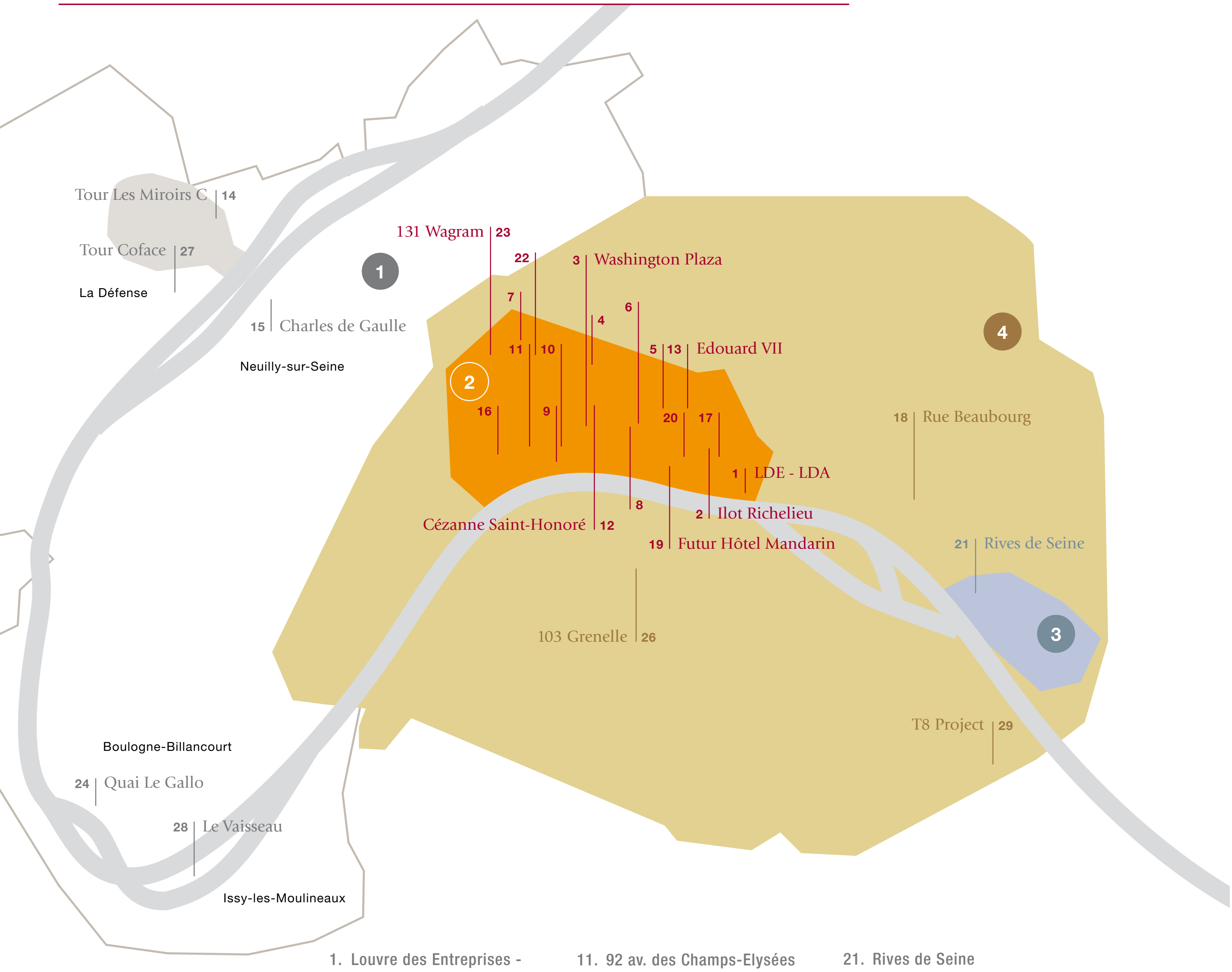
2007 ANNUAL REPORT

SFL
SOCIETE FONCIERE LYONNAISE

SFL, a benchmark leader in the Paris commercial property market



25 Pavillon Henry IV
Saint-Germain-en-Laye

1. Louvre des Entreprises - Louvre des Antiquaires
2. Ilot Richelieu
3. Washington Plaza
4. Avenue Velasquez
5. Boulevard Haussmann
6. Haussmann Saint-Augustin
7. Rue Alfred De Vigny
8. Boulevard Malesherbes
9. Galerie des Champs-Elysées
10. 90, Av. des Champs-Elysées
11. 92 av. des Champs-Elysées
12. Cézanne Saint-Honoré
13. Edouard VII
14. Tour Les Miroirs - La Défense
15. Avenue Charles de Gaulle Neuilly-sur-Seine
16. Avenue d'Iéna
17. Rue de Hanovre
18. Rue Beaubourg
19. Futur Hôtel Mandarin
20. Boulevard des Capucines
21. Rives de Seine
22. Rue de Prony
23. 131 Wagram
24. Quai Le Gallo Boulogne-Billancourt
25. Pavillon Henry IV Saint-Germain-en-Laye
26. 103 Grenelle - Télégraphe
27. Tour Coface - La Défense
28. Le Vaisseau - Issy-les-Moulineaux
29. T8 Project

Edouard VII - Paris 9th

1

17%

(€676m)

Golden Crescent and La Défense

Market located on the western side of Paris, outside the Boulevard Périphérique ring-road., including La Défense. Comprises the towns of Issy-les-Moulineaux, Sèvres, Boulogne-Billancourt, Rueil-Malmaison, Suresnes, Nanterre, Puteaux, Courbevoie, Neuilly, Levallois, Saint-Cloud and Clichy.

2

72%

(€2,800m)

Central Business District (CBD)

Market covering part of the 1st, 2nd, 8th, 9th, 16th and 17th arrondissements, including the Paris Golden Triangle and Financial District.

3

6%

(€238m)

Gare de Lyon

Market covering the area around the Gare de Lyon railway station, extending out to the Bercy district.

4

5%

(€195m)

Other Districts

Including the Post and Telegraph complex in the 7th *arrondissement*.

Contents

02 Company Profile | 04 Directors and Auditors | 06 Interview with the Chairman | 08 Property Market | 10 Key Figures | 14 Portfolio | 22 Environmental Policy | 26 Current Cash Flow, Debt and NAV | 30 Property Portfolio

The registration document is available
(Financial and Legal Report)
on the CD-ROM enclosed with this annual report.

Washington Plaza
Paris 8

Since electing for the new REIT-style (SIIC) structure in 2003, SFL has enjoyed a significant tax benefit, which we pass on to shareholders through a generous dividend distribution policy.

SFL is listed on Eurolist by Euronext Paris, in Compartment A.

History of the Company – strategic milestones

1879 : Henri Germain, founder of Crédit Lyonnais, creates Société Foncière Lyonnaise.
During the first two decades of the 20th century, until after World War I, SFL expands its business in Paris – where in 1900 it owns more than 300 properties and nearly 2,000 hectares of land –, as well as on the French and Italian Rivieras and in Belgium.

1987 : SFL is acquired by the Victoire insurance group and in 1994 becomes a member of the CGU (Aviva) group, following CGU's acquisition of Victoire.

Beginning in 1995-1997, SFL launches its strategic refocusing on the commercial property market in Paris, primarily in the Central Business District.

2004 : Spanish property company COLONIAL acquires roughly 95% of SFL through a public tender offer in July, and PREDICA, the Crédit Agricole Group's personal insurance subsidiary, also becomes a shareholder.

2005 : COLONIAL's stake is reduced to 79.5% through a private placement of shares with institutional investors.

2006 : SFL gains the backing of a new shareholder, following the takeover of COLONIAL by Spanish property company Inmocaral. Following this transaction, COLONIAL's interest in SFL increases to nearly 85%.

2006-2008 : SFL continues its value creation strategy, purchasing the 22,000 square meter property located at 247-251, rue Saint-Honoré, Paris 1, the 6,000 square meter Le Vaisseau building in Issy-les-Moulineaux and the 17,000 square meter property (post-renovation surface area) at 103 rue de Grenelle, Paris 7. In March 2007, the Company becomes the sole owner of the Cézanne-Saint-Honoré property in Paris's 8th *arrondissement* through an assets-for-equity swap.

+€4
billion in property assets (Group share including transfer costs)

€170.4
million in rental revenue

+15.8%
growth in current cash flow per share (attributable to equity holders)

€416
million in net profit

+10.7%
growth in NAV (including transfer costs)

With some €4 billion in exceptional property assets located primarily in the Central Business District of Paris, SFL is the preferred vehicle for investors wishing to invest in the French capital's commercial property market.

A very high quality portfolio

SFL's property portfolio includes a number of major office complexes, such as Louvre des Entreprises & des Antiquaires, Edouard VII, Washington Plaza and Cézanne Saint-Honoré. The properties are leased to first-class covenants, mainly businesses operating in a wide range of industries. The occupancy rate, excluding properties undergoing renovation, stands at approximately 99%.

Unique expertise

SFL is an expert in actively managing high-quality property assets. Instead of simply accumulating assets, we carefully select and purchase buildings with high reversionary potential, which we then modernise and actively manage. Renovations currently underway include 103, rue de Grenelle (the former Post and Telegraph headquarters), 247-251, rue Saint-Honoré (site of the future Mandarin Hotel), the Louvre des Entreprises & des Antiquaires and 92, avenue des Champs-Elysées.

Strategic locations

The office and retail portfolio comprises units on some of the best-known shopping streets in Paris, including rue Saint-Honoré and avenue des Champs-Elysées. They are let to leading names in luxury goods and other upscale retailers.

Working with leading architects

When renovating properties, we ensure not only that they offer premium services but also that they meet the highest architectural standards, by retaining the services of the most talented, internationally renowned architects.

Architects

PHILIPPE CHIAMBARETTA
103 rue de Grenelle (former Post and Telegraph headquarters)

VINCENT CORTES
92 Champs-Elysées and Alfred de Vigny

DTACC – Haussmann Saint-Augustin

JEAN NOUVEL
Galerie des Champs-Elysées

RUDY RICCIOTTI
T8 project

SRA – Galerie des Champs-Elysées

JEAN-MICHEL WILMOTTE
Saint-Honoré Hotel

Designers

SYBILLE DE MARJORIE
Saint-Honoré Hotel

PATRICK JOUIN
Saint-Honoré Hotel

JUAN TRINDADE
Le Louvre des Entreprises et des Antiquaires

Governance

Mariano MIGUEL VELASCO
Chairman of the Board

Yves MANSION
Director and Chief Executive Officer

SFL's Board of Directors, meeting on 5 February 2008, accepted the resignation from the Board of Luis Manuel PORTILLO MUNOZ, José Ramón CARABANTE DE LA PLAZA, Aurelio GONZALEZ VILLAREJO, Luis Emilio NOZALEDA ARENAS, Diego PRADO PEREZ-SEOANE, Domingo DIAZ DE MERA and María Jesús VALERO PEREZ. These Board changes have no impact on the Company's executive management team, led by Yves MANSION, Chief Executive Officer, and Philippe DEPOUX, Chief Operating Officer.

