



2016 Interim Results Presentation



27 JULY 2016



Overview

1 Introduction & Property Portfolio at 30 June 2016

2 First-Half 2016 Rental Activity

3 Property Transactions

4 First-Half 2016 Financial Statements & Results

Appendices



1

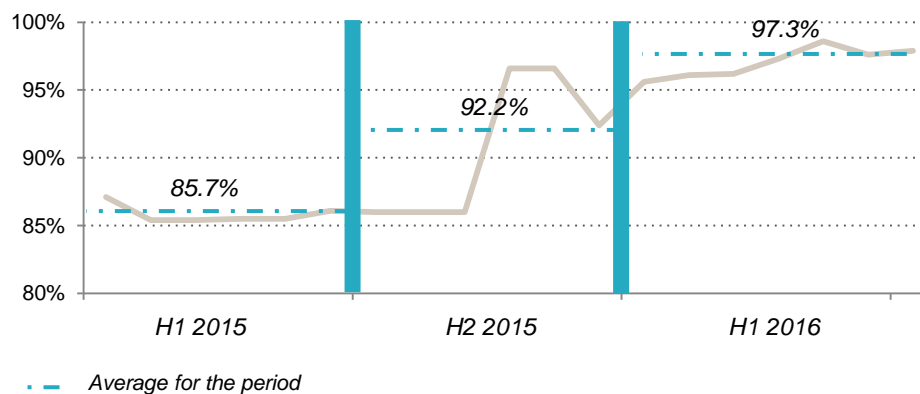
Introduction & Property Portfolio at 30 June 2016

1 Introduction

Consolidated data (€m)

	H1 2015	H2 2015	H1 2016	Change 1 year	Change 6 months
Rental income	81.4	87.4	102.0	25.3%	16.7%
Operating profit before property disposals and fair value adjustments	61.5	73.8	86.4	40.5%	17.1%
Underlying attributable profit (EPRA earnings)	27.6	38.2	50.6	83.1%	32.5%

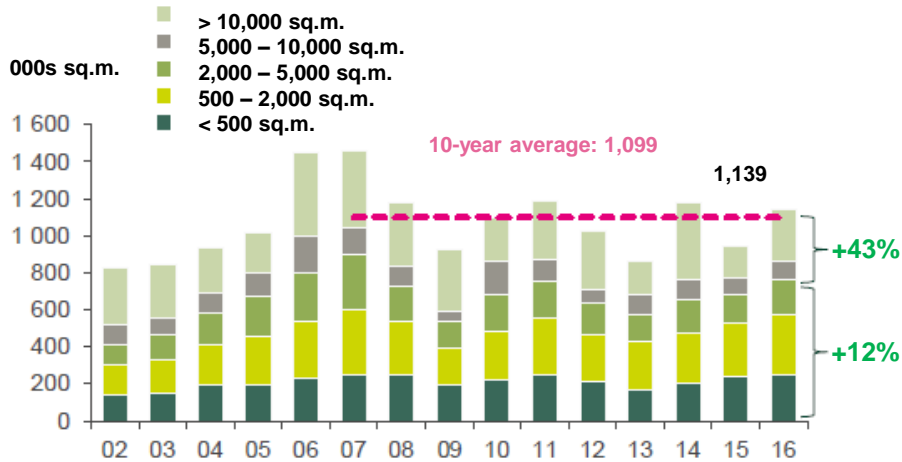
Occupancy Rates



- ◆ Strong growth in business indicators
- ◆ Occupancy rate: 98%
- ◆ Average gearing: 2%

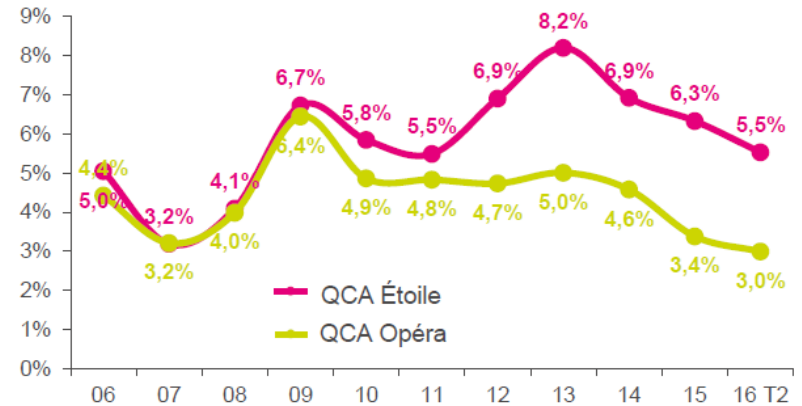
1 Office rental market in H1 2016

Paris region transactions H1 2016



Source: BNP Paribas Real Estate, Immostat

Vacancy rate



Paris region office rental market in H1 2016

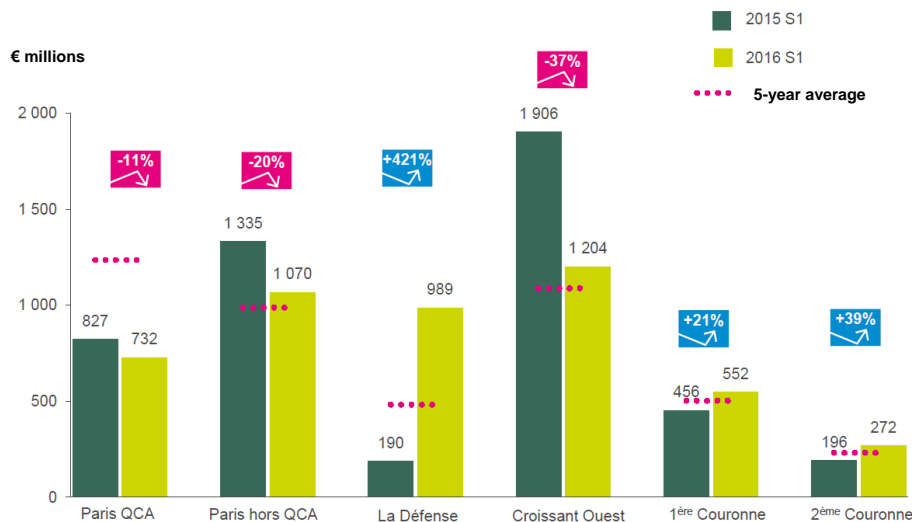
- **Improved take-up rate** vs. H1 2015: **Leases signed on 1.1 million sq.m.** (up 20% vs. 2015)
 - Marketing volumes in line with long-term trend
- Major transactions up 43%, confirming the trend that began in H2 2015
 - 31 transactions for more than 5,000 sq.m.
 - 4 transactions for more than 20,000 sq.m.
- **7.1% vacancy rate** vs. 7.6% in H1 2015
- **Units coming on the market in the next twelve months contracted 5%** vs. end-2015 while proportion of new/renovated properties increased to 20% of the total offer from 18% over the same period

Office Rental Market - Paris CBD

- **Paris CBD outperformed the market in H1 2016:** Leases signed on 234,400 sq.m. (up 21% vs. H1 2015) – *the best performance since 2007*
 - Completed lettings: *Étoile*: 136,700 sq.m.
 - Completed lettings: *Opéra*: 97,700 sq.m.
- Bulk of new leases on **units of less than 5,000 sq.m. (90% of new leases, up 23% vs. 2015)**
- **Very low vacancy rate in CBD** (4% vs. 5.4% in H2 2015), reflecting shortage of available properties, particularly in the Opéra district.
- Immediately available space in Paris CBD coming on the market in next 12 months **down 20%** at around 395,000 sq.m.
- CBD renovation programmes: **some 231,000 sq.m.** due to come back on the market in 2017-2018

