SOCIÉTÉ FONCIÈRE LYONNAISE

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

The consolidated financial statements were approved for publication by the Board of Directors on 11 February 2021.

A – Consolidated Statement of Financial Position

(in thousands of euros) **ASSETS**	**Notes** **Section E**	**31 Dec. 2020**	**31 Dec. 2019**
Intangible assets	IV-1	1,244	532
Property and equipment	IV-2	20,804	20,325
Investment property	IV-4	7,081,176	7,045,049
Non-current financial assets	VI-5	514	8,225
Other non-current assets	V-4	26,832	8,233
Total non-current assets		**7,130,570**	**7,082,364**
Investment property held for sale	IV-5	259,459	-
Trade and other receivables	V-3	83,431	78,735
Other current assets	V-4	2,050	234
Cash and cash equivalents	VI-6	15,283	54,002
Total current assets		**360,223**	**132,971**
Total assets		**7,490,793**	**7,215,335**

(in thousands of euros) **EQUITY AND LIABILITIES**	**Notes** **Section E**	**31 Dec. 2020**	**31 Dec. 2019**
Share capital		93,058	93,058
Reserves		4,266,590	3,802,389
Profit for the year		286,879	589,758
Equity attributable to owners of the parent		**4,646,526**	**4,485,205**
Non-controlling interests		550,442	551,770
Total non-controlling interests		**550,442**	**551,770**
Total equity	**VII-1**	**5,196,968**	**5,036,975**
Long-term borrowings and derivative instruments	VI-1	1,476,560	1,441,490
Long-term provisions	VIII-1	1,608	1,414
Deferred tax liabilities	X-2	217,266	221,571
Accrued taxes	X-3	-	5,142
Other non-current liabilities	V-6	27,691	26,870
Total non-current liabilities		**1,723,126**	**1,696,487**
Trade and other payables	V-5	43,708	26,196
Short-term borrowings and other interest-bearing debt	VI-1	480,937	392,814
Short-term provisions	VIII-1	1,007	1,123
Other current liabilities	V-6	45,047	61,740
Total current liabilities		**570,699**	**481,873**
Total equity and liabilities		**7,490,793**	**7,215,335**

B – Consolidated Statement of Comprehensive Income

(in thousands of euros)	Notes Section E	2020	2019[1]
Rental income		**182,424**	**198,710**
Gross property expenses		(40,291)	(42,902)
Property expenses recovered from tenants		31,990	33,005
Property expenses, net of recoveries		(8,302)	(9,897)
Net property rentals	**V-1**	**174,122**	**188,813**
Other income	V-2	4,336	9,003
Depreciation, amortisation and impairment	IV-3	(915)	(1,386)
Provision expense, net	VIII-2	(1,700)	(728)
Employee benefits expense	IX-1	(14,582)	(13,682)
Other expenses	V-7	(8,653)	(9,254)
Profit/(loss) on disposal of other assets		-	(3)
Fair value adjustments to investment property	IV-4	176,526	526,889
Operating profit		**329,134**	**699,652**
Finance costs and other financial expenses	VI-2	(29,878)	(26,696)
Financial income	VI-2	17	73
Fair value adjustments to financial instruments	VI-3	(10)	(1,181)
Discounting adjustments to receivables and payables		(150)	(319)
Other financial income and expenses	VI-3	(4,309)	-
Profit before income tax		**294,804**	**671,529**
Income tax benefit/(expense)	X-1-2	1,548	(23,809)
Profit for the year		**296,351**	**647,720**
Attributable to owners of the parent		**286,879**	**589,758**
Attributable to non-controlling interests	VII-5	9,472	57,962
Earnings per share	VII-4	€6.19	€12.74
Diluted earnings per share	VII-4	€6.18	€12.71

Other comprehensive income			
Actuarial gains and losses	VIII-1	(115)	(57)
Items that will not be reclassified to profit or loss		(115)	(57)
Valuation gains and losses on financial instruments (cash flow hedges)	VI-3	(5,867)	5,697
Items that may be reclassified subsequently to profit or loss		(5,867)	5,697
Other comprehensive income/(expense)		**(5,983)**	**5,640**
Comprehensive income		**290,369**	**653,360**
Attributable to owners of the parent		**280,896**	**595,398**
Attributable to non-controlling interests		9,472	57,962

[1] The presentation of finance costs and other financial expenses and financial income has been changed to present capitalised interest in accordance with IAS 23 – Borrowing Costs. The reclassification has no impact on either "Finance costs and other financial income and expenses, net" or "Profit for the year".

C – Consolidated Statement of Changes in Equity

(in thousands of euros)	Share capital	Share premium account	Revaluation reserve	Treasury shares	Cash flow hedges	Other reserves	Profit for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	**Total equity**
Equity at 31 December 2018	**93,058**	**556,116**	**22,621**	**(18,317)**	**-**	**3,004,744**	**351,636**	**4,009,856**	**502,107**	**4,511,963**
Movements for the year										
Profit for the year	-	-	-	-	-	-	589,758	589,758	57,962	**647,720**
Other comprehensive income/(loss), net of tax	-	-	-	-	5,697	(57)	-	5,640	-	**5,640**
Comprehensive income	**-**	**-**	**-**	**-**	**5,697**	**(57)**	**589,758**	**595,398**	**57,962**	**653,360**
Appropriation of profit	-	-	-	-	-	351,636	(351,636)	-	-	
Treasury share transactions	-	-	-	2,774	-	-	-	2,774	-	**2,774**
Gains and losses on sales of treasury shares	-	-	-	(2,393)	-	-	-	(2,393)	-	**(2,393)**
Share-based payments	-	-	-	-	-	2,282	-	2,282	-	**2,282**
Dividends paid to owners of the parent	-	-	-	-	-	(122,711)	-	(122,711)	(8,299)	**(131,010)**
Equity at 31 December 2019	**93,058**	**556,116**	**22,621**	**(17,936)**	**5,697**	**3,235,894**	**589,758**	**4,485,205**	**551,770**	**5,036,975**
Movements for the year										
Profit for the year	-	-	-	-	-	-	286,879	286,879	9,472	**296,351**
Other comprehensive income/(loss), net of tax	-	-	-	-	(5,867)	(115)	-	(5,983)	-	**(5,983)**
Comprehensive income	**-**	**-**	**-**	**-**	**(5,867)**	**(115)**	**286,879**	**280,896**	**9,472**	**290,368**
Appropriation of profit	-	-	-	-	-	589,758	(589,758)	-	-	
Treasury share transactions	-	-	-	2,635	-	-	-	2,635	-	**2,635**
Gains and losses on sales of treasury shares	-	-	-	(2,652)	-	-	-	(2,652)	-	**(2,652)**
Share-based payments	-	-	-	-	-	3,270	-	3,270	-	**3,270**
Dividends paid to owners of the parent	-	-	-	-	-	(122,828)	-	(122,828)	(10,801)	**(133,629)**
Equity at 31 December 2020	**93,058**	**556,116**	**22,621**	**(17,953)**	**(170)**	**3,705,978**	**286,879**	**4,646,526**	**550,442**	**5,196,968**

