



2016 Annual Results Presentation



13 FEBRUARY 2017



Overview

1 Introduction & Property Portfolio at 31 December 2016

2 2016 Rental Activity

3 Property Transactions

4 Financial Statements & Results

Appendices



1

Introduction & Property Portfolio at 31 December 2016

1 2016 Highlights



MARKETING PROGRAMME

- Leases signed on 34,000 sq.m.
- ≈ €22m of additional rental income
- 26 leases



DEVELOPMENT

- €66m capex
- Main projects:
 - 103 Grenelle
 - Cézanne Saint-Honoré
 - 9 Percier
 - Louvre Saint-Honoré (permits obtained)



FINANCING

- S&P rating: BBB/A2 with a stable outlook
- New €150m five-year bank facility
- Average cost of debt: <2%

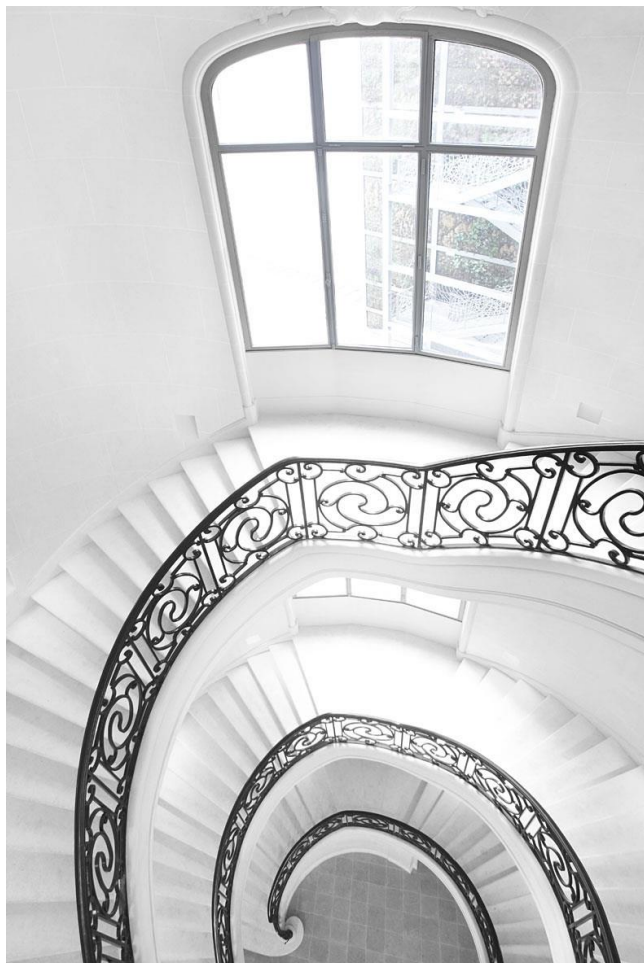


INVESTMENTS

- After the year-end: acquisition of the SMA headquarters building (112-114 avenue Emile Zola – Paris 15) for €165m

1 Key indicators

Rising performance indicators



Profit and Loss Account

- Rental income: **€198.1m** (up 17.4%)
- EPRA earnings: **€100.9m** (up 53.3%)
- Attributable net profit: **€504.1m** (up 2.3%)

Statement of Financial Position

- Portfolio value: **€5,736m** (up 9.4%)
- EPRA NNAV: **€3,082m** (up 13.3%)

Business indicators

- Average nominal rent: **€591/sq.m./year**
- Average non-cancellable period: **6.3 years**
- Physical occupancy rate: **97.0%**
- EPRA vacancy rate: **3.1%**

Debt

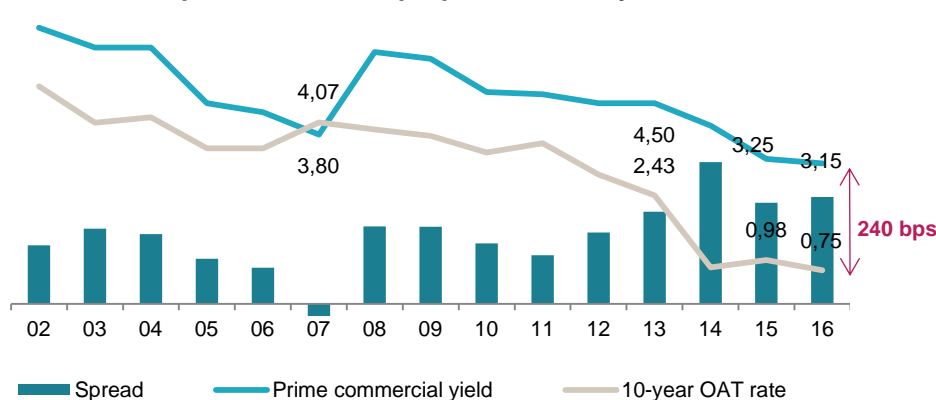
- Average maturity: **4.4 years**
- Average spot cost: **1.9%**
- Loan-to-Value **31.7%**
- Interest cover: **3.7x**

1 Investment market in 2016

Paris region commercial property investment market: still popular among investors

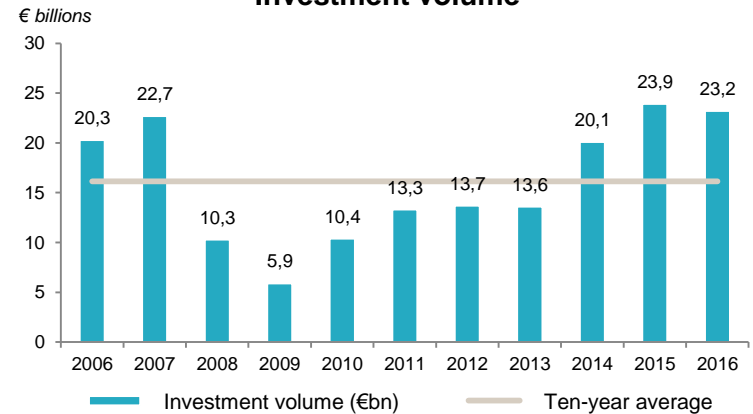
- **€23.2bn** invested in commercial property in 2016, including **€16.4bn in Offices**
- Speculative programmes accounted for **61%** of the off-plan market, attesting to investor confidence in the Paris region property market

Yield on prime Paris CBD properties vs. 10-year OAT rate



Source: BNP Paribas Real Estate, Immostat

Investment volume



Source: BNP Paribas Real Estate, Immostat

Paris Market Close-Up: historically low yields and scarce market supply that is starting to have an impact

- **€6.8bn** invested in Paris: **down 8% vs. 2015** due to shortage of properties meeting investors' criteria
- **Prime yields** are continuing to narrow, to around **3.15%** for the best properties at the end of 2016



51 François 1^{er}
(Paris 8)
7,400 sq.m.
2.95% – €178m

SFL



17 Matignon
(Paris 8)
7,250 sq.m.
3.50% – €181m



115 Montmartre
(Paris 2)
10,000 sq.m.
3.15% – €180m

SFL 2016 RESULTS

13 FEB. 2017



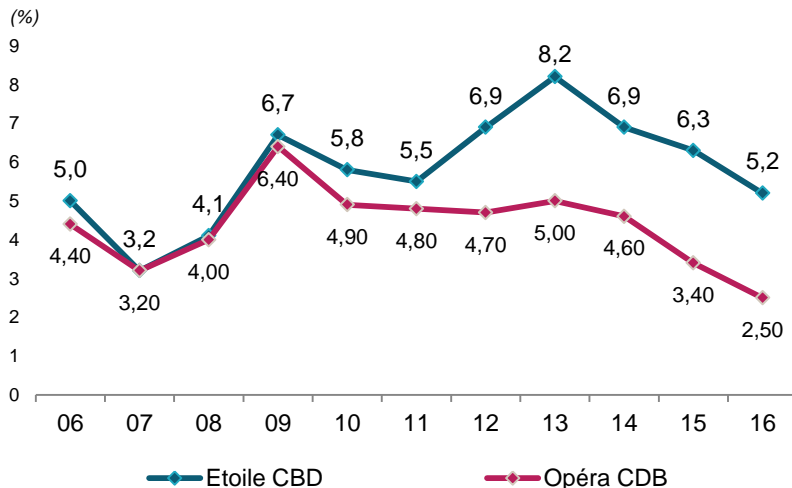
Portefeuille 2&Only
(Paris 8)
1 Astorg - 9,750 sq.m.
3.25% – €250m
Ville l'Evêque - 14,400 sq.m.
3.75% – €291m

