



2017 Interim Results Presentation



28 JULY 2017



Overview

1 Introduction & Property Portfolio at 30 June 2017

2 First-Half 2017 Rental Activity

3 Property Transactions

4 First-Half 2017 Financial Statements & Results

Appendices



1

Introduction & Property Portfolio at 30 June 2017

1 First-Half 2017 Highlights



INVESTMENTS

- ◆ Forward sale entered into (SMA headquarters building) (112-114 avenue Emile Zola – Paris 15) for €165m



MARKETING PROGRAMME

- ◆ Leases signed on 11,600 sq.m.
- ◆ ≈ €11m of additional rental income
- ◆ Average nominal rent of €678/sq.m.



FINANCING

- ◆ S&P rating: BBB/A2 with a positive outlook
- ◆ Two new bank facilities obtained for 6 and 7 years respectively, for a total of €175m
- ◆ Average cost of debt: < 2%



PORTFOLIO MANAGEMENT

- ◆ Subsequent event:
Sale of In/Out agreed on 25 July 2017

1 Key Indicators



Profit and Loss Account

- Rental income: **€98.6m** (down 3.3%)
- EPRA earnings: **€49.7m** (down 1.8%)
- Attributable net profit: **€378.7m** (up 22.3%)

Statement of Financial Position

- Portfolio value: **€6,144m** (up 7.1%)
- EPRA NNAV: **€3,421m** (up 11.0%)

Business indicators

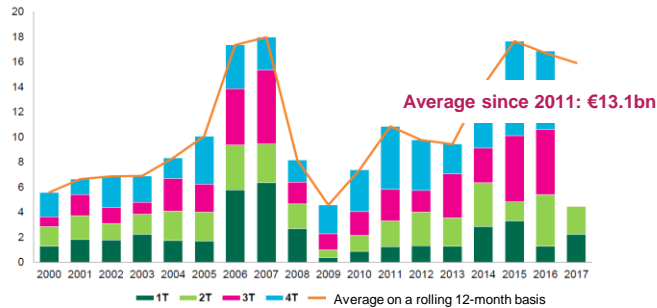
- Average nominal rent: **€599/sq.m./year**
- Average non-cancellable period: **6.2 years**
- Physical occupancy rate: **95.5%**
- EPRA vacancy rate: **4.1%**

Debt

- Average maturity: **4.1 years**
- Average spot cost: **1.9%**
- Loan-to-Value: **29.9%**
- Interest cover: **3.8x**

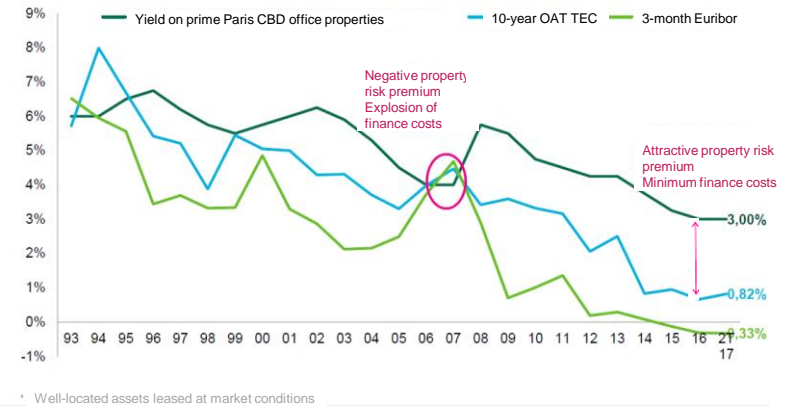
1 Paris Region Investment Market in First-Half 2017

Paris region office investment volume
(source: CBRE)



- Drop in investment volumes, in the office market in the Paris region in H1 2017 despite a promising first quarter: with **€4.45bn** invested in the Paris region in H1 2017 (down 18% vs H1 2016)
- Yield on prime Paris CBD properties stable at 3% despite higher OAT rate

Yield on prime Paris CBD properties vs 10-year OAT rate
(source: CBRE)



- 218-bps spread, vs average spread of 145 bps since 2000

Examples of major transactions in H1 2017

Grand Central
Saint Lazare



€340m

Vendor: Carlyle
Buyer: Union
Investment

Bord de Seine 1
Issy les Moulineaux



€220m

≈ 3.90%

112 Zola
Paris 15



€165m

Vendor: SMA
Buyer: SFL

Trinity portfolio



€175m

Vendor: SEB
Immoinvest GmbH

Future Kiko store
Champs Elysées

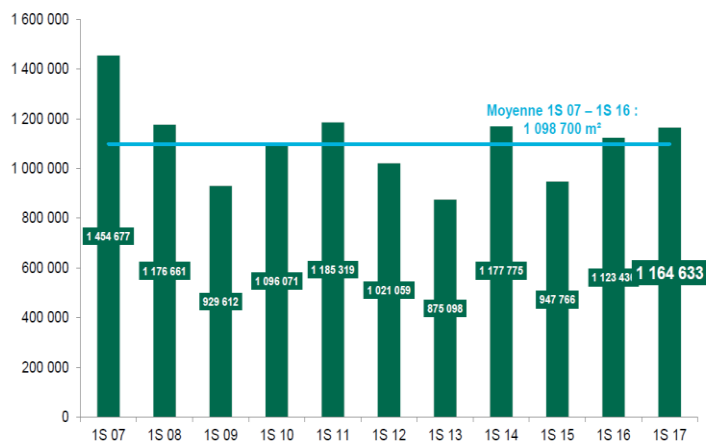


€115m

Vendor: Thor Equities
Buyer: AEW

1 Paris Region Rental Market in First-Half 2017

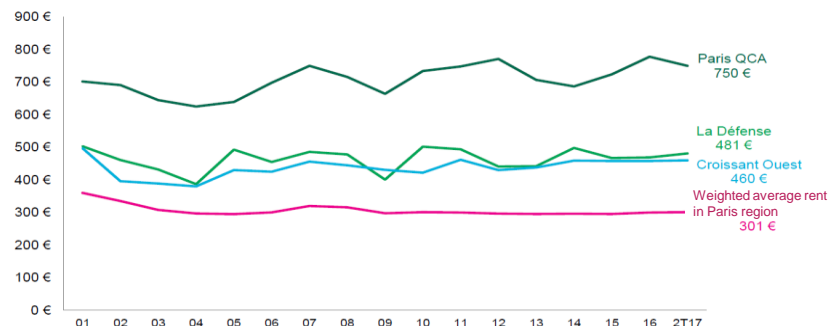
Completed office lettings in the Paris region



Improved take-up rate vs. H1 2016

- Leases signed on **1,164,600 sq.m.** in the Paris region vs 1,123,400 sq.m. in H1 2016 (up 4%)
- Take-up rate **6% higher than the 10-year average** (1,098,700 sq.m.)
- 6.2% vacancy rate in the Paris region**, including **3.4% in West Central Paris**
- Paris CBD**: leases signed on **205,760 sq.m.**, down 10% vs H1 2016 but higher than the 10-year H1 average

Average nominal rents for prime properties

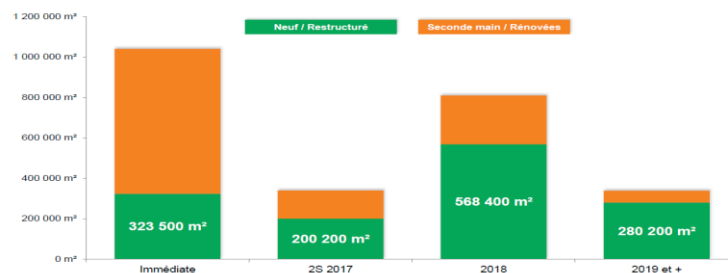


- Rental incentive in the Paris region: stable at 21.5%**
 - Average rental incentive in West Central Paris: 17.2%
 - Average rental incentive in Southern Paris: 16.6%
 - Average rental incentive in La Défense: 24%

Decrease in immediately available space

- 3,544,000 sq.m. of immediately available space** in the Paris region as of 1 July 2017, down 5% vs 1 July 2016
- 16%** of immediately available space consists of **new or redeveloped** properties