1 Paris region commercial property investment market in H1 2016

Paris Region Office Properties: Change in Investment Amounts



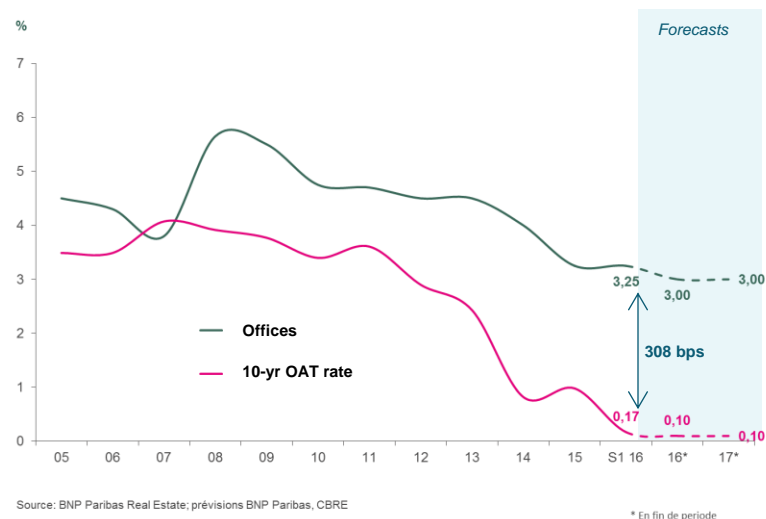
Source: BNP Paribas Real Estate, Immostat

Paris region office property investment market in H1 2016

H1 2016 in line with 2015, following a **recovery in investment volumes in Q2 2016**:

- €4.8bn invested in H1 2016 (on a par with H1 2015), including **€1.8bn in Paris**
- Several major transactions helped to make up the shortfall: +Tour First in La Défense for €800m
- In the ordinary commercial property segment, transactions in excess of €100m in the Paris region declined sharply (13 transactions vs. 18 in 2015).
- In Paris, focus on office transactions in the €20m to €50m bracket, which accounted for 16 of the 44 transactions
- French investors are still very active, accounting for some **80% of Paris region investments** and nearly all transactions in excess of €100m

Prime yield vs. 10-year OAT rate



Central Business District – Prime assets

Despite a shortage of available properties, investment activity picked up in the CBD, accounting for **22% of Paris region commitments in H1 2016** (up 28% vs. 2015)

The lack of investment opportunities and the large amounts of capital looking for a home continued to depress yields, but spreads between prime yields and the 10-year OAT rate remained at a historical high (around 300 bps)

Prime office yields narrowed to around 3.25% for assets representing the safest investments.

1 Appraisal values at 30 June 2016

Consolidated portfolio value:

€5,520m excluding transfer costs – €5,863m including transfer costs

(up 5.3% vs. 31 December 2015)

(up 6.2% vs. 31 December 2015)

Average value per sq.m. : €13,678/sq.m. excl. TC

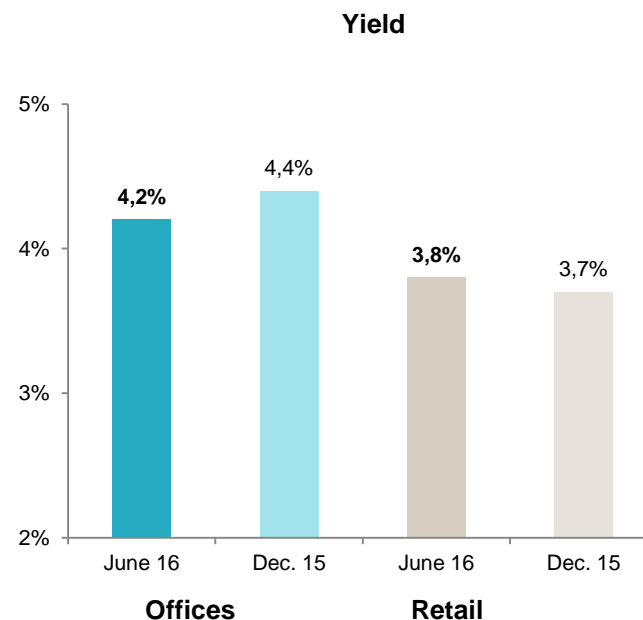
(€12,922/sq.m. excl. TC at 31 Dec. 2015)

Yield⁽¹⁾ : 4.0%

(4.2% at 31 Dec. 2015)

EPRA topped-up NIY: 3.8%

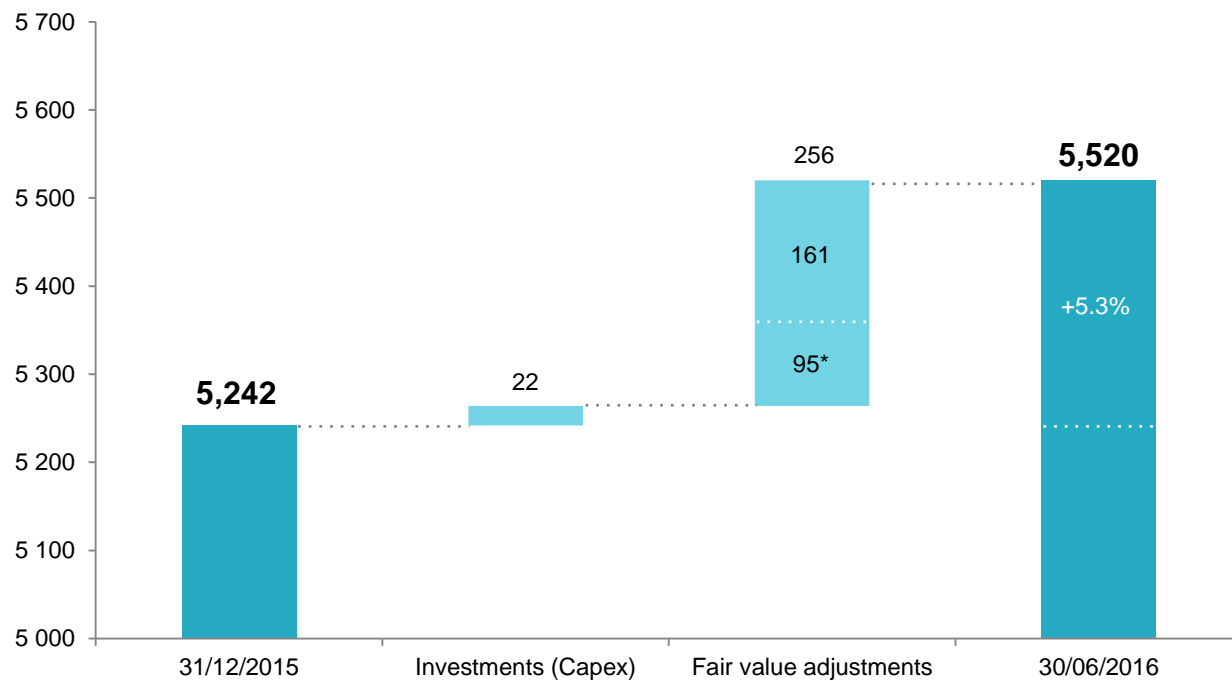
(3.8% at 31 Dec. 2015)



(1) $(\text{Passing rents} + \text{market rent on vacant properties}) / (\text{Appraisal value including transfer costs} + \text{discounted capex})$.

1 Analysis of Property Portfolio Value

Consolidated data (€m, excl. TC)



* Recent development projects: In/Out, #cloud.paris.