1 Rental Market in 2016

Paris region office rental market: continuing to grow

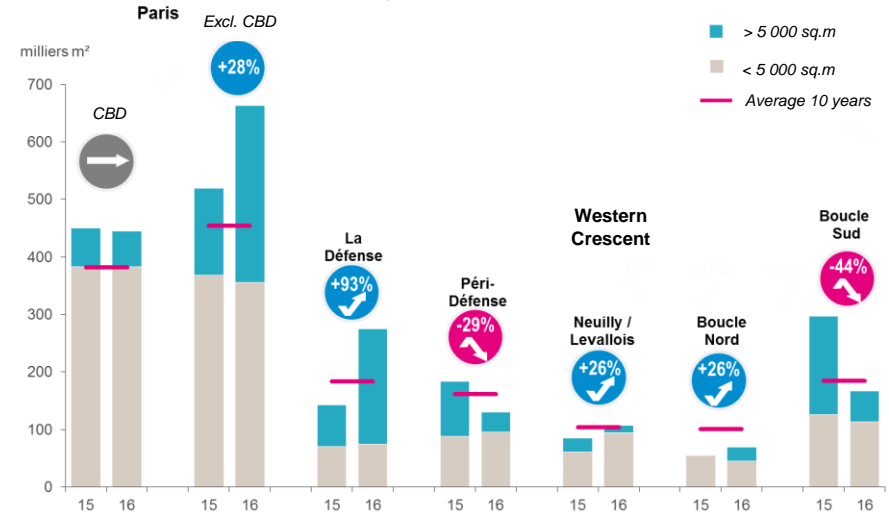
- Higher **take-up**: leases signed on **2.4 million sq.m.** in 2016 (up 7% vs. 2015)
- High volume of very large transactions: **65 leases on units of more than 5,000 sq.m.**
- Immediately available office space: **3.5 million sq.m. (down 10% vs. 2015)** with new or redeveloped units representing just 15% of the total
- Paris region vacancy rate at lowest level since 2009: **6.2%**

CBD vacancy rate



Source: BNP Paribas Real Estate, Immostat

Paris region transactions



Paris has lost none of its attraction for users Immediately available space down year on year

- A **record year**: leases signed on 1.1 million sq.m. in Paris (up 14% vs. 2015/up 30% vs. 10-year average)
- Historically low **vacancy rate**: 3.1%
- Immediately available space down 30% vs. 2015**
Large project segment is particularly **under-supplied (down 54% vs. 2015)**
- Prime nominal rent: **€760/sq.m./year in Q4 2016 (up 4% vs. 2015)**
- Rental incentives** stable at around 17% vs. 22.2% for the Paris region

1 Analysis of Property Portfolio Value

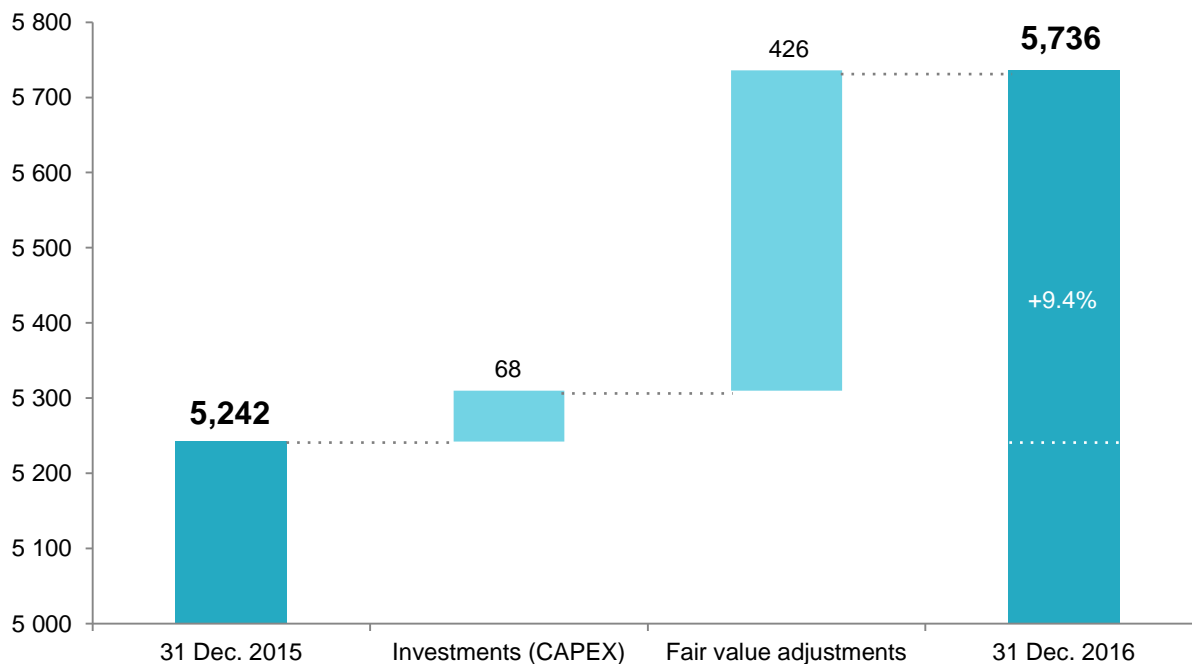
Consolidated portfolio value up 9.4% vs. 2015:

€5,736m excluding transfer costs – €6,092m including transfer costs

(up 9.4% vs. 31 December 2015)

(up 10.4% vs. 31 December 2015)

Consolidated data (€m, excl. TC)



Average value per sq.m.: €14,213/sq.m. excl. TC (€12,922/sq.m. excl. TC at 31 December 2015)

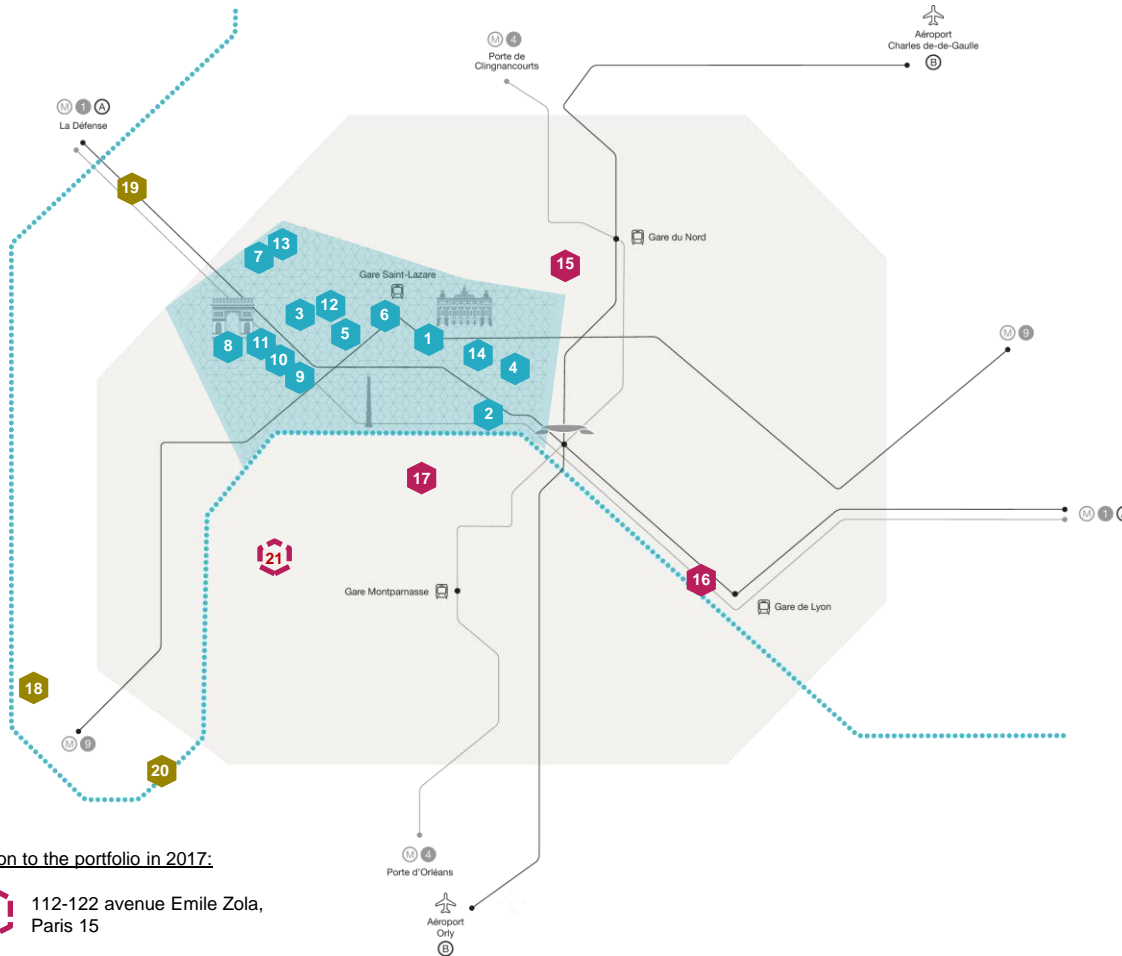
EPRA topped-up NIY: 3.6%

(3.8% at 31 December 2015)

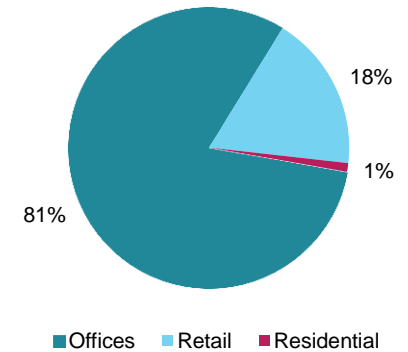
- *Topped-up NIY Offices: 3.7%*
- *Topped-up NIY Retail: 3.1%*

