



SOCIÉTÉ FONCIÈRE LYONNAISE

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SFL – First-Half 2013 Results

Resilient rents and appraisal values

Paris, 23 July 2013

Property rentals: €74.6m, up 5.7% on a comparable portfolio basis
Property portfolio value: €3,745m, up 4.3% on a comparable portfolio basis
Attributable net profit: €82.2m

The interim consolidated financial statements for the six months ended 30 June 2013 were approved by the Board of Directors of Société Foncière Lyonnaise on 23 July 2013, at its meeting chaired by Juan-José Brugera.

Presented by Bertrand Julien-Laferrière, Chief Executive Officer, these financial statements show a further rise in property rentals of 5.7% and an increase in the portfolio's appraisal value of 4.3% on a comparable portfolio basis.

This performance validates the business model of SFL, specialist in prime properties in Paris, and confirms the resilience of property rentals in this market segment.

The auditors have completed their limited review of the interim financial information and are in the process of issuing their review report.

Consolidated data (€ millions)

	First-half 2013	First-half 2012
Property rentals	74.6	74.6
Operating profit before disposals and fair value adjustments	59.8	60.6
Attributable net profit	82.2	154.8
Underlying attributable profit (EPRA earnings)	29.7	34.6

	30 June 2013	31 Dec. 2012
Attributable equity	2,169	2,137
Consolidated portfolio value excluding transfer costs	3,745	3,882
Consolidated portfolio value including transfer costs	3,936	4,072
EPRA NNAV	2,134	2,108
EPRA NNAV per share	€45.9	€45.3



With an exceptional portfolio of properties valued at €3.9 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- Stable
 outlook

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Results

- Property rentals for the period amounted to €74.6 million, on a par with first-half 2012.

On a comparable portfolio basis, rentals grew by €3.3 million or 5.7%, reflecting leases signed during 2012 and the impact of applying rent indexation clauses. On a comparable portfolio basis, property rentals have increased each reporting period since 2011, despite a weakened economic environment in the real estate sector. Properties taken off the market for redevelopment in 2012-2013 reduced property rentals by €5.3 million, due in particular to the launch of renovation work at Ilot Richelieu in August 2012 and the renovation of offices in the Louvre building, partially offset by the delivery of the Ozone building in late 2012.

Changes in the portfolio structure led to a €2.1 million increase in rentals, reflecting the full consolidation of Parholding as from 31 December 2012, which added €6.5 million, and the sale of the Mandarin Oriental building in February 2013, which reduced rentals by €4.4 million.

- Operating profit before disposals and fair value adjustments amounted to €59.8 million in first-half 2013 versus €60.6 million in the year-earlier period.

- The portfolio's appraisal value rose by 4.3% over 31 December 2012 on a comparable portfolio basis. The increase led to the recognition of positive fair value adjustments to investment properties of €79.7 million for first-half 2013, versus a positive €136.6 million in the first six months of 2012.

- Associates – corresponding to 29.6%-owned SIIC de Paris – contributed €11.6 million to first-half 2013 profit, €6.7 million of which was included in EPRA earnings. The comparable figures for the year-earlier period were €9.3 million and €6.9 million.

- Net finance costs amounted to €35.0 million, compared with €35.4 million in first-half 2012. Fair value adjustments to financial instruments represented a negative €8.7 million versus a negative €7.1 million in the year-earlier period. Recurring finance costs were €2.0 million lower, chiefly due to the decline in the average cost of debt.

- After taking into account these key items, the Group reported attributable net profit for the period of €82.2 million, compared with €154.8 million for first-half 2012. Excluding the impact of disposals, changes in fair value of investment properties and financial instruments and the related tax effect, underlying attributable net profit came in at €29.7 million for first-half 2013 compared with €34.6 million for the year-earlier period.



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First-Half 2013 Business Review

Rental operations

In a sluggish rental market, around 27,000 sq.m. were let or re-let in the first six months of the year, mainly due to the signature of a new lease with Natixis for the Rives de Seine building. Nominal rent averaged €506 per sq.m. for offices, corresponding to an effective rent of €463 per sq.m. The occupancy rate (excluding buildings undergoing renovation) for the portfolio stood at 91.8% at 30 June 2013, compared with 95.3% six months earlier. The increase in vacancy was due mainly to the first-quarter delivery of 6,500 sq.m. of entirely renovated offices in the Edouard VII building, which are currently being marketed. The secure revenue stream improved following the signature of long-term leases with SFL's two largest customers: La Mondiale for 12,000 sq.m. in 2012 and Natixis for 22,700 sq.m. in 2013.

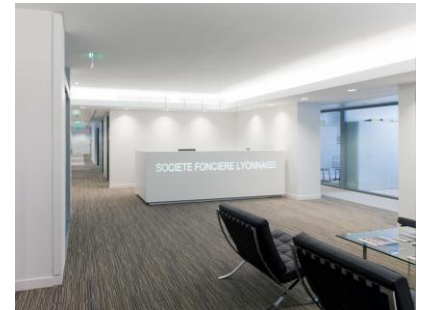
Development operations

Capitalized work carried out in first-half 2013 totalled €65 million and mainly concerned redevelopment projects at the In/Out building in Boulogne, which will be inaugurated in September, and at Ilot Richelieu, where structural work began during the first half and which is scheduled for delivery in mid-2015. At 30 June 2013, the development pipeline totalled around 90,000 sq.m., comprised mainly of the two previously mentioned operations as well as additional space in the Louvre and 90 Champs-Élysées buildings.

Portfolio operations

In accordance with the sales agreement signed in November 2012, SFL sold the Mandarin Oriental building in February 2013 for a net sale price of €290 million. This was about 30% more than the total cost of the renovated building and 15% more than its appraisal value at 30 June 2012, the last appraisal before the transaction was announced.

No new properties were purchased during first-half 2013.



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Financing

Net debt at 30 June 2013 amounted to €1,401 million, compared with €1,547 million at 31 December 2012, representing a loan-to-value ratio of 33.1% including the minority interest held in SIIC de Paris. At that date, SFL also had €725 million in back-up lines of credit. At 30 June 2013, the average cost of debt after hedging was 3.5% and the average maturity was 3.5 years.

On 4 July 2013, SFL obtained a new €400-million syndicated revolving line of credit, which replaces an existing €300-million facility, lifting the Group's total available credit facilities to €825 million (see press release of 4 July 2013).

Net asset value

The consolidated market value of the portfolio at 30 June 2013 was €3,745 million excluding transfer costs, a decline compared with €3,882 million at 31 December 2012, owing to the sale of the Mandarin Oriental building. On a comparable basis, the portfolio value increased 4.3% from 31 December 2012.

The portfolio comprises 18 prestige properties, of which prime office properties in the heart of Paris (92%) and in the most attractive parts of the Western Crescent (8%).

The average rental yield stood at 5.2% at 30 June 2013 compared with 5.3% at 31 December 2012.

EPRA NNAV stood at €2,134 million or €45.9 per share at 30 June 2013 compared with €45.3 per share at 31 December 2012, an increase of 1.2%.

More information is available at www.fonciere-lyonnaise.com



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