D – Consolidated Statement of Cash Flows

(in thousands of euros)	Notes Section E	2020	2019
Cash flows from operating activities			
Profit for the year attributable to owners of the parent		286,879	589,758
Fair value adjustments to investment property	IV-4	(176,526)	(526,889)
Depreciation, amortisation and impairment	IV-3	915	1,386
Net additions to provisions	VIII-1	817	447
Net (gains)/losses from disposals of assets, after tax		-	3
Discounting adjustments and valuation losses on financial instruments		4,469	1,500
Deferral of rent-free years and key money	V-1	(1,171)	3,568
Employee benefits	IX-3	3,270	2,282
Non-controlling interests in profit for the year	VII-5	9,472	57,962
Cash flow after finance costs and income tax		**128,126**	**130,017**
Finance costs	VI-2	29,861	26,623
Income tax	X-2-3	(1,548)	23,809
Cash flow before finance costs and income tax		**156,439**	**180,449**
Change in working capital		(7,554)	6,904
Interest paid		(28,076)	(29,048)
Interest received		17	73
Income tax paid		(13,876)	(16,081)
Net cash provided by operating activities		**106,950**	**142,297**
Cash flows from investing activities			
Acquisitions of and improvements to investment property	XII	(132,182)	(63,754)
Acquisitions of intangible assets and property and equipment		(2,106)	(754)
Amounts due on asset acquisitions		16,617	-
Proceeds from disposals of investment property, intangible assets and property and equipment		-	1
Other cash inflows and outflows		2,301	(2,300)
Net cash provided by (used by) investing activities		**(115,370)**	**(66,807)**
Cash flows from financing activities			
Purchases and sales of treasury shares, net		(17)	381
Dividends paid to owners of the parent	VII-3	(122,828)	(122,711)
Dividends paid to non-controlling interests		(8,498)	(8,299)
Proceeds from new borrowings		1,745,071	1,509,936
Repayments of borrowings		(1,646,764)	(1,426,050)
Other movements in financing items		(1,625)	(49)
Net cash provided by (used by) financing activities		**(34,661)**	**(46,792)**
Net change in cash and cash equivalents		**(43,081)**	**28,698**
Cash and cash equivalents at beginning of year		54,002	25,304
Cash and cash equivalents at end of year	XII	10,921	54,002
Net change in cash and cash equivalents		**(43,081)**	**28,698**

Cash and cash equivalents in the statement of cash flows are stated net of bank overdrafts.

E – Notes to the Consolidated Financial Statements

I - Accounting Policies

I - 1) Accounting standards

As required under European Commission regulation (EC) 16/06/2002 dated 19 July 2002, the consolidated financial statements of the SFL Group have been prepared in accordance with the International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs) and related interpretations (SICs and IFRICs) adopted by the European Union.

The following standards published by the IASB and adopted by the European Union are effective for the period ended 31 December 2020:

- Amendments to IAS 1 & IAS 8 – Definition of Material. The IASB has published amendments to its definition of "material" to make it easier for management to exercise judgement when assessing materiality. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

- Amendments to IFRS 9, IAS 39, IFRS 7 Interest Rate Benchmark Reform – Phase 1. These amendments are designed to facilitate financial reporting during the period of uncertainty arising from the reform of interest rate benchmarks such as interbank offered rates (IBORs) and the replacement of EURIBOR and EONIA with new benchmarks (hybrid EURIBOR, ESTER). In the first phase of the project, companies have been granted temporary relief from applying specific hedge accounting requirements to hedging relationships, so that hedge accounting can continue to be applied. This relief will last until the reform is published. IBOR reform and its potential effects are currently being examined by the Group.

- Narrow scope amendments to IFRS 3 – Definition of a Business. These amendments are designed to help entities determine whether they have acquired a business or a group of assets for the purpose of applying IFRS 3 – Business Combinations. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers. If substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the transaction does not qualify as a business combination.

- Amendment to IFRS 16 – Leases – Covid-19-Related Rent Concessions. IFRS 16 requires lessees to consider individual lease contracts to determine whether certain rent concessions are lease modifications. If this is the case, the lessee must remeasure the lease liability by applying a revised discount rate. The amendment to IFRS 16 exempts lessees from having to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications by recognising their impact in profit or loss for the period. This practical expedient only applies to lessees' rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if certain conditions are met.
The amendment does not grant any relief to lessors from the obligation of analysing rent concessions to determine whether they are lease modifications. In the case of SFL, rent concessions granted to lessees are considered lease modifications when the annual rent exceeds €300 thousand. In such cases, their effects are recognised over the period to the lease's next potential exit date.

The following amendments published by the IASB had not yet been adopted by the European Union at 31 December 2020:

- Amendments to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-current. These amendments clarify the criteria for classifying liabilities as current or non-current, which could consequently affect a company's loan covenants. To give companies time to prepare for the amendments, the IASB has set the effective date for these amendment at January 2022.

- Annual Improvements, 2018-2020 cycle – IFRS 9 – Financial Instruments. To determine whether a modified financial liability should be derecognised, its terms are examined to assess whether they are substantially different from those of the original liability. The amendment clarifies the fees a company includes in the "ten percent test" used to perform this assessment. It stipulates that only fees paid or received between the company (the borrower) and the lender should be taken into account.

- Amendment to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. The amendment modifies the standard to specify that the cost of fulfilling a contract includes both the incremental costs, such as direct labour and raw materials costs, and an allocation of other costs that relate directly to fulfilling contracts, such as the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This amendment is effective for financial periods beginning on or after 1 January 2022, with earlier application allowed.

I - 2) Accounting conventions

The consolidated financial statements are presented in thousands of euros. They include the financial statements of SFL and its subsidiaries. The financial statements of subsidiaries cover the same year as those of SFL and have been prepared according to the same accounting policies. Intragroup transactions are eliminated in consolidation.

Subsidiaries are consolidated from the date when control is acquired and are removed from the scope of consolidation when control is transferred outside the Group. When SFL ceases to exercise control over a subsidiary, the consolidated financial statements include the subsidiary's results for the period from the beginning of the year to the date when control is transferred.