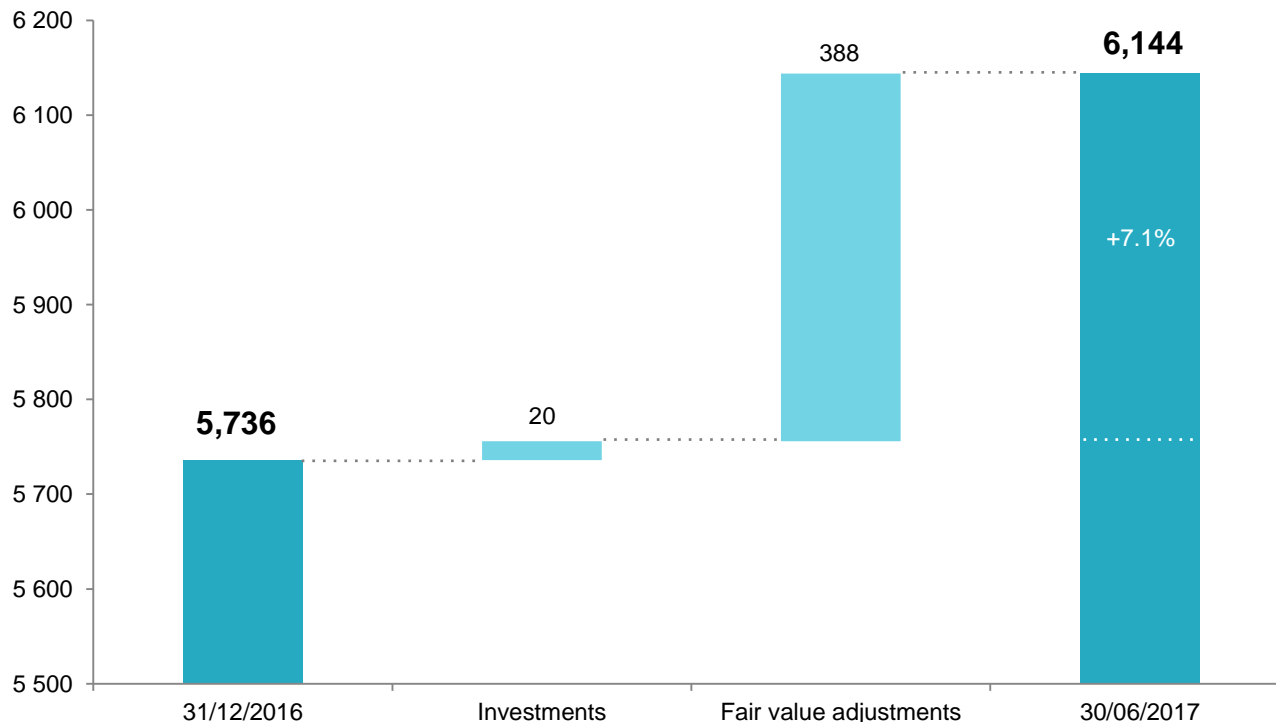
Firm offers on > 5,000 sq.m. as of 1 July 2017 in Paris region



1 Analysis of Property Portfolio Value

Consolidated portfolio value rose 7.1% over the period:
€6,144m excluding transfer costs - €6,523m including transfer costs

Consolidated data (€m, excl. TC)



Average value per sq.m.: €15,224/sq.m. excl. TC

(€14,213/sq.m. excl. TC at 31 December 2016)

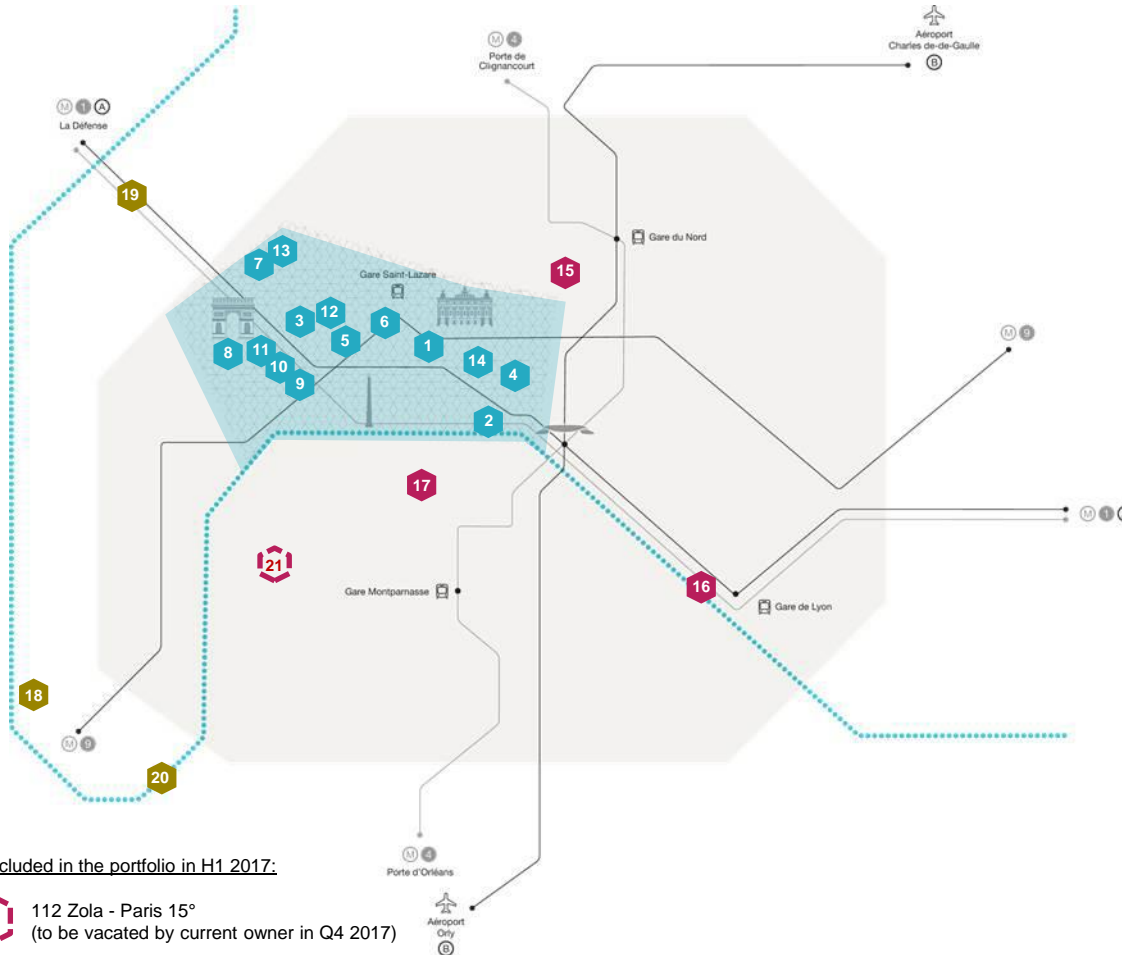
EPRA topped-up NIY: 3.3%

(3.6% at 31 December 2016)

- Topped-up NIY Offices: 3.6%
- Topped-up NIY Retail: 2.8%

1 The Benchmark in the Paris Prime Commercial Property Market

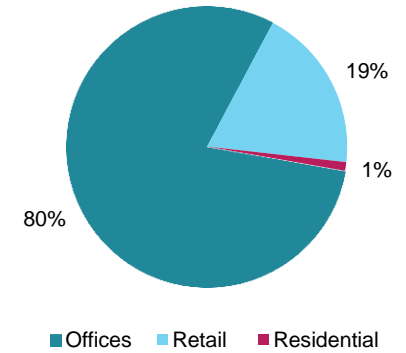
€6,144m portfolio located for the most part in the Central Business District (CBD), as shown below



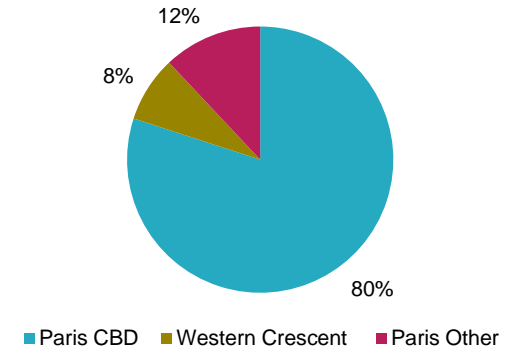
Not included in the portfolio in H1 2017:

21 112 Zola - Paris 15°
(to be vacated by current owner in Q4 2017)

Market focus (value)



Geographic focus (value)



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

	Paris CBD	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.

* Including infrastructure, excluding car parks

	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 the portfolio in H1 2017:

	Planned surface area
21	112 Zola <i>Paris 15</i>

24,000 sq.m.