1 The Benchmark in the Paris Prime Commercial Property Market

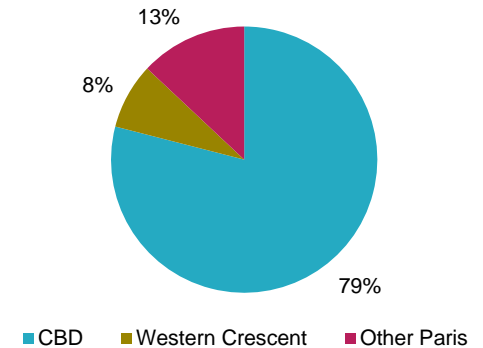
€5,736m portfolio located for the most part in the **Central Business District (CBD)**, as shown below



Market focus (value)



Geographic focus (value)



1 Property Portfolio: 403,700 sq.m./20 properties

Paris Central Business District		Total surface area*
1	Edouard VII	54,100 sq.m.
2	Louvre Saint-Honoré	47,700 sq.m.
3	Washington Plaza	47,000 sq.m.
4	#cloud.paris	35,000 sq.m.
5	Cézanne Saint-Honoré	29,000 sq.m.
6	Hausmann Saint-Augustin	13,400 sq.m.
7	131, Wagram	9,200 sq.m.
8	96 léna	8,900 sq.m.
9	90, Champs-Élysées	8,900 sq.m.
10	Galerie Champs-Élysées	8,700 sq.m.
11	92, Champs-Élysées	7,700 sq.m.
12	9 Percier	6,700 sq.m.
13	112, Wagram	6,000 sq.m.
14	6, Hanovre	4,600 sq.m.
TOTAL		286,900 sq.m.

Paris Other		Total surface area*
15	Condorcet <i>Paris 9</i>	24,900 sq.m.
16	Rives de Seine <i>Paris 12</i>	22,700 sq.m.
17	103 Grenelle <i>Paris 7</i>	18,900 sq.m.
TOTAL		66,500 sq.m.

Western Crescent		Total surface area*
18	In/Out <i>Boulogne-Billancourt</i>	36,600 sq.m.
19	176 Charles de Gaulle <i>Neuilly-sur-Seine</i>	7,400 sq.m.
20	Le Vaisseau <i>Issy-les-Moulineaux</i>	6,300 sq.m.
TOTAL		50,300 sq.m.

Not included in portfolio in 2016:

	Total surface area*	Plot size
21 112 avenue Emile Zola <i>Paris 15</i>	21,000 sq.m	6,300 sq.m.

* Including infrastructure, excluding car parks

1 SFL – No. 1 in the CBD Business Centre Market

Business centre (listed by size)

-  **Edouard VII**

-  **Washington Plaza**

- Capital 8

- Paris Trocadéro

-  **Louvre Saint-Honoré**

- Centorial

- Paris Bourse

-  **#Cloud.Paris**

- Paris Victoire

- Opéra Victoire

- Solstys

- Vendome Saint-Honoré

- PSA headquarters

-  **Cézanne Saint-Honoré**

- Le Madeleine

- Cambon Capucines

- Le Lafayette

- Etoile St Honoré

Major business centres in the Paris CBD



 Business centre

Source: CBRE

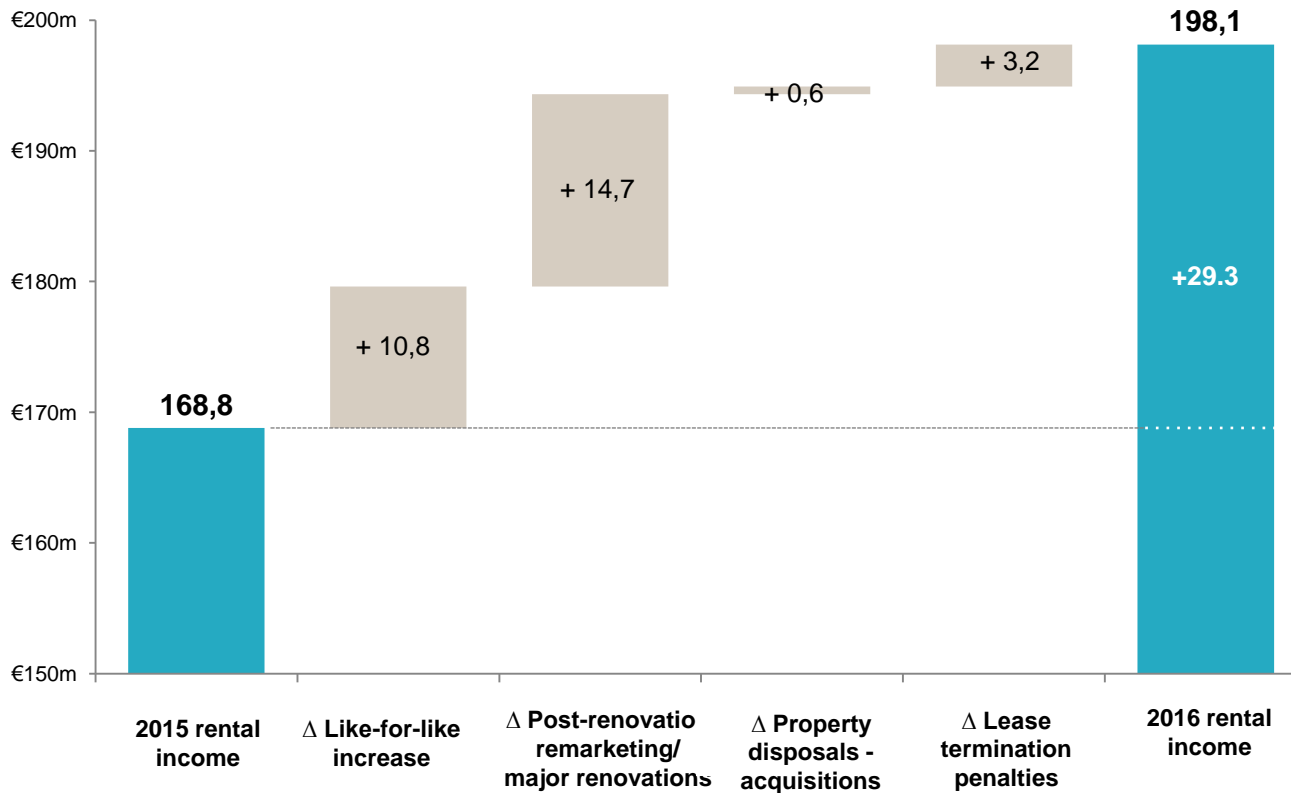


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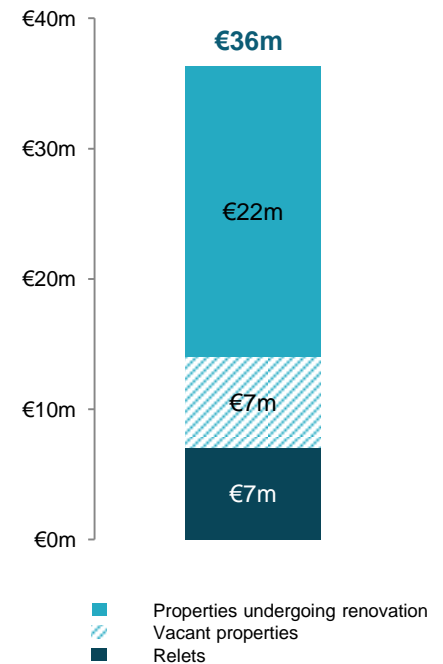
Rental Activity 2016

2 Rental Income and Reversionary Potential

Strong rental income growth in 2016 up 17.4%
up 7.1% on a comparable portfolio basis



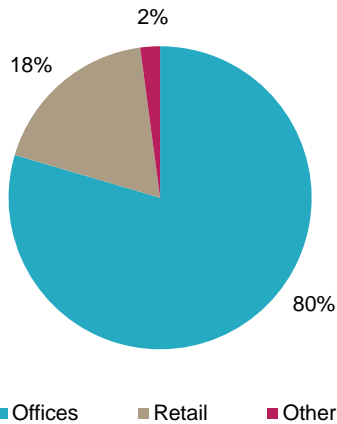
Reversionary potential
 (Consolidated data, 100% basis)



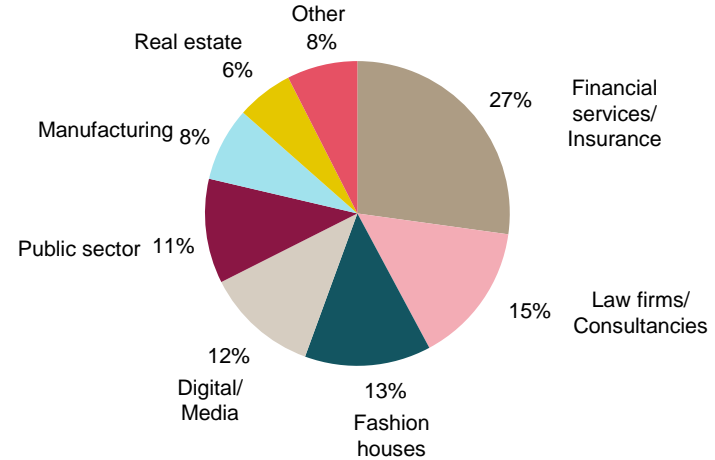
2 Rental Income Breakdown

A diversified portfolio of very high value-added tenants

2016 rental income: €198.1m



Breakdown by tenant business at 31 December 2016



FINANCIAL SERVICES/INSURANCE

LAW FIRMS/CONSULTANCIES

FASHION HOUSES

DIGITAL/MEDIA

PUBLIC SECTOR

MANUFACTURING

REAL ESTATE

OTHER



ashurst

BOSS
HUGO BOSS



Constellium

CBRE
GLOBAL INVESTORS



Bird & Bird



facebook



COTY



MEDA



H&M

Lagardère



FONDATION EDF

QUARTUS
ET LA VILLE SE PARTAGE

LYMPIA
BRUNO COQUATRIX

EXANE

McKinsey & Company

ZARA

TV5MONDE

GRDF
GAS RESEAU DISTRIBUTION FRANCE

SwissLife
Asset Managers



NATIXIS

MISYS

2 Marketing Programmes

26 new leases signed in 2016

34,000 sq.m.