Board of Directors

MARIANO MIGUEL VELASCO, Chairman of the Board (since 5 February 2008)
YVES MANSION, Director and Chief Executive Officer
TONY WYAND, Honorary Chairman and Director
JEAN ARVIS, Director
JACQUES CALVET, Non-Voting Director
YVES DEFLINE, Honorary Chairman and Director
JEAN-JACQUES DUCHAMP, Director
FRANCISCO JOSÉ MOLINA CALLE, Director
REIG CAPITAL GROUP LUXEMBOURG SARL represented by **JOSÉ CAIRETA,** Director
- **JOSEP MANUEL BASANEZ VILLALUENGA,** Director
- **ANTONIO LOPEZ CORRAL,** Director
- **ENRIQUE MONTERO GOMEZ,** Director
- **JUAN RAMIREZ BALTUILLE,** Director
- **PEDRO RUIZ-LABOURDETTE,** Director
- **JULIAN ZAMORA SAIZ,** Director

Board meetings are also attended by:
PHILIPPE DEPOUX, Chief Operating Officer
THIERRY BUHOT, Works Council representative
NICOLAS REYNAUD, Secretary to the Board

The Board of Directors met six times in 2007.

- Member of the Board of Directors since 5 February 2008.

Audit Committee

Chairman

FRANCISCO JOSÉ MOLINA CALLE

Members

JACQUES CALVET

YVES DEFLINE

JEAN-JACQUES DUCHAMP

JOSEP MANUEL BASANEZ VILLALUENGA
(since 5 February 2008)

The Audit Committee met three times in 2007.

Role

Make recommendations concerning the appointment or re-appointment of the Auditors.

Review the financial statements to be presented to the Board.

Assess the effectiveness of internal controls over procedures, risks and ethical practices.

Review the audit plans of the internal and external auditors.

At each period-end, make inquiries of the Auditors without any member of management being present.

Remuneration and Selection Committee

Chairman

MARIANO MIGUEL VELASCO

Members

JEAN ARVIS

YVES MANSION
(except for decisions concerning him)

TONY WYAND

The Remuneration and Selection Committee met twice in 2007.

Role

Make recommendations to the Board concerning the remuneration of corporate officers, directors' fees, stock option plans and specific incentive bonus plans.

Make recommendations to the Board concerning candidates for election to the Board, senior management succession planning, particularly when a seat on the Board or a senior management position falls vacant for unforeseeable reasons or following a change in the number of seats on the Board.

Executive and Strategy Committee

Chairman

MARIANO MIGUEL VELASCO
(since 5 February 2008)

Members

JEAN-JACQUES DUCHAMP

YVES MANSION

FRANCISCO JOSE MOLINA CALLE

PEDRO RUIZ-LABOURDETTE
(since 5 February 2008)

The Executive and Strategy Committee met four times in 2007. After opening a data room for the Investment Corporation of Dubaï (ICD) on 5 February 2008, the Board decided on 14 February to create a Committee of Independent Directors consisting of Tony Wyand, Jean Arvis, Jacques Calvet and Yves Defline.

Role

Advise the Board and senior management on overall strategies to promote business growth in the best interests of SFL and all of its shareholders.

Help the Board and senior management to efficiently fulfil their respective responsibilities, by acting as an interface for strategic issues and transactions.

Review business plans and projections in order to assess the medium and long-term outlook.

Review and make recommendations concerning planned transactions that require the Board's prior approval.

Authorise senior management to carry out any acquisition or sale or to enter into any financial commitment representing an amount in excess of €20 million.

Report to the Board on the fulfilment of its responsibilities.

AN ETHICS CHARTER FOR DIRECTORS

The Directors' Charter is more than a simple description of directors' statutory rights and obligations. It is also a code of ethics dealing with such issues as directors' transactions in SFL shares, potential conflicts of interest, multiple directorships, regular attendance at Board meetings and confidentiality. Each voting and non-voting director, elected in his or her own name or as permanent representative of a corporate director, is required to hold at least 25 SFL shares registered in his or her name. Directors are also required to write to the Chairman of the Board of Directors, providing full details of all SFL shares purchased or sold during the period.

In addition, each Director must notify the Company of all directorships and corporate functions held in all other companies (giving the names of the companies concerned) at the end of each year and whenever any change occurs.

Directors must act at all times in the Company's interest, notify the Board of any conflicts of interest, attend General Meetings and treat all information received as strictly confidential. When a new voting or non-voting director takes office, he or she is given a copy of the Company's Articles of Association and of the Board's internal rules by the Chairman of the Board.

The directors' fees awarded by the Annual General Meeting are allocated among directors by the Board according to two criteria: the responsibility inherent in the function of voting or non-voting director and membership on Committees of the Board.

Continued earnings growth in an uncertain environment

How would you sum up the past year?

SFL set a new record for operating profit and portfolio growth in 2007. In line with previous years, occupancy rates for the properties in our portfolio were very high and newly renovated properties were quickly re-let. At the same time, rental values continued to climb, ensuring that we benefited fully from the scarcity of very large, high quality units like the ones we own in Paris's Central Business District. The thriving rental market was instrumental in driving up the value of our portfolio as assessed by independent experts.

This being said, the overall market began to slow sharply during the summer, leading to flat values in the second half. The initial effects of the financial crisis originating in the United States created doubt about the value of property assets and made everyone more cautious about new ventures.

Can you say a few words about your results?

They are extremely robust. At €170.4 million, property rentals were up 5.5% with growth led by the remarketing of newly renovated properties. Operating profit rose 9.3%, outstripping the growth in property rentals, thanks to tight control of property expenses and overheads. We're very satisfied with this performance. Current cash flow attributable to equity holders expanded even faster than operating profit, rising 22.8% to €97.2 million, which means our business is generating more and more cash. Mirroring our good operating results, the value of the portfolio increased 17.7% year-on-year, to nearly €4 billion.

After taking into account the March 2007 share issue, current cash flow per share rose 15.8% to €2.13 and NAV per share including transfer costs was up 10.7% at €63.6. These are the highest figures in the company's history.

What are your main growth drivers?

In 2007, yields on the best properties in Paris stood at barely 4%, which was less than the just over 5% average rate of interest paid on the acquisition debt. So acquiring a property can, paradoxically, destroy cash flow. That's why we have shifted our growth strategy, focusing for more than a year now on buying properties that are in prime locations but need extensive renovation and modernisation. These properties have reasonable price tags, but it takes several years of spending before any value is created by remarketing the renovated properties at rents in line with the highest quality segment of the Paris market.

This is what we managed to do in 2007 with the Haussmann-Saint Augustin complex, completing the 12,000 square meter renovation in July and signing a nine-year lease in August. And we hope to do the same with our other major renovations now underway, on rue de Grenelle, rue Saint-Honoré and the Champs-Elysées.

Is there any chance you will launch any development projects?

It's possible, yes. In 2007, our focus on value creation led us to launch the T8 project for the construction of a major, extremely modern, mixed-use complex on a slab to be built by the Paris city authorities above the Gare d'Austerlitz railway station. We're very proud to have won this call for bids and are devoting a lot of time and energy to the project, even though the property won't be ready until 2012.

You already mentioned how tough the market is. What are the main trends in commercial property?

Although early 2007 was very active, with the large number of transactions helping to drive up prices, the market was pounded in the second half by the effects of the US subprime mortgage crisis. The crisis made investors as a whole more cautious and sharply restricted the bank credit available for major property acquisitions. At the same time, we saw continued, strong demand from both investors and users for properties meeting high technical, functional and environmental quality standards.

How has the business climate impacted SFL?

The tendency to place a higher value on quality favours SFL, which remains focused on the best commercial properties in the Paris Central Business District. Our portfolio looks better able to weather the new uncertainties in the financial and property markets than many others. The value of our properties is more robust, thanks to our near-100% occupancy rate, first class covenants and long leases.

Is a change in your ownership structure likely in 2008?

Yes, for several reasons. First, at the end of 2007, Colonial still held 84% of our capital, significantly above the 60% limit applicable under SIIC 4, and an expansion of our shareholder base is therefore inevitable. At the same time, our controlling shareholder is experiencing some problems due to conditions in the Spanish market, and a more radical change in our ownership structure may be in store. However, with our considerable managerial autonomy and experienced management team, we are well equipped to deal with such changes with equanimity.

Management Committee

1. **YVES MANSION**
   Director and Chief Executive Officer
2. **PHILIPPE DEPOUX**
   Chief Operating Officer
3. **NICOLAS REYNAUD**
   Chief Financial Officer
4. **FRANÇOIS SEBILLOTTE**
   Company Secretary
5. **FRANCK DATTÉE**
   Technical Director
6. **OLIVIER ROCHEFORT**
   Asset Management Director
7. **JEAN-LUC POTIER**
   Development Director
8. **MARC STRAVOPODIS**
   Marketing Director


1


2


3


4


5


6


7


8

A robust market

In a period of economic and financial turmoil, our strategic positioning in a market segment in which supply is scarce and demand reliably strong helps keep SFL on track. Over the next few months, rents should continue to rise in Paris and especially in the Central Business District, particularly for new and renovated properties but also for outstanding old properties.

"The commercial property market is still robust, despite longer marketing periods for units larger than 1,000 square meters and limited rent increases."

An exceptional office rental market

New lettings in the Paris area were stable in 2007, at 2.7 million square meters, although a slowdown was observed in the fourth quarter. The stock of properties available for immediate occupancy was unchanged, while the volume of new properties declined, representing a positive sign. Vacancy rates were stable at 4.9%. Future supply expanded to 4.2 million square meters, compared with 3.9 million in 2006; however, the increase mainly concerned unconfirmed future projects. Average rents stood at €327 per square meter per year, up 7% over 2006.

The Central Business District is in a class of its own and remains extremely active. The stock of available properties fell 40% in 2007 and the vacancy rate was the lowest anywhere in the Paris area. New properties represented a fairly high proportion of available stock. Prime rents stood at €750 per square meter per year, up 6% over 2006, while average rents were 7% higher at €542 per square meter per year.

Rents should continue to rise in 2008 but at a slower rate. New lettings are expected to trend down, although demand for very large properties will remain strong. The stock of properties available for immediate occupancy should settle at 2.5 million square meters and future supply is expected to remain stable.

Edouard VII - Paris 9

"The French market's maturity, fluidity and diversity cushioned the effects of the US subprime mortgage crisis and the gloomy financial environment. Prices were better aligned to the market environment, with high quality, low risk properties commanding a premium."

A still booming property investment market

The commercial property investment market in France grew to €27 billion in 2007, up 17% over 2006. For the fourth straight year, the variety and growing number of foreign investors (representing 60% of commitments) was a major factor in driving the market's vitality. The number of major transactions continued to climb, lifting the average unit transaction price to €58 million from €50 million in 2006. Although office properties remain the flagship product, we are starting to see a shift, particularly towards retail properties, which had an outstanding year.

The Paris area remains the preferred location, attracting 70% of commitments, or €20 billion, up 6% over 2006. Outright sales were down but sale-and-leaseback transactions rose sharply, an encouraging sign for SIICs. Paris's Central Business District is the leading market in France, capturing €4.5 billion in investments, or 23% of all property investment in the Paris area. Prime yields in the Central Business District fell to 3.8% in mid-2007, before recovering to 4% at the year-end. Properties generating long-term cash flows readily find buyers.