To be vacated by current owner in Q4 2017

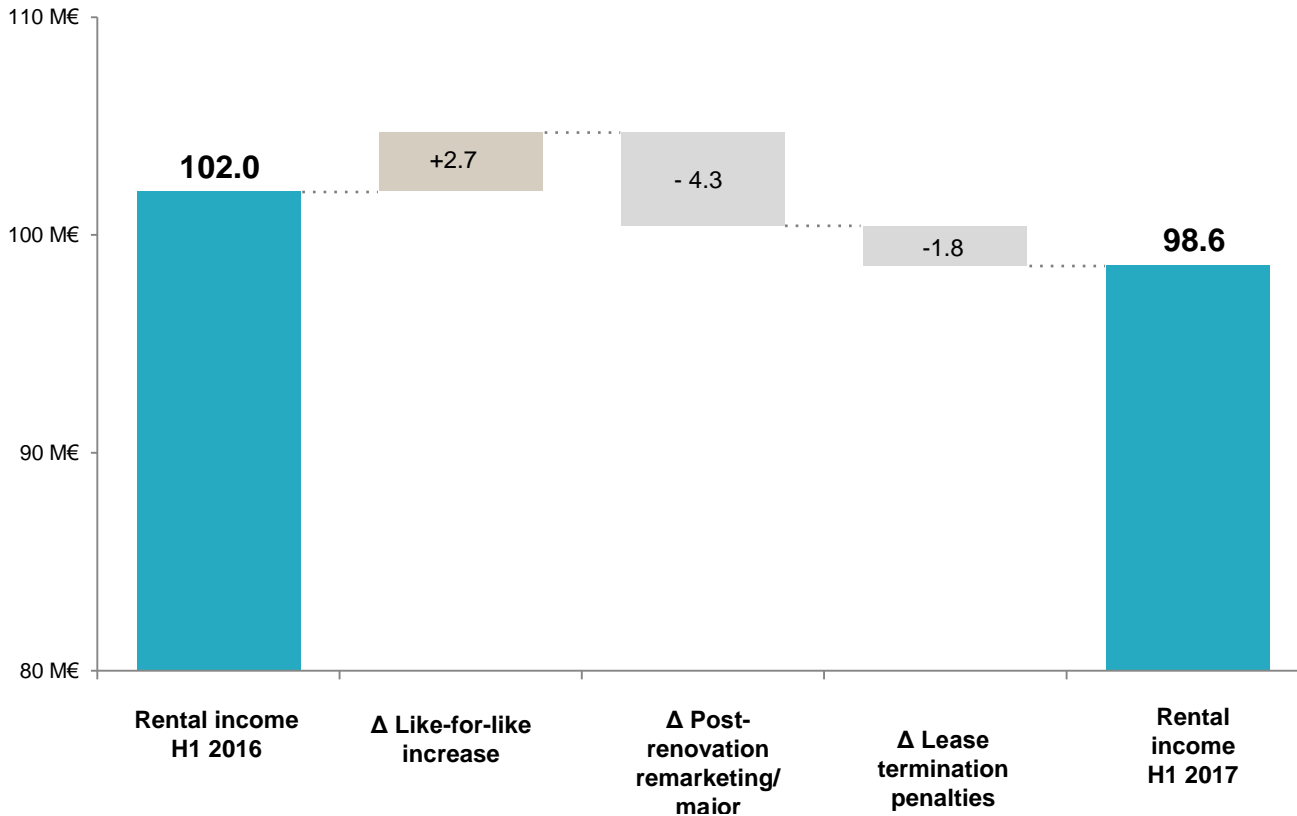


2

First-Half 2017 Rental Activity

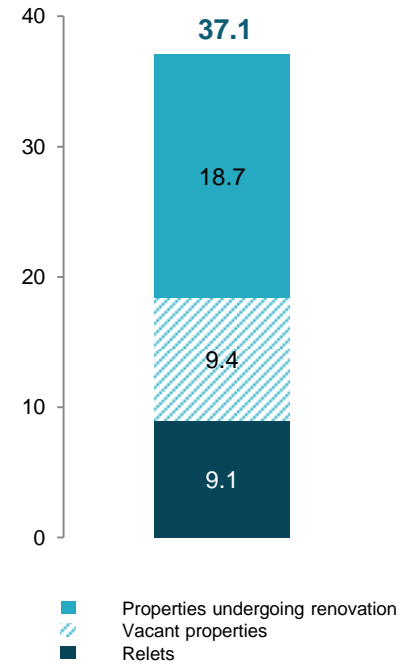
2 Rental Income and Reversionary Potential

Growth in rental income in H1 2017: 2.9% on a comparable portfolio basis



Reversionary potential (€m)

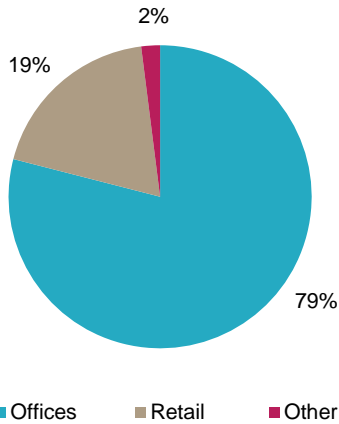
(Consolidated data, 100% basis)



