

## SFL's 2012 Results

Paris, 14 February 2013

The financial statements for the year ended 31 December 2012 were approved by the Board of Directors of Société Foncière Lyonnaise on 14 February 2013, at its meeting chaired by Juan-José Brugera.

Presented by Bertrand Julien-Laferrière, Chief Executive Officer, these financial statements include a significant 7.5% rise in property rentals on a comparable portfolio basis and a solid 12% increase in the portfolio's appraisal value, feeding through to strong growth in net profit to €283.2 million.

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

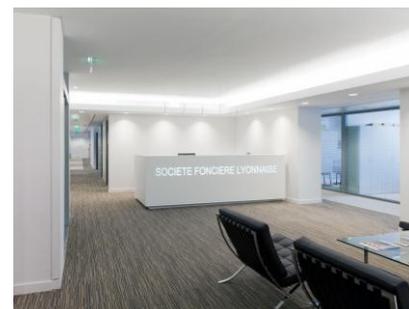
### Consolidated data (€ millions)

	2012	2011
Property rentals	150.2	151.6
Operating profit before disposals and fair value adjustments	122.5	125.4
Attributable net profit	283.2	180.9
Underlying attributable profit (EPRA earnings)	69.5	81.2

	31/12/12	31/12/11
Attributable equity	2,137	1,948
Consolidated portfolio value excluding transfer costs	3,882	3,235
Consolidated portfolio value including transfer costs	4,072	3,399
EPRA NNNAV	2,108	1,993
EPRA NNNAV per share	€45.3	€42.8

### Results

- Property rentals dipped slightly to €150.2 million in 2012 from €151.6 million the previous year. 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 Edouard VII building, for a total of €6.5 million. On a comparable portfolio basis, property rentals increased by €8.0 million, or 7.5%, reflecting leases signed in 2011 and 2012 and the impact of applying rent indexation clauses.



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

#### STOCK MARKET:

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

S&P RATING: BBB- /A-3 Stable  
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Revenues from properties undergoing redevelopment declined by €3.7 million overall, primarily due to the second-half 2012 launch of a project to remodel the Richelieu building and the refurbishment of 6,500 square meters of office space in the Edouard VII building.

- 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.

- Unlike in 2011 when the sale of the Old England boutique in Paris generated a €7.8 million capital gain that was included in the year's profit, no assets were sold in 2012.

- The portfolio's appraisal value rose by 12% over the year on a comparable portfolio basis. The increase led to the recognition of positive fair value adjustments to investment properties of €236.3 million in 2012, versus a positive €98.1 million in 2011.

- Associates – corresponding to 29.6%-owned SIIC de Paris – contributed €21.0 million to 2012 profit, €13.2 million of which was included in EPRA earnings. The comparable figures for the year-earlier period were €18.7 million and €11.7 million.

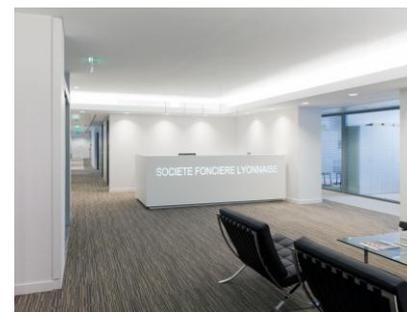
- Net finance costs rose to €72.2 million from €53.7 million in 2011. They include €16.0 million in derivative instrument fair value adjustments and recycling, versus €4.8 million in 2011. Recurring finance costs were €6.9 million higher, chiefly due to the increase in debt.

- After taking into account these key items, attributable net profit came in at €283.2 million, compared with €180.9 million in 2011. Excluding the impact of disposals, changes in fair value of investment properties and financial instruments and the related tax effect, underlying attributable net profit (EPRA earnings) amounted to €69.5 million in 2012, versus €81.2 million the year before.