Comparison of European office rental markets in 2007

	Take up			Vacancy rates			Prime rent			Average rent CBD Q4 07 & y-on-y change (€/sq.m./yr)
	2007 (thousand sq.m.)	2006 (thousand sq.m.)	Change	Q4 07	Q4 06	Change (period-on-period)	Q4 07 (€/sq.m./yr)	Q4 06 (€/sq.m./yr)	Change (period-on-period)	
Paris area	2,713	2,860	- 5%	4.9%	5.6%	- 13%	750	698	+ 7.5%	542 (+ 7%)
London	1,029	1,153	- 11%	4.8%	6.2%	- 23%	1,851	1,518	+ 22%	714 (+ 6%)
Madrid	968	800	+ 21%	7.1%	7.4%	- 4%	480	372	+ 29%	335 (+ 31%)
Munich	834	671	+ 24%	9.6%	8.8%	+ 9%	372	354	+ 5%	212 (+ 13%)
Frankfurt	629	621	+ 1%	13.3%	14.5%	- 8%	450	420	+ 7%	289 (+ 6%)
Brussels	516	627	- 18%	9.7%	10.2%	- 5%	295	295	0%	193 (- 3%)
Berlin	500	586	- 15%	8.2%	8.3%	- 1%	264	246	+ 7%	191 (+ 12%)
TOTAL	7,189	7,318	- 2%							

Source: AtisReal.

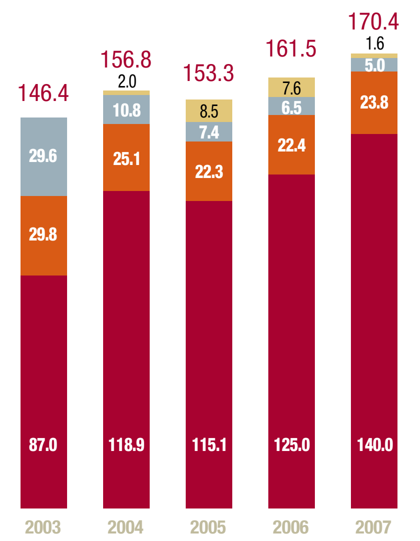
Take-up was steady despite a shifting pattern over the year and a sharp drop in the London market. Overall vacancy rates declined over the year, confirming strong demand but masking an increase in vacancies between the third and fourth quarters in London, Madrid and Munich. There is no major risk of rents collapsing in the short term. Prime rents are continuing to climb despite a pause in the third quarter, although they are likely to peak in London and Madrid. Average Central Business District rents are on the rise, but patterns vary; while prime rents are at a premium in mature markets such as London, Paris and Brussels they have levelled off in Germany.

2007 Key figures

In 2007, property rentals grew a further 5.5% to €170.4 million, operating profit excluding gains and losses from remeasurement at fair value of investment properties rose by 9.3% to €147.3 million and current cash flow attributable to equity holders increased 22.8% to €97.2 million. The value of the property portfolio rose by a strong €365.1 million. NAV per share, including transfer costs, grew 10.7% for the year, to €63.6. These continued upward trends reflect the quality of our portfolio, which is strategically positioned in the Paris Central Business District.

Property rentals

(in € millions)

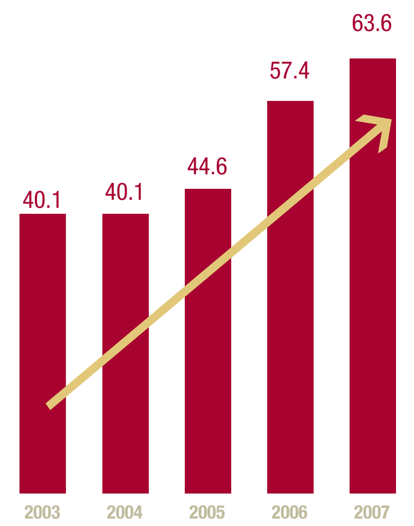


■ Retail
■ Offices
■ IFRS impact
■ Other (Parking garages + Residential + Professional)

Property rentals totalled €170.4 million in 2007, an increase of 5.5% on a reported basis and 3.6% like-for-like. Growth was attributable to our very high 98.9% occupancy rate, the positive effect of rent indexation clauses and the remarketing of newly renovated properties.

NAV per share

(in €)



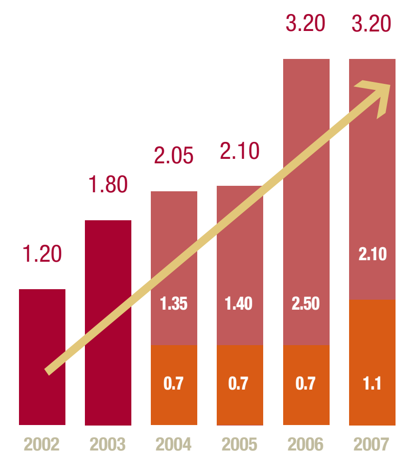
CAGR[1]: + 12.2%

[1] CAGR: Compound Annual Growth Rate

NAV per share, including transfer costs, came to €63.6 at end-2007, up 10.7% over the year. The increase reflects continued growth in value of the portfolio and the quality of our management.

Net dividend per share

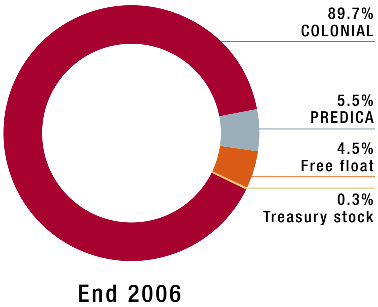
(in €)

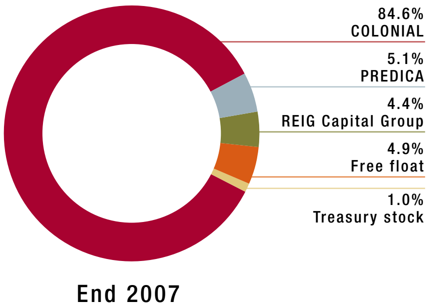


■ Final dividend
■ Interim dividend

Despite a much tighter economy, the 2007 dividend is unchanged compared with 2006, offering an attractive return to shareholders.

Ownership structure





In 2007, just under 3.5 million new shares were issued in payment for Predica's interest in the Paul Cézanne complex. REIG Capital Group acquired a 4.4% interest in SFL, reducing Colonial's stake to 84.6% and marking a new phase in the diversification of the shareholder base. This process will continue in 2008, in compliance with the new SIIC rules (see text below).

Debt

Net debt(1) :

€1.043 million

Average maturity:

4.1 years

Average borrowing cost(2) :

5.3%

Loan To Value(3) :

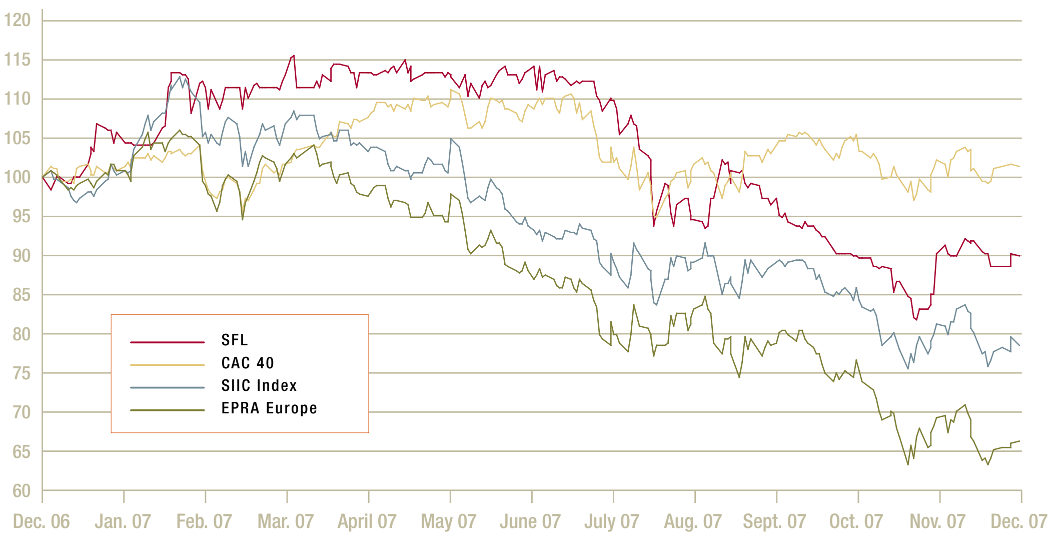
25.2%

(1) Net of cash and cash equivalents, excluding current account advances and accrued interest.

(2) After hedging, based on the official Euribor and Eonia rates at 31 December 2007.

(3) Net debt/Assets at appraisal value.

Share Price



Starting in the summer of last year our share price, like that of other listed property companies, was affected by the aftershocks of the US financial and mortgage crisis. Even though we have no exposure to the associated risks, our shares began trading at a small discount to NAV for the first time since we elected for SIIC status. The discount was nevertheless lower than for virtually all other listed property companies, thanks to the quality of our portfolio and our strong earnings visibility.

The shares ended the year at €50.88 after reaching a high of €66.60 on 3 April and a low of €45.10 on 21 November. Average daily trading volume stood at 3,448 shares, excluding off-market transactions.

SIIC 4: NEW OWNERSHIP RULES FOR LISTED PROPERTY COMPANIES

Under SIIC 4, the percentage of an SIIC's capital held by the majority shareholder (or by shareholders acting in concert) may not exceed 60%. SIICs will be afforded a two-year grace period from 1 January 2007, in which to comply with the new rule. Colonial has already begun taking steps in this direction, by reducing its stake in SFL from 90% to 84.6% in 2007.

Other developments under SIIC 4 include the introduction of a 20% withholding tax on dividends paid from 1 July 2007 to shareholders that hold at least 10% of the SIIC's capital and are not taxed on the dividends at a rate at least equal to one-third of the French rate. This withholding tax may be due on dividends paid by SFL to Colonial if Colonial is not taxed on the dividends in Spain. If this is the case, it has been agreed that Colonial will reimburse SFL for the withholding tax. SFL's Articles of Association will be amended to extend this arrangement to all shareholders in the same tax position as Colonial.

Finally, at the end of 2007, the French capital gains tax rate on sales of interests in property companies was increased to 33.3% from 15%. However, SIICs such as SFL enjoy a competitive advantage, as the rate for them is set at 16.5% instead of 33.3%.

The portfolio

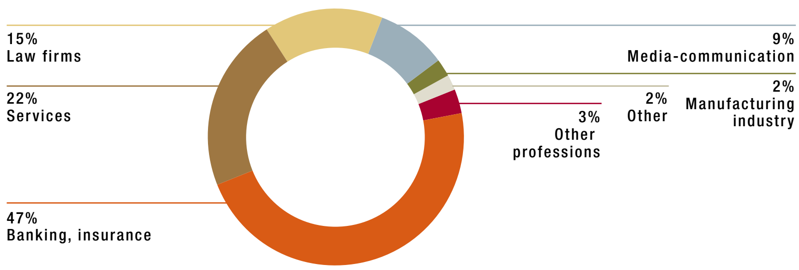
The portfolio gained 17.7% in value over the year, to an estimated €4.1 billion including transfer costs at 31 December 2007. Most of the increase was attributable to the vitality of the Paris Central Business District market. The average price per square meter stood at €9,062 excluding transfer costs(1) (€8,986 for offices and €9,722 for retail units) and the total spot yield(2) at 4.9%. Leases signed or renewed during 2007 represented annual rental revenue of €25.5 million (on a 100% basis).

(1) Value excluding transfer costs, Group share, estimated by CBRE.
(2) (Passing rents and assumed rents)/appraisal value excluding transfer costs + discounted CAPEX.