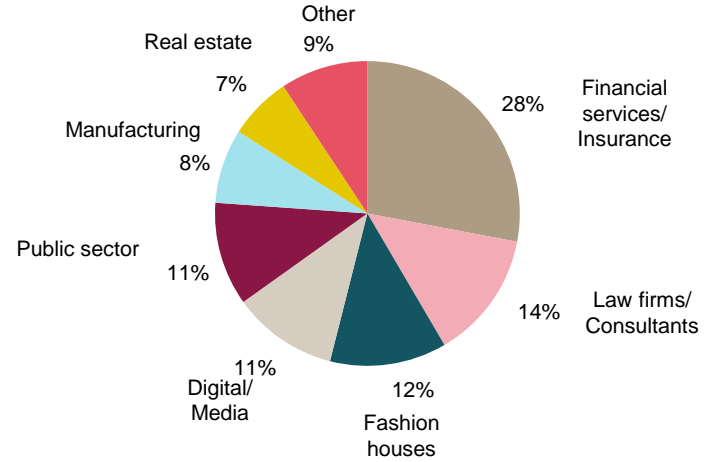
2 Rental Income Breakdown

A diversified portfolio of very high value-added tenants

H1 2017 rental income: €98.6m



Breakdown by tenant business at 30 June 2017



FINANCIAL SERVICES/INSURANCE



SFL

LAW FIRMS/CONSULTANTS



FASHION HOUSES



DIGITAL/MEDIA



PUBLIC SECTOR



MANUFACTURING



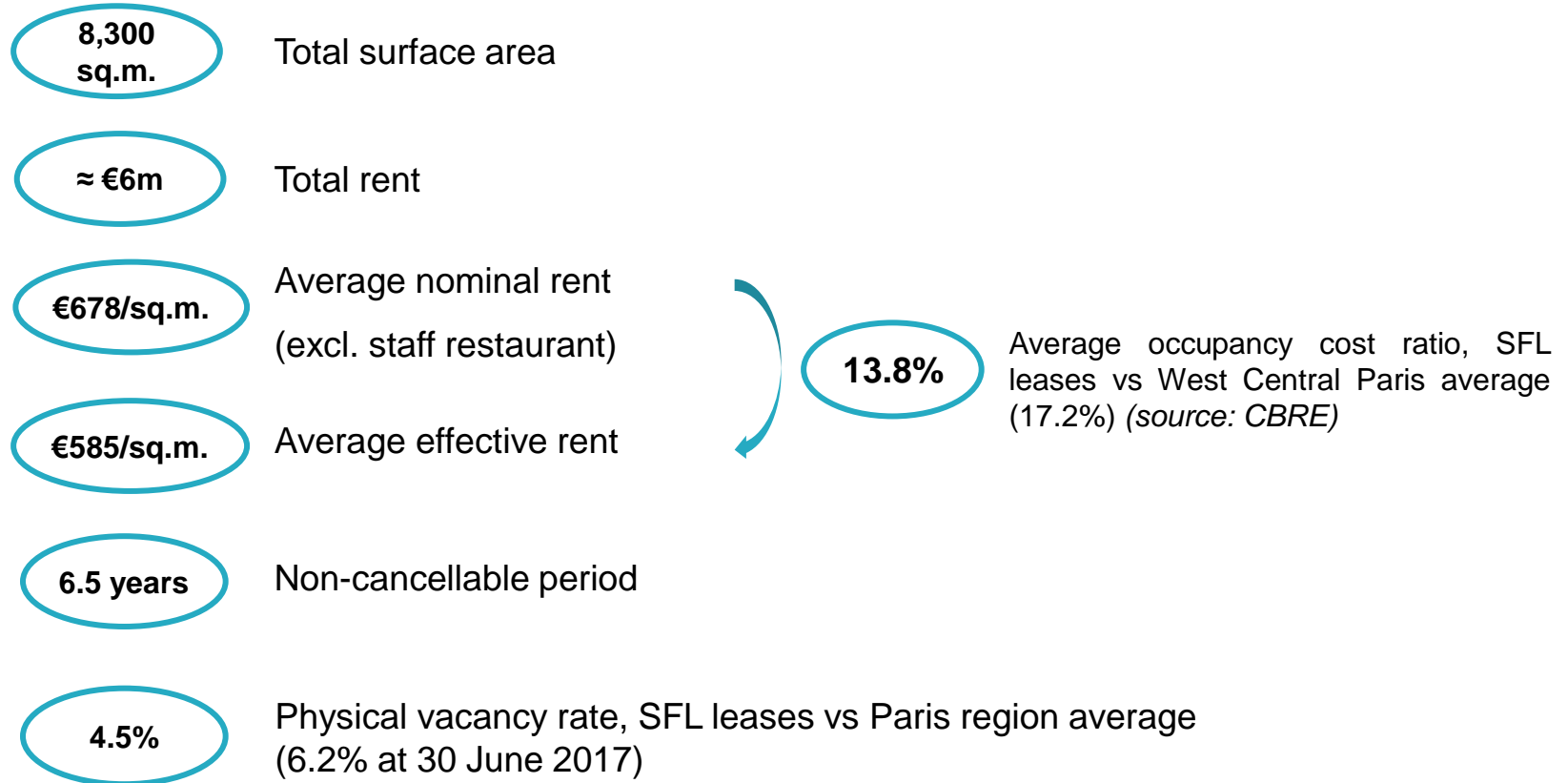
REAL ESTATE



OTHER



2 Office Marketing Programmes



2 Office Marketing Programmes

New leases signed in first-half 2017

100%
occupied*



103 Grenelle
Paris 7

90%
occupied*



Washington Plaza
Paris 8

84%
occupied*



Cézanne Saint-Honoré
Paris 8

100%
occupied*



9 Percier
Paris 8

100%
occupied*



131, Wagram
Paris 17



1,300 sq.m.
6/9/10 years
Signed on 20 January 2017



650 sq.m.
3/6/9/10 years
Signed on 4 May 2017



1,600 sq.m.
6/9/10 years
Signed on 28 February 2017



1,400 sq.m.
6/9/10 years
Signed on 4 April 2017



800 sq.m.
9/10 years
Signed on 12 May 2017

Calvin Klein

1,600 sq.m.
6/9/10 years
Signed on 30 June 2017

MIZUHO

1,000 sq.m.
9/10 years
Signed on 24 May 2017

* Physical occupancy rate at 30 June 2017

2 Occupancy Rates

Physical occupancy rate at 30 June 2017

95.5%⁽¹⁾

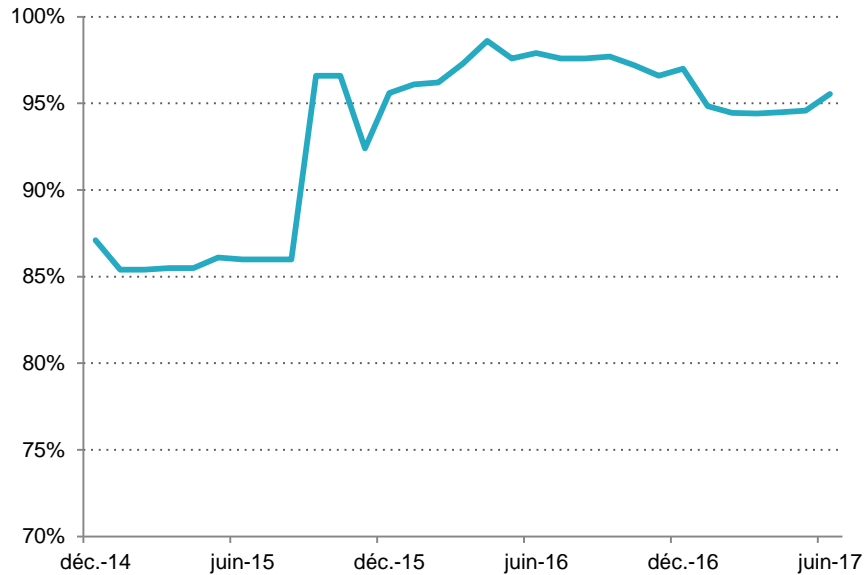
(97.0% at 31 December 2016)

EPRA vacancy rate

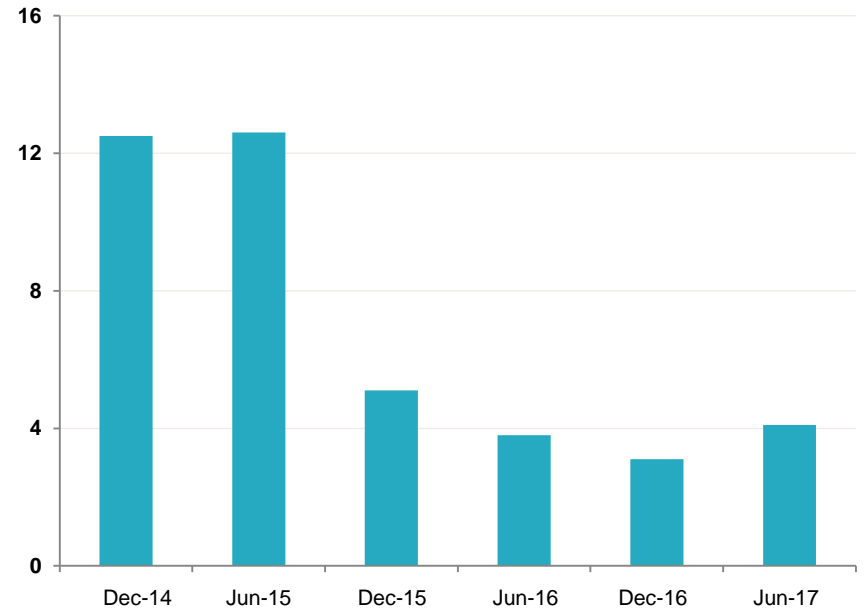
4.1%⁽¹⁾

(3.1% at 31 December 2016)

Change in occupancy rates



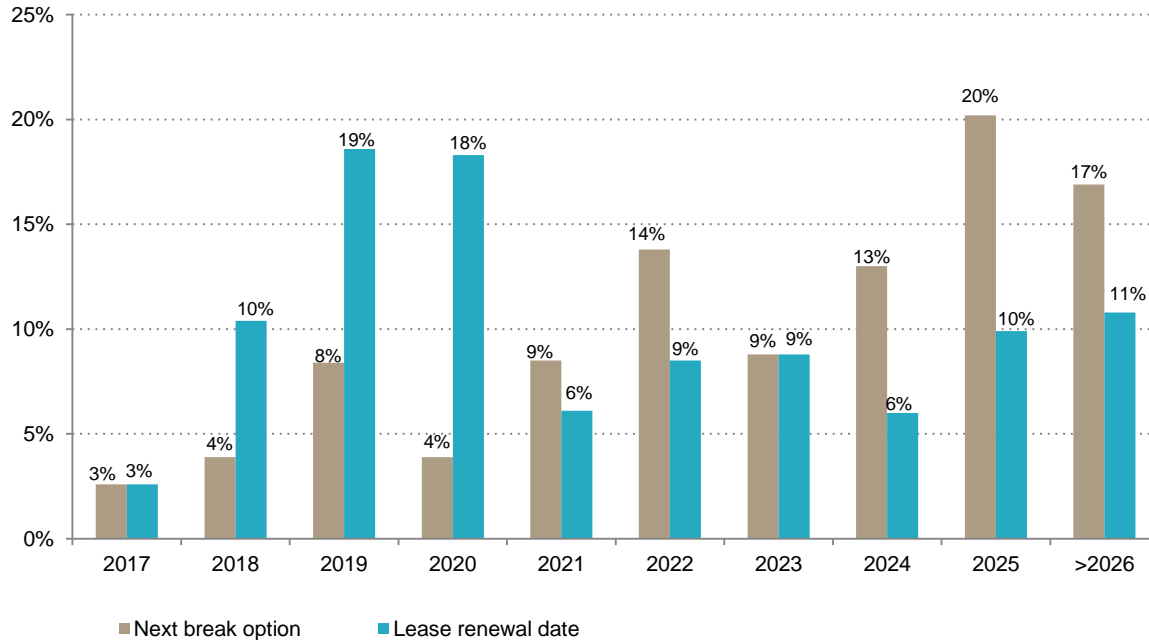
EPRA vacancy rate⁽¹⁾



(1) Surface area attributable to SFL

2 Lease Renewals

Commercial lease expiry dates



Average SFL office rent at 30 June 2017:

€599/sq.m./year
(vs €591 at 31 December 2016)

Average period⁽¹⁾ to lease expiry

6.2 years
(vs 6.3 at 31 December 2016)

Average period to next potential exit date⁽²⁾:

4.6 years
(vs 4.8 at 31 December 2016)

(1) Weighted average remaining life of commercial leases in progress at 30 June 2017.

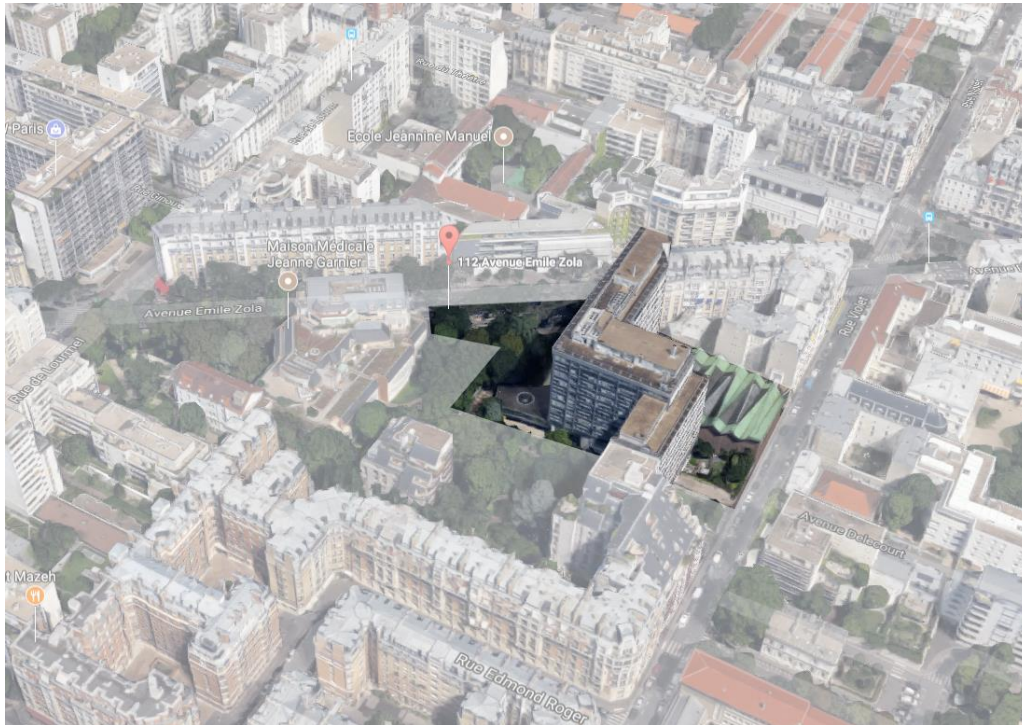
(2) Weighted average remaining period to next potential exit date for commercial leases in progress at 30 June 2017.