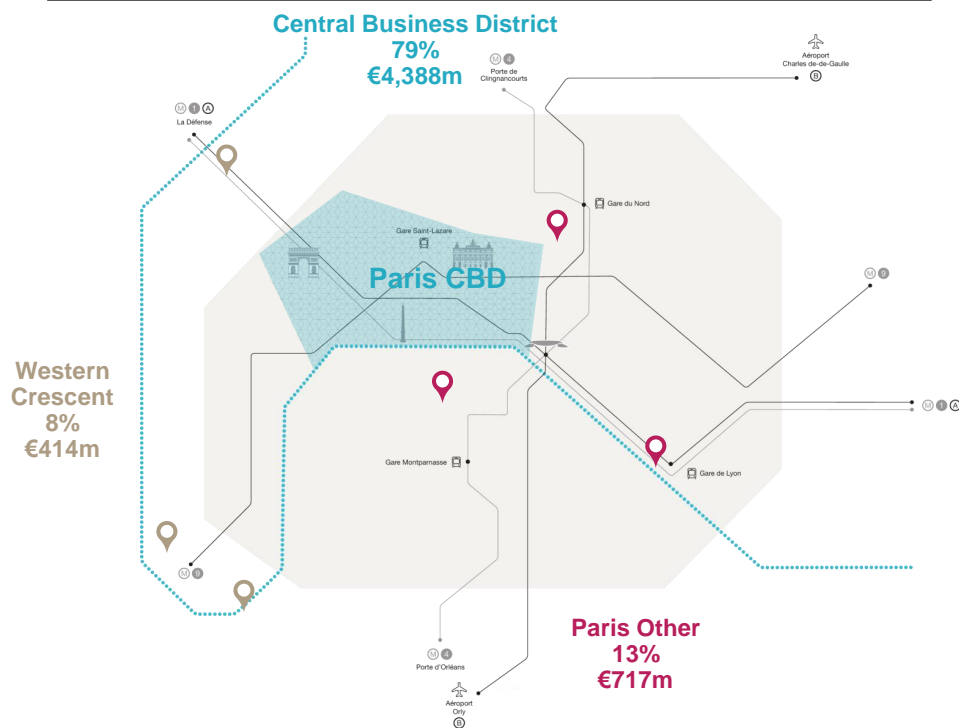
1 Property portfolio at 30 June 2016

Consolidated portfolio value:

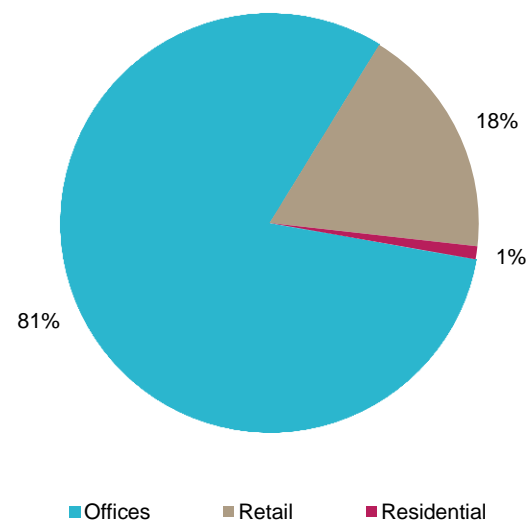
€5,520m excluding transfer costs – €5,863m including transfer costs

(up 5.3% vs. 31 December 2015)

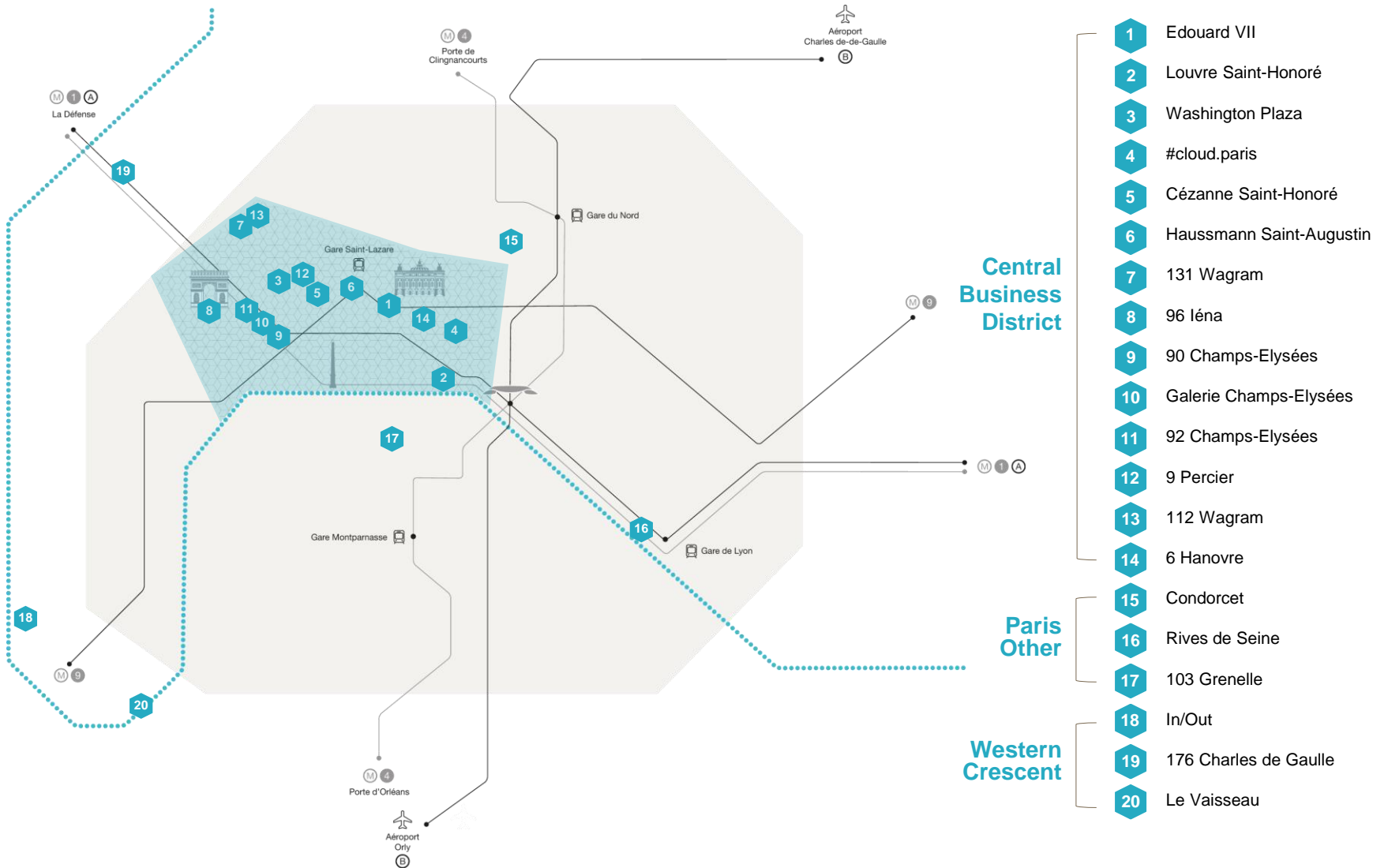
Geographic focus
(value)



Market focus
(value)