## Business review

### Rental operations

In a difficult, highly selective rental market, SFL had an exceptional year, signing leases on over 37,000 sq.m, including 24,000 sq.m let to new tenants. Nominal office rents averaged €688/sq.m and effective rents €636/sq.m (see 16 January 2013 press release). The occupancy rate (excluding properties undergoing renovation) rose to 95.3% from 94.0% in 2011 and included the fully leased Ozone building delivered at end 2012.



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## Development operations

SFL pursued its ambitious development program in 2012, investing some €125 million in remodelling projects. The largest investments concerned the Ozone building at 92 Champs-Élysées, which has been delivered and fully let at record rents; the In/Out project in Boulogne, which will be delivered next summer; and the full-scale refurbishment of large office spaces in the Edouard VII and Louvre buildings. In addition, the building permit was received in July for the 33,000-sq.m property on rue de Richelieu. Remodelling work has begun and should be completed in mid-2015.

## Portfolio operations

In November 2012, SFL signed an agreement to sell the 251 rue Saint-Honoré building in the first arrondissement of Paris occupied by the Mandarin Oriental hotel and two luxury boutiques. The net sale price was set at €290 million, which is about 30% more than the total cost of the renovated building and 15% more than its appraisal value at 30 June 2012 (and 19% more than the appraisal value at 31 December 2011). The sale was completed on 8 February 2013 on the terms agreed in November (see 8 February 2013 press release).

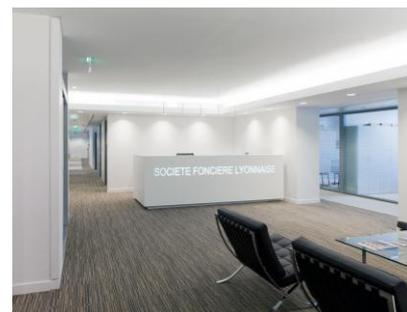
Consisting mainly of two very large projects – the In/Out building (scheduled for delivery in July 2013) and the Richelieu building (to be delivered in mid-2015) – the development pipeline comprised roughly 90,000 sq.m at 31 December 2012. These projects will become a major source of additional rental revenue beginning in 2014.

No buildings were acquired in 2012.

## **Financing**

In line with a strategy launched in 2011 aimed at diversifying its financing sources, SFL carried out another €500-million five-year bond issue in November 2012. The issue proceeds were used to repay the amounts drawn down on the Group's revolving lines of credit, which have been retained as back-up facilities. The issue also created an opportunity to cancel various hedging instruments that were no longer effective.

Net debt at 31 December 2012 amounted to €1,547 million (nearly two-thirds accounted for by bonds), representing a loan-to-value ratio of 35.5%, including the minority interest held in SIIC de Paris. At that date, SFL also had €605 million in back-up lines of credit. The average cost of debt after hedging was 3.6% at end-2012 and the average maturity was 3.9 years.



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## Net asset value

The estimated market value of the 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 at 31 December 2012, these figures include on a 100% basis the buildings owned in partnership with Predica through their joint subsidiary, Parholding (104 Haussmann, Galerie/90 Champs-Élysées), following changes in the Parholding shareholders' pact which have led to this company being fully consolidated. The value of the portfolio increased by 12% in 2012 on a comparable portfolio basis. Growth was mainly led by properties undergoing development and recently delivered remodelled buildings, such as Ozone, 251 Saint-Honoré, Richelieu and In/Out. The figure also reflects slightly lower yields for prime assets.

The portfolio comprises 19 prestigious properties (18 since the sale of the Mandarin Oriental). Most are prime office buildings located in Paris's Central Business District (94%) and in the most attractive parts of the Western Crescent (6%). Following the sale of the Mandarin Oriental, office space now accounts for 80% of the portfolio.

The average rental yield stood at 5.2% in 2012, compared with 5.5% the previous year.

EPRA NNAV came to €2,108 million, or €45.3 per share, compared with €42.8 per share in 2011, an increase of 5.8%.

## Dividend

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

**More information is available at [www.fonciere-lyonnaise.com](http://www.fonciere-lyonnaise.com)**



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