3

Property Transactions

3 Investment/Redevelopment: 112 Zola (SMA headquarters building)



A major redevelopment project offering considerable scope to create value:


- 36 months' work
- Cost of work \approx €3,000/sq.m.
- Opportunity to increase available space by 10% to 15%

ROI > 5%

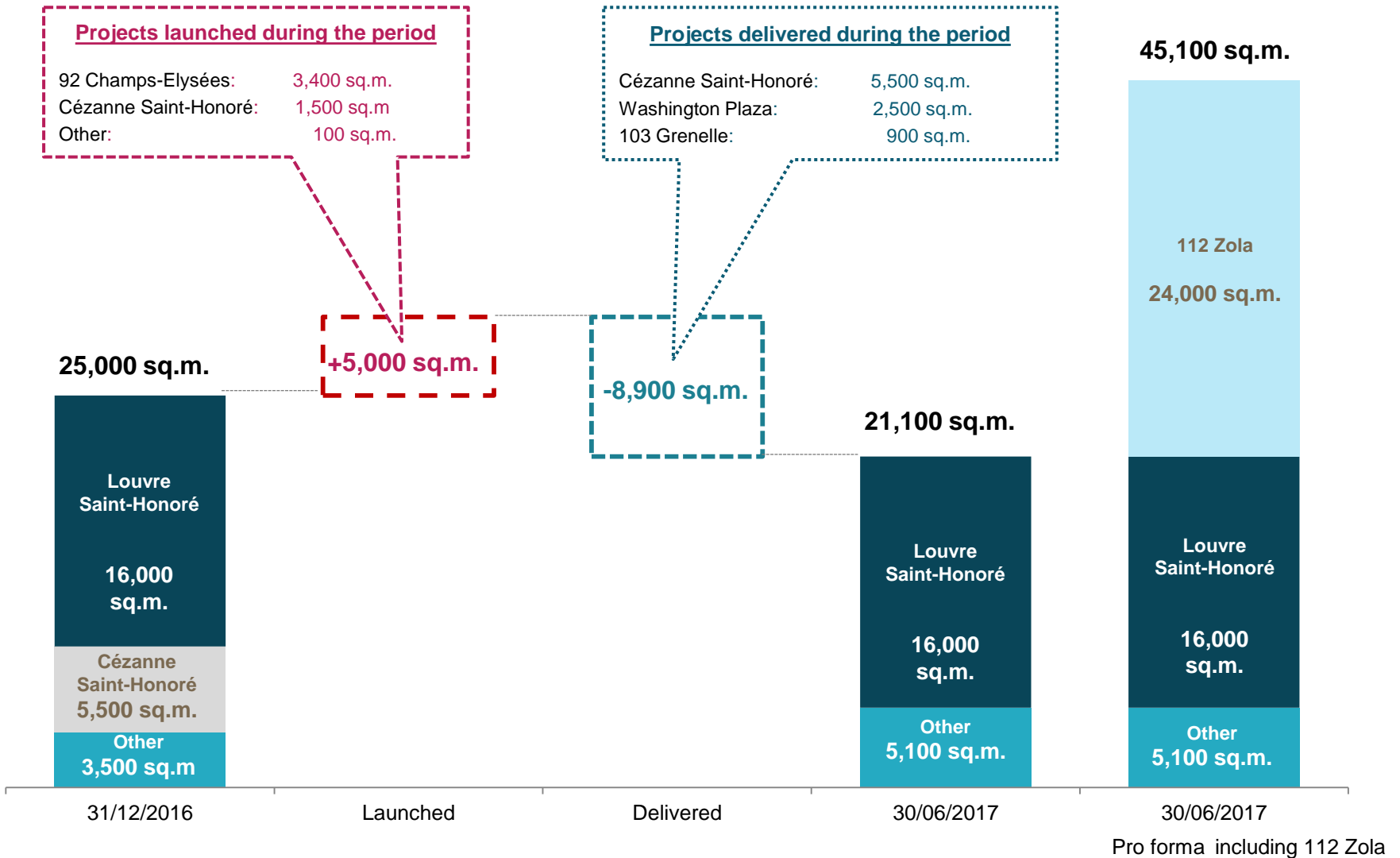
IRR \approx 7%

112-114 ave Emile Zola – Paris 15

Acquisition of SMA's historical headquarters building

- Signature: 13 January 2017
- Investment: €165m
- Planned surface area: 24,000 sq.m.
- Tree-filled plot: 6,300 sq.m.
- Surrounded by a mix of high quality residential and commercial real estate
- Project team selected (Y. Martineau architecture/Jouin Manku/Laverne)
- Preliminary design in the process of being finalised
- Preliminary specifications being finalised
- Building permit application  H2 2017
- SMABTP to move out in Q4 2017


3 Current Redevelopment Projects



3 Sale in progress: In/Out

In/Out – Boulogne-Billancourt



- The right market conditions
 - Western Crescent capitalisation rates at an all-time low (less than 4%)
 - An investment market awash with cash and capital
- The asset management work has been completed
- Selected investors invited to submit bids in Q2 2017
- Buyer: Primonial
- Sale agreed on 25 July 2017
- Contracts to be exchanged  September/October 2017

3 SFL CSR Policies

SFL, a recipient at the 2017 BREEAM Awards



SFL received the **Corporate Investment in Responsible Real Estate** award

This award recognises companies' commitment to sustainable real estate and the achievement of performance targets by having their asset portfolios certified and rated environmentally.

- **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

4th SFL/Ifop Paris WorkPlace Survey



- **3,000 employees surveyed**, including 1,000 from French Tech
- **10 French Tech companies** surveyed





4



Financial Statements & Results

4 First-Half 2017 Results

In €m	H1 2017	H1 2016	Change
Rental income	98.6	102.0	-3.3%
Property expenses, net of recoveries	(6.9)	(6.4)	
Net rental income	91.8	95.6	-4.0%
Service and other revenues	0.4	1.4	
Depreciation, amortisation and provision expense, net	1.1	(1.0)	
Employee benefits expense and other expenses	(10.7)	(9.6)	
Operating profit before disposals and fair value adjustments	82.5	86.4	-4.5%
Profit on asset disposals	0.0	0.0	
Fair value adjustments to investment property	382.6	285.8	
Share of profits/(losses) of associates	0.0	0.0	
Finance costs and other financial income and expenses	(21.2)	(25.0)	
Income tax benefit/(expense)	(25.3)	(9.7)	
Profit for the period	418.6	337.4	
Non-controlling interests	(39.9)	(27.6)	
Attributable net profit	378.7	309.8	
EPRA earnings	49.7	50.6	-1.8%

4 EPRA earnings

In €m	H1 2017		H1 2016		Change
	Recurring EPRA	Non recurring	Recurring EPRA	Non recurring	Recurring EPRA
Rental income	98.6	0	102.0	0	-3.3%
Property expenses, net of recoveries	(6.9)	0	(6.4)	0	
Net rental income	91.8	0	95.6	0	-4.0%
Service and other revenues	0.4	0	1.4	0	
Depreciation, amortisation and provision expense, net	1.1	0	(1.0)	0	
Employee benefits expense and other expenses	(10.8)	0	(9.6)	0	
Operating profit before disposals and fair value adjustments	82.5	0	86.4	0	-4.5%
Profit on asset disposals	0	0	0	0	
Fair value adjustments to investment property	0	382.6	0	285.8	
Share of profits/(losses) of associates	0	0	0	0	
Finance costs and other financial income and expenses	(21.1)	0	(24.3)	(0.7)	-13.1%
Income tax benefit/(expense)	(5.2)	(20.1)	(4.2)	(5.5)	+23.7%
Profit for the period	56.1	362.5	57.8	279.6	
Non-controlling interests	(6.4)	(33.5)	(7.2)	(20.4)	
EPRA earnings	49.7	329.0	50.6	259.2	-1.8%
EPRA earnings per share	€1.07		€1.09		

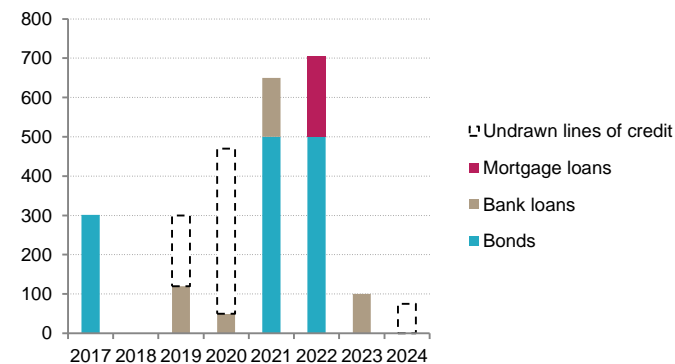
4 Consolidated Statement of Financial Position