1 The Benchmark in the Paris Prime Commercial Property Market



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

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

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

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

* Including infrastructure, excluding car parks



2

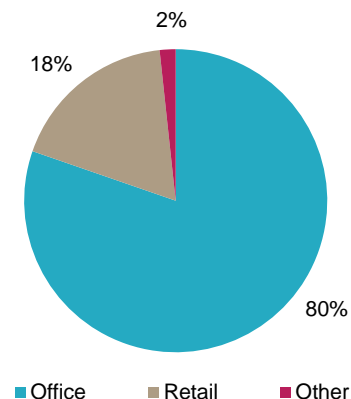
Rental activity First-Half 2016

2 Rental income

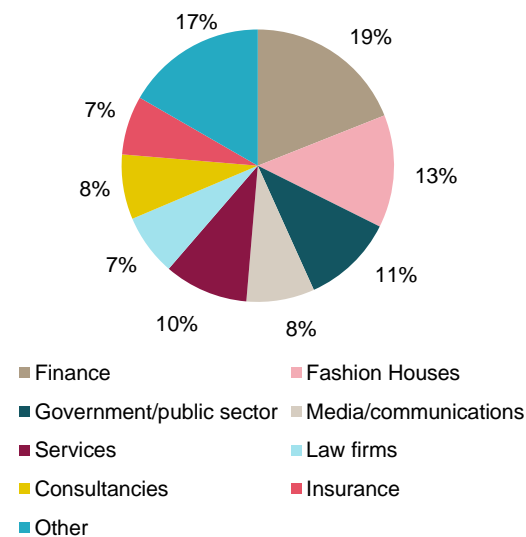
In €m

H1 2015 rental income	81.4
Δ Like-for-like increase	+7.9
Δ Post-renovation remarketing/major renovations	+9.7
Δ Property disposals - acquisitions	+0.8
Δ Lease termination penalties	+2.2
H1 2016 rental income	102.0

H1 2016 rental income: €102.0m



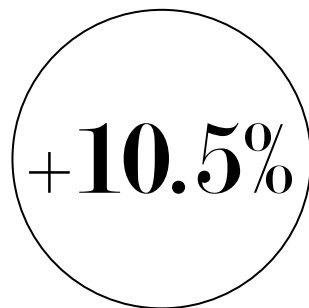
Breakdown by business sector at 30 June 2016



Change as reported



Change on a comparable portfolio basis



2 A Portfolio of Very High Value-Added Tenants (1/2)

LAW FIRMS

ashurst

Bird & Bird

 Freshfields

KING & WOOD
MALLESONS

CONSULTANCIES

Hudson

L.E.K.

McKinsey & Company

SIMON • KUCHER & PARTNERS
Strategy & Marketing Consultants

FASHION HOUSES

BOSS
HUGO BOSS


FAST RETAILING

H&M

 MORGAN

promod

ZARA

DIGITAL / MEDIA


 BlaBlaCar

facebook

Lagardère

NBCUniversal

 Pretty Simple

sacem 

TV5MONDE

2 A Portfolio of Very High Value-Added Tenants (2/2)

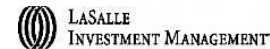
FINANCE/ASSET MANAGEMENT/ INSURANCE



MANUFACTURING



REAL ESTATE



OTHER



2 Marketing Programmes

New leases and remarketed units: 19,400 sq.m. (14 transactions)

Annual
rent

€13_m

Total value of leases
signed in H1

Average
nominal rent

646

€/sq.m./year

Average
effective rent

554

€/sq.m./year

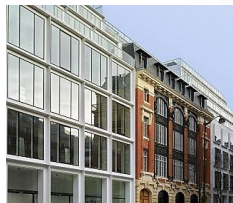
Non-cancellable
period
(average)

6.0

years

Average occupancy
cost ratio

14%



COTY

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

#cloud.paris

Paris 2



Lagardère

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

Washington Plaza

Paris 8

indeed
one search. all jobs.

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



**SIMON • KUCHER
& PARTNERS**

2,000 sq.m.
5 years
Effective from
1 May 2016

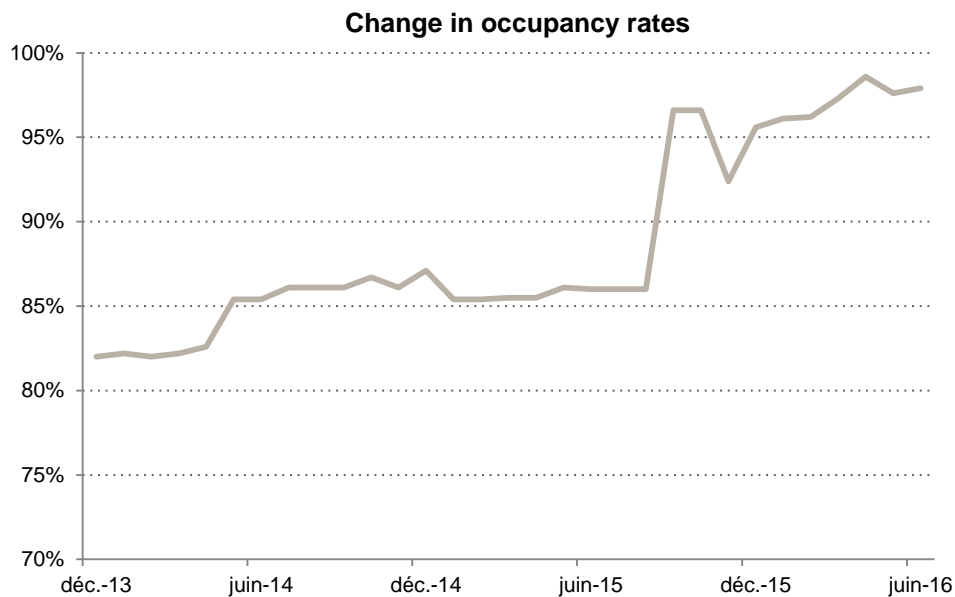
Edouard VII

Paris 9

2 Occupancy Rates

Physical occupancy rate⁽¹⁾ at 30 June 2016: 97.9%

(95.6% at 31 December 2015)