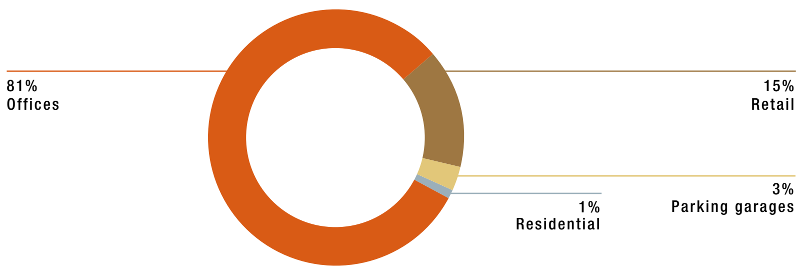
First-class covenants

Comprising first-class covenants such as Crédit Lyonnais, Audit Artois, Citigroup, Natixis, GIE Cartes Bancaires, Roland Berger, Lyonnaise des Eaux, Coface, Atos, Athema, Curtis, TV5 Monde, La Mondiale/AG2R, Thomson Multimédia, Proudreed, Hammerson, Lasalle Investment Management, IVG France Poweo, 3I, Dexia, Atos Origine, Compagnie Générale de Santé, Summit Systems and the Freshfields, Ashursts, Allen & Overy and Norton Rose law firms, the tenant base is spread across a number of sectors, balancing our exposure to economic risks.

Office tenant base by business sector



Portfolio breakdown by type of property



Portfolio[3]

€4 132 m[4]
total appraisal value attributable to the Group

96%
invested in office and retail property

455,334 sq. m.
in total, including

425,271 sq. m.
attributable to the Group

98.9%[5]
occupancy rate

€170.4 m
in property rentals

Average office rent:
€543 per sq. m. per year

97.3%[6]
financial occupancy rate[11]

22.2%[7]
reversionary potential

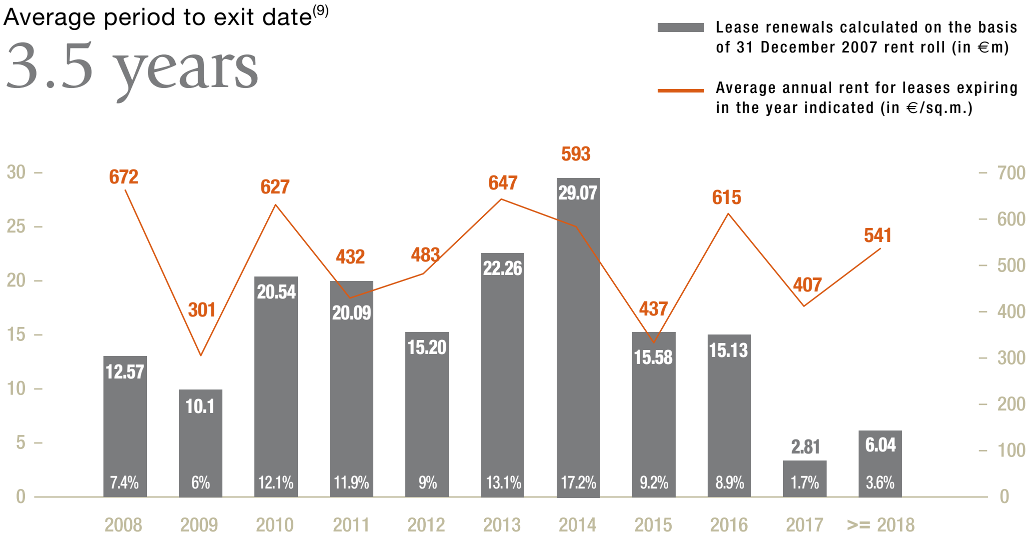
(3) At 31 December 2007.
(4) Appraisal value, including transfer costs.
(5) Attributable to the Group, excluding properties undergoing renovation and modernisation.
(6) Attributable to the Group, excluding properties undergoing renovation and modernisation (assumed rent/passing rent + assumed rent).
(7) Difference between the gross market rental value and the current gross rent.
(10) Physical occupancy rate: surface area of occupied properties/(surface area of occupied properties + surface area of vacant properties in the process of being remarketed).
(11) Financial occupancy rate: passing rent/(passing rent + assumed rent).

A secure revenue stream

Average period to expiry[8]
5.1 years

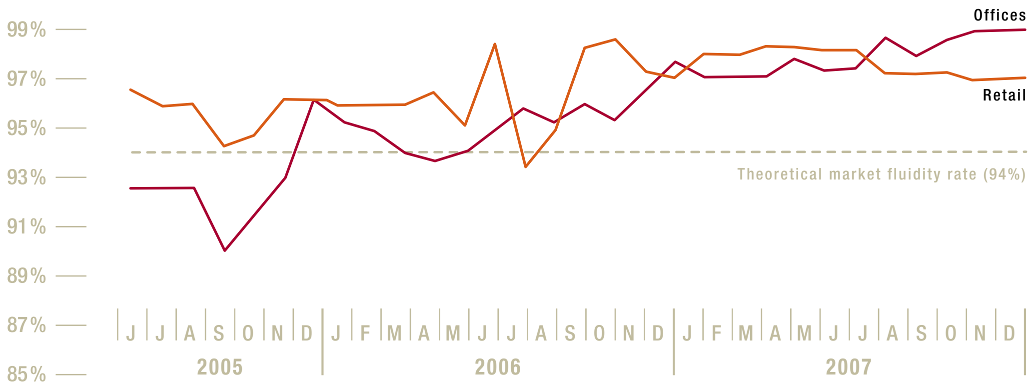
Average period to exit date[9]
3.5 years

(8) Weighted average remaining life of leases in progress at 31 December 2007.
(9) Weighted average period to next potential exit date for leases in progress at 31 December 2007.



A record high occupancy rate[10]

At 31 December 2007, the occupancy rate for let and lettable properties was a very high 98.9%. This was significantly above the 95% average rate for commercial property in the Paris area as a whole. During the year, leases were signed on 39,789 square meters of offices, representing revenues of €24.9 million, including new lettings.



Occupancy rate by type of property[10]

Offices
99%

Retail
96.9%

A dynamic portfolio enhancement strategy

SFL is well known for its experience and skill in managing prime properties and restructuring large, high quality office complexes requiring considerable technical expertise. Our strategy is designed to unlock sustainable reversionary potential, in order to maximise yields and capital values. Renovation programmes underway during the period, concerning a total of 59,000 square meters, will add some €40 million in rental revenues as the properties are delivered between 2008 and 2010.

79%
let properties

These properties generate a regular stream of cash flows that we work to maintain through regular contacts with tenants and pro-active remarketing of units that have fallen vacant.

21%
properties undergoing renovation, modernising and repositioning

These properties are being repositioned in the market, by offering customers high quality equipment, safety features and maintenance in line with the latest standards.
In a period of high prices and increased competition, we are constantly on the lookout for opportunities to purchase new properties to which we can add value by undertaking work – often converting properties to other uses – and/or assuming tenant risk.

Haussmann
Saint-Augustin (HSA)
Paris 8

We continued to actively, yet selectively and prudently manage the portfolio in 2007. Given the overpricing of the Paris market, rather than purchasing new commercial properties, we focused on an innovative, large-scale development project, known as T8.

We were also very active on the marketing front during the year, signing several major new leases. The lease with La Mondiale/AG2R for the 12,000 square meter Haussmann Saint-Augustin property, at a price of €750 per square meter, was one of the year's top three transactions in the Paris market. Other new covenants included Allen & Overy (Edouard VII), Hammerson (Washington Plaza), Audit Artois (Alfred de Vigny) and Curtis (Avenue Valasquez).

Four properties offering a total of some 47,000 square meters were under renovation at 31 December 2007. Another 12,000 square meters of office space recently freed up in the Louvre des Entreprises building were added in the first quarter of 2008. These renovation projects represent a reversionary potential of some €40 million over the 2008-2010 period.

During the year, we unwound the joint venture with TIAA/CREF, by swapping our 20% stake in Tour Areva for TIAA/CREF's 75% interest in the 96 avenue d'Iéna property, and terminated the partnership with PREDICA, by acquiring the remaining 50% of Cézanne Saint-Honoré to become the sole owner of the property. These transactions improved the cost structure of assets already in our portfolio. Lastly, the 48 avenue Kléber property owned jointly with IDF was sold during the year, netting proceeds for SFL of €20.7 million.

In all, we were a net investor in 2007, for an amount of €181 million excluding transfer costs.

T8 is off and running!

On 26 October 2007, we signed a memorandum of understanding with SEMAPA for the acquisition of construction rights for the T8 project. Located at the intersection of rue Tolbiac and avenue de France, opposite the François Mitterrand library, the new complex will be built on a slab constructed by SEMAPA over the tracks of the Gare d'Austerlitz railway station.

Designed by architect Rudy Ricciotti, the complex will feature office, retail and residential units with a net floor space of 34,500 square meters. SFL, the investor for the entire project, will award a property development contract to Nexity. Delivery is scheduled for 2012. The project shows that SFL can get involved at a very early stage in a spectacular, complex construction project, in a prime Paris office district with proven appeal.

Edouard VII

Edouard VII

16-30 boulevard des Capucines
75009 Paris

2-18 rue Caumartin
75009 Paris

LET PROPERTY
PURCHASED IN 1999
TOTAL SURFACE AREA: 54,119 sq.m.
- OFFICES: 28,112 sq.m.
- RETAIL UNITS: 7,331 sq.m.
- RESIDENTIAL UNITS: 4,509 sq.m.
- THEATRES: 8,019 sq.m.
- RESIDENTIAL HOTEL: 3,125 sq.m.
- OTHER (ARCHIVES, WORKSHOPS, STOCK ROOMS & STAFF RESTAURANT): 3,023 sq.m.
- PARKING SPACES: 509

MAIN TENANTS:
L'OLYMPIA, THEATRE EDOUARD VII, CITADINES, ZARA, HABITAT, PRONUPTIA, ASHURSTS, ALLEN & OVERY, LYONNAISE DES EAUX, AFFINE

One of the capital's business landmarks

Built on a one-and-a-half-hectare plot, the Edouard VII complex is located between l'Opéra Garnier and La Madeleine, along the boulevard des Capucines.
The renovated property's location in the heart of one of the liveliest districts in Paris, served by the Météor subway system, combined with its outstanding architectural quality, make it an exceptional showcase. It houses a unique collection of prime office units, legendary theatres (Olympia and Edouard VII), well-known retailers, a residential hotel and luxury apartments. The complex is fully let.

Cézanne Saint-Honoré

Cézanne Saint-Honoré

1-6 rue Paul Cézanne - 75008 Paris

27 rue de Courcelles - 75008 Paris

168 rue du Faubourg Saint-Honoré
75008 Paris

LET PROPERTY
PURCHASED IN 2001 (50%)
2007 (50%)
TOTAL SURFACE AREA: 29,021 sq.m.
- OFFICES: 24,411 sq.m.
- RETAIL UNITS: 1,849 sq.m.
- ARCHIVES & STOCK ROOMS: 1,257 sq.m.
- COMMON AREAS: 1,504 sq.m.
- PARKING SPACES: 125

MAIN TENANTS:
FRESHFIELDS, BRUCKHAUS DERINGER, CITIGROUP, CAISSE CENTRALE DE REASSURANCE, 3I, TCR, CHARTERHOUSE, PROUDREED, ATHEMA

A private street just a short walk from Place de l'Etoile

The Cézanne Saint-Honoré complex delivered in March 2005, after a textbook renovation, won two awards. It was named Renovation of the Year at the 2004 SIMI Awards and received the European Grand Prize in The Urban Land Institute's Awards for Excellence 2005.
The complex has been fully let to companies that demand very high quality offices and expect flawless services 24/7. A new 300 square meter restaurant opened on the ground floor in 2007, at the corner of rue de Courcelles. SFL is now the sole owner of the complex, after acquiring Prédica's 50% interest in 2007.