In €m	30 June 2017	31 Dec. 2016
Assets		
Investment property	5,599	5,605
Other non-current assets	32	24
Total non-current assets	5,631	5,629
Properties held for sale	408	0
Other current assets	154	135
Total current assets	562	135
Total Assets	6,193	5,764
Equity & Liabilities		
Equity	3,455	3,123
Non-controlling interests	405	371
Total equity	3,860	3,494
Non-current liabilities	1,890	1,813
Current liabilities	443	457
Total Equity and Liabilities	6,193	5,764

4 Consolidated Loan-to-Value

In €m	30 June 2017	31 December 2016	Change
Bonds	1,301	1,301	0
Bank loans	471	445	+26
Mortgage loans	204	205	(1)
Total debt	1,976	1,951	+25
Cash and cash equivalents	27	20	+7
Net debt	1,949	1,931	+18
Undrawn lines of credit	675	540	+135
Property portfolio incl. transfer costs	6,523	6,092	+431
Loan-to-value	29.9%	31.7%	-1.8%
Interest cover	3.8	3.7	+1pt
Average maturity (years)	4.1	4.4	-0.3
Average spot cost of debt (after hedging)	1.9%	1.9%	0%

Maturities of debt at 30 June 2017 (in €m)



S&P rating:
BBB / A2 positive outlook
(since 19 April 2017)

Two new bank facilities obtained for 6 and 7 years respectively, for a total of €175m

4 Net Asset Value

In €m	30 June 2017	31 Dec. 2016	Change
Equity	3,455	3,123	
Treasury shares and stock options	12	14	
Unrealised capital gains	17	16	
Elimination of financial instruments at fair value	0	0	
Elimination of deferred taxes	92	81	
EPRA NAV	3,576	3,234	10.6%
EPRA NAV per share	€76.8	€69.5	
Financial instruments at fair value	0	0	
Fixed-rate debt at fair value	(63)	(71)	
Deferred taxes	(92)	(81)	
EPRA NNAV	3,421	3,082	11.0%
EPRA NNAV per share	€73.5	€66.2	
Number of shares (thousands)	46,529	46,529	

Growth in EPRA NNAV (€m)

NNNAV at 31 December 2016	3,082
Change in fair value of attributable assets	+329
Change in fair value of debt and other financial instruments	+9
EPRA earnings	+50
Dividends	(49)
Other	0
NNNAV at 30 June 2017	3,421

4 EPRA Performance Indicators



(€m)	30 June 2017	30 June 2016
EPRA Earnings	49.7	50.6
	30 June 2017	31 Dec. 2016
EPRA NAV	3,575.6	3,233.9
EPRA NNNAV	3,421.4	3,081.8

(%)	30 June 2017	31 Dec. 2016
EPRA Net Initial Yield	2.6%	2.9%
EPRA topped-up Net Initial Yield	3.3%	3.6%
EPRA Vacancy Rate	4.1%	3.1%
	30 June 2017	30 June 2016
EPRA Cost Ratio (incl. vacancy costs)	15.5%	13.7%
EPRA Cost Ratio (excl. vacancy costs)	13.9%	12.1%

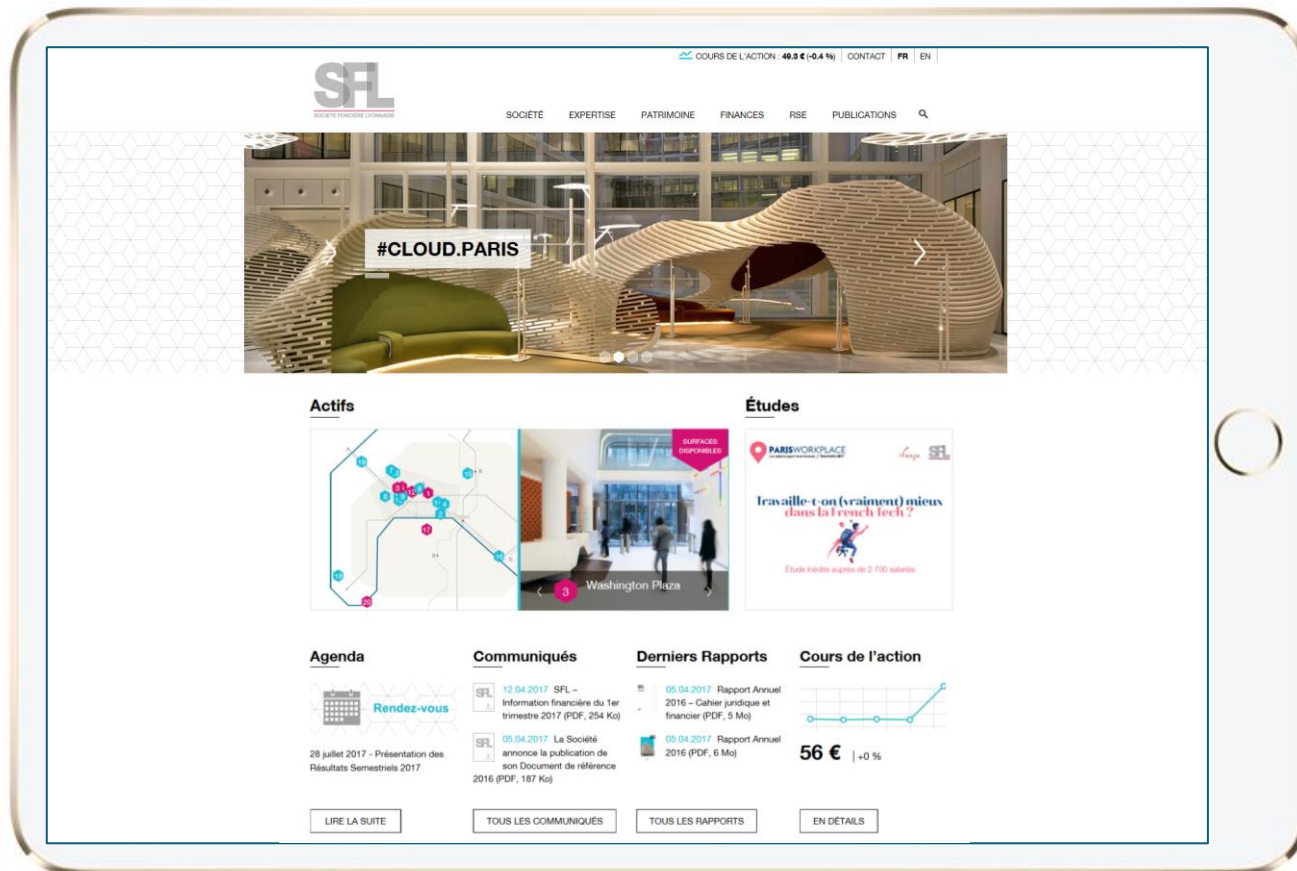
4 Key Figures

In €m	H1 2017	H1 2016	Change
Rental income (IFRS)	98.6	102.0	-3.3%
Operating profit before disposals and fair value adjustments	82.5	86.4	-4.5%
Disposal gains (losses) and fair value adjustments to investment property	382.6	285.8	+33.9%
Profit for the period	378.7	309.8	+22.3%
EPRA earnings	49.7	50.6	-1.8%

	30 June 2017	31 Dec. 2016	Change
Attributable Equity	€3,455m	€3,123m	+10.6%
Consolidated portfolio value (excluding transfer costs)	€6,144m	€5,736m	+7.1%
EPRA NNNAV	€3,421m	€3,082m	+11.0%
EPRA NNNAV per share	€73.5	€66.2	+11.0%

4 Questions/Answers

www.fonciere-lyonnaise.com





Appendices

SFL in Brief



- The benchmark in Paris prime commercial property



- Founded in 1879: 138 years of sustainable business development



- Managing a €6.1 billion, 403,700 sq.m. property portfolio



- 80% of assets located in the Paris Central Business District



- 80% offices and 19% retail units



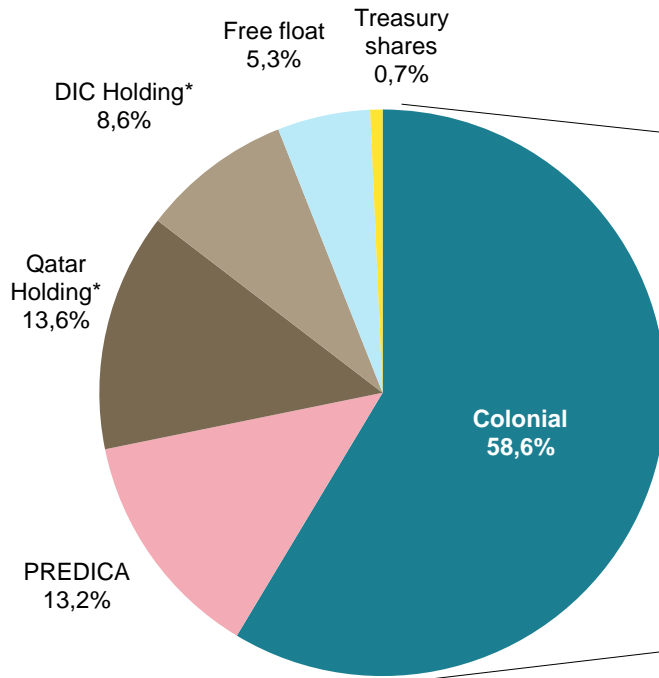
- 20 very large property complexes



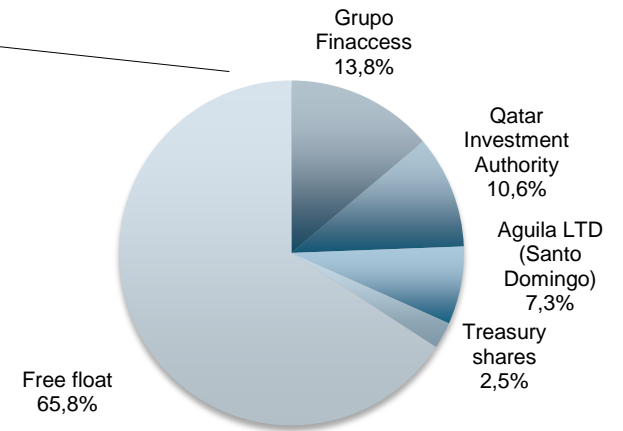
- A very high value-added tenant portfolio