Material companies in which the Group exercises control, pursuant to the terms of a shareholders' pact, through ownership of the majority of voting rights or otherwise, are fully consolidated.

The Group has chosen to measure investment property using the fair value model (see Note IV-4).

I - 3) Critical accounting estimates and judgements

The property portfolio is valued by independent experts using assumptions concerning future cash flows and interest rates that have a direct impact on their valuations. A reduction in the value assessed by these experts would lead to a decrease in the Group's earnings (see Note IV-4).

All of the Group's financial instruments are measured using standard market valuation models (see Note VI-4).

II - Significant Events of the Year

II - 1) Redevelopment and renovation programmes

Properties undergoing development at 31 December 2020 represented roughly 17% of the total portfolio. They consist mainly of the Group's current three flagship projects concerning:

- 83 avenue Marceau (approximately 9,000 sq.m.). This building is in the process of being redeveloped, with delivery scheduled for the third quarter of 2021, and has been fully pre-let.

- The Biome office complex on avenue Emile Zola (approximately 24,000 sq.m.). Redevelopment work continued at a brisk pace in 2020 and will be delivered in mid-2022.

- The retail space in the Louvre Saint-Honoré building (approximately 20,000 sq.m.). Work to clear the space to be redeveloped began in September 2020 and delivery is scheduled for 2024 under the turnkey lease signed with the Cartier Foundation.

In December, SFL agreed to sell the 112 Wagram property for a net price of €120.5 million. Contracts were exchanged in early January 2021 (see Subsequent Events below).

No properties were purchased or sold during 2020.

During the year, leases were signed on some 23,000 sq.m., including 15,000 sq.m. of office space, of which approximately 6,500 sq.m. pre-let to Goldman Sachs in the 83 Marceau building that is currently being redeveloped. New leases on retail space represented around 6,000 sq.m. and mainly concerned the theatre in the Édouard VII complex.

II - 2) Financing

In May 2020, SFL issued €500 million worth of 1.50% seven-year bonds due on 5 June 2027.

In addition, a new five-year €150 million revolving line of credit was obtained from BNP Paribas. This new facility cancelled and replaced a previous €150 million revolving line of credit that was reduced to €100 million in 2019 and was due to expire in May 2021.

In September 2020, an offer was launched to buy back two bond issues due in November 2021 and November 2022 respectively. At the close of the offer period, on 8 September 2020, bonds with an aggregate face value of

€160.7 million had been tendered to the offer, including €100.3 million worth of bonds due in 2021 and €60.4 million due in 2022.

These transactions, which were part of the Company's active debt management strategy, allowed SFL to optimise future average borrowing costs while also improving its balance sheet.

II - 3) Impacts of the Covid-19 health crisis

From the onset of the crisis, SFL took all necessary measures to limit the pandemic's effects on its business and results.

The Group acted swiftly to ensure that all of its properties could remain open and available for use by tenants. The only services no longer available are those that would breach current health measures (mainly mass catering services).

SFL's rental income was largely unaffected by government measures concerning small retail outlets because of its strategic focus on prime office properties in Paris. Calls for help received from retail tenants were analysed on a case-by-case basis and the Group endeavoured to support them as far as possible during this difficult period, for example by allowing them to defer payment of their second-quarter rent. In some cases, rent waivers or holidays were granted, with a €1.4 million impact on rental income for the year. Based on data at 31 December 2020, rent collection rates for the second, third and fourth quarters of 2020 stood at 99%, 99% and 98% respectively. Lastly, income from the conference centres and the Indigo hotel, which were closed during the successive lockdowns, as well as the public car park located in the Edouard VII complex, fell sharply compared with 2019. In all, the Covid-19 crisis reduced rental income for the year by approximately €6.8 million (€4.0 million after deducting net property expenses).

Work on the Group's redevelopment and renovation projects was halted for several weeks. Agreements were signed with the general contractors responsible for the main projects, in order to manage the delivery delays – estimated at several months – and the cost overruns caused by these disruptions and the deployment of health measures required before work could resume.

The rental market slowed as a result of the crisis without coming to a complete halt; however, SFL was largely unaffected because it had few vacant units immediately available for rental and was able to sign several leases on significant units during the period.

The assumptions used by the Group's valuers to estimate the portfolio's appraisal value at 31 December 2020 were adjusted to take account of the economic environment. Despite these adjustments, the valuers' report includes a material valuation uncertainty declaration concerning the Indigo hotel in the Edouard VII complex. None of the Group's other assets were concerned by this declaration, which was issued in line with an RICS practice alert.

II - 4) Subsequent events

On 13 January 2021, contracts were exchanged on the 112 Wagram building, which was sold at the originally agreed price.

On 14 January 2021, SFL agreed to sell the 9 Percier property for a net price of €143.5 million, with contracts expected to be exchanged before the end of February.

III - Segment Information

The Group's properties are similar in nature and, although they are managed separately in the same manner, none are large enough to be treated as a separate reportable segment. They are grouped into geographical segments in accordance with IFRS 8.

Comprehensive income can be analysed as follows by geographical segment:

(in thousands of euros)	Paris CBD	Other Paris	Western Crescent	Corporate	2020
Rental income	151,871	28,197	2,355	-	**182,424**
Gross property expenses	(31,762)	(6,954)	(1,575)	-	(40,291)
Property expenses recovered from tenants	26,555	4,847	588	-	31,990
Property expenses, net of recoveries	(5,207)	(2,107)	(987)	-	(8,302)
Net property rentals	146,664	26,090	1,368	-	**174,122**
Other income	3,283	499	217	337	4,336
Depreciation, amortisation and impairment	-	-	-	(915)	(915)
Provision expense, net	(654)	(230)	-	(817)	(1,700)
Employee benefits expense	-	-	-	(14,582)	(14,582)
Other expenses	-	-	-	(8,653)	(8,653)
Profit/(loss) on disposal of other assets	-	-	-	-	-
Fair value adjustments to investment property	142,379	36,195	(2,048)	-	176,526
Operating profit/(loss)	291,672	62,555	(462)	(24,629)	**329,134**
Finance costs and other financial expenses	-	-	-	(29,878)	(29,878)
Financial income	-	-	-	17	17
Fair value adjustments to financial instruments	-	-	-	(10)	(10)
Discounting adjustments to receivables and payables	-	-	-	(150)	(150)
Other financial income and expenses	-	-	-	(4,309)	(4,309)
Profit/(loss) before income tax	**291,672**	**62,555**	**(462)**	**(58,960)**	**294,804**
Income tax benefit/(expense)	(2,856)	-	-	4,403	1,548
Profit/(loss) for the year	**288,816**	**62,555**	**(462)**	**(54,557)**	**296,351**
Attributable to owners of the parent	**277,793**	**62,555**	**(462)**	**(53,006)**	**286,879**
Attributable to non-controlling interests	11,023	-	-	(1,551)	9,472
Other comprehensive income					
Actuarial gains and losses	-	-	-	(115)	(115)
Items that will not be reclassified to profit or loss	-	-	-	*(115)*	*(115)*
Valuation gains and losses on financial instruments (cash flow hedges)	-	-	-	(5,867)	(5,867)
Items that may be reclassified subsequently to profit or loss	-	-	-	*(5,867)*	*(5,867)*
Other comprehensive income/(expense)	**-**	**-**	**-**	**(5,983)**	**(5,983)**
Comprehensive income/(expense)	**288,816**	**62,555**	**(462)**	**(60,539)**	**290,369**
Attributable to owners of the parent	**277,793**	**62,555**	**(462)**	**(58,988)**	**280,896**
Attributable to non-controlling interests	11,023	-	-	(1,551)	9,472