Louvre des Entreprises/Antiquaires

Louvre des Entreprises - Louvre des Antiquaires

2 place du Palais-Royal
75001 Paris

BUILDING UNDER RENOVATION
PURCHASED IN 1995
TOTAL SURFACE AREA: 47,801 sq.m.
- OFFICES: 28,219 sq.m.
- RETAIL UNITS: 7,090 sq.m.
- OTHER (ARCHIVES & STOCK ROOMS, STAFF RESTAURANT): 3,929 sq.m.
- COMMON AREAS: 8,563 sq.m.
- PARKING SPACES: 234

MAIN TENANTS:
BANQUE DE FRANCE, COUNCIL OF STATE, SFL'S HEAD OFFICE, LOUVRE DES ANTIQUAIRES

Repositioning an exceptional property

This property in a prime location offers the largest plateaux in Paris, with 5,400 square meters per floor. After the main tenant moved out, we embarked on an extensive renovation programme of the private areas, to bring the property in line with the highest market standards. Meanwhile, the project to upgrade the common areas is moving forward and will lead to the creation of a new exhibition centre.

92 Champs-Elysées
Paris 8

Washington Plaza

Washington Plaza

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

LET PROPERTY
PURCHASED IN 2000
BY SFL (66%) AND PREDICA (34%)
TOTAL SURFACE AREA: 47,097 sq.m.
- OFFICES: 39,811 sq.m.
- RETAIL UNITS: 460 sq.m.
- OTHER (ARCHIVES, STAFF RESTAURANT & OTHER): 4,513 sq.m.
- COMMON AREAS: 2,313 sq.m.
- PARKING SPACES: 662

MAIN TENANTS:
GIE CARTES BANCAIRES, NORTON ROSE, POWEO, DEXIA, HAMMERSON, VTG

A new generation of tenants

Located just off the Champs-Elysées, on an 8,000-square meter plot, the Washington Plaza is one of the capital's finest office complexes. Extensively renovated in 1993, the property offers a standard of services in keeping with the current expectations of the Paris rental market. It has attracted new, fast-growing companies such as Lasalle Investment, Poweo and VTG, while existing tenants have leased additional space. Marketing of all of the property's units was completed in 2007.

Ilot Richelieu

Ilot Richelieu

81-83 rue de Richelieu - 75002 Paris
2-8 rue Ménars - 75002 Paris
16-18 rue de Gramont - 75002 Paris
1-5 rue Grétry - 75002 Paris

LET PROPERTY
PURCHASED IN 2004
TOTAL SURFACE AREA: 38,207 sq.m.
- OFFICES: 24,392 sq.m.
- OTHER (ARCHIVES, WORKSHOPS, STOCK ROOMS AND STAFF RESTAURANT): 5,095 sq.m.
- COMMON AREAS: 8,720 sq.m.
- PARKING SPACES: 94

MAIN TENANT:
CREDIT LYONNAIS

A unique, three-building complex

Ilot Richelieu is a three-building complex within short walking distance of the Palais Brongniart in Paris's financial district. The complex is fully let to a major French bank under a long-term lease and has generated recurring cash flow since its acquisition. It also offers a clear opportunity for redevelopment when the tenant moves on.

Tour Coface La Défense

Tour Coface La Défense

12 cours Michelet
92800 Puteaux

LET PROPERTY
PURCHASED IN 2004
TOTAL SURFACE AREA: 28,418 sq.m.
- OFFICES: 26,716 sq.m.
- ARCHIVES AND STAFF RESTAURANT: 1,702 sq.m.
- PARKING SPACES: 235

MAIN TENANT:
COFACE

A benchmark high-rise

Located in the Michelet quarter of La Défense, the Coface building offers unique amenities, including access to private parking garages. The long-term lease with a first-class covenant and the property's central location in Europe's leading business district guarantee the sustainability of revenues.

Rives de Seine

Rives de Seine

68-74 quai de la Rapée
75012 Paris

LET PROPERTY
PURCHASED IN 2004
TOTAL SURFACE AREA: 22,670 sq.m.
- OFFICES: 19,362 sq.m.
- STAFF RESTAURANT, ARCHIVES AND OTHER: 3,118 sq.m.
- COMMON AREAS: 190 sq.m.
- PARKING SPACES: 366

MAIN TENANT:
NATIXIS

An emblematic property in the Rive Gauche business district

Located on the banks of the Seine not far from the Gare de Lyon, this property is emblematic of the revival of the eastern Paris commercial property market. Its extensive renovation, completed in 2001, has made it one of the district's landmarks. Let to a financial institution, it also represents a natural extension of the banking and financial district that has rapidly developed on the other side of the Seine.

Haussmann - Saint-Augustin (HSA)

Haussmann - Saint-Augustin (HSA)

104/106 - 108/110 boulevard
Haussmann - 75008 Paris

LET PROPERTY
PURCHASED IN 2002 AND 2004
50%-OWNED BY SFL IN PARTNERSHIP WITH ILE-DEFRANCE INVESTISSEMENTS SA
TOTAL SURFACE AREA: 13,434 M²
- OFFICES: 11,683 sq.m.
- RETAIL UNITS: 791 sq.m.
- ARCHIVES, OTHER: 960 sq.m.
- PARKING SPACES: 102

MAIN TENANT:
LA MONDIALE – AG2R

A new office complex that has already been fully let

In July 2007, after two years of work, SFL completed the conversion of the four buildings on Boulevard Haussmann into an upscale, 13,000-square meter business centre.
The centrepiece of the complex is a vast central entrance hall flooded with natural light from a glass roof. Multifunction spaces can be adapted for use as documentation or meeting rooms, an auditorium or a cafeteria. A 100-space private parking garage was also built.
The entire office space was let to a well-known insurance company under a 9-year lease as soon as it was delivered. Street level retail space is currently being marketed.
The complex has been nominated for a 2008 MIPIM Award, in the renovation category.

Tour Les Miroirs C - La Défense

Tour Les Miroirs C - La Défense

18 avenue d'Alsace
92400 Courbevoie - La Défense

LET PROPERTY
PURCHASED IN 2005
TOTAL SURFACE AREA: 19,874 M²
- OFFICES: 19,432 sq.m.
- STAFF RESTAURANT: 442 sq.m.
- PARKING SPACES: 220

MAIN TENANT:
ATOS ORIGINE

A famous office block for a first-class covenant

Les Miroirs is a flagship complex in La Défense. The 97-meter high building offers spectacular 360-degree views of La Défense from its upper storeys. The parking garage can be accessed directly from the Boulevard Circulaire ring road around La Défense.
The entire building has been let to IT consulting firm Atos Origin since 2006 under a nine-year lease.

Haussmann
Saint-Augustin
(HSA)
Paris 8

103 rue de Grenelle

103 rue de Grenelle

103 rue de Grenelle - 75007 Paris

BUILDING UNDER RENOVATION
PURCHASED IN 2006
NET FLOOR SPACE: 20,845 sq.m.
- OFFICES: 17,875 sq.m. (useable area)
- PARKING SPACES: 96

Birth of the new Left Bank business centre

In 2006, we completed the acquisition of the former headquarters of the French Post Office. Located a short walk away from the official residence of the French Prime Minister, Hôtel Matignon, in the district that is home to many French ministries, the historic building offers views of the Ministry of Agriculture gardens. Extensive renovation work began in June 2007, with delivery scheduled for November 2008. The renovated property will offer roughly 17,000 square meters of prime office space for let and we are currently in discussions with a potential future tenant interested in leasing the entire building. In 2007, the property was the first 19th century freestone building in France to be awarded High Environmental Quality (HQE) certification.

Quai Le Gallo

Quai le Gallo

46 quai Le Gallo
92100 Boulogne-Billancourt

LET PROPERTY
PURCHASED IN 2000
TOTAL SURFACE AREA: 33,806 sq.m.
- OFFICES: 31,003 sq.m.
- STAFF RESTAURANT AND OTHER: 1,275 sq.m.
- COMMON AREAS: 1,528 sq.m.
- PARKING SPACES: 425

MAIN TENANT:
THOMSON MULTIMEDIA

A strategically located office complex in western Paris

46 quai Le Gallo is located in a high-potential area along the banks of the Seine, that is home to the new telecommunications and media centre of excellence, immediately adjacent to the future urban development site on Ile Seguin and the 50-hectare site of the former Renault factory. The former industrial building has been extensively renovated and converted into a modern office complex flooded with natural light from its huge windows. With interior fittings designed by Philippe Starck, the building meets all the standards of the 21st century. Utilities management has been outsourced to the building's long-time occupier, Thomson Multimedia.

Rue Saint-Honoré

Rue Saint-Honoré

247-251 rue saint-Honoré
75001 Paris

BUILDING UNDER RENOVATION
4-STAR LUXURY HOTEL PROJECT
PURCHASED IN 2006
NET FLOOR SPACE: 22,015 sq.m.
- HOTEL: 14,960 sq.m. (useable area)/142 rooms
- RETAIL UNITS: 1,309 sq.m.

A future luxury hotel in Paris

Located a short distance from Place Vendôme, this complex of 1930s and 1950s buildings was for many years home to the Ministry of Justice before it was acquired by SFL in mid-2006. Given the complex's exceptional location and size, it was quickly decided to transform it into a luxury hotel. An agreement was signed with the Mandarin Oriental Group, which will make the site its first Paris location under a long-term lease. Hotel operation and construction permits have been obtained and work will begin in mid-2008. The 142-room luxury hotel – the seventh in Paris – is scheduled to open at end-2010.

92 Champs-Elysées

92 Champs-Elysées

92 avenue des Champs-Elysées
75008 Paris

BUILDING UNDER RENOVATION
PURCHASED IN 2000
TOTAL SURFACE AREA: 7,641 sq.m.
- OFFICES: 4,209 sq.m.
- RETAIL UNITS: 3,396 sq.m.
- COMMON AREAS: 36 sq.m.

MAIN TENANTS:
MORGAN, SOLARIS, EMBASSY OF MALTA.

Exceptional services for an exceptional site

Number 92 is one of the best-placed buildings on the Champs-Elysées, on the corner of rue de Berri. It comprises retail units on the ground floor and offices on the upper floors. The renovation project consists of replacing the current retail units with two medium-sized stores, reorganising the layout of the office areas, upgrading the building's utilities and renovating the facade, to restore the property to the glory it deserves.

96 avenue d'Iéna

96 avenue d'Iéna

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

LET PROPERTY
PURCHASED IN 2001
25%-OWNED BY SFL IN PARTNERSHIP WITH TIAA-CREF UNTIL 2007. CURRENTLY 100%-OWNED

TOTAL SURFACE AREA: 8,858 sq.m.
- OFFICES: 7,296 sq.m.
- ARCHIVES AND STOCK ROOMS: 1,202 sq.m.
- COMMON AREAS: 360 sq.m.
- PARKING SPACES: 262

MAIN TENANT:
COMPAGNIE GENERALE DE SANTE

A property with views over the Place de l'Etoile from three sides

Uniquely located on three sides of a block, this five-storey property with an interior courtyard and terraces offers exceptional views of the Arc de Triomphe. These features give the property enormous reversionary potential. In 2007, we became the sole owners of the property through an asset swap to unwind our joint venture with the US pension fund TIAA-CREF.