Ownership Structure at 30 June 2017

SFL ownership structure
(46.5 million shares)

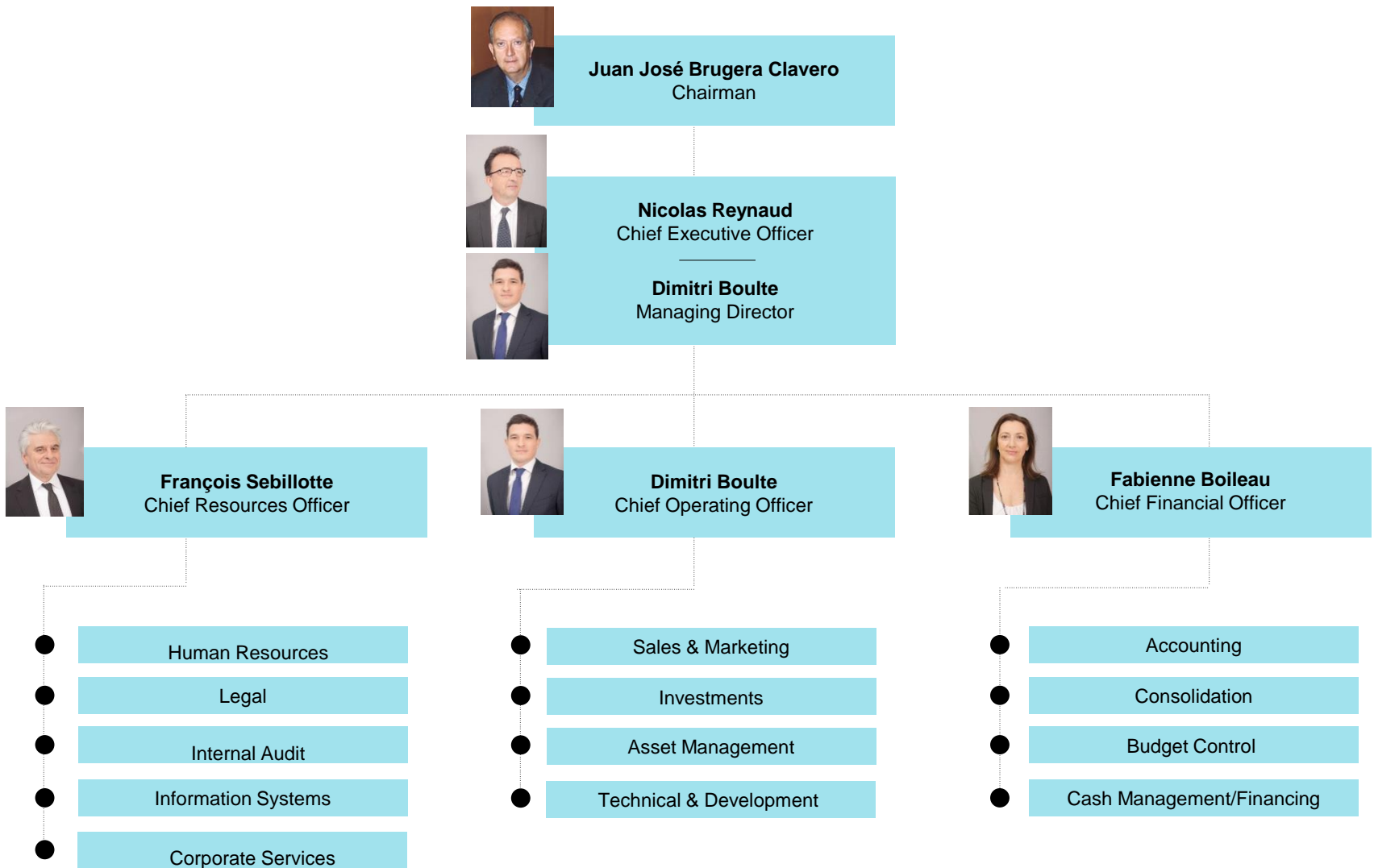


Colonial ownership structure



* Shareholders acting in concert

Organisation Structure



Governance (as of 28 July 2017)

Board of Directors

Juan José Brugera Clavero	Chairman of the Board of Directors (Colonial)
Pere Viñolas Serra	Director – Vice Chairman (Colonial)
Angels Arderiu Ibars	Director (Colonial)
Ali Bin Jassim Al Thani	Director (QIA)
Anne-Marie de Chalambert	Independent director
Sylvia Desazars de Montgailhard	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
Carmina Ganyet I Cirera

Remuneration and Selection Committee

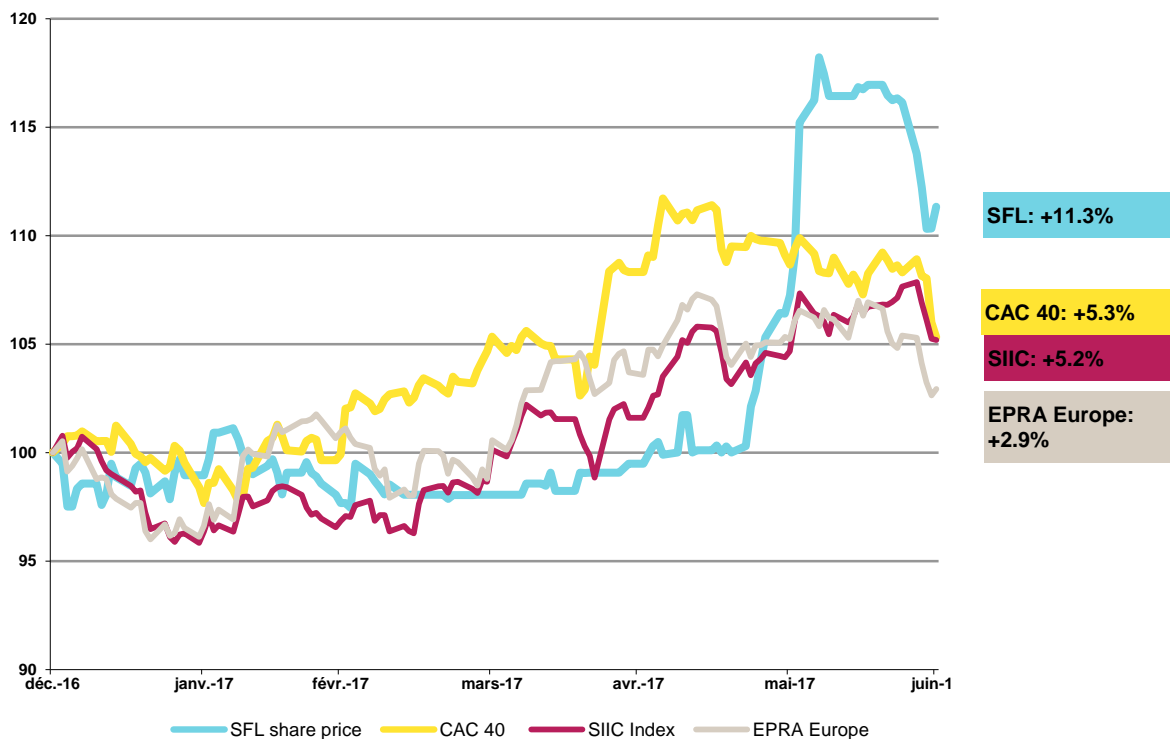
Anthony Wyand (Chairman)
Anne-Marie de Chalambert
Pere Viñolas Serra