(in thousands of euros)	Paris CBD	Other Paris	Western Crescent	Corporate	2020
Segment assets	6,126,040	1,189,464	115,310	39,888	7,470,712
Unallocated assets	-	-	-	20,081	20,081
Total assets	**6,126,040**	**1,189,464**	**115,310**	**59,979**	**7,490,793**

The segment analysis for the previous year breaks down as follows:

(in thousands of euros)	Paris CBD	Other Paris	Western Crescent	Corporate	2019
Rental income	**163,241**	**33,369**	**2,100**	**-**	**198,710**
Gross property expenses	(34,455)	(7,016)	(1,431)	-	(42,902)
Property expenses recovered from tenants	26,994	5,521	490	-	33,005
Property expenses, net of recoveries	(7,462)	(1,494)	(941)	-	(9,897)
Net property rentals	**155,779**	**31,875**	**1,159**	**-**	**188,813**
Other income	5,980	952	471	1,600	9,003
Depreciation, amortisation and impairment	-	-	-	(1,386)	(1,386)
Provision expense, net	(257)	307	-	(778)	(728)
Employee benefits expense	-	-	-	(13,682)	(13,682)
Other expenses	-	-	-	(9,254)	(9,254)
Profit/(loss) on disposal of other assets	-	-	-	(3)	(3)
Fair value adjustments to investment property	458,400	55,971	12,518	-	526,889
Operating profit/(loss)	**619,902**	**89,105**	**14,148**	**(23,503)**	**699,652**
Finance costs and other financial expenses	-	-	-	(26,696)	(26,696)
Financial income	-	-	-	73	73
Fair value adjustments to financial instruments	-	-	-	(1,181)	(1,181)
Discounting adjustments to receivables and payables	-	-	-	(319)	(319)
Profit/(loss) before income tax	**619,902**	**89,105**	**14,148**	**(51,626)**	**671,529**
Income tax expense	-	-	-	(23,809)	(23,809)
Profit/(loss) for the year	**619,902**	**89,105**	**14,148**	**(75,435)**	**647,720**
Attributable to owners of the parent	**548,104**	**89,105**	**14,148**	**(61,599)**	**589,758**
Attributable to non-controlling interests	71,798	-	-	(13,836)	57,962
Other comprehensive income					
Actuarial gains and losses	-	-	-	(57)	(57)
Items that will not be reclassified to profit or loss	-	-	-	*(57)*	*(57)*
Valuation gains and losses on financial instruments (cash flow hedges)	-	-	-	5,697	5,697
Items that may be reclassified subsequently to profit or loss	-	-	-	*5,697*	*5,697*
Other comprehensive income	**-**	**-**	**-**	**5,640**	**5,640**
Comprehensive income/(expense)	**619,902**	**89,105**	**14,148**	**(69,795)**	**653,360**
Attributable to owners of the parent	**548,104**	**89,105**	**14,148**	**(55,959)**	**595,398**
Attributable to non-controlling interests	71,798	-	-	(13,836)	57,962

(in thousands of euros)	Paris CBD	Other Paris	Western Crescent	Corporate	2019
Segment assets	5,902,113	1,099,422	114,736	80,750	7,197,021
Unallocated assets	-	-	-	18,314	18,314
Total assets	**5,902,113**	**1,099,422**	**114,736**	**99,064**	**7,215,335**

Segment assets correspond mainly to the Group's property assets.

No segment analysis of liabilities is presented, as they correspond primarily to unsecured financing for general corporate purposes and unsecured bonds that are not allocated to any specific segment.

The Group's main geographical segments are as follows:

* **Paris Central Business District:** market comprising the Golden Triangle and the Financial District, spanning parts of the 1st, 2nd, 9th, 8th, 16th and 17th *arrondissements* of Paris. The segment extends from Porte Maillot, avenue de Malakoff and Trocadéro in the west to rue Montmartre and rue du Louvre in the east, and from Porte Champerret, avenue de Villiers and Saint-Lazare railway station in the north to rue de Rivoli in the south.

* **Other Paris:** corresponding to the rest of Paris, outside the Central Business District.

* **Western Crescent:** located to the west of Paris on the other side of the Boulevard Périphérique ring-road, comprising notably Neuilly-sur-Seine, Boulogne-Billancourt, Issy-les-Moulineaux and Levallois-Perret.

These geographic segments have been defined by the main Paris-based real estate professionals by combining neighbourhoods with similar economic features.

IV - Intangible Assets, Property and Equipment, and Investment Property

IV - 1) Intangible assets

Accounting policy

Intangible assets correspond mainly to purchased software and software development costs incurred in connection with the Group's systems upgrades, accounted for in accordance with IAS 38.
Intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.
Intangible assets with a finite useful life are amortised on a straight-line basis over their useful life. Intangible assets with an indefinite useful life are not amortised but are tested for impairment annually (in accordance with IAS 36) or more frequently if there is an indication that they may be impaired.
Software development costs for the main projects are amortised over the software's expected period of use from the date it is put in production. Other software development costs are amortised over the period in which they are capitalised.