EPRA vacancy rate: 3.1%⁽¹⁾

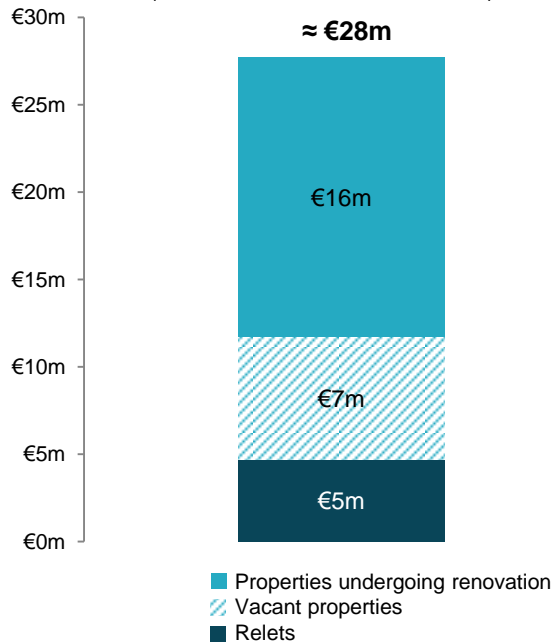
(1) Surface area attributable to SFL

2

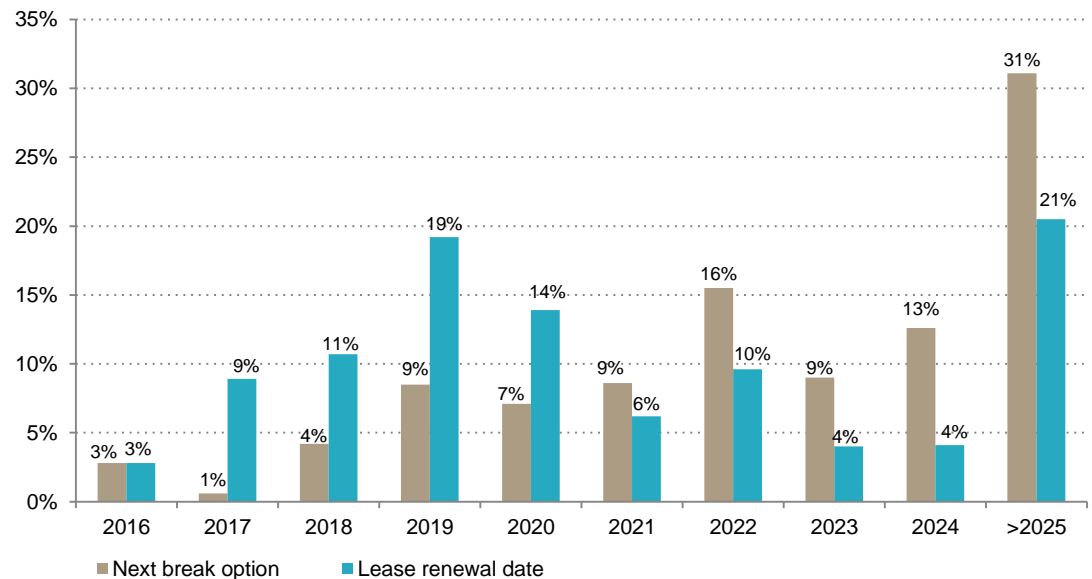
Lease Renewals and Reversionary Potential

Reversionary potential

(Consolidated data, 100% basis)



Commercial lease expiry dates



Reversionary potential:
€25m (attributable to SFL)

Average SFL office rent at 30 June 2016:
€589/sq.m./year
(vs €591 at 31 Dec. 2015)

Average period⁽¹⁾ to lease expiry:
6.7 years
(vs 6.7 at 31 Dec. 2015)

Average period to next potential exit date⁽²⁾:
5.1 years
(vs 5.1 at 31 Dec. 2015)

(1) Weighted average remaining life of commercial leases in progress as of 30 June 2016.

(2) Weighted average remaining period to next potential exit date for commercial leases in progress at 30 June 2016.



3



Property Transactions

3 Current Development Projects

At 31 December 2015	21,700 sq.m.
Delivered during the year	-11,100 sq.m.
Le Vaisseau	-6,300 sq.m.
9 Percier	-2,200 sq.m.
103 Grenelle	-1,600 sq.m.
Other	-1,000 sq.m.
Projects launched during the period	10,700 sq.m.
Cézanne Saint-Honoré	4,000 sq.m.
103 Grenelle	3,000 sq.m.
Other	3,700 sq.m.

At 30 June 2016	21,300 sq.m.
Louvre Saint-Honoré	10,000 sq.m.
Cézanne Saint-Honoré	4,000 sq.m.
Other	7,300 sq.m.

**Potential rental revenue ≈ €15m
(attributable to SFL)**



3 Development Projects: Louvre Saint-Honoré

Louvre Saint-Honoré



- Redevelopment of retail areas:
Lower ground/Ground/Upper
ground floors
- CDAC development permit:
15,000 sq.m. in December 2014
- Personal safety equipment



- Building permit obtained:
September 2015
- Objections to project currently
being heard



Architect: FS Braun



4



Financial Statements & Results First-Half 2016

4 First-Half 2016 Results

In €m	H1 2016	H1 2015	Change
Property rentals	102.0	81.4	+25.3%
Property expenses, net of recoveries	(6.4)	(9.4)	
Net rental income	95.6	71.9	
Service and other revenues	1.4	0.9	
Depreciation, amortisation and provision expense, net	(1.0)	(0.7)	
Employee benefits expense and other expenses	(9.6)	(10.6)	
Operating profit before disposals and fair value adjustments	86.4	61.5	+40.5%
Profit/(loss) on asset disposals	0.0	0.0	
Fair value adjustments to investment properties	285.8	217.3	
Share of profits and losses of associates	0.0	0.0	
Finance costs and other financial income and expenses	(25.0)	(27.9)	
Income tax expense	(9.7)	(22.3)	
Profit for the period	337.4	228.6	
Non-controlling interests	(27.6)	(23.1)	
Attributable net profit	309.8	205.6	
EPRA earnings	50.6	27.6	+83.1%

4 EPRA earnings

In €m	H1 2016		H1 2015	
	Recurring EPRA	Non recurring	Recurring EPRA	Non recurring
Rental income	102.0	0	81.4	0
Property expenses, net of recoveries	(6.4)	0	(9.4)	0
Net rental income	95.6	0	71.9	0
Service and other revenues	1.4	0	0.9	0
Depreciation, amortisation and provision expense, net	(1.0)	0	(0.7)	0
Employee benefits expense and other expenses	(9.6)	0	(10.6)	0
Operating profit before disposals and fair value adjustments	86.4	0	61.5	0
Profit/(loss) on asset disposals	0	0	0	0
Fair value adjustments to investment properties	0	285.8	0	217.3
Share of profits and losses of associates	0	0	0	0
Finance costs and other financial income and expenses	(24.3)	(0.7)	(23.6)	(4.3)
Income tax expense	(4.2)	(5.5)	(4.4)	(17.8)
Profit for the period	57.8	279.6	33.4	195.2
Non-controlling interests	(7.2)	(20.4)	(5.8)	(17.3)
EPRA earnings	50.6	259.2	27.6	177.9
EPRA earnings per share	€1.09		€0.59	

4 Consolidated Statement of Financial Position

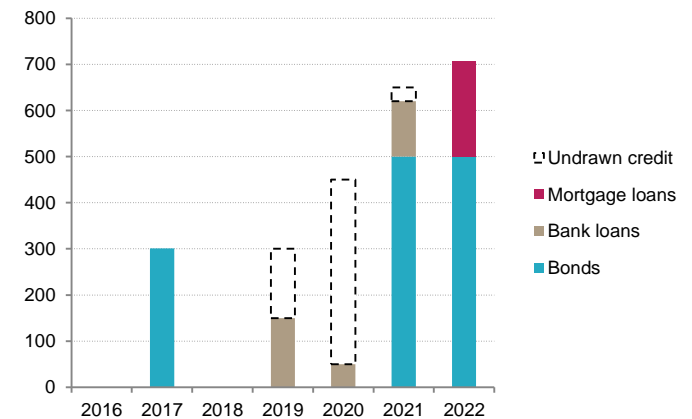
In €m	30 June 2016	31 Dec. 2015
Assets		
Investment properties	5,406	5,098
Other non-current assets	26	26
Total non-current assets	5,432	5,124
Properties held for sale	0	0
Other current assets	117	94
Total current assets	117	94
Total Assets	5,549	5,219
Equity & Liabilities		
Equity	2,977	2,713
Non-controlling interests	339	318
Total equity	3,316	3,031
Non-current liabilities	2,091	1,913
Current liabilities	142	274
Total Equity and Liabilities	5,549	5,219

4 Consolidated Loan-to-Value

€m	30 June 2016	31 Dec. 2015	Change
Bonds	1,301	1,456	-155
Bank loans	375	162	+213
Mortgage loans	206	208	-2
Lease financing	0	27	-27
Total debt	1,882	1,853	+29
Cash and cash equivalents	14	12	+2
Net debt	1,868	1,841	+27
Undrawn lines of credit	580	610	-30
Property portfolio incl. transfer costs	5,863	5,519	+344

Loan-to-value	31.9%	33.4%	-1.5
Average maturity (years)	4.8	4.9	-0.1
Average spot cost of debt (after hedging)	2.0%	2.4%	-0.4%

