

SFL – Third-Quarter 2017 Financial Information

Rental income: €147.8 million, up 3.3% like-for-like

Consolidated revenue by business segment (€000's)

	2017 (9 months)	2016 (9 months)
Rental income	147,819	150,139
<i>o/w Paris Central Business District</i>	114,326	114,003
<i>Paris Other</i>	21,526	23,022
<i>Western Crescent</i>	11,967	13,114
Other revenue	0	0
Total consolidated revenue	147,819	150,139

Rental income amounted to €147.8 million in the nine months to 30 September 2017 versus €150.1 million in the same period in 2016, down slightly by €2.3 million.

- On a like-for-like basis (excluding all changes in the portfolio affecting period-on-period comparisons), rental income was €4.5 million higher, a 3.3% increase that was attributable to new leases signed in 2016 and 2017, mainly for the Cézanne Saint-Honoré, 9 Percier and 103 Grenelle properties.
- Changes in assets under redevelopment between the two periods had a €5.1 million negative impact on rental income, with several floors of offices taken off the market for extensive renovation after tenants moved out.
- The impact of lease termination penalties received from tenants added a net €0.5 million to rental income in the first nine months of 2017 compared with €2.2 million in the year-earlier period.

SFL signed leases on some 15,000 sq.m. in the first nine months of the year, including nearly 12,000 sq.m. of offices on very good terms. The new leases were signed at an average nominal rent of €693 per square metre, corresponding to an effective rent of €595 per square metre. The average incentive ratio is 14% and the average firm lease maturity is 6.3 years.

The occupancy rate for revenue-generating properties remained high, standing at 96.4% as of 30 September 2017 compared with 97.0% as of 31 December 2016. The remaining vacant units are

located mainly in the Cézanne Saint-Honoré, Washington Plaza and Le Vaisseau (Issy-les-Moulineaux) properties.

On 13 January 2017, SFL entered into a €165-million deal to acquire SMA's historical headquarters building on Avenue Emile Zola in the 15th *arrondissement* of Paris. The 21,000-sq.m. property will be redeveloped to create a major new business centre in the west of the capital. Contracts will be exchanged when SMA moves to its new headquarters in the fourth quarter of 2017 (for more details, see the press release dated 16 January 2017).

Following the signature of a sale agreement in July 2017, the In/Out property was sold to Primonial as planned on 29 September 2017. Located in Boulogne-Billancourt and let to the Organisation for Economic Co-operation and Development (OECD), this approximately 35,000-sq.m. property was sold for the net sale price of €445 million, representing a yield of 3.7% including transfer costs (for more details, see the press release dated 2 October 2017).

Taking this sale into account, net debt declined to €1,483 million at 30 September 2017, compared with €1,931 million at 31 December 2016, representing a loan-to-value ratio of 24.4%. At 30 September 2017, the average cost of debt after hedging was 2.0% and the average maturity was 3.9 years. In addition, as of the same date, SFL had €785 million in undrawn lines of credit.

In the interest of simplification, SFL's Board of Directors has decided to reinstate the principle of an annual dividend payment. As a result, the Company will not pay an interim dividend in 2017.

About SFL

Leader on the prime segment of the Parisian tertiary real estate market, Société Foncière Lyonnaise stands out for the quality of its property portfolio, which is valued at €5.7 billion and is concentrated on the Central Business District of Paris (#cloud.paris, Edouard VII, Washington Plaza, etc.), and for the quality of its client portfolio, which is composed of prestigious companies in the consulting, media, digital, luxury, finance and insurance sectors.

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

S&P rating: BBB with a positive outlook