(in thousands of euros)	31 Dec. 2019	Increases	Decreases	Reclassifications	31 Dec. 2020
Cost					
Computer software	6,750	-	(9)	684	7,426
Other	1,204	852		(684)	1,372
Amortisation and impairment					
Computer software	(6,635)	(95)	9	-	(6,723)
Other	(787)	(45)		-	(832)
Carrying amount	**532**	**712**	**-**	**-**	**1,244**

IV - 2) Property and equipment

Accounting policy

Property and equipment consist mainly of furniture, computer equipment and owner-occupied property.
Owner-occupied property is property held by the owner for use in the production or supply of goods or services or for administrative purposes. The only property in this category is the section of the Washington Plaza building used by the Group for administrative purposes.
Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses, in accordance with IAS 16. Depreciation is calculated by the straight-line method over the asset's estimated useful life. Each part of an item of property or equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Washington Plaza owner-occupied property:

Shell	105 to 118 years
Roof, windows, doors	8 to 24 years
Fixtures, fittings and installations	5 to 29 years

Other:

Fixtures and installations	2 to 20 years
Fittings and equipment	5 to 10 years
Computer and other equipment	2 to 5 years

The gain or loss arising from derecognition of an item of property or equipment, corresponding to the difference between the net disposal proceeds and the carrying amount of the item, is included in profit when the item is derecognised.

(in thousands of euros)	31 Dec. 2019	Increases	Decreases	Reclassifications	31 Dec. 2020
Cost					
Owner-occupied property	21,238	-	-	-	21,238
Other property and equipment	6,261	1,253	-	-	7,514
Depreciation and impairment					
Owner-occupied property	(3,507)	(287)	-	-	(3,794)
Other property and equipment	(3,667)	(488)	-	-	(4,154)
Carrying amount	**20,325**	**478**	**-**	**-**	**20,804**

The fair value excluding transfer costs of owner-occupied property – corresponding to the Company's headquarters – was €51,359 thousand at 31 December 2020 and €48,291 thousand at 31 December 2019.

IV - 3) Depreciation, amortisation and impairment

(in thousands of euros)	2020	2019
Amortisation and impairment of intangible assets	(140)	(470)
Depreciation and impairment of property and equipment	(775)	(916)
Total	**(915)**	**(1,386)**

Amortisation and impairment of intangible assets relate to computer software. Depreciation and impairment of property and equipment concern owner-occupied property (corresponding to the Company's headquarters) and other property and equipment.

IV - 4) Investment property

Accounting policy

Investment property is property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both.

Acquisitions of property companies that do not meet the definition of a business combination under IFRS 3 are treated as direct acquisitions of the underlying investment property.

The properties are initially recognised at cost. SFL has chosen to measure investment property in subsequent periods using the fair value model as provided for in IAS 40 (paragraph 30). Under this model, investment property is measured at fair value and gains or losses arising from changes in fair value are recognised in profit or loss. Investment property is not depreciated.

The fair value of investment property is the amount at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair values of investment property carried in the Group's statement of financial position correspond to the prices obtained from independent valuations performed using the method described below.

Changes in fair value, which are recognised in the income statement under "Fair value adjustments to investment property", are calculated as follows:
Change in fair value = Market value at the period-end – Market value at the prior period-end – Work and other costs capitalised during the period.

The change in fair value is adjusted to exclude the effects of specific lease terms or provisions recognised under other asset captions and included in the fair value calculation, to avoid these effects being taken into account twice.

Investment property is reclassified as held for sale when the sale has been decided by the Board of Directors or a selling agent has been appointed. It continues to be measured at fair value after reclassification in accordance with IFRS 5.

Valuation method

The Group's entire property portfolio was valued at 31 December 2020 by Cushman & Wakefield and CBRE.
The valuations were performed in accordance with the *Charte de l'Expertise en Evaluation Immobilière* (property valuation charter) included in the February 2000 report of France's securities regulator (COB, renamed AMF), and also complied with the standards issued by The European Group of Valuers' Associations (TEGoVA) as well as with Royal Institution of Chartered Surveyors (RICS) standards.

Independent experts are rotated in compliance with the SIIC code of ethics, which states:
"Regardless of the number of independent experts used by the SIIC, the following principles must be upheld:
- Appointments should be based on a selection process evaluating each candidate's independence, qualifications and competency to value property within the asset classes and geographical locations concerned.
- When a firm of valuers is used, the SIIC should ensure that the firm's internal valuation teams are rotated after a period of seven years.
- An independent valuer may serve for no more than two four-year terms for any given client, unless that valuer is a company in which case the above team rotation rule applies."

The Group's portfolio is appraised at half-yearly intervals by a group of two independent firms, each of which is responsible for valuing part of the total portfolio as follows (the percentages below are determined by reference to the total value of the properties, excluding transfer costs):
- Cushman & Wakefield: 55%
- CBRE: 45%

The firms ensure that their internal teams are rotated as required. In addition, certain properties are assigned to different valuers each year to ensure a gradual rotation of assets among them. The valuers' fees are agreed before the appraisal process begins and do not depend in any way on the value of the properties to be appraised. They are determined at a flat rate based exclusively on the number of properties to be valued and the complexity of the appraisal process. Fees paid to the valuers in 2020 other than for half-yearly and annual appraisals amounted to €115 thousand, and mainly consisted of marketing fees (tenant searches).

The properties are valued primarily by the discounted cash flows method, which consists of discounting projected future cash flows. Assumptions concerning future revenue flows take into account passing rents, estimated market rents for the year beyond the lease expiry dates, any rent-free periods and rent step-ups, vacancy risk and projected changes in the construction cost index (ICC), office rent index (ILAT) and retail rent index (ILC). Each property is analysed in detail, according to the type of use and the surface area of each unit, lease by lease.
Based on information provided by the Group, the valuers noted that rents on certain units were above or below market rents for the year on similar properties. These differences were taken into account to value the properties

according to their current occupancy, based on the duration of the underlying leases.
Vacant units were valued on the basis of assumed rents, excluding rent for the estimated marketing period, after deducting remaining renovation costs for the year until the units are re-let and any rent-free period expected to be granted. Expenditure assumptions cover non-recoverable costs – determined on a lease-by-lease basis – and projected capital expenditure to achieve the asset's highest and best use as defined by IFRS 13. Asset valuations include the estimated cost of future work (based on expenditure budgets for properties in the process of being redeveloped), including any lessor contributions to the cost of work carried out by the tenant.
Net cash flows for the final year of the projection period are capitalised to calculate the terminal value, corresponding to the property's resale price at the end of the year.
The results obtained are then compared to market data and adjusted, if necessary, to obtain a market-consistent value. However, given that these appraisal values are essentially estimates that are sensitive to changes in rental values and discount rates, the proceeds from the sale of certain property assets may be different to their appraisal value, even if the sale takes place within a few months of the year-end.
At 31 December 2020, the market was severely affected by the Covid-19 crisis, and the valuers' report on the hotel in the Edouard VII complex includes a material valuation uncertainty declaration in line with RICS Valuation - Global Standards VPS 3 and VPGA 10, stating that the hotel's appraisal value is less certain and more conservatively estimated than in normal circumstances.
The appraisal values are quoted both including transfer costs (calculated on the basis of a standard 7.5% rate for all properties subject to registration duty and 1.8% for properties subject to VAT) and excluding transfer costs and acquisition expenses.