Total surface area

≈ €22m

Total rent

€631/sq.m.

Average nominal rent

€548/sq.m.

Average effective rent

6.1 years

Non-cancellable period

2 Marketing Programmes

Main leases signed in 2016

94%
occupied*



Louvre Saint-Honoré
Paris 1



6,400 sq.m. (renewal + extension)
7.25/9 years
Signed on 10 November 2016

100%
occupied*



#cloud.paris
Paris 2



3,000 sq.m.
8/9 years
Effective from 1 July 2016

82%
occupied*



103 Grenelle
Paris 7



1,400 sq.m.
6/10 years
Signed on 16 December 2016



ENTREPRENEURS INVESTIS

1,600 sq.m.
6/9 years
Effective from 1 June 2016

96%
occupied*



Washington Plaza
Paris 8



5,200 sq.m.
6/9 years
Effective from 1 January 2017



1,000 sq.m.
6/9 years
Effective from 1 March 2016

* Physical occupancy rate at 31 December 2016

2 Marketing Programmes

Marketing performance among the best in the market

20%

SFL's share of new leases on units of more than 1,000 sq.m. at over €600/sq.m. in Paris

13%

Rental incentive granted by SFL vs. 17% average for Paris market ⁽¹⁾

€631/sq.m.

Average nominal rent for SFL leases signed in 2016

3.1%

SFL's EPRA vacancy rate vs. 6.2% average for the Paris region and 3.6% for Paris ⁽¹⁾

(1) Source: CBRE

2 Occupancy Rates

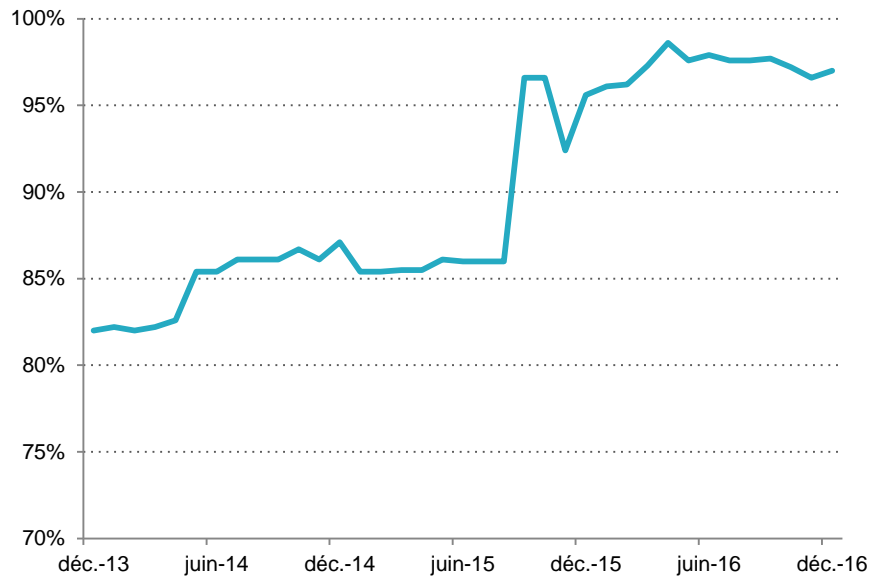
Physical occupancy rate at 31 December 2016

97.0%⁽¹⁾
 (95.6% at 31 December 2015)

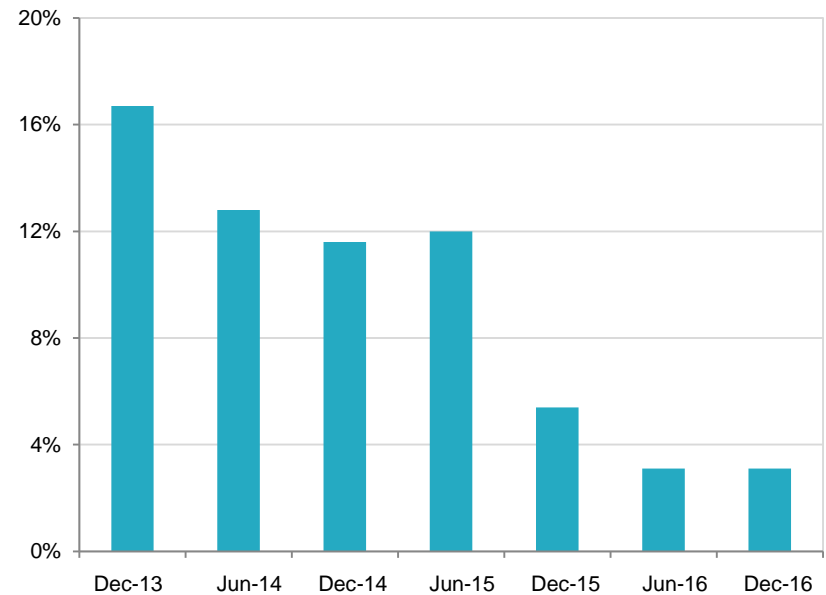
EPRA vacancy rate

3.1%⁽¹⁾

Change in physical occupancy rate



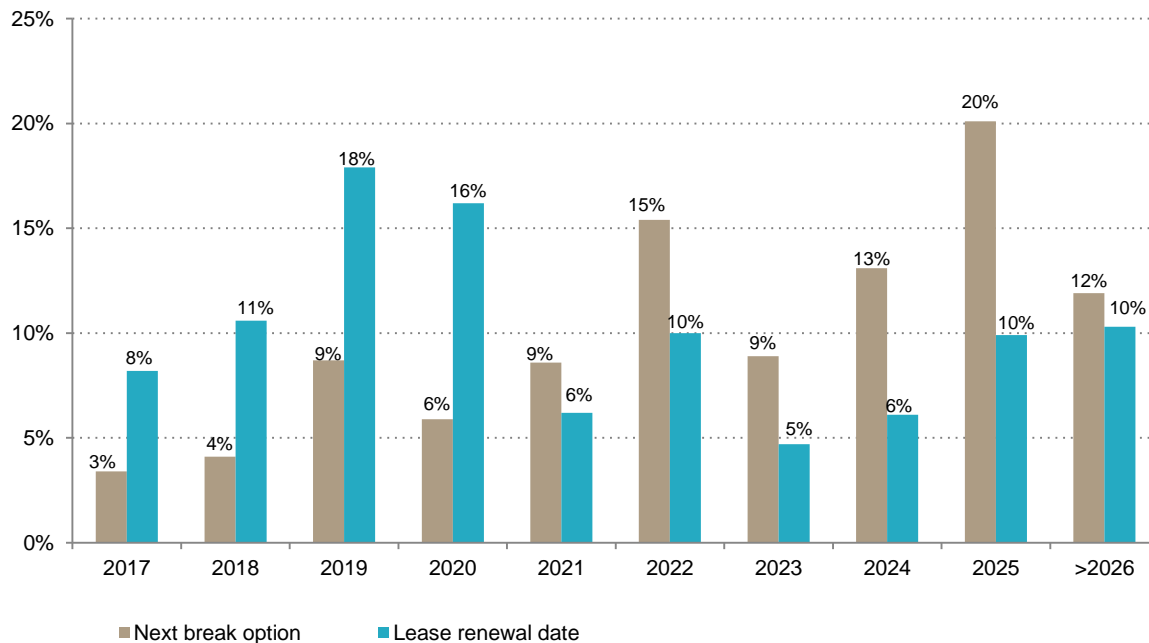
EPRA vacancy rate



(1) Surface area attributable to SFL

2 Lease Renewals

Commercial lease expiry dates



Average SFL office rent at 31 December 2016:

€591 /sq.m./year
(vs. €591 at 31 Dec. 2015)

Average period⁽¹⁾ to lease expiry

6.3 years
(vs. 6.7 at 31 Dec. 2015)

Average period to next potential exit date⁽²⁾:

4.8 years
(vs. 5.1 at 31 Dec. 2015)

(1) Weighted average remaining life of commercial leases in progress at 31 December 2016.