Avenue de Wagram

Avenue de Wagram

131 avenue de Wagram
75017 Paris

LET PROPERTY
PURCHASED IN 1999
TOTAL SURFACE AREA: 9,186 sq.m.
- OFFICES: 7,100 sq.m.
- OTHER (STAFF RESTAURANT, ARCHIVES & TECHNICAL FACILITIES): 2,086 sq.m.
- PARKING SPACES: 124

MAIN TENANT:
TV5 MONDE

From Sony to TV5, a successful repositioning

After extensive renovations and layout changes that were completed in late 2005, the property now houses the headquarters of TV5 Monde. It boasts 6,650 square meters of offices, 2,000 square meters of meeting rooms, an auditorium, stock rooms and a restaurant. Formerly occupied by Sony, the property has been let to TV5 Monde under a 12-year lease.

Haussmann
Saint-Augustin
(HSA)
Paris 8

Galerie des Champs-Elysées

Galerie des Champs-Elysées

82-88 avenue des Champs-Elysées
75008 Paris

BUILDING UNDER RENOVATION
50%-OWNED BY SFL IN PARTNERSHIP WITH ILE-DE-FRANCE INVESTISSEMENTS SA
TOTAL SURFACE AREA: 5,661 sq.m.
- RETAIL UNITS: 3,538 sq.m.
- ARCHIVES & STOCK ROOMS: 2,123 sq.m.
- PARKING SPACES: 260

MAIN TENANTS:
BOULANGERIE PAUL, PROMOD, ETAM, MINELLI, MACDONALD'S

Redefining one of Paris's best retail locations

The Galerie des Champs-Elysées shopping arcade is located in one of the busiest points on the sunny side of the Champs-Elysées. A vast modernization programme is underway to renovate and modernise the arcade and reposition it in the retail market, by creating architectural features and services in keeping with the property's prime location. The programme provides for the creation of a 2,820 square meter retail unit on several floors to be let to a major international banner. The exceptional layout will create a concept store unlike any other in the world, boasting a makeover area, a bar and a catwalk. Jean Nouvel has been commissioned to design the store's overall architecture, as well as the arcade's common areas and façade.

Rue Alfred de Vigny

Rue Alfred de Vigny

5 rue Alfred de Vigny
75008 Paris

LET PROPERTY
PURCHASED IN 2005
TOTAL SURFACE AREA: 3,845 sq.m.
- OFFICES: 2,639 sq.m.
- ARCHIVES & STOCK ROOMS: 124 sq.m.
- COMMON AREAS: 1,082 sq.m.
- PARKING SPACES: 12

MAIN TENANT:
CABINET ARTOIS

Revamped technical and environmental performance

Located in the heart of the Paris Central Business District, close to Parc Monceau, this fully remodelled office building was delivered in early 2007. The property's renovation brought the building into compliance with technical, safety and disabled access standards and created a more pleasant environment, while minimising its environmental footprint. Its atrium garden and 7th-floor terrace with a panoramic view of Parc Monceau and the capital add charm and elegance. The entire property has been let to an accounting firm.

63 boulevard Haussmann

63 boulevard Haussmann

63 boulevard Haussmann
75008 Paris

LET PROPERTY
PURCHASED IN 2000
TOTAL SURFACE AREA: 2,998 sq.m.
- OFFICES: 2,660 sq.m.
- RETAIL UNITS: 168 sq.m.
- ARCHIVES & STOCK ROOMS: 170 sq.m.

MAIN TENANT:
SUMMIT SYSTEMS

A "smart" building in the Haussmann style

Set in the centre of one of Europe's largest business districts, opposite the Saint-Lazare railway station, this upscale property with an interior courtyard was extensively renovated and modernised in 2006 to the highest technological standards. It has been fully let ever since.

Properties operating at peak energy efficiency and environmental performance

SFL continually upgrades the quality of its portfolio, in line with a demanding, ambitious strategy. The SFL environmental charter is based on innovative, stringent policies that go far beyond strict compliance with regulatory requirements. High Environmental Quality (HQE) certification is sought for all major renovation projects, while health and safety programmes are implemented for all let properties.

Washington Plaza
Paris 8

An "HQE" portfolio

We apply HQE criteria to all of our major commercial property modernisation and renovation projects. Choosing to obtain HQE certification reflects our goal of optimising energy consumption and heat insulation as well as enhancing user comfort by regulating noise levels, humidity levels and odours and ensuring that the buildings provide adequate light while at the same time guaranteeing that they represent safe and healthy environments. HQE standards are very strict, therefore guaranteeing to customers that a building is in excellent condition.

When drawing up renovation plans, we give priority to eco-efficient projects. For example, for each project, we systematically strive to increase energy efficiency by examining energy-saving solutions and opportunities of using renewable energies.

We have applied to *Direction Régionale de l'Industrie, de la Recherche et de l'Environnement* (DRIRE) for Energy Savings Certificates (ESC) for 5,880,950 cumulative, discounted kWh. ESCs track the amount of energy saved through our renovation projects.

HQE certification for the Post and Telegraph property on rue de Grenelle

The project's planning and design phases were awarded HQE certification in 2007. The certification audit for the construction phase will be conducted when work is complete at the end of 2008. This is the first 19th century freestone building in France to receive High Environmental Quality (HQE) certification.

Planning for the building's management and operation focused on environmental and health concerns, including waste management and safe, healthy air. Energy management was improved by sharply upgrading the building's thermal insulation and choosing energy-efficient power supply systems. Suppliers were asked to produce a "green label" in the form of Safety & Environmental Datasheets, in order to summarise all the components of the property affecting its healthfulness. Datasheets track and manage the health and environmental properties of the various products and materials used. This procedure will gradually be adopted at all SFL properties.

They are quantified based on the cumulative amount of energy saved, expressed in kWh, over the life of the equipment, discounted at 4%. They are then credited in cumulative, discounted kWh.

We save energy by upgrading the insulation of building exteriors, including roofs, walls, external joinery and window glass, by installing energy-efficient power equipment and programmable energy management systems in our properties, by using only energy-efficient lighting and by encouraging the use of heat recovery systems. These upgrades all help boost the value of our assets.

A proactive and carefully weighed commitment

We have always sought to offer cutting-edge safety and environmental features, essential for prime office properties. In 2003, we had already identified potential risks and taken effective preventive measures through our charter. Our ability to recognise needs early helped us meet HQE criteria quickly for our renovated and modernised properties.

However, we also carefully weigh options and look at financial costs. Our analyses and construction choices always consider the initial costs as well as the impacts on the management of the let property.

Since 2007, SFL has been involved in work to upgrade HQE standards in France, including the introduction of HQE certification for hotels.

This approach ensures that we choose best environmental solutions. Experience shows that there are many ways to sharply enhance the environmental performance of properties at reasonable cost and even, in some cases, to significantly reduce operating costs.

As a leading manager of prime commercial property, we are not only concerned with environmental risk management, we also seek to comply with the standards of the future, offering properties with much better than average energy efficiency.

Evaluating and preventing risks associated with the operation of our buildings

SFL implements a public health action plan to target and prevent problems directly related to health and pollution:

- **the asbestos removal programme** continued in 2007, to remove materials containing asbestos from all SFL properties. Asbestos reports (DTAs) are updated regularly for all properties in the portfolio;
- All buildings have been tested to ensure that there is no **risk of lead poisoning.** Additional tests are performed periodically as part of an annual monitoring programme;
- **physical and chemical tests** of drinking water supplies are performed each year;
- ***legionella* tests** are conducted at monthly intervals on cooling towers, pending their replacement under a programme that is currently underway;
- **to help prevent damage to the ozone** layer, all air-conditioning systems using R22-type cooling liquids containing HCFCs are also being replaced;
- **environmental audits** are performed at all of our properties.

Environmental expenditure in 2007 (in €)

	Commitments, excluding tax	Group share
TESTS (I)	502,782	495,237
WORK (II)		
Asbestos removal	2,686,102	2,686,102
Work on cooling and air treatment systems	528,997	528,997
Replacement of lead pipes with copper pipes	14,450	14,450
Work to isolate coatings that contain lead particles	295,095	295,095
Strengthening of heat insulation and sound-proofing (double glazing, installation of thicker glass)	71,613	71,613
Modernisation of air conditioning and heating systems to reduce energy consumption	197,562	197,562
Expenditure to improve security installations and related compliance work (sprinklers, fire extinguishers, video surveillance systems, etc.)	0	0
TOTAL INITIATIVES (I + II)	**4,296,601**	**4,289,056**

- renovation projects include work to improve energy efficiency through **better heat insulation and soundproofing.** Energy efficiency was systematically assessed as from 2007, ahead of the regulatory requirement;
- **strict waste management standards** are upheld at work sites and all companies working under contract to SFL are required to apply selective waste sorting procedures;
- lastly, particular attention is paid to encouraging the users of our buildings to select **non-polluting forms of transport** – for example, by providing safe areas for people to park bicycles.

Preventive, strict maintenance of properties

In addition to these public health initiatives, we continually monitor our properties' technical installations, in order to anticipate breakdowns, avoid accidents, guarantee the safety of building users and enhance the performance of technical amenities, while also generating substantial cost savings.

- The programme of **seminars and information meetings** on safety issues was stepped up during the year, focusing on fire safety and the maintenance of proper safety records for our buildings.
- **Technical audits** are also carried out on all the properties in the portfolio. The results of these audits are used to plan large-scale maintenance operations and update rolling maintenance plans for each property.
- Lastly, under the **Flood Prevention Plan** initiative, all properties at risk of flooding if the Seine were to break its banks were reviewed in 2007, in order to determine and implement appropriate protective measures.

A charter shared by everyone

Extremely attentive to changing regulations, we regularly update our environmental charter. While the Technical Department has front-line responsibility for implementing the charter, all our departments play a very active role in applying the Group's environmental practices and procedures. Our teams have on-line access to management information schedules and indicators covering the full range of environmental issues for each building. These shared resources provide instant access to health and safety information for each property in our portfolio and are regularly updated. In addition, a vast training and information programme has been developed for all employees concerned.

Cash flow, debt and NAV

Profitable operations and a secure financial position are among SFL's strengths. To foster transparent communication with our shareholders, for several years now we have published information on the contribution of each property to consolidated cash flow, a detailed breakdown of debt and a detailed calculation of Adjusted Net Assets (NAV).

I. Contribution to results of operations

In accordance with the EPRA Best Practice Committee's recommendations, the following table shows the contribution of each property to consolidated Ebitda, on a comparable-portfolio basis.