Fair value measurement of investment property

IFRS 13 – Fair Value Measurement establishes a single definition of fair value and describes all the information concerning fair value to be disclosed in the notes to the financial statements.

Fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The valuation of investment property takes into account this definition of fair value.

In IFRS 13, fair value measurements are categorised into a three-level hierarchy. Level 3 concerns unobservable inputs for the asset or liability. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Due to the nature of the investment property market in France and the characteristics of the Group's investment property, the most meaningful inputs, particularly market rents, investment yields and/or discount rates, represent Level 3 inputs.

(in thousands of euros)	31 Dec. 2019	Increases	Gains from remeasure-ment at fair value	Decreases	Losses from remeasure-ment at fair value	Reclassifica-tions	31 Dec. 2020
Investment property	7,045,049	119,061	260,369	-	(83,843)	(259,459)	7,081,176
Total	**7,045,049**	**119,061**	**260,369**	**-**	**(83,843)**	**(259,459)**	**7,081,176**

Reconciliation of the appraisal value of investment property to their fair value in the statement of financial position:

(in thousands of euros)	31 Dec. 2020	31 Dec. 2019
Appraisal value of investment property, excluding transfer costs	7,457,515	7,157,690
Deduction of owner-occupied property (see Note IV-2)	(51,359)	(48,291)
Adjustments to reflect specific lease terms and other adjustments	(65,521)	(64,350)
Reclassification of investment property held for sale	(259,459)	-
Fair value of investment property in the statement of financial position	**7,081,176**	**7,045,049**

The table below shows the fair value measurement inputs for each asset class:

Geographic area	**Value excluding transfer costs 31 December 2020 (in € millions, on a 100% basis)**	**Inputs**	**Range of values[1]**	**Weighted average[1]**
Paris Central Business District	6,176	Market rents	€630 - €940	€758
		Exit yield	2.75% - 3.16%	2.93%
		Discount rate	3.70% - 4.20%	4.07%
Other Paris	1,167	Market rents	€548 - €744	€619
		Exit yield	3.10% - 3.50%	3.27%
		Discount rate	4.00% - 5.40%	4.48%
Western Crescent	115	Market rents	€320 - €547	€487
		Exit yield	3.55% - 5.00%	3.93%
		Discount rate	4.40% - 6.10%	4.85%
Total	**7,458**			

[1] *Offices.*

A 25-bps increase in the exit yield combined with a 25-bps increase in the discount rate would have the effect of reducing the portfolio's appraisal value by €578,773 thousand, while a 25-bps decrease in the exit yield combined with a 25-bps decrease in the discount rate would have the effect of increasing the portfolio's appraisal value by €686,750 thousand.

Investment property valuation inputs used at 31 December 2019 were as follows for each asset class:

Geographic area	**Value excluding transfer costs 31 December 2019 (in € millions, on a 100% basis)**	**Inputs**	**Range of values[1]**	**Weighted average[1]**
Paris Central Business District	5,944	Market rents	€630 - €840	€755
		Exit yield	2.90% - 3.20%	3.15%
		Discount rate	3.90% - 4.70%	4.12%
Other Paris	1,099	Market rents	€548 - €736	€613
		Exit yield	3.20% - 3.60%	3.44%
		Discount rate	4.10% - 5.80%	4.64%
Western Crescent	115	Market rents	€313 - €523	€462
		Exit yield	3.64% - 4.95%	4.01%
		Discount rate	4.50% - 5.95%	4.91%
Total	**7,158**			

[1] *Offices.*

IV - 5) Investment property held for sale

Accounting policy

Investment property is classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual for sales of such assets and its sale must be highly probable. Investment property is reclassified as "Assets held for sale" when their sale has been decided by the Board of Directors or a selling agent has been appointed.

On 30 September 2020, the Board of Directors approved the proposed sale of the 112 Wagram and 9 Percier properties:

- on 17 December 2020, SFL agreed to sell the 112 Wagram property for a net price of €120.5 million. Contracts were exchanged on 13 January 2021 at the originally agreed price.

- on 14 January 2021, SFL agreed to sell the 9 Percier property for a net price of €143.5 million, with contracts expected to be exchanged at the end of February 2021.

At 31 December 2020, the two properties were classified as held for sale at their fair value, corresponding to the final sale price or the agreed price (for 9 Percier) less broker fees and the impact of rent-free periods.

(in thousands of euros)	31 Dec. 2019	Increases	Gains from remeasure-ment at fair value	Decreases	Losses from remeasurement at fair value	Reclassifica-tions	31 Dec. 2020
Investment property held for sale	-	-	-	-	-	259,459	259,459
Total	**-**	**-**	**-**	**-**	**-**	**259,459**	**259,459**

V - Operating Activities

V - 1) Net property rentals

Accounting policy

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount can be measured reliably. The specific revenue recognition criteria applied by the Group are as follows:

Rental income

Rental income from investment property is recognised on a straight-line basis over the fixed lease term. The transfer of economic benefits corresponds to the date stipulated in the contract, or to the tenant's entry date if stipulated in the contract. Rental income also comprises income from external management contracts.

Specific lease terms

Current leases include various specific terms concerning rent-free periods, step-up clauses, key money and eviction compensation. In compliance with IFRS 16, the effects of rent-free periods and step-up clauses are recognised over the non-cancellable lease term.

Key money received by the lessor is recognised in property rentals over the non-cancellable lease term.

Penalties paid by tenants for terminating their lease in advance of the expiry date are treated as revenue from the terminated lease and are recognised in revenue on the payment date.

Eviction compensation may be paid to secure the departure of a tenant, either to allow renovation work to be performed or so that the property can be re-let at a higher rent. In both cases this has the effect of increasing the asset's value and the compensation is therefore capitalised as part of the cost of the asset.

Property expenses

An analysis of the principal versus agent distinction under IFRS 15 led to the conclusion that the Group acts as principal. Accordingly, gross property expenses are presented separately from property expenses recovered from tenants in the statement of comprehensive income.

The Group's principal business is the rental of office and retail properties which accounts for 98.4% of rental income. Net property rentals take into account the positive net impact of recognising rent-free periods and rent step-ups over the non-cancellable lease term. In 2020, this impact was €1,171 thousand. Revenue from external management contracts amounted to €3,074 thousand.