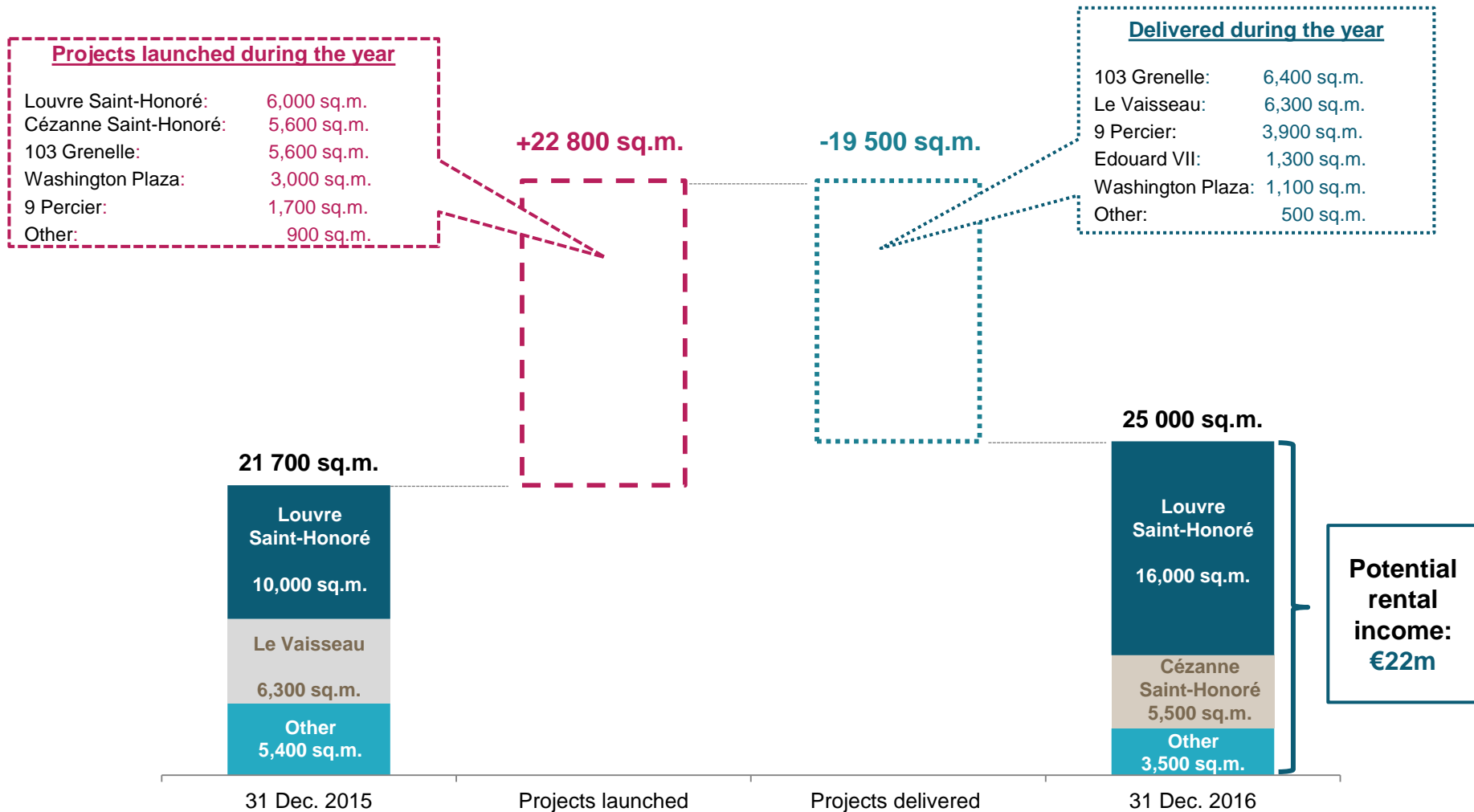
(2) Weighted average period to next potential exit date for commercial leases in progress at 31 December 2016



3

Property Transactions

3 Current Redevelopment Projects



3 Redevelopment Projects: Louvre Saint-Honoré

Louvre Saint-Honoré



- Redevelopment of retail space: **Lower ground/Ground/Upper ground floors**
- CDAC development permit: **15,000 sq.m.** in December 2014
- Building permit in September 2015 (*followed by planning objection process*)
- Modified building permit (mainly concerning the façades – architect: RDAI) in January 2017



3 Cézanne Saint-Honoré: Upgrading of Common Areas



- Refurbishment of reception area
- Creation of a 100-seat auditorium and meeting rooms for use by tenants
- Refurbishment of lower ground floor and introduction of a new premium food-service offering
- Architect: Studio Putman



2,500 sq.m. let at €750/sq.m. in 2016

3 9 Percier: Repositioning and Optimisation of the Rental Situation



9 avenue Percier – Paris 8

- Refurbishment of each office floor as and when the tenants moved out (around 3,000 sq.m.)
- Improvement of external areas
- Refurbishment of major equipment and technical installations
- Refurbishment of reception area
- Improved disabled access

Three office floors let in 2016 at over €600/sq.m.

3 Acquisition 112-114 avenue Emile Zola (January 2017)



112-114 avenue Emile Zola – Paris 15

Acquisition of SMABTP's historical headquarters building

- Acquisition agreed on 13 January 2017
- SMABTP will move out in Q4 2017
- Investment: €165m
- Total surface area: 21,000 sq.m.
- Tree-filled plot: 6,300 sq.m.
- Surrounded by a mix of high quality residential and commercial real estate

Significant scope to create value through a large-scale redevelopment project

- 36 months' work
- Budget ≈ €3,000/sq.m.
- Potential extra space: around 10% to 15%

ROI > 5%

IRR ≈ 7%

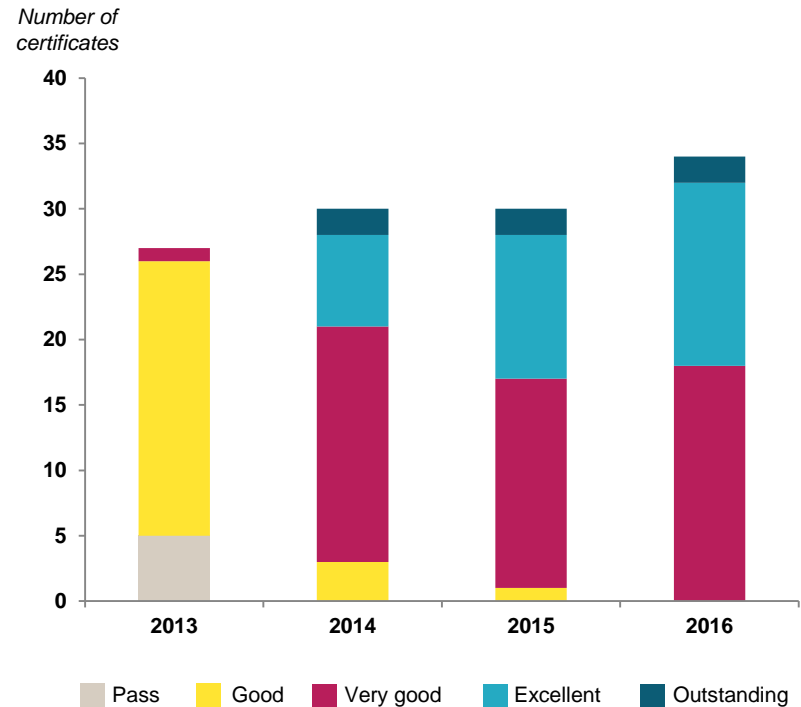
3 CSR Policy – Certifications/Assessments



- **100%** of in-use properties are certified as meeting Breeam In Use International (BIU) standards
- The recently delivered redevelopment projects all comply with the following three standards:
 - BREEAM® New Construction
 - LEED®
 - HQE®
- SFL has earned « **Green Star** » ranking in each Global Real Estate Sustainability Benchmark (GRESB)

Survey since 2014

Changes to Breeam In Use International Certification (BIU Parts 1, 2, 3)





4



Financial Statements & Results

4 2016 Results

In €m	2016	2015	Change
Rental income	198.1	168.8	+17.4%
Property expenses, net of recoveries	(10.5)	(14.3)	
Net rental income	187.6	154.5	+21.4%
Service and other revenues	2.9	2.4	
Depreciation, amortisation and provision expense, net	(1.6)	(1.4)	
Employee benefits expense and other expenses	(19.2)	(20.2)	
Operating profit before disposals and fair value adjustments	169.7	135.3	+25.4%
Profit on asset disposals	0.0	0.0	
Fair value adjustments to investment property	438.0	513.7	
Share of profits/(losses) of associates	0.0	0.0	
Finance costs and other financial income and expenses	(48.1)	(69.6)	
Income tax benefit/(expense)	3.3	(34.2)	
Profit for the year	562.9	545.1	
Non-controlling interests	(58.8)	(52.3)	
Attributable net profit	504.1	492.9	
EPRA earnings	100.9	65.8	+53.3%