Contribution to consolidated EBITDA by property (in € thousands)

Property	2007 contribution	2007 (€K)	2006 (€K)	Comments
Beaubourg 62	0.3%	521	1,265	
Champs-Elysées 90	0.5%	882	919	
LDE/LDA	12.3%	20,107	17,791	
Capucines	1.3%	2,116	1,970	
Edouard VII	14.3%	23,471	21,842	
Hanovre	1.0%	1,601	1,165	
Les miroirs	5.3%	8,754	9,185	
Malesherbes 19	0.4%	586	559	
Neuilly	1.7%	2,787	2,683	
Pavillon Henri IV	0.3%	429	438	
Prony 11	0.8%	1,355	1,277	
Prony-Wagram	1.8%	2,924	3,971	
Quai Le Gallo	4.5%	7,347	5,324	
Velasquez	0.2%	374	407	
Washington-Plaza	15.7%	25,619	23,163	
Michelet - La Défense	7.7%	12,591	11,569	
Richelieu	8.7%	14,270	13,253	
Rives de seine	8.0%	13,105	11,862	
TOTAL, COMPARABLE PORTFOLIO	84.8%	138,838	128,643	
Le Vaisseau	1.0%	1,634	719	07/2007 acquisition
Cézanne St-Honoré	8.2%	13,376	7,179	03/2007 50% acquisition
Iéna	0.7%	1,120	0	10/2007 75% acquisition
Haussmann 63	0.9%	1,436	124	12/2006 let
Vigny	0.3%	534	- 95	07/2007 let
Haussmann 104-110	0.7%	1,176	- 206	08/2007 let
TOTAL, ACQUISITIONS & NEW LETS	11.8%	19,276	7,721	
Champs-Elysées 82-88	1.5%	2,521	2,701	2004-2010 renovation
Champs-Elysées 92	2.0%	3,339	3,325	2005-2010 renovation
103 Grenelle	- 0.3%	- 556	- 124	07/2006 acquisition + renovation
247 St-Honoré	- 0.4%	- 622	- 81	07/2006 acquisition + renovation
TOTAL, RENOVATIONS	2.9%	4,681	5,821	
Kleber 46	0.5%	867	972	10/2007 sale
Champs-Elysées 118	0.0%	0	1,354	12/2006 sale
Grande Armée 12-14	0.0%	72	1,468	12/2006 sale
Boétie 3	- 0.1%	- 92	1,758	12/2006 sale
Sébastopol	0.0%	- 6	2,308	12/2006 sale
Beaubourg 82	0.1%	136	253	09/2006 sale
Rome-Vienne	0.0%	- 14	151	2005/2006 sale
Other assets	- 0.1%	- 113	- 738	Balance of sales
TOTAL SALES	0.5%	850	7,526	
TOTAL CONTRIBUTION OF PROPERTIES TO EBITDA	100%	163,646	149,711	
Corporate		- 15,831	- 16,484	
TOTAL EBITDA		**147,815**	**133,227**	

II. Details of Debt

After retiring our €125 million US Private Placement Notes issue on 6 March 2007, we established three new revolving credit lines in 2007:

- a €50,000 thousand five-year line from Banco Sabadell signed on 23 January 2007,
- a maximum €150,000 thousand line from BECM obtained on 4 May 2007 for an initial term of five years,
- a maximum €50,000 thousand line from Deutsche Hypothekenbank obtained on 23 October 2007 for an initial term of five years.

Strict Control Over Risks

With global financial markets stretched thin by the US subprime crisis, we are pursuing our disciplined, prudent and transparent risk management strategies. Our risk exposures are as follows:

1. Liquidity risks

In line with our objectives, our liquidity management policy consists of securing long-term financial resources and staggering debt maturities over time to ensure that sufficient funds are always available to sustain our business. One of our priorities is to avoid as far as possible the inclusion of acceleration clauses in our loan agreements. We also diversify our lender base and develop relationships of trust with our banks. At 31 December 2007, the average spread on our total debt was 55 basis points. We have a low loan-to-value ratio of 25.2%, which serves us well in the current climate. We began 2008 with €161,000 thousand in undrawn, confirmed credit lines, with no major debt maturities until June 2009.

Debt and related hedges (€ millions)

Description	Company	Amount	Due	Rate	Hedge
HSBC/Calyon (SFL share: 50%)	PARCHAMPS	9.1	29 Dec. 09	3-month Euribor + 90 bps	Swapped for 3.85% on €9.4m until 29 December 2009
	PARHAUS	10.0	29 Dec. 09	3-month Euribor + 90 bps	Swapped for 3.85% on €10.34m until 29 December 2009
	PARHAUS	4.8	29 Dec. 09	3-month Euribor + 90 bps	Swapped for 3.56% on €3.8m until 29 June 2009
	PARHAUS TRAV	21.7	29 Dec. 09	3-month Euribor + 90 bps	Swapped for 3.1250% on €15m
	PARHAUS TVA	1.2	29 Mar. 08	3-month Euribor + 40 bps	Parhaus "Work" and Parhaus VAT until 29 June 2009
	PARSHERBES	5.4	29 Dec. 09	3-month Euribor + 90 bps	Not hedged
	PARHOLDING	5.4	29 Dec. 09	3-month Euribor + 90 bps	Not hedged
	PARCHAR	2.3	29 Dec. 09	3-month Euribor + 90 bps	Swapped for 3.85% on €2.35m until 29 December 2009
	PARGAL	20.8	29 Dec. 09	3-month Euribor + 90 bps	Swapped for 3.85% on €21.62m until 29 December 2009
		80.7			
Syndicated loan (including €600m revolving facility)	SFL	574.0	26 Jan. 12	1-month Euribor + 40 bps	Swapped for 12-month Euribor (capped at 5.0850%) + 141.5 bps on €400m Swapped for 4.4325% on €150m until 31 December 2010
BANCOSABADELL	SFL	50.0	28 Feb. 12	3-month Euribor + 60 bps	Swapped for 4.4325% on €50m until 31 December 2010
BECM (including €150m revolving facility)	SFL	65.0	4 May 12	1-month Euribor + 40 bps	Not hedged
ROYAL BANK OF SCOTLAND	IENA 1 et IENA 2	40.8	31 Oct. 13	3-month Euribor + 56 bps	Swapped for 3.89% on total amount
DEUTSCHE HYPO (including €50m revolving facility)	SFL	–	23 Oct. 12	3-month Euribor + 55 bps	Not hedged
Lease financing					
131 Wagram	SFL/FORTIS LEASE	47.0	15 June 09	3-month Euribor + 75 bps	Swapped for 3.7850% on €30.69m
Quai Le Gallo	SFL/FORTIS LEASE	69.3	28 Feb. 12	3-month Euribor + 75 bps	Swapped for 3.7850% on total amount
Rives de Seine	SFL/ELYBAIL	105.9	29 Oct. 13	6-month Euribor + 75 bps	Not hedged
		222.2			

Overdraft facility	26.1
TOTAL DEBT	**1,058.8**
Accrued interest	2.2
Current account advances	56.8
TOTAL DEBT including accrued interest and current account advances	**1,117.8**
Impact of IFRS (negative mark-to-market adjustments to hedges)	27.7 (1)
Impact of deferred recognition of commissions	- 1.8
Deposits	16.6
TOTAL REPORTED DEBT	**1,160.3**
Average maturity of debt (excluding impact of IFRS/current account advances/overdrafts)	4.1 years
Average spot cost of debt (after hedging and excluding current account advances)	5.29%
LOAN-TO-VALUE	25.2 (2)

	31 Dec. 2006	31 Dec. 2007
Average maturity of debt (excluding IFRS adjustments)	4.2 years	4.1 years
Average spot cost of debt (after hedging)	5.4%	5.3%
Loan-To-Value	24.5%	25.2%

(1) Hedging instruments with a positive fair value are entered on the assets side of the balance sheet.

(2) LTV is determined before IFRS adjustments and without deducting treasury stock for the calculation of net debt.

2. Counterparty risks

All financial instrument contracts are entered into with leading financial institutions. These contracts concern either interest rate hedges or the investments of available cash in money market funds. We have not incurred any losses on money market funds as a result of the subprime crisis and will continue to invest in these instruments, which are not exposed to any risk of a loss of capital. Our counterparty risk is minimal because available cash is generally used to repay borrowings under our revolving lines of credit and interest rate risks are hedged using conventional instruments and strategies.

Our largest tenant generates less than 9% of our total rental revenue. The rental deposits obtained from tenants offer protection against the risk of rent default. We consider that our exposure to counterparty risk on our operations is not material.

3. Market risks

Following the 6 March 2007 redemption of the US Private Placement Notes and the unwinding of the joint hedge, we currently have no exposure to currency risks. Where applicable, our strategy is to hedge currency risks in full.

Interest rate risks are clearly identified and monitored. We have an information system that allows us to track changes in all financial markets and calculate the fair value of our hedging instruments in real time. The system enables us manage, quantify and analyze the risks associated with changes in interest rates.

a/ Objectives and strategy

Our objectives and strategy consist of:

- using only interest rate derivatives that qualify for hedge accounting under IFRS, such as plain vanilla swaps, caps and collars. No derivative instruments are acquired for speculative purposes. No use is made of hedging instruments with embedded written options, which could jeopardise the company if something happened to disrupt the markets;
- converting most of our debt to fixed-rate obligations, in order to control interest costs and maximise the chances of achieving results closely in line with budgets. The portion of debt left at variable rates allows us to leverage market opportunities for establishing new hedges.

b/ Risk assessment

- The average spot cost of our debt after hedging stood at 5.29% at 31 December 2007, down from 5.37% at the previous year-end. A 100-basis point fall in interest rates across the yield curve would have the effect of increasing our borrowing costs to 5.66% or reducing them to 4.67%, representing an improvement compared with 6.04% and 4.69% respectively at 31 December 2006. Borrowing costs are still more sensitive to falling rates than rising ones, due to the use of caps in our hedging strategy, which is designed to enable us to benefit from lower costs if market rates fall.

As for the sensitivity of our hedging instruments at 31 December 2007, a 100-basis point increase in interest rates would lift their fair value by €20,643 thousand, compared with €14,479 thousand at 31 December 2006, while a 100-basis point drop in rates would reduce their fair value by €15,547 thousand, versus €10,044 thousand at 31 December 2006.

III. NAV and value creation

CHANGE IN NAV

The portfolio valuation carried out by AtisReal, JLL and CRBE Bourdais puts the appraisal value of the portfolio at €3,909 million excluding transfer costs at 31 December 2007, an increase of 17.8% compared with €3,320 million at the previous year-end. Based on a comparable structure and excluding properties undergoing renovation, the portfolio's appraisal value was up by 20.6%, as follows:

Offices and parking spaces	+ 21.8%
Retail	+ 11.2%
Residential	+ 4.9%

Independent valuations

Independent valuations and NAV calculations

Independent experts

Jones Lang LaSalle, CBRE, AtisReal

Valuation method

Discounted cash flow / capitalised net revenue / comparable transactions

Frequency

Entire portfolio valued at 6-monthly intervals (in December and June)

NAV calculation

Before and after transfer costs, fully diluted, with financial instruments marked to market

Average values per square meter are as follows:

Average appraisal value per square meter in 2007	Excluding transfer costs
Offices and parking spaces	€9,303/sq.m.
Retail	€8,147/sq.m.
Residential	€6,337/sq.m.