Future minimum lease payments receivable over the remaining term of non-cancellable operating leases break down as follows:

(in thousands of euros)	Total	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due beyond 5 years
Rental income	1,033,110	176,089	158,373	128,602	94,372	60,814	414,861

V - 2) Other income

(in thousands of euros)	2020	2019
Own-work capitalised	311	1,490
Other income	4,025	7,513
Total	4,336	9,003

The caption "Other income" corresponds mainly to rental repairs and other work billed to tenants.

V - 3) Trade and other receivables

Accounting policy

Trade receivables are initially recognised at amortised cost, corresponding to the initial invoice amount. Upon origination, the receivables are written down using the simplified expected loss-to-maturity model, in accordance with IFRS 9. The model is based on observed actual historical losses and projections of expected future losses taking into account identified risk factors. A receivables ageing analysis is used to determine historical losses. Expected losses are then determined based on observed historical losses adjusted for a forward-looking component. In subsequent periods, the collection risk is systematically reviewed on a case-by-case basis, and a loss allowance is recorded if necessary to reflect the incurred risk.

(in thousands of euros)	31 Dec. 2020			31 Dec. 2019
	Total	Due within 1 year	Due in 1 year or more	
Trade receivables	72,009	22,432	49,577	69,364

Provisions	(2,423)	(1,356)	(1,067)	(1,417)
Trade receivables	**69,586**	**21,076**	**48,510**	**67,947**
Prepayments to suppliers	(285)	(285)	-	63
Employee advances	1	1	-	11
Tax receivables (other than income tax)	13,038	13,038	-	8,430
Other operating receivables	902	902	-	1,773
Other receivables	189	189	-	511
Other receivables	**13,845**	**13,845**	-	**10,788**
Total	**83,431**	**34,921**	**48,510**	**78,735**

Trade receivables include outstanding receivables, and receivables relating to the recognition of rent-free periods and rent concessions in accordance with IFRS for an amount of €65,521 thousand (of which €18,190 thousand is due within one year). Receivables do not bear interest.

Cost of risk can be analysed as follows:

(in thousands of euros)	**2020**	**2019**
Increases in provisions	(888)	(323)
Reversals of provisions	5	41
Bad debt write-offs, net of recoveries	(4)	(3)
Total	**(887)**	**(285)**
Rental income	182,424	198,710
Net losses as a % of rental income	**0.49%**	**0.14%**

V - 4) Other current and non-current assets

(in thousands of euros)	**31 Dec. 2020**	**31 Dec. 2019**
Prepayments	26,832	8,233
Total other non-current assets	**26,832**	**8,233**
Income tax prepayments	1,855	173
Prepayments	195	61
Total other current assets	**2,050**	**234**

Prepayments recorded under “Non-current assets” concern redevelopment work on the Biome and 83 Marceau buildings.

V - 5) Trade and other payables

(in thousands of euros)	**31 Dec. 2020**	**31 Dec. 2019**
Trade payables	9,248	8,247
Amounts due within one year on asset acquisitions	34,460	17,949
Total	**43,708**	**26,196**

The change in amounts due within one year on asset acquisitions corresponds mainly to the amounts payable to building contractors in connection with renovation work on the Louvre Saint-Honoré, Biome and 83 Marceau buildings.

V - 6) Other current and non-current liabilities

(in thousands of euros)	**31 Dec. 2020**	**31 Dec. 2019**
Deposits	27,691	26,870

Total other non-current liabilities	**27,691**	**26,870**
Deposits	2,921	14,425
Customer prepayments	20,727	22,800
Accrued employee benefits expense	5,936	5,494
Accrued taxes	7,911	13,771
Other liabilities	7,200	4,794
Accruals	352	456
Total other current liabilities	**45,047**	**61,740**

The caption "Deposits" corresponds mainly to guarantee deposits and bonds received from tenants.
Accrued employee benefits expense includes statutory and discretionary profit-sharing and bonus accruals.
Accrued taxes at 31 December 2019 included the exit tax instalments due in 2020 and related to the 131 Wagram and Biome buildings, for a total of €8,450 thousand. Accrued taxes at 31 December 2020 include the exit tax instalment due in 2021 and related to the Biome building, for €5,204 thousand.
The amounts reported under "Accruals" correspond to deferred revenue.

V - 7) Other expenses

(in thousands of euros)	**2020**	**2019**
Fees	(1,391)	(1,640)
Taxes other than on income	(2,663)	(2,840)
Other	(4,599)	(4,774)
Total	**(8,653)**	**(9,254)**

Fees paid to the Auditors in 2020 were as follows:

(in thousands of euros)	**2020**		**2019**	
	PricewaterhouseCoopers	Deloitte & Associés	PricewaterhouseCoopers	Deloitte & Associés
Statutory and contractual audits	328	245	323	241
Other services	87	44	33	19
Total	**415**	**289**	**356**	**260**

Fees for other services mainly concern the review of the translation of financial information and the review, at SFL’s request, of environmental information.

VI - Financing Activities

VI - 1) Borrowings and other interest-bearing debt

Accounting policy

Loans and borrowings are initially recognised at fair value, corresponding to the consideration paid or received, net of directly attributable transaction costs.

Interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest method. Amortised cost takes into account all debt issuance costs and any difference between the initial amount and the amount at maturity. Finance costs are recalculated based on this amortised cost figure and the related effective interest rate.

Borrowing costs directly attributable to the acquisition, construction or production of property assets are capitalised as part of the cost of the asset.

			31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
(in thousands of euros)	**Effective interest rate**	**Expiry date**	**Short-term portion**		**Long-term portion**	
Bonds						
€350 million bond issue, 2014-2021	1.875%	26 Nov. 2021	250,162	647	-	350,000
€350 million bond issue, 2015-2022	2.25%	16 Nov. 2022	821	992	289,600	350,000
€500 million bond issue, 2018-2025	1.50%	29 May 2025	4,459	4,459	500,000	500,000
€500 million bond issue, 2020-2027	1.50%	5 June 2027	4,316	-	500,000	-
Bank loans						
Natixis – Deka – Deutsche Hypotheken	1.571%	16 July 2022	2,622	2,619	195,000	197,080
Negotiable European commercial paper (NEU-CP)	Fixed rate (payable in advance)	Due within 1 year	165,000	386,500	-	-
Interest rate swaps						
CA-CIB 5-year swap	0.23%	4 June 2020[1]	-	60	-	1,605
CA-CIB 5-year swap starting 26 Nov. 2021	-0.3475%	26 Nov. 2026	-	-	457	-
Current account advances (liabilities)	Various		52,195	23	-	49,866
Bank overdrafts	Various		4,362	-	-	-
Impact of deferred recognition of debt arranging fees			(3,000)	(2,486)	(8,497)	(7,061)
Total			**480,937**	**392,814**	**1,476,560**	**1,441,490**