4 EPRA earnings

In €m	2016		2015		Change
	Recurring EPRA	Non recurring	Recurring EPRA	Non recurring	Recurring EPRA
Rental income	198.1	0	168.8	0	+17.4%
Property expenses, net of recoveries	(10.5)	0	(14.3)	0	
Net rental income	187.6	0	154.5	0	+21.4%
Service and other revenues	2.9	0	2.4	0	
Depreciation, amortisation and provision expense, net	(1.6)	0	(1.3)	0	
Employee benefits expense and other expenses	(19.2)	0	(20.2)	0	
Operating profit before disposals and fair value adjustments	169.7	0	135.3	0	+25.4%
Profit on asset disposals	0	0	0	0	
Fair value adjustments to investment property	0	438.0	0	513.7	
Share of profits/(losses) of associates	0	0	0	0.0	
Finance costs and other financial income and expenses	(46.0)	(2.1)	(47.3)	(22.3)	-2.8%
Income tax benefit/(expense)	(8.3)	11.6	(8.9)	(25.3)	-6.4%
Profit for the year	115.3	447.6	79.1	466.1	
Non-controlling interests	(14.4)	(44.4)	(13.3)	(39.0)	
EPRA earnings	100.9	403.2	65.8	427.1	
EPRA earnings per share	€2.17		€1.41		53.3%

4 Consolidated Statement of Financial Position

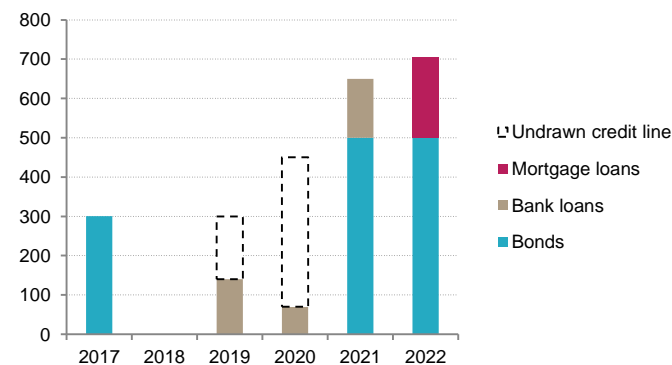
In €m	31 Dec. 2016	31 Dec. 2015
Assets		
Investment property	5,605	5,098
Other non-current assets	24	26
Total non-current assets	5,629	5,124
Properties held for sale	0	0
Other current assets	135	94
Total current assets	135	94
Total Assets	5,764	5,219
Equity & Liabilities		
Equity	3,123	2,713
Non-controlling interests	371	318
Total equity	3,494	3,031
Non-current liabilities	1,813	1,913
Current liabilities	457	274
Total Equity and Liabilities	5,764	5,219

4 Consolidated Loan-to-Value

€m	31 Dec. 2016	31 Dec. 2015	Change
Bonds	1,301	1,456	-156
Bank loans	445	162	+283
Mortgage loans	205	208	-2
Lease financing	0	27	-27
Total debt	1,951	1,853	+98
Cash and cash equivalents	20	12	+8
Net debt	1,931	1,841	+90
Undrawn lines of credit	540	610	-70
<hr/>			
Property portfolio incl. TC	6,092	5,519	+573

Loan-to-value	31.7%	33.4%	-1.7%
Interest cover	3.7x	2.6x	+1.1x
Average maturity (years)	4.4	4.9	-0.5
Average spot cost of debt (after hedging)	1.9%	2.4%	-0.5 pts

Maturities of debt at 31 December 2016 (in €m)



S&P rating:
BBB/A2 stable outlook

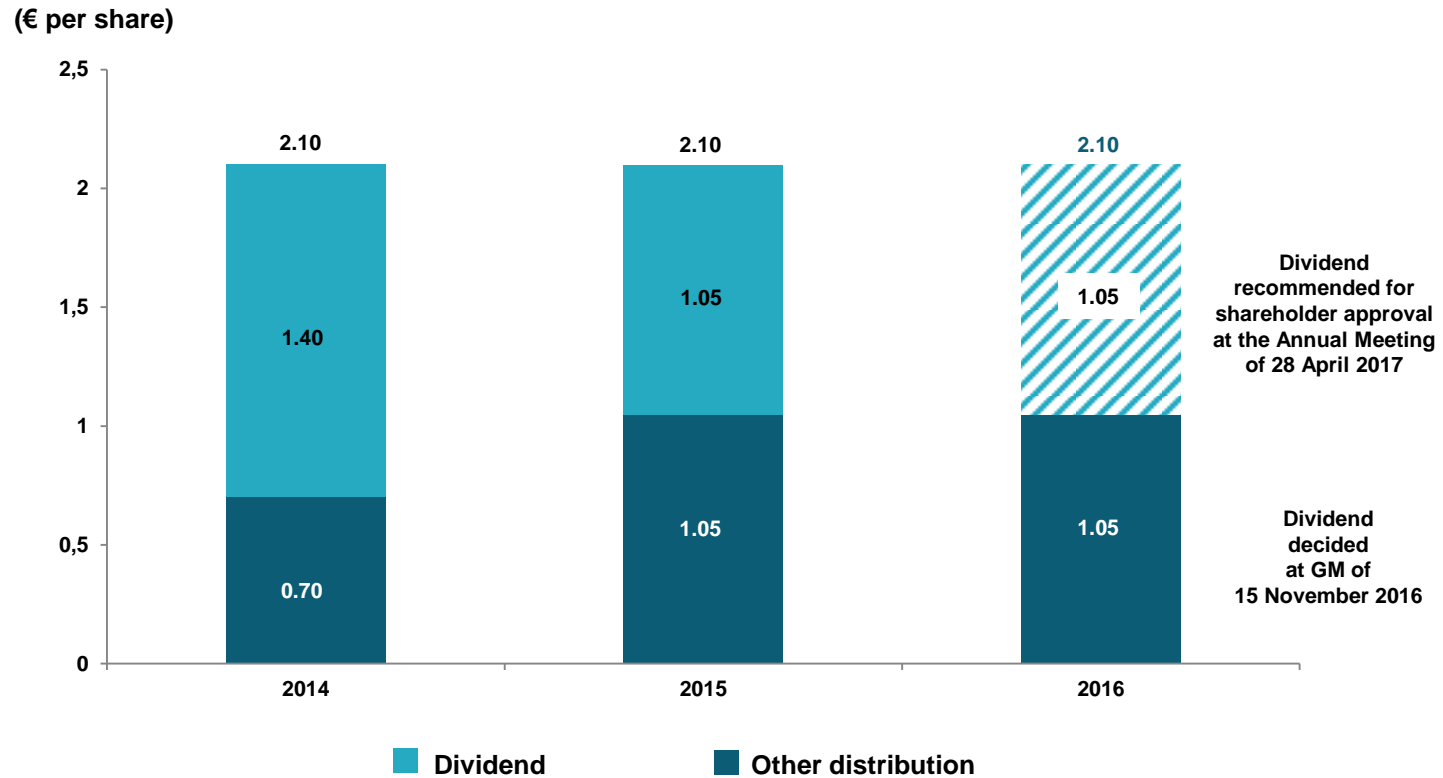
4 Net Asset Value

€m	31 Dec. 2016	31 Dec. 2015	Change
Equity	3,123	2,713	
Treasury shares and stock options	14	17	
Unrealised capital gains	16	14	
Elim. financial instruments at fair value	0	0	
Elimination of deferred taxes	81	102	
EPRA NAV	3,234	2,845	13.7%
EPRA NAV per share	€69.5	€61.2	
Financial instruments at fair value	0	0	
Fixed-rate debt at fair value	(71)	(23)	
Deferred taxes	(81)	(102)	
EPRA NNAV	3,082	2,721	13.3%
EPRA NNAV per share	€66.2	€58.5	
Number of shares (thousands)	46,529	46,529	

Growth in EPRA NNAV (€m)

NNNAV at 31 December 2015	2,721
Change in fair value of attributable assets	+407
Change in fair value of debt and other financial instruments	-49
EPRA earnings	+101
Dividends	-97
Other	-1
NNNAV at 31 December 2016	3,082

4 Dividend per Share



4 Key Figures

	2016	2015	Change
Rental income (IFRS)	€198.1m	€168.8m	+17.4%
Operating profit before disposals and fair value adjustments	€169.7m	€135.3m	+25.4%
Profit on asset disposals and fair value adjustments to investment property	€438.0m	€513.7m	-14.7%
Attributable profit	€504.1m	€492.9m	+2.3%
EPRA earnings	€100.9m	€65.8m	+53.3%

	2016	2015	Change
Equity	€3,123m	€2,713m	+15.1%
Consolidated portfolio value (excluding TC)	€5,736m	€5,242m	+9.4%
EPRA NNNAV	€3,082m	€2,721m	+13.3%
EPRA NNNAV per share	€66.2	€58.5	+13.3%

4 EPRA Performance Indicators



(€m)	2016	2015
EPRA Earnings	100.9	65.8
EPRA NAV	3,233.9	2,845.3
EPRA NNNAV	3,081.8	2,721.0

(%)	2016	2015
EPRA Net Initial Yield	2.9%	2.8%
EPRA topped-up Net Initial Yield	3.6%	3.8%
EPRA Vacancy Rate	3.1%	5.1%
EPRA Cost Ratio (incl. Vacancy costs)	12.9%	18.1%
EPRA Cost Ratio (excl. Vacancy costs)	11.1%	14.4%

4 Questions/Answers

www.fonciere-lyonnaise.com

SFL SOCIÉTÉ FONCIÈRE LYONNAISE

COURS DE L'ACTION - 48.8 € (+0.4%) | CONTACT | FR | EN

SOCIÉTÉ | EXPERTISE | PATRIMOINE | FINANCES | RSE | PUBLICATIONS

#CLOUD.PARIS

Actifs

Map of Paris showing various districts and their corresponding asset values.