The spot yield excluding transfer costs for the portfolio as a whole is 4.90%, as follows:

Spot yield = (passing rent + average assumed rent)/(Appraisal value including transfer costs + discounted Capex)	
Offices	4,77%
Retail	5,44%
Residential	4,10%
Parking spaces	5,70%

At 31 December 2007, NAV excluding transfer costs stood at €2,734 million or €58.8 per share, an increase of 10.9% over the previous year-end:

(in € millions)	31 Dec. 2007	31 Dec. 2006	31 Dec. 2005
Diluted NAV excluding transfer costs	2,734	2,283	1,779
Transfer costs	223	191	146
Diluted NAV including transfer costs	2,958	2,474	1,925
Diluted number of shares (thousands)	46,529	43,104	43,103
Diluted NAV/share excluding transfer costs	€58.8	€53.0	€41.3
Diluted NAV/share including transfer costs	€63.6	€57.4	€44.6

Appraisal values excluding transfer costs per square meter

2007 appraisal values excluding transfer costs per square meter* – Portfolio at 31 December 2007

Area	Offices €/sq.m.	Retail €/sq.m.	Residential €/sq.m.	Parking spaces €/unit
Outer suburbs	–	1,552	–	–
La Défense	8,676	–	–	25,806
Paris 5/6/7	8,901	4,292	–	34,800
Paris Marais	6,639	8,802	–	33,033
Paris Rive Gauche	9,890	–	–	37,106
Central Business District	9,888	10,408	6,337	32,897
Western Paris Business District	4,852	9,777	–	26,236

2006 appraisal values excluding transfer costs per square meter* – Portfolio at 31 December 2006

Area	Offices €/sq.m.	Retail €/sq.m.	Residential €/sq.m.	Parking spaces €/unit
Outer suburbs	–	1,450	–	–
La Défense	7,671	–	–	22,933
Paris 5/6/7	7,575	3,702	–	–
Paris Marais	5,549	5,554	–	28,074
Paris Rive Gauche	9,637	–	–	35,995
Central Business District	8,393	9,540	6,115	36,338
Western Paris Business District	4,439	5,605	–	18,189

Year-on-year change**

Area	Offices	Retail	Residential	Parking spaces
Outer suburbs	–	7%	–	–
La Défense	13%	–	–	13%
Paris 5/6/7	18%	16%	–	–
Paris Marais	20%	58%	–	18%
Paris Rive Gauche	3%	–	–	3%
Central Business District	18%	9%	4%	- 9%
Western Paris Business District	9%	74%	–	44%

* Based on independent valuation.
** Due to both changes in the portfolio and changes in appraisal values.

Property portfolio at 31 December 2007

Total portfolio at 31 December 2007

	Surface area (Group share)	Offices (useable area)	Retail (useable area)	Hotels (useable area)	Cinemas/ Theatres (useable area)	Residential (useable area)	Staff restaurants and other infra-structure	Common areas and other	Parking spaces (number)	2007 rental revenue (100% basis)
Owned properties	359,610 sq.m.	242,646 sq.m.	26,611 sq.m.	23,913 sq.m.	8,019 sq.m.	4,901 sq.m.	30,542 sq.m.	22,978 sq.m.	2,518	€144,784 K
Properties under financial leases	65,662 sq.m.	57,466 sq.m.	–	–	–	–	5,492 sq.m.	2,704 sq.m.	915	€24,611 K
Properties currently for sale	–	–	–	–	–	–	–	–	26	€5 K
Properties sold during the year	–	–	–	–	–	–	–	–	–	€883 K
TOTAL AT 31 DECEMBER 2007	425,271 sq.m.	300,112 sq.m.	26,611 sq.m.	23,913 sq.m.	8,019 sq.m.	4,901 sq.m.	36,034 sq.m.	25,681 sq.m.	3,459	€170,283 K

Owned properties

	Surface area (Group share)	Offices (useable area)	Retail (useable area)	Hotels (useable area)	Cinemas/ Theatres (useable area)	Residential (useable area)	Staff restaurants and other infra-structure	Common areas and other	Parking spaces (number)	2007 rental revenue (100% basis)
1st LDE/LDA	47,801 sq.m.	28,219 sq.m.	7,090 sq.m.	–	–	–	3,929 sq.m.	8,563 sq.m.	234	€18,223 K
1st rue de Richelieu	38,207 sq.m.	24,392 sq.m.	–	–	–	–	5,095 sq.m.	8,720 sq.m.	94	€14,805 K
1st 247 rue Saint-Honoré	22,024 sq.m.	–	–	16,319 sq.m.	–	–	5,705 sq.m.	–	–	€51 K
2nd 6 rue de Hanovre	4,761 sq.m.	3,003 sq.m.	–	–	–	61 sq.m.	1,697 sq.m.	–	–	€1,534 K
3rd 62 rue Beaubourg	3,810 sq.m.	3,060 sq.m.	381 sq.m.	–	–	–	250 sq.m.	119 sq.m.	18	€624 K
7th 103 rue de Grenelle	18,403 sq.m.	16,749 sq.m.	131 sq.m.	–	–	–	1,523 sq.m.	–	–	€100 K
8th Washington Plaza (66%)	31,084 sq.m.	26,275 sq.m.	303 sq.m.	–	–	–	2,979 sq.m.	1,527 sq.m.	433	€24,305 K
8th 6 avenue Vélasquez	1,493 sq.m.	1,360 sq.m.	–	–	–	–	123 sq.m.	–	3	€409 K
8th 63 boulevard Haussmann	2,998 sq.m.	2,660 sq.m.	168 sq.m.	–	–	–	170 sq.m.	–	–	€1,468 K
8th 104-110 boulevard Haussmann (50%)	6,718 sq.m.	5,842 sq.m.	396 sq.m.	–	–	–	480 sq.m.	–	51	€1,568 K
8th 19 boulevard Malesherbes (50%)	1,484 sq.m.	1,086 sq.m.	–	–	–	331 sq.m.	68 sq.m.	–	23	€630 K
8th Galerie des Champs-Elysées (50%)	2,831 sq.m.	–	2,831 sq.m.	–	–	–	–	–	130	€2,977 K
8th 90 avenue des Champs-Elysées (50%)	3,018 sq.m.	3,018 sq.m.	–	–	–	–	–	–	–	€1,069 K
8th 92 avenue des Champs-Elysées	7,641 sq.m.	4,209 sq.m.	3,396 sq.m.	–	–	–	–	36 sq.m.	–	€3,954 K
8th 1-6 rue Paul Cézanne	29,021 sq.m.	24,411 sq.m.	1,849 sq.m.	–	–	–	1,257 sq.m.	1,504 sq.m.	125	€13,994 K
8th 5 rue Alfred de Vigny	3,845 sq.m.	2,639 sq.m.	–	–	–	–	124 sq.m.	1,082 sq.m.	12	€782 K
9th Edouard VII	54,119 sq.m.	28,112 sq.m.	7,331 sq.m.	3,125 sq.m.	8,019 sq.m.	4,509 sq.m.	3,023 sq.m.	–	509	€26,740 K
9th 12 boulevard des Capucines	2,243 sq.m.	–	2,243 sq.m.	–	–	–	–	–	–	€2,199 K
16th 96 avenue d'Iéna	8,858 sq.m.	7,296 sq.m.	–	–	–	–	1,202 sq.m.	360 sq.m.	262	€1,070 K
17th 11 rue de Prony	2,661 sq.m.	2,521 sq.m.	–	–	–	–	41 sq.m.	99 sq.m.	24	€1,465 K
Neuilly - 176 avenue Charles de Gaulle	7,381 sq.m.	5,621 sq.m.	492 sq.m.	–	–	–	426 sq.m.	842 sq.m.	145	€2,228 K
Puteaux - 12 cours Michelet - Tour Coface	28,418 sq.m.	26,716 sq.m.	–	–	–	–	1,702 sq.m.	–	235	€13,000 K
La Défense - 18 avenue d'Alsace - Les Miroirs	19,874 sq.m.	19,432 sq.m.	–	–	–	–	442 sq.m.	–	220	€9,328 K
Issy-les-Moulineaux - 39-51 rue Pierre Poli	6,332 sq.m.	6,026 sq.m.	–	–	–	–	306 sq.m.	–	–	€1,756 K
Saint-Germain - 21 rue Thiers Pavillon Henri IV (hôtel)	4,596 sq.m.	–	–	4,469 sq.m.	–	–	–	127 sq.m.	–	€504 K
TOTAL	359,610 sq.m.	242,646 sq.m.	26,611 sq.m.	23,913 sq.m.	8,019 sq.m.	4,901 sq.m.	30,542 sq.m.	22,978 sq.m.	2,518	€144,784 K

Properties under financial leases

	Surface area (Group share)	Offices (useable area)	Retail (useable area)	Hotels (useable area)	Cinemas/ Theatres (useable area)	Residential (useable area)	Staff restaurants and other infra-structure	Common areas and other	Parking spaces (number)	2007 rental revenue (100% basis)
12th Quai de la Rapée	22,670 sq.m.	19,362 sq.m.	–	–	–	–	3,118 sq.m.	190 sq.m.	366	€12,467 K
17th 131 avenue de Wagram	9,186 sq.m.	7,100 sq.m.	–	–	–	–	1,100 sq.m.	986 sq.m.	124	€3,702 K
Boulogne - 46 quai Le Gallo	33,806 sq.m.	31,003 sq.m.	–	–	–	–	1,275 sq.m.	1,528 sq.m.	425	€7,682 K
TOTAL	65,662 sq.m.	57,466 sq.m.	–	–	–	–	5,492 sq.m.	2,704 sq.m.	915	€24,611 K

Properties currently for sale (part unsold at 31 December 2007)

8th Ilot Saint-Augustin	–	–	–	–	–	–	–	–	10	€5 K
8th 1 rue de Stockholm	–	–	–	–	–	–	–	–	15	–
16th 38-44 avenue Bugeaud	–	–	–	–	–	–	–	–	1	–
TOTAL	–	–	–	–	–	–	–	–	26	€5 K

For reference:

Properties sold during the year

	Surface area (Group share)	Offices (useable area)	Retail (useable area)	Hotels (useable area)	Cinemas/ Theatres (useable area)	Residential (useable area)	Staff restaurants and other infra-structure	Common areas and other	Parking spaces (number)	2007 rental revenue (100% basis)
16th 46 avenue Kléber (50%)	1,677 sq.m.	1,560 sq.m.	–	–	–	–	117 sq.m.	–	3	€883 K
La Défense - Tour Areva (25%)(1)	2,583 sq.m.	2,465 sq.m.	–	–	–	–	118 sq.m.	–	9	–
La Défense - Tour Areva (15%)(1)	8,220 sq.m.	7,387 sq.m.	–	–	–	–	722 sq.m.	112 sq.m.	34	–
TOTAL	12,480 sq.m.	11,412 sq.m.	–	–	–	–	957 sq.m.	112 sq.m.	46	€883 K

(1) Property held jointly with a partner, accounted for by the equity method.

Stock Market

SFL shares are quoted on Eurolist by Euronext Paris
ISIN code: 0000033409
Reuters: FLYP.PA
Bloomberg: FLY.FP

Website

www.fonciere-lyonnaise.com

Financial Information and Investor Relations

Nicolas Reynaud, Chief Financial Officer
Phone: + 33 (0) 1 42 97 27 00

Investor Information

The press releases and annual reports published by Société Foncière Lyonnaise can be downloaded from the Company's website. Printed versions will be sent on request.

2007 Investor Calendar

Annual General Meeting:	23 May 2008
Payment of the dividend:	30 May 2008

SFL
SOCIETE FONCIERE LYONNAISE

Photo credits
Luc Boegly – Michel Labelle – Blaise Lavigne – Sergio Talayssat – X

Design – Production
W PRINTEL

SFL
SOCIETE FONCIERE LYONNAISE

A French joint stock company with capital of 93,004,602 euro
Registered office: 151, rue Saint-Honoré - 75001 PARIS
Tel.: + 33 (0) 1 42 97 27 00 - Fax: + 33 (0) 1 42 97 27 26
www.fonciere-lyonnaise.com
Registered with the Paris Companies Registry under number 552 040 982