann Kersalé.

Year of acquisition: 2002 (6,000 sq.m.) and 2009 (2,500 sq.m.)  
Ownership stake: 50% in partnership with Prédica  
Total surface area: 8,936 sq.m.  
Offices: 7,955 sq.m.  
Retail units: 981 sq.m.

Main client: Ataec



*103 Grenelle*  
103, rue de Grenelle, 75007 Paris

A business centre on the Left Bank. Located on the Left Bank in a district that is home to many government departments, this historical complex is dominated by a tower that housed the first Chappe telegraph system in the 19th century and, until recently, the headquarters of the French Telephone and Telegraph Administration. Following an extensive two-year redevelopment that was completed in mid 2009, the building offers almost 15,000 sq.m. of premium office space with High Environmental Quality (HQE) certification. It offers traditional partitioned workspaces as well as larger units of more than 1,500 sq.m. in the Chappe Tower that are suitable for open plan or mixed layouts. The complex also offers high-quality amenities.

Year of acquisition: 2006  
Total surface area: 17,307 sq.m.  
Offices: 15,177 sq.m.  
Retail units: 258 sq.m.  
Archives, staff restaurant, stock rooms: 1,872 sq.m.  
Parking spaces: 100

Main clients: Harry's France, ESMA, Valtech, Regus and GE Energy





*In/Out*  
46, quai Le Gallo,  
92100 Boulogne-Billancourt

The first urban business campus in Paris. The building benefits from a highly visible, desirable location at the Paris city limits between the Sèvres and Saint-Cloud bridges and opposite the Parc de Saint-Cloud, on a highway that links several strategic business areas of the Ile-de-France Region. SFL intends to convert this 35,000-sq.m. symbol of France's industrial and cultural heritage into a modern office complex without losing sight of its storied past. The new complex will have High Environmental Quality (HQE) certification. Offices will be housed in the main building while a new, ultra-contemporary extension will welcome a services centre.

Total surface area: 34,992 sq.m.  
Offices: 31,078 sq.m.  
Staff restaurants and other infrastructure: 3,914 sq.m.  
Parking spaces: 586

*Rue de Hanovre*  
6, rue de Hanovre, 75002 Paris

At the heart of the financial district. This very fine 1908 building by the architect Adolphe Bodge is registered in the Supplementary List of Historical Monuments. The vast lobby leads to a majestic horseshoe staircase and the Art Nouveau façade features rectangular bays on the third floor and bow windows above. The façade, the entrance lobby and the elevator shaft are in concrete and decorated with ceramic tiles by Alexandre Bigot. The building is located in the financial district, near the Opéra Garnier and Palais Brongniart, and is being painstakingly renovated to offer bright, streamlined office spaces.

Total surface area: 4,761 sq.m.  
Offices: 3,003 sq.m.  
Residential units: 61 sq.m.  
Staff restaurants and other infrastructure: 1,697 sq. m.



*Le Vaisseau*  
2, allée des Moulineaux,  
39-51, rue Pierre-Poli  
92130 Issy-les-Moulineaux

An innovative concept. Located on the Ile Saint-Germain in Issy-les-Moulineaux, Le Vaisseau ("The Vessel") owes its name to its unusual shape and structure that evokes "a vessel moored to the island". The building's façade was inspired by naval architecture and its moveable roof opens upwards along its entire length. The building of nearly 6,000 sq.m. was designed by architect Jean Nouvel and completed in 1992. SFL acquired the building in 2006 and intends to reintegrate Le Vaisseau fully into its surroundings by reinterpreting the original concept and enhancing the property's value.

Year of acquisition: 2006  
Total surface area: 6,332 sq.m.  
Offices: 6,026 sq.m.  
Staff restaurants and other infrastructure: 306 sq.m.  
Parking spaces: 124

Client: Dalkia France



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

An outstanding site. Located on the thoroughfare that links the place de l'Étoile to La Défense, this building is composed of offices and a large retail space on the ground floor. The courtyard-facing façade looks out over new, landscaped gardens.

Year of acquisition: 1997  
Total surface area: 7,336 sq.m.  
Offices: 5,621 sq.m.  
Retail units: 492 sq.m.  
Staff restaurants and other infrastructure: 381 sq.m.  
Common areas and other: 842 sq.m.  
Parking spaces: 145

Main client: Hudson



*Mandarin Oriental Paris*  
249-251, rue Saint-Honoré, 75001 Paris

The first luxury hotel with High Environmental Quality (HQE) certification. Located a stone's throw from the place Vendôme and rue Royale, this complex was delivered on 22 September 2011 following a magnificent renovation which SFL entrusted to architect Jean-Michel Wilmotte and renowned interior designers Sybille de Margerie and Patrick Jouin. The ground floor is home to two international fashion retailers: Dsquared2 and Ports 1961, which opened its flagship store there in June 2011. The building was awarded the "Ville et Avenir" prize by the SLIC (Society of Listed Real Estate Investment Companies) at the 2011 SIMI commercial real estate convention. SFL sold this building to MOHG, the operator of the Mandarin Oriental Hotel, in February 2013.

Year of acquisition: 2006  
Total surface area: 17,371 sq.m.  
Hotel: 14,643 sq.m.  
Retail units: 1,332 sq.m.  
Other: 1,396 sq.m.

Clients: Mandarin Oriental Hotel Group, Dsquared2 and Ports 1961

*For our clients in the CBD that generate added value of €100,000 to €300,000 per employee, nurturing talent and increasing employees' contribution to the value creation process is a critical factor for success. For these companies, a 1% gain in productivity equates to a rental impact of €100 to €300 per square metre (based on a workstation of 10 sq.m.), which is equivalent to 15% to 50% of the rental cost. This shows how important it is for companies to take account of the contribution made by the workspace itself and to consider not only the rental cost but also the value added by their offices' location, transport links, functionality, amenities and image.*



In accordance with the principles of responsible development, SFL has chosen to print this document on paper made in an FSC-certified paper mill using wood fibre products that come from sustainably planted and managed forests. The paper is produced by an ISO 14001-certified company meeting environmental performance standards and printed in an FSC and Imprim'vert-certified printing facility.

Consulting, design, drafting and execution

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