Études

Le classement des quartiers préférés

Map of Paris showing the ranking of preferred districts.

Agenda

Rendez-vous

13 février 2017 - Présentation des Résultats Annuels

LIRE LA SUITE

Communiqués

30.01.2017 Avenant au contrat de liquidité (PDF, 185 Ko)

16.01.2017 SFL - Acquisition du siège historique de SMA à Paris (PDF, 710 Ko)

TOUS LES COMMUNIQUÉS

Derniers Rapports

06.04.2016 Rapport Annuel 2015 (PDF, 7 Mo)

06.04.2016 Rapport Annuel 2015 - Cahier juridique et financier (PDF, 1 Mo)

TOUS LES RAPPORTS

Cours de l'action

48.8 € | +0.74 %

EN DÉTAILS



Appendices

SFL in Brief



- The benchmark in Paris prime commercial property



- Founded in 1879: 138 years of sustainable business development



- Managing a €5.7 billion, 403,700 sq.m. property portfolio



- 79% of assets located in the Paris Central Business District



- 81% offices and 18% retail units



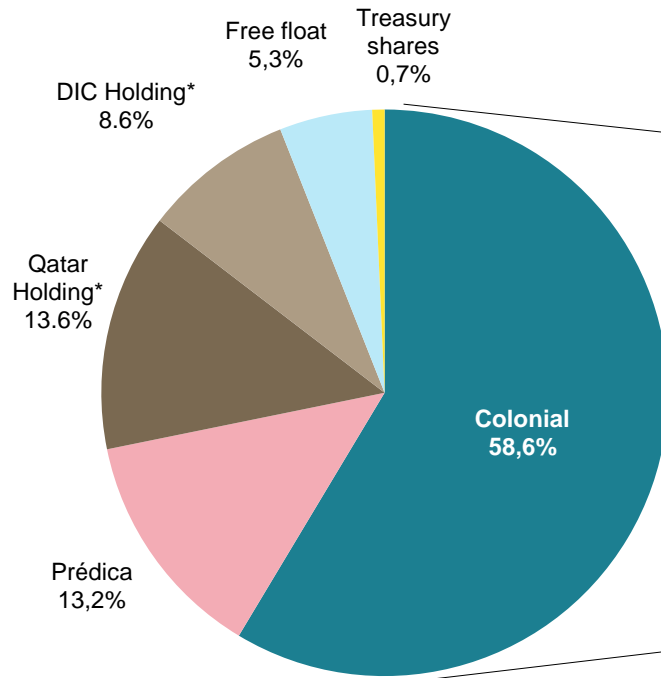
- 20 very large property complexes



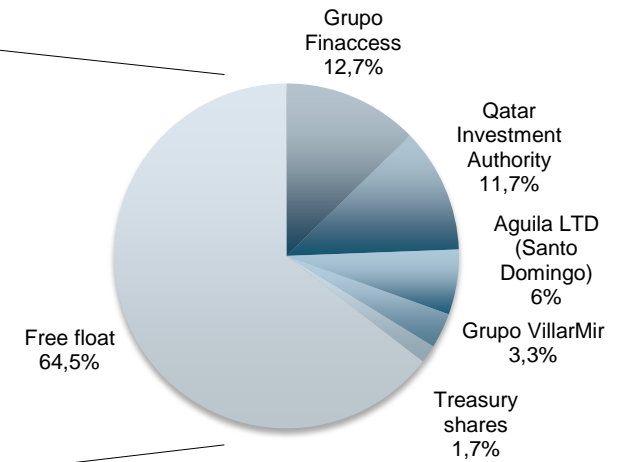
- A very high value-added tenant portfolio

Ownership Structure at 31/12/16

SFL ownership structure
(46.5 million shares)



Colonial ownership structure



* Shareholders acting in concert

Organisation Structure



Governance

Board of Directors

Juan José Brugera Clavero	Chairman of the Board of Directors (Colonial)
Pere Viñolas Serra	Vice-Chairman (Colonial)
Angels Arderiu Ibars	Director (Colonial)
Ali Bin Jassim Al Thani	Director (QIA)
Anne-Marie de Chalambert	Independent director
Jean-Jacques Duchamp	Director (Prédica)
Chantal du Rivau	Director (Prédica)
Carlos Fernandez-Lerga Garralda	Director (Colonial)
Carmina Ganyet i Cirera	Director (Colonial)
Carlos Krohmer	Director (Colonial)
Luis Maluquer Trepas	Director (Colonial)
Adnane Mousannif	Director (QIA)
Nuria Oferil Coll	Director (Colonial)
Anthony Wyand	Independent director

Executive and Strategy Committee

Juan José Brugera Clavero (Chairman)

Jean-Jacques Duchamp
Carmina Ganyet i Cirera
Pere Viñolas Serra

Audit Committee

Carlos Fernandez-Lerga Garralda (Chairman)

Anne-Marie de Chalambert
Jean-Jacques Duchamp

Remuneration and Selection Committee

Anthony Wyand (Chairman)

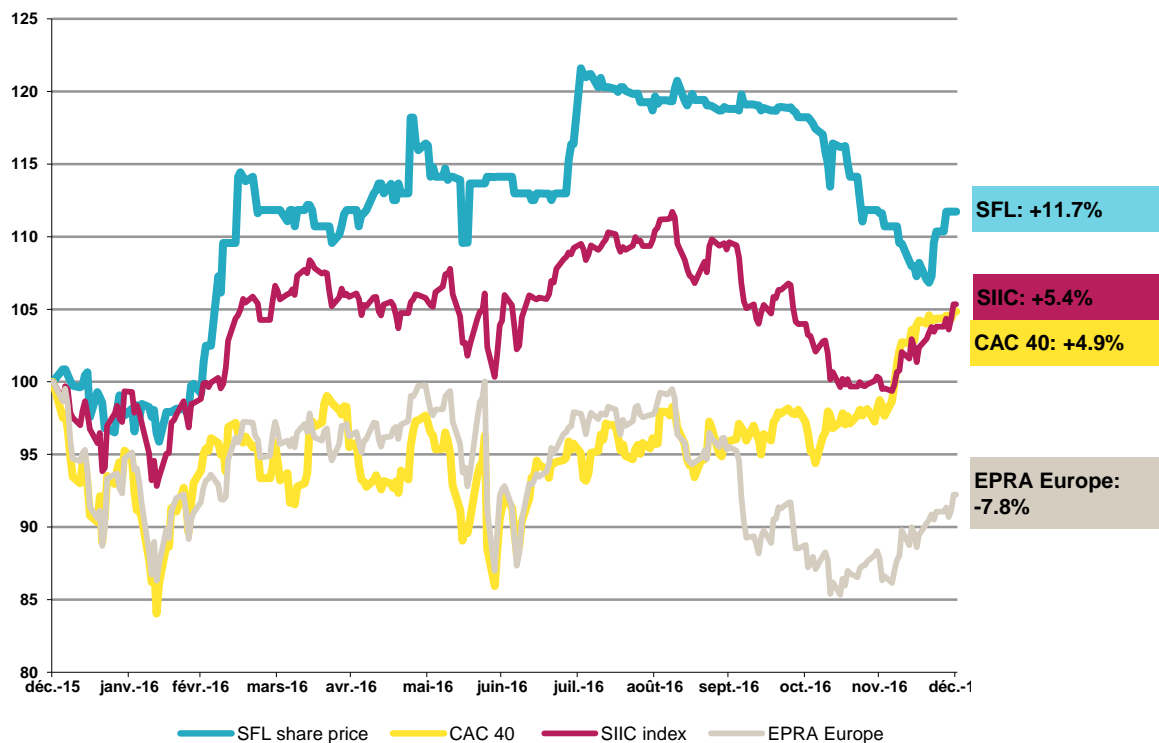
Anne-Marie de Chalambert
Pere Viñolas Serra