Maturities of debt at 30 June 2016 (in €m)



S&P rating:
BBB/A2 stable outlook

4 Net Asset Value

€m	30 June 2016	31 Dec. 2015
Equity	2,977	2,713
Treasury shares and stock options	13	17
Unrealised capital gains	15	14
Elimination of financial instruments at fair value	0	0
Elimination of deferred taxes	89	102
EPRA NAV	3,094	2,845
EPRA NAV per share	€66.5	€61.2
Financial instruments at fair value	0	0
Fixed-rate debt at fair value	(82)	(23)
Deferred taxes	(89)	(102)
EPRA NNAV	2,923	2,721
EPRA NNAV per share	€62.8	€58.5
Transfer costs	297	266
EPRA NNAV including transfer costs	3,390	3,112
EPRA NNAV per share including transfer costs	€72.9	€66.9
Number of shares (thousands)	46,529	46,529

Growth in EPRA NNAV (€m)

NNNAV at 31 December 2015	2,721
Change in fair value of attributable assets	261
Change in fair value of debt and other financial instruments	(59)
EPRA earnings	51
Dividends	(49)
Other	(2)
NNNAV at 30 June 2016	2,923

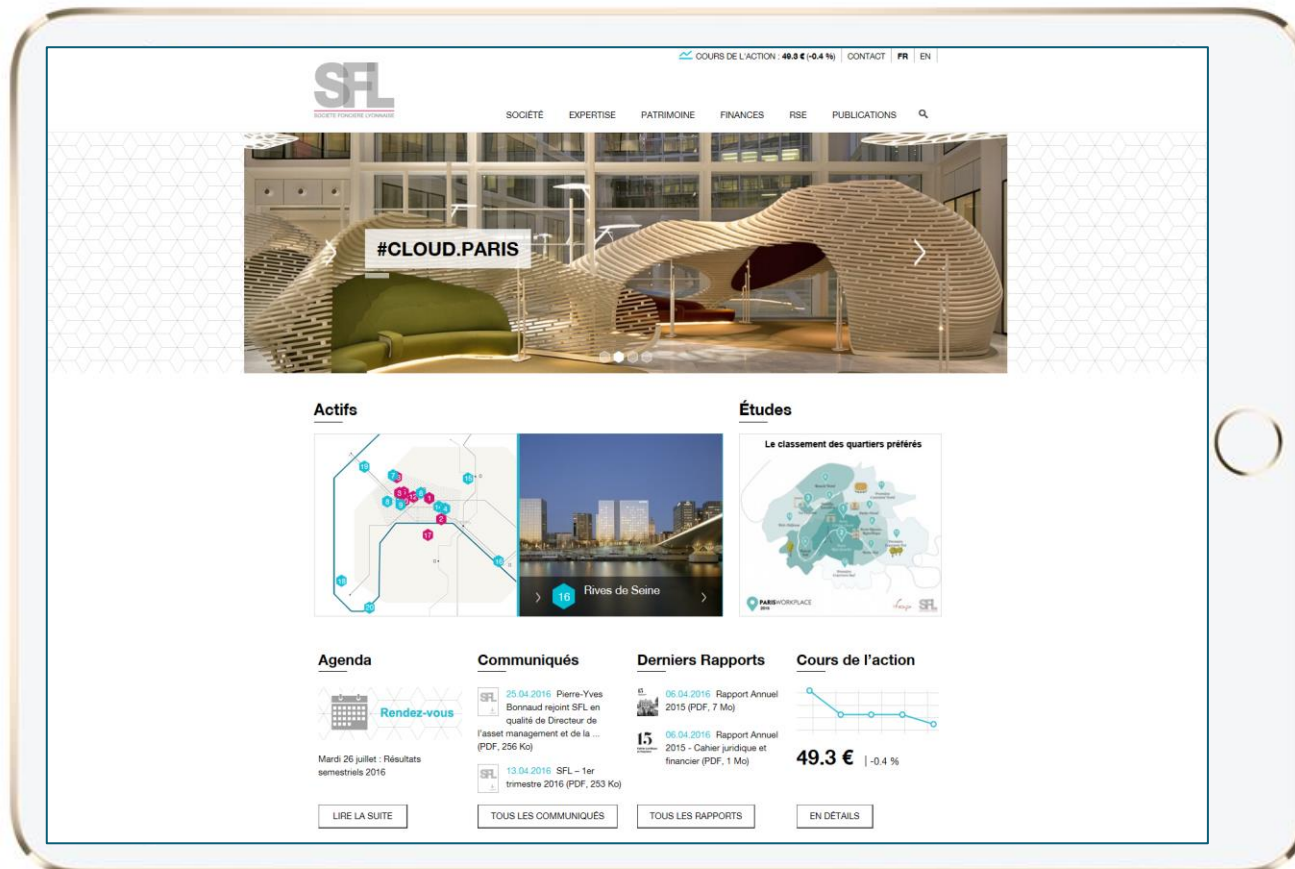
4 Key Figures

€m	H1 2016	H1 2015	Change
Property rentals (IFRS)	102.0	81.4	+25.3%
Operating profit before disposals and fair value adjustments	86.4	61.5	+40.5%
Disposal gains (losses) and fair value adjustments to investment properties	285.8	217.3	+31.5%
Profit attributable to equity holders	309.8	205.6	+50.7%
EPRA earnings	50.6	27.6	+83.1%

€m	30 June 2016	31 Dec. 2015	Change
Equity	2,977	2,713	+9.7%
Consolidated portfolio value (excl. TC)	5,520	5,242	+5.3%
EPRA NNNNAV	2,923	2,721	+7.4%
EPRA NNNNAV per share	€62.8	€58.5	+7.4%

4 Questions/Answers

www.fonciere-lyonnaise.com





Appendices

SFL in Brief



- ◆ The benchmark in Paris prime commercial property



- ◆ Founded in 1879: 137 years of sustainable business development



- ◆ 403,700 sq.m. of property assets valued at over €5.5bn



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



- ◆ 81% offices and 18% retail units



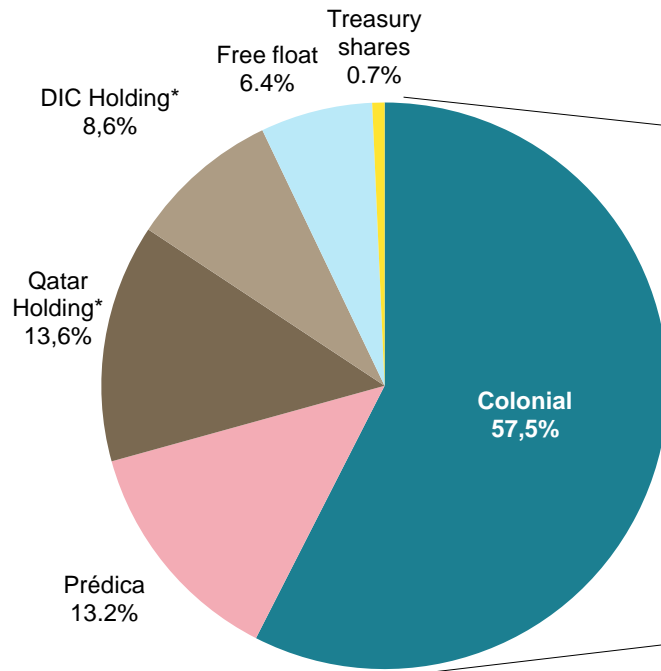
- ◆ 20 very large property complexes



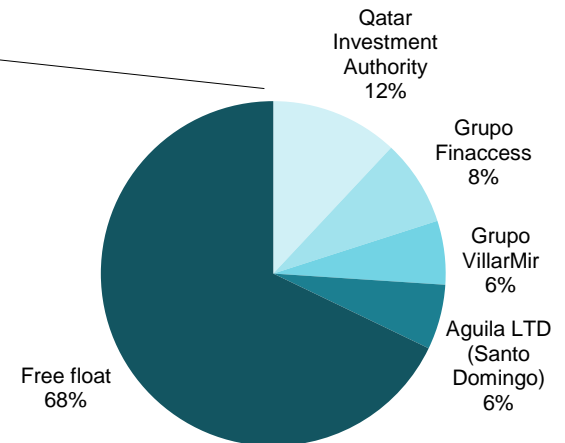
- ◆ A very high value-added tenant portfolio (between €150k and €300k/employee/year)

