SFL – FIRST HALF 2010 RESULTS

Property rentals: €80.9 million
Attributable net profit: €50.6 million
Attributable current cash flow: €48.8 million
NAV/share including transfer costs: €42.3

Paris, 22 July 2010 –The financial statements for the six months ended 30 June 2010 were approved by the Board of Directors of Société Foncière Lyonnaise on 22 July 2010, at its meeting chaired by Juan José Brugera.
The financial statements show a decline in property rentals stemming from indexation and renegotiations, and a slight increase in appraisal values.
The auditors have performed a limited review of the financial statements and their report is being prepared.

Consolidated data (€ millions)

	30 June 2010	30 June 2009
Property rentals	80.9	96.0
Operating profit before disposals and fair value adjustments	67.2	84.6
Attributable net profit (loss)	50.6	(236.8)
Attributable current cash flow	48.8	63.0

	30 June 2010	31 December 2009
Attributable equity	1,772	1,816
Portfolio value excluding transfer costs	3,139	3,094
Portfolio value including transfer costs	3,314	3,266
Diluted NAV/share excluding transfer costs	€38.6	€39.6
Diluted NAV/share including transfer costs	€42.3	€43.3

Results

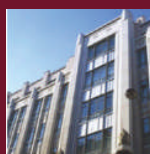
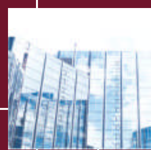
- Consolidated property rentals for the first half of 2010 amounted to €80.9 million, down €15.2 million from the €96.0 million reported in the year-earlier period. On a comparable portfolio basis, property rentals declined €5.5 million, or 6.7%, mainly due to falls in the indices used to calculate rent adjustments and lease renegotiations. These results also reflect a high basis of comparison in first-half 2009, when lease termination penalties paid by tenants were recognised in an amount of €3.8 million, versus none in first-half 2010. Building sales in 2009 and the loss of rental revenues from the quai Le Gallo property in Boulogne, which is currently being renovated, had a negative impact of €7.1 million compared with the first half of last year. On the other hand, rents at the Galerie des Champs-Elysées property, on which work is being completed, increased by €1.0 million in relation to first-half 2009.

- Operating profit before disposals and fair value adjustments stood at €67.2 million, down €17.4 milllion on the previous first-half's €84.6 million. This is a direct consequence of the rent decreases seen in first-half 2010.

With an exceptional portfolio of properties valued at nearly €3.3 billion including transfer costs, essentially located in the Paris Central Business District, SFL is a preferred vehicle for investors wishing to invest in the Paris office and retail property market. As the leading player in this market, the Group is firmly focused on pro-actively managing high-quality property assets. SFL has elected to be taxed as an SIIC since 2003.

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

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- Net finance costs came to €29.3 million at 30 June 2010, compared with €17.7 million in the year-earlier period. The increase was mainly attributable to fair value adjustments for financial instruments, which resulted in an expense of €8.4 million under IFRS in first-half 2010 compared with income of €1.6 million in first-half 2009. The average cost of debt after hedging was stable in the first half at 4.6%.

- The Pavillon Henri IV property in Saint Germain en Laye was sold in the first half of 2010 for €6.5 million. This disposal generated a gain of €0.5 million for the period, while disposals in first-half 2009 generated a loss of €13.5 million.

- The property portfolio's appraisal value increased by 1.6% between 31 December 2009 and 30 June 2010 on a comparable portfolio basis, leading to the recognition of a net positive fair value adjustment of €22.4 million compared with a negative adjustment of €312.0 million in first-half 2009.

- After taking into account these items, the Company reported a €50.6-million attributable net profit, compared with a €236.8-million loss for first-half 2009.

- Attributable current cash flow amounted to €48.8 million versus €63.0 million in the year-earlier period. Current cash flow per share – based on the average number of shares outstanding during the period – stood at €1.05 versus €1.36 at 30 June 2009.

Business review

At 30 June 2010, the occupancy rate (excluding properties undergoing renovation) stood at 91.0%, compared with 93.9% at 31 December 2009. The main vacancy challenges concern the 103 Grenelle property, for which two new leases that will take effect in the second half have been signed (see press release of 8 July 2010), and the Washington Plaza's Monceau building.

The rental market remained calm in the first half of 2010, with a focus on small and medium sized units. New leases were signed for around 30,000 square meters during the period, primarily through renegotiations with renters.

Capitalised work carried out during the period amounted to €28.1 million, including renovation and remodelling work on 247 rue Saint-Honoré, home to the future Paris Mandarin Hotel, on the Galerie des Champs-Elysées shopping arcade and on the 92 avenue des Champs-Elysées property. These are the Company's main renovation projects currently in progress. The quai Le Gallo project in Boulogne is still in the permit phase.

NAV

The estimated market value of the portfolio at 30 June 2010 was €3,139 million excluding transfer costs, an increase of 1.6% on a comparable portfolio basis at 31 December 2009. The estimated replacement value, including transfer costs, at 30 June 2010 was €3,314 million.

The composition of the portfolio was unchanged, with prime office properties in Paris's Central Business District accounting for 77% of the total and retail units on the capital's best shopping streets representing 22%.

Rental yield stood at 5.9% at 30 June 2010, compared with 6.3% at 31 December 2009.

Net debt at 30 June 2010 amounted to €1,216 million, compared with €1,117 million at 31 December 2009, representing a loan-to-value ratio of 36.7%. The average cost of debt after hedging was 4.6% and the average maturity was 2.6 years.

At 30 June 2010, fully-diluted NAV per share stood at €42.3 including transfer costs – down 2.3% from €43.3 at 31 December 2009 – and €38.6 excluding transfer costs.

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

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