Committee of Independent Directors

Anne-Marie de Chalambert
Sylvia Desazars de Montgailhard
Anthony Wyand

Share Performance

First-half 2017 share performance⁽¹⁾

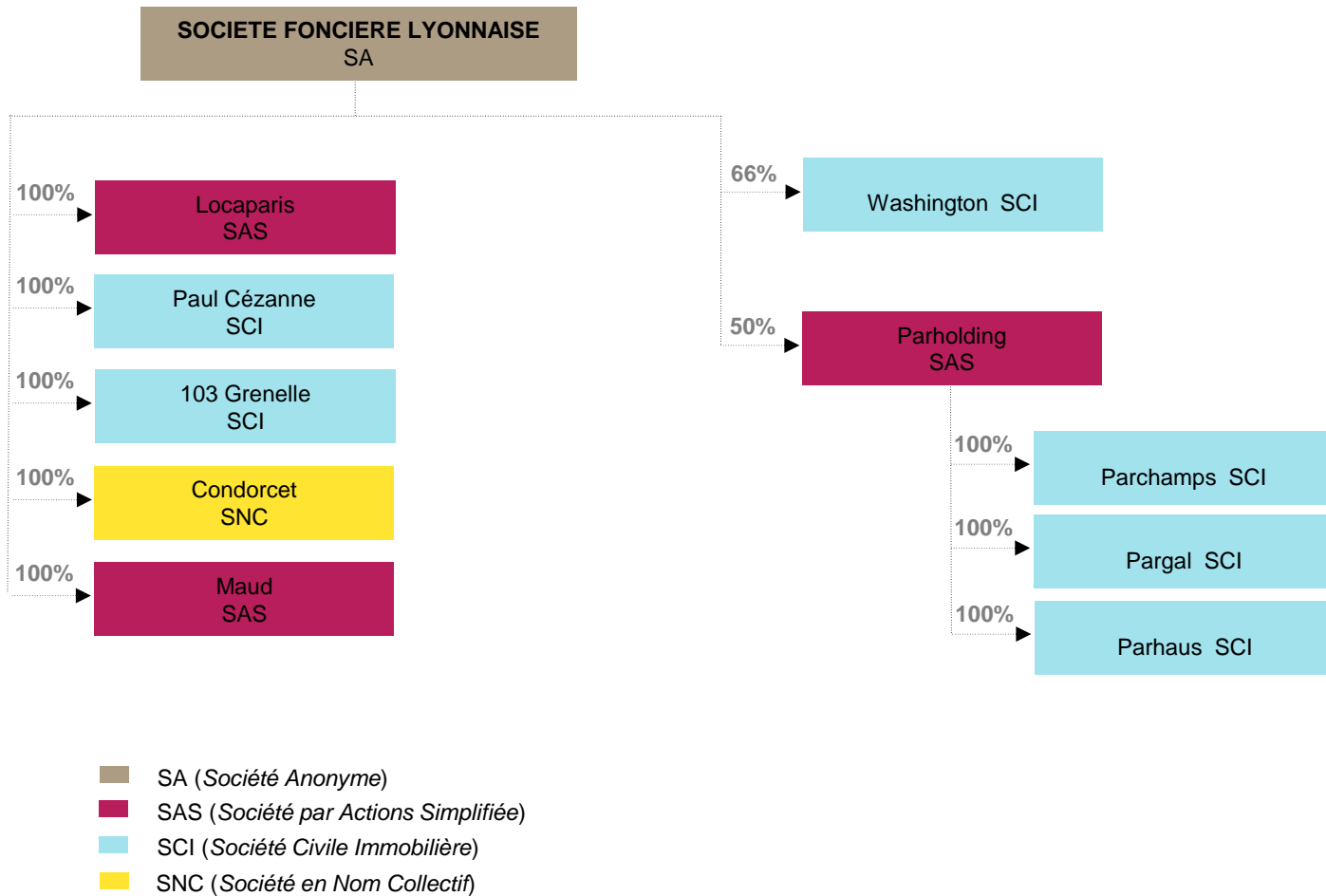


⁽¹⁾ Baseline 100: 31 December 2016; data up to 30 June 2017
Sources: Euronext/Epra

First-half 2017 key figures⁽¹⁾

Number of shares at 30 June 2017 (thousands)	46,529
Average daily trading volume (shares)	2,961
Average daily trading volume (euros)	€148k
Closing share price on 31 December 2016	€48.95
High for the period (7 June)	€57.90
Low for the period (4 January)	€47.21
Closing price on 30 June 2017	€54.50

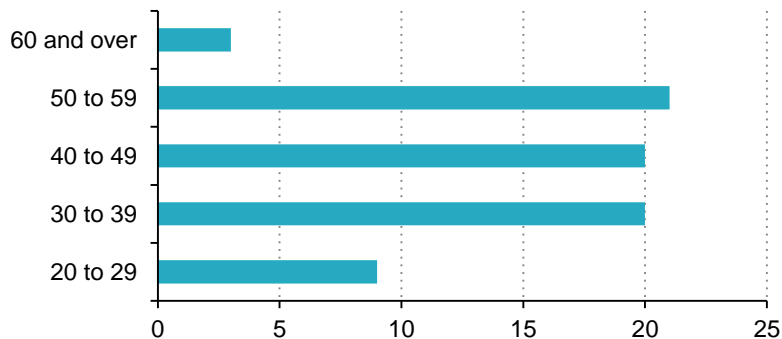
Legal Structure



Human Resources

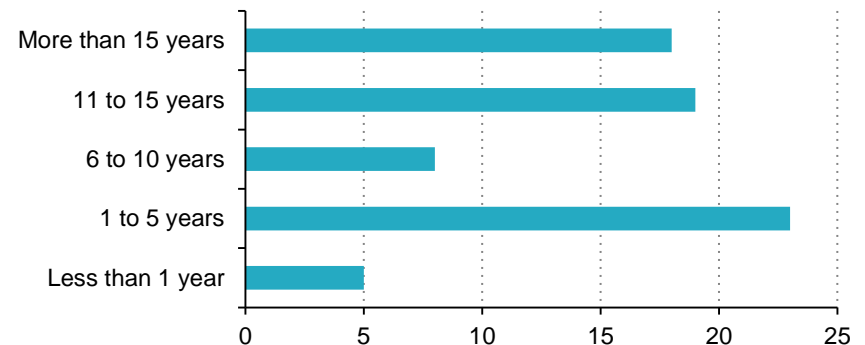
Number of employees	30 June 2017	31 Dec. 2016
Administrative staff	4	5
Supervisors	12	10
Managers	57	58
Total headquarters	73	73
Building caretakers	2	2

Employees⁽¹⁾ by age group
(on payroll at 30 June 2017)



Average age:
43 and a half

Employees⁽¹⁾ by years of service
(on payroll at 30 June 2017)



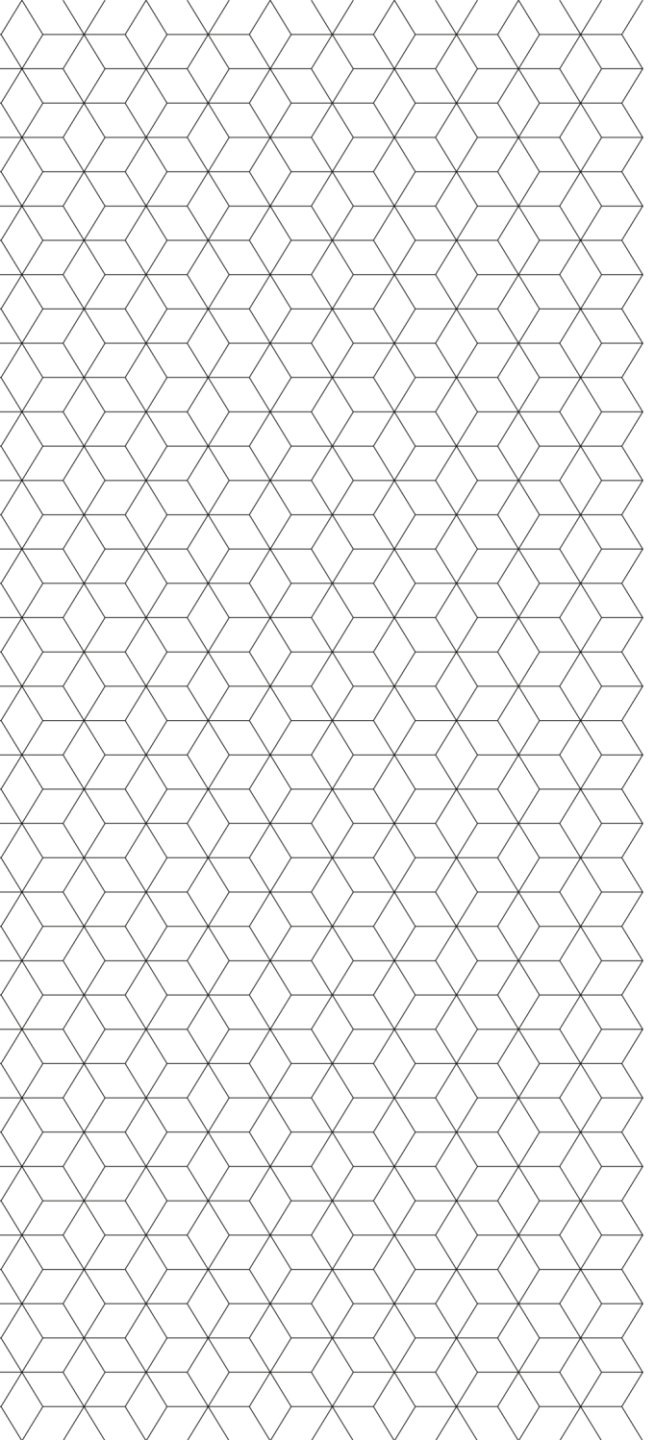
Average years of service:
11 years

⁽¹⁾ Excluding building caretakers

Capex

Expenditure (€m)	H1 2017	H1 2016
Major redevelopment projects	2.5 ⁽¹⁾	10.7
Other capitalised expenditure	10.0	9.2
Total	12.5	19.9

⁽¹⁾ Of which: Louvre Saint-Honoré: €1.3m; 112 Zola: €1.2m



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