Ownership Structure

SFL ownership structure
(46.5 million shares)



Colonial ownership structure
(at 18 July 2016)



* Shareholders acting in concert

Organisation Structure



Governance (as of 26 July 2016)

Board of Directors

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

Executive and Strategy Committee

Juan José Brugera Clavero (Chairman)

Jean-Jacques Duchamp
Carmina Ganyet I Cirera
Pere Viñolas Serra

Audit Committee

Carlos Fernandez-Lerga Garralda (Chairman)

Anne-Marie de Chalambert
Jean-Jacques Duchamp

Remuneration and Selection Committee

Anthony Wyand (Chairman)

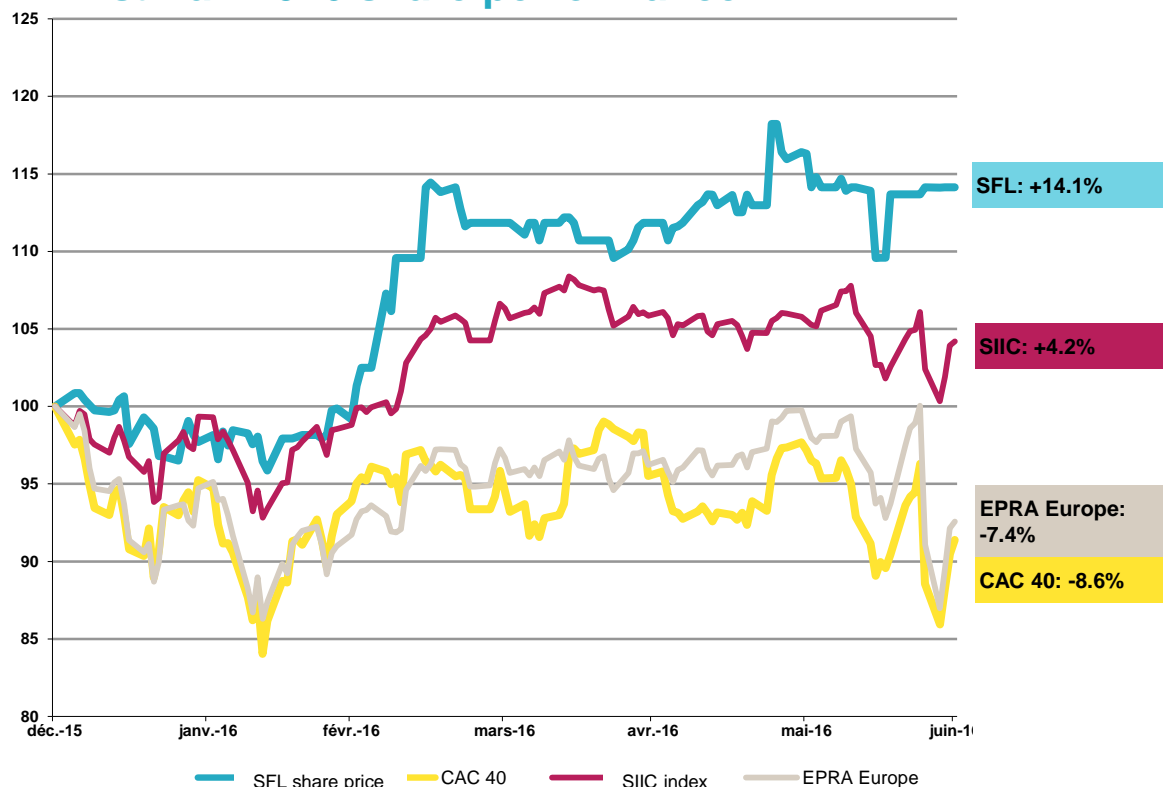
Anne-Marie de Chalambert
Pere Viñolas Serra

Committee of Independent Directors

Anne-Marie de Chalambert
Anthony Wyand

Share Performance

First-half 2016 share performance⁽¹⁾



⁽¹⁾ Baseline 100: 31 December 2015: data up to 30 June 2016

Sources: Euronext/Epra

First-half 2016 key figures⁽¹⁾

Number of shares at 30 June 2016 (thousands)	46,529
Average daily trading volume (shares)	3,252
Average daily trading volume (euros)	€153k
Closing share price on 31 December 2015	€43.81
High for the period 24 May	€52.00
Low for the period 12 February	€41.96
Closing price on 30 June 2016	€50.00