Committee of Independent Directors

Anne-Marie de Chalambert
Anthony Wyand

Share Performance

2016 Share Performance (1)



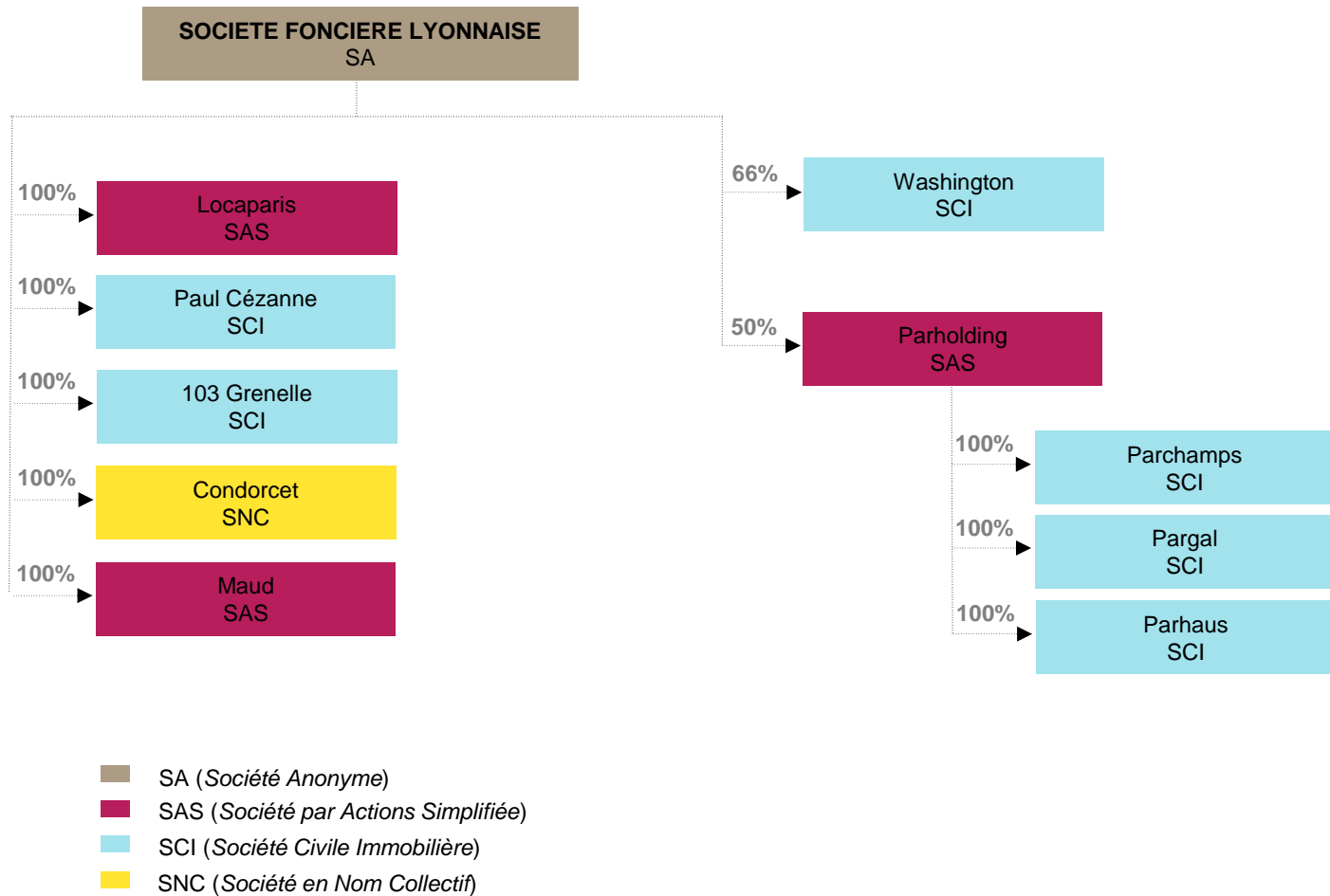
(1) Baseline 100: 31 December 2015: data up to 31 December 2016

Sources: Euronext/Epra

2016 Key Figures(1)

Number of shares at 31 December 2016 (thousands)	46,529
Average daily trading volume (shares)	2,605
Average daily trading volume (euros)	€126k
Closing share price on 31 December 2015	€43.81
High for the period (1 August)	€53.27
Low for the period (12 February)	€41.96
Closing share price on 31 December 2016	€48.95

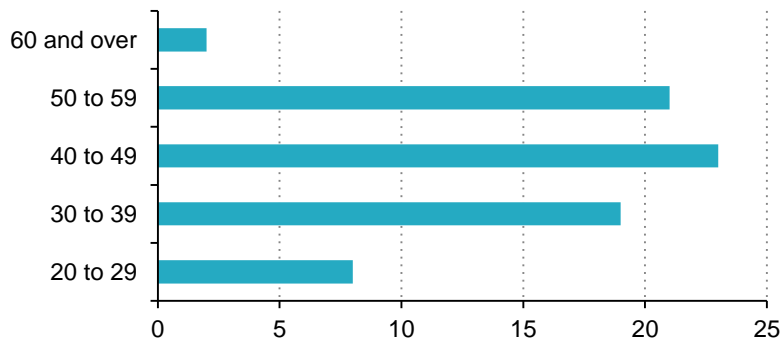
Legal Structure



Human Resources

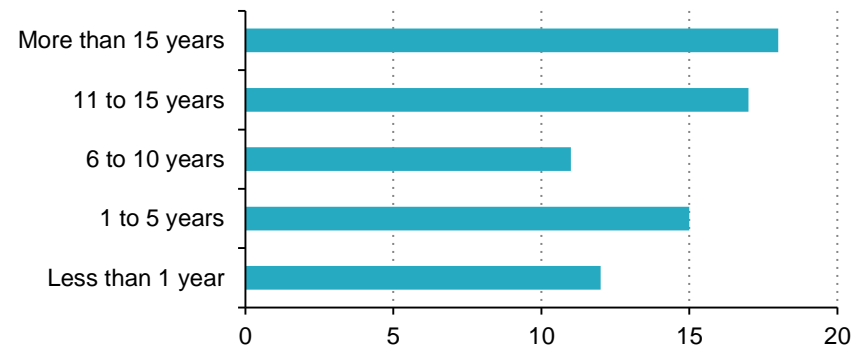
Number of employees	31 Dec. 2016	31 Dec. 2015
Administrative staff	5	5
Supervisors	10	12
Managers	58	52
Total headquarters	73	69
Building caretakers	2	2

Employees⁽¹⁾ by age group
(on payroll at 31 December 2016)



Average age:
43

Employees⁽¹⁾ by years of service
(on payroll at 31 December 2016)



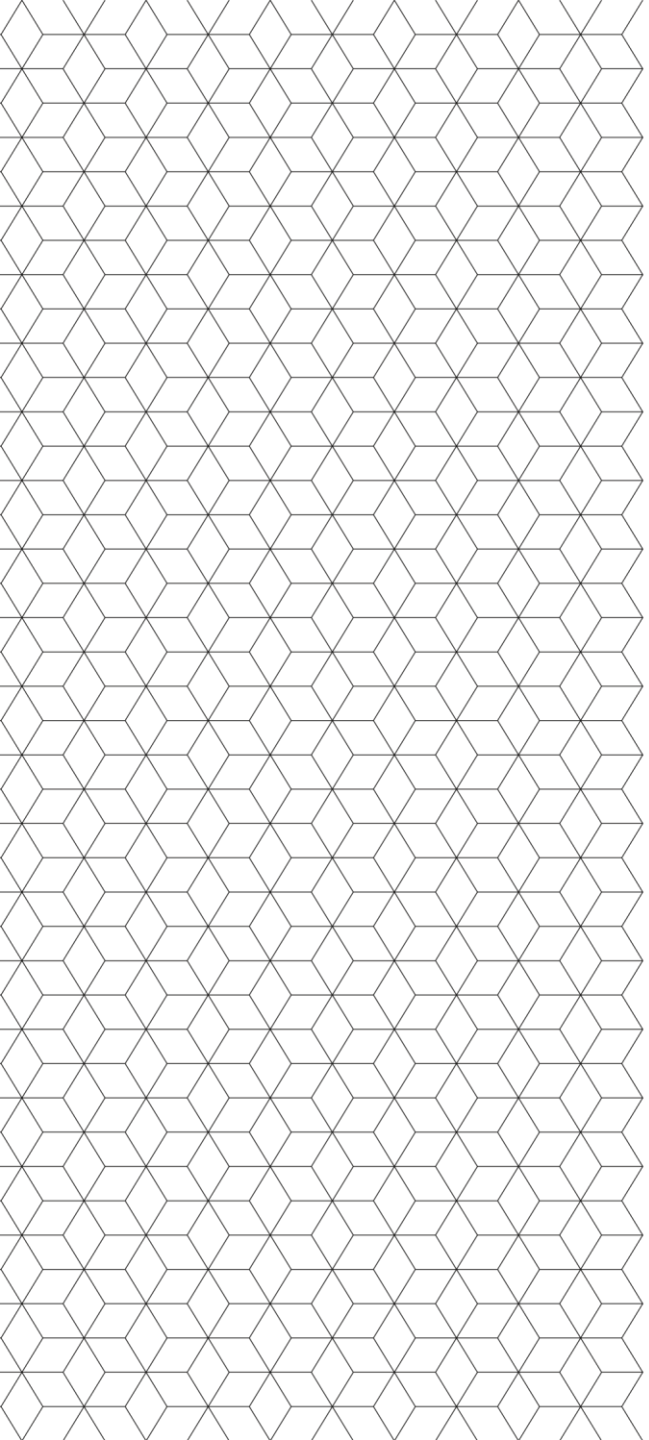
Average years of service:
10 years

⁽¹⁾ Excluding building caretakers

Capex

Expenditure (€m)	2016	2015
Major redevelopment projects	43.7 ⁽¹⁾	102.7
Other capitalised expenditure	22.5	14.8
Total	66.2	117.5

⁽¹⁾ Of which: #cloud.paris: €9.7m; Louvre Saint-Honoré: €12.0m; In/Out €16.3m; 9 Percier: €4.7m



SOCIETE FONCIERE LYONNAISE