Property Valuation and NAV Calculation

Independent experts

Jones Lang LaSalle Expertises/CBRE Valuation/BNP Paribas Real Estate Expertise

Methodology

Discounted cash-flow/Revenue capitalisation/Comparison with recent transactions

Frequency

Entire portfolio valued every six months

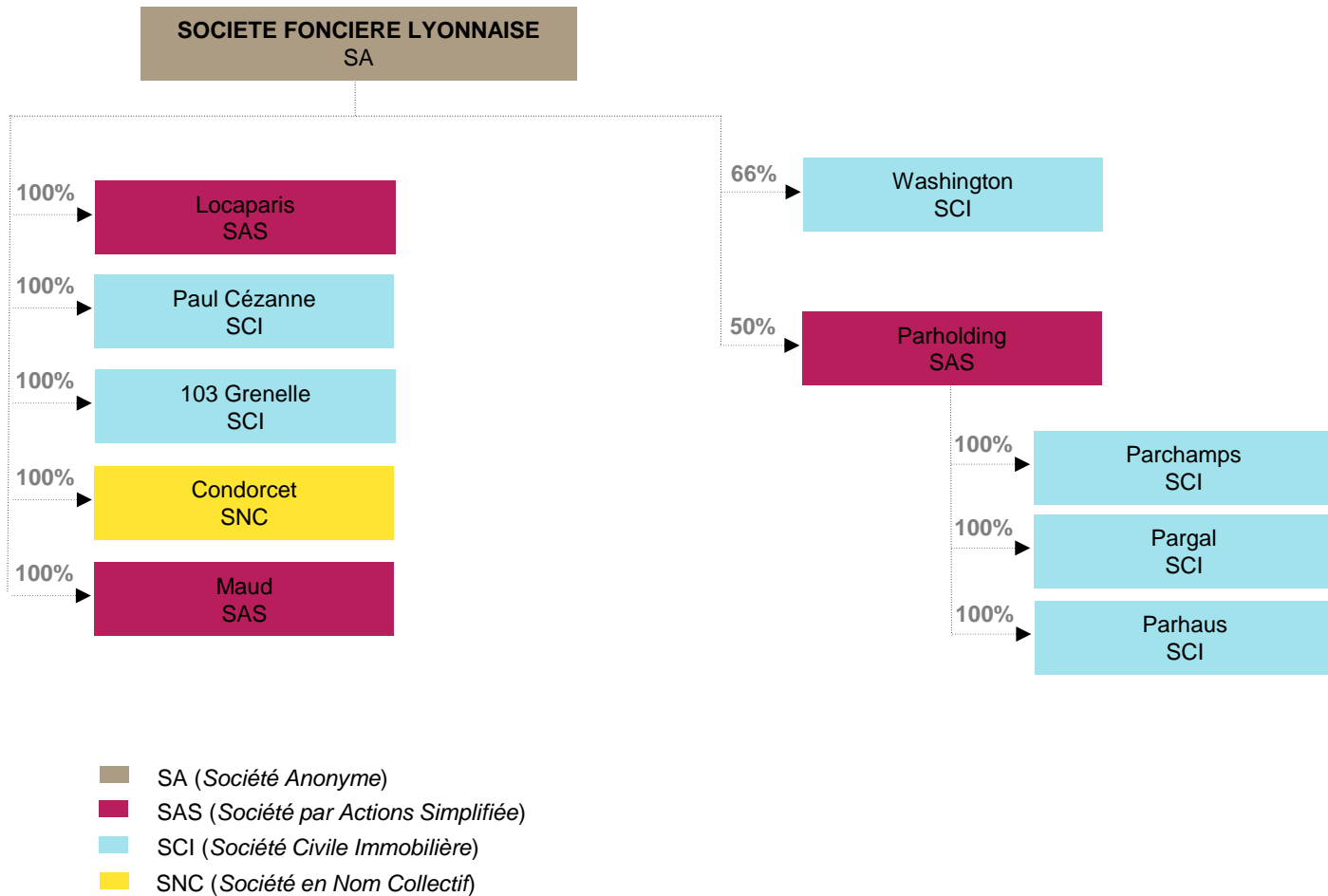
NAV calculation

EPRA NAV
EPRA NNNNAV

Validation

Valuations and NAV calculations are reviewed by the Auditors

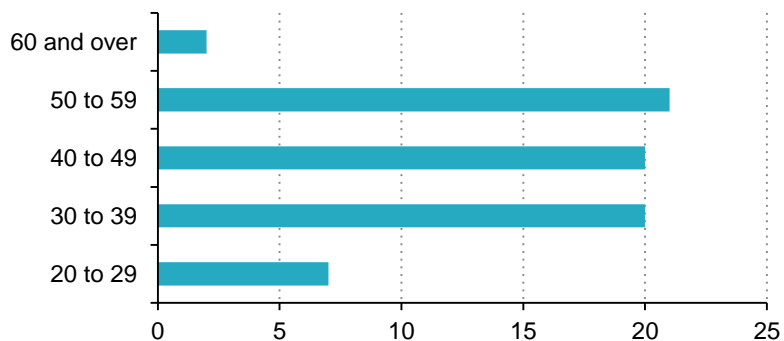
Legal Structure



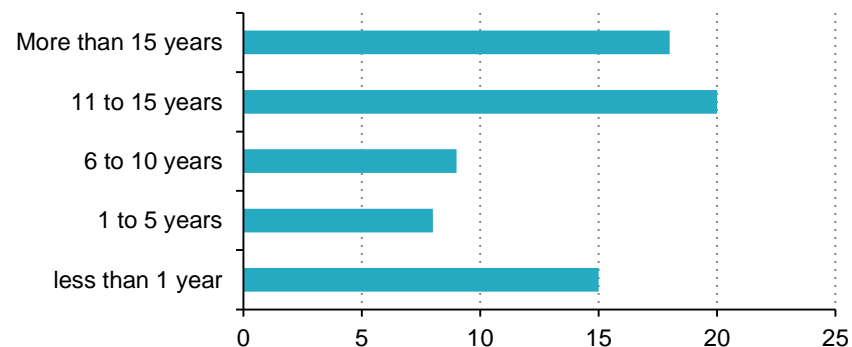
Human Resources

Number of employees	30 June 2016	31 Dec. 2015
Administrative staff	5	5
Supervisors	10	12
Managers	55	52
Total headquarters	70	69
Building caretakers	2	2

Employees⁽¹⁾ by age group
(on payroll as of 30 June 2016)



Employees⁽¹⁾ by years of service
(on payroll as of 30 June 2016)

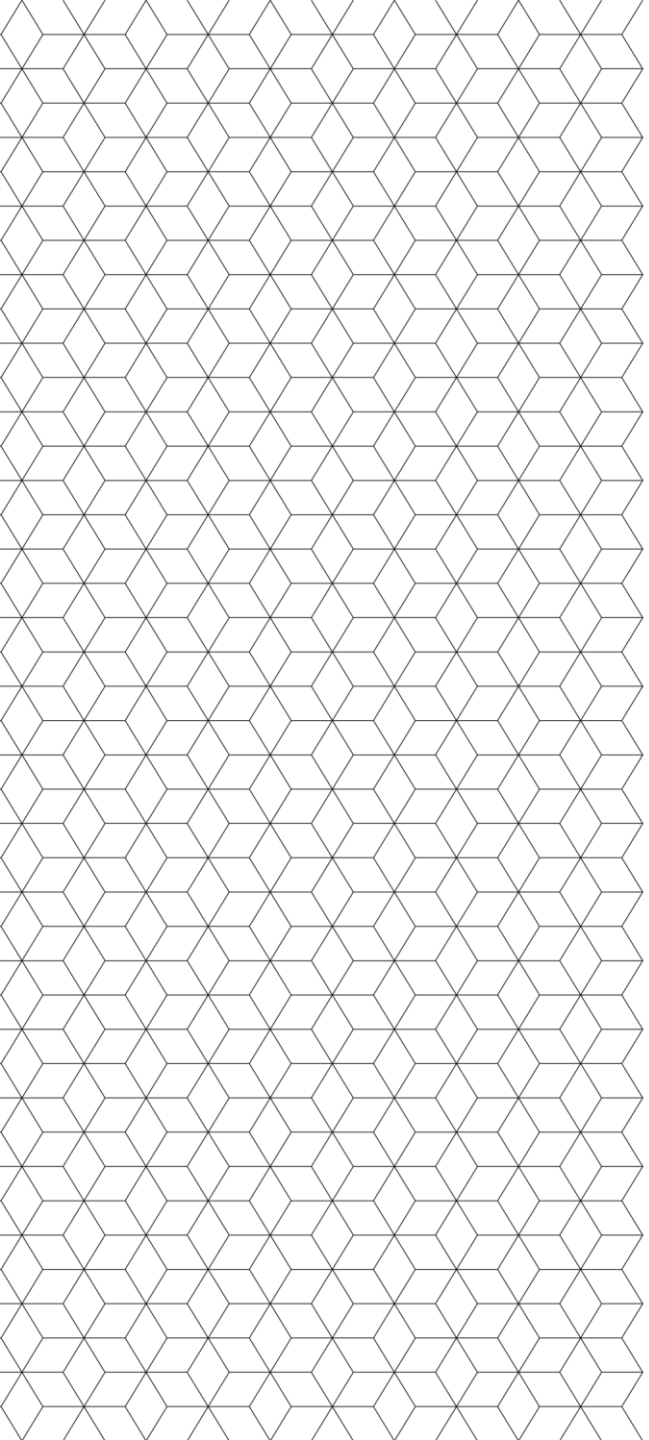


⁽¹⁾ Excluding building caretakers

Capex

Expenditure (€m)	H1 2016	H1 2015
Major renovation projects	10.7 ⁽¹⁾	62.8
Other capitalised expenditure	9.2	8.3
Total	19.9	71.1

⁽¹⁾ Of which: #cloud.paris: €8.8m; Le Vaisseau: €0.7m; Louvre Saint-Honoré: €0.6m; 9 Percier: €0.6m



SOCIETE FONCIERE LYONNAISE