[1] *Date on which the instrument was unwound (see Note VI.3).*

The following table analyses borrowings by maturity:

(in thousands of euros)	**31 Dec. 2020**	**Due within 1 year**	**Due in 1 to 5 years**	**Due beyond 5 years**	**31 Dec. 2019**
Bonds	1,549,358	259,758	789,600	500,000	1,206,098
Natixis/Deka/Deutsche Hypothekenbank	197,622	2,622	195,000	-	199,699
Negotiable European commercial paper (NEU-CP)	165,000	165,000	-	-	386,500
CA-CIB 5-year 0.23% swap	-	-	-	-	1,665
CA-CIB 5-year -0.3475% swap	457	-	-	457	-
Current account advances (liabilities)	52,195	52,195	-	-	49,889
Deferred debt arranging fees	(11,497)	(3,000)	(7,610)	(887)	(9,547)
Bank overdrafts	4,362	4362	-	-	-
Total	**1,957,497**	**480,937**	**976,990**	**499,570**	**1,834,304**

Current account advances correspond to Predica's minority interest in the current accounts of SCI Washington and the Parholding sub-group.

Debt covenants and acceleration clauses in force at 31 December 2020 concerned the following lines of credit: Société Générale, BECM, BNP Paribas, Cadif and Banque Postale. They can be broken down as follows:

Applicable ratios	Actual ratios at 31 Dec. 2020	Actual ratios at 31 Dec. 2019	Main acceleration clauses
Loan-to-value (LTV) <= 50%	23.8%	22.7%	Loan default Termination of operations
Interest cover >= 2x	5.2	6.6	Bankruptcy proceedings
Secured LTV <= 20%	2.5%	2.6%	Breach of financial covenants
Unrestricted property portfolio value >= €2bn	€6.8bn	€6.5bn	Material adverse event

The Group was not in breach of any of its financial covenants at 31 December 2020.

VI - 2) Finance costs and other financial income and expenses

(in thousands of euros)	2020	2019
Interest on bank loans, bonds and commercial paper	(31,485)	(28,090)
Interest on external current account advances	(144)	(133)
Interest on hedging instruments	(274)	(585)
Other financial expenses	(3,452)	(2,769)
Capitalised interest expense	5,477	4,881
Finance costs and other financial expenses	**(29,878)**	**(26,696)**
Interest income	17	73
Financial income	**17**	**73**
Finance costs and other financial income and expenses, net	**(29,861)**	**(26,623)**

Capitalised interest expense corresponds to interest capitalised at the rate of 1.43% during the redevelopment of the Louvre Saint-Honoré, Biome and 83 Marceau buildings.

The presentation of finance costs and other financial expenses and financial income has been changed to present capitalised interest in accordance with IAS 23 – Borrowing Costs. The reclassification has no impact on either "Finance costs and other financial income and expenses, net" or "Profit for the year".

VI - 3) Financial instruments

Accounting policy

The Group uses derivative instruments such as interest rate swaps and caps to hedge the risk of changes in interest rates. These instruments are measured at fair value at each year-end.

All of the derivative instruments held by the Group are considered as macro-hedges and qualify for hedge accounting. Prospective hedge effectiveness tests performed at 31 December 2020 showed that the hedges were 100% effective. All of the Group’s hedging positions correspond to cash flow hedges. The portion of the gain or loss on these instruments that is determined as being an effective hedge is recognised directly in equity and the ineffective portion is recognised through profit or loss. When a hedging relationship is discontinued, it no longer qualifies for hedge accounting and any subsequent changes in fair value of the hedging instrument are recognised directly through profit or loss. The cumulative gains and losses on the instrument recorded in equity at that date are reclassified ("recycled") to the income statement over the remaining life of the hedged item.

Standard market valuation methods are used – corresponding to Level 2 inputs in the fair value hierarchy (see Note IV-5) – taking into account the risk of non-performance (particularly the Group's own credit risk), in line with IFRS 13.

At 31 December 2020, derivatives held by the Group included:

- A 5-year forward swap set up with CA-CIB (variable rate swapped for a fixed rate of -0.3475%) on a notional amount of €100,000 thousand. The swap will come into effect on 26 November 2021 and qualifies for hedge accounting as a cash flow hedge.

- A 5-year forward swap set up with CIC (variable rate swapped for a fixed rate of -0.4525%) on a notional amount of €100,000 thousand. The swap will come into effect on 26 November 2021 and qualifies for hedge accounting as a cash flow hedge.

- A 7-year collar set up with Société Générale (the option writer) on a notional amount of €100,000 thousand, with a 0% cap and a -0.7525% floor. No premium is payable on this collar which was set up on 4 September 2019. It is a cash flow hedge qualifying for hedge accounting.

- A 7-year collar set up with CIC (the option writer) on a notional amount of €100,000 thousand, with a -0.25% cap and a -0.52% floor. No premium is payable on this collar, which will come into effect on 16 November 2022. It is a cash flow hedge qualifying for hedge accounting.

Fair value of hedging instruments

At 31 December 2020, the portfolio of hedging instruments had a negative fair value of €170 thousand, breaking down as follows:

(in thousands of euros)	Notional amount	Maturity	31 Dec. 2020	31 Dec. 2019
CA-CIB 0.23% swap	100,000	June 2020[1]	-	(1,605)
CA-CIB swap at -0.3475%	100,000	Nov. 2026	(457)	1,877
CIC swap at -0.4525%	100,000	Nov. 2026	76	2,416
Société Générale collar 0%/-0.7525%	100,000	Sept. 2026	46	1,404
CIC collar -0.25%/-0.52%	100,000	Nov. 2027	165	-
Total			**(170)**	**4,092**

[1] *Date on which the instrument was unwound.*

Fair value adjustments to financial instruments through profit or loss and other financial income and expenses

(in thousands of euros)	2020	2019
Interest rate hedges	(10)	(1,181)
Other financial income and expenses	(4,309)	-
Total	**(4,319)**	**(1,181)**

The 5-year swap set up with CA-CIB (variable rate swapped for a fixed rate of 0.23%) on a notional amount of €100,000 thousand that came into effect on 28 November 2017 and was measured at fair value through profit or loss, was wound up in advance in June 2020, giving rise to a cash payment of €1,625 thousand.

Other financial expenses correspond to the €160.7 million cash payment made on the bonds due in November 2021 and November 2022 that were bought back and retired in September 2020.

Fair value adjustments to financial instruments through other comprehensive income

(in thousands of euros)	2020	2019
Interest rate hedges	(5,867)	5,697
Total	**(5,867)**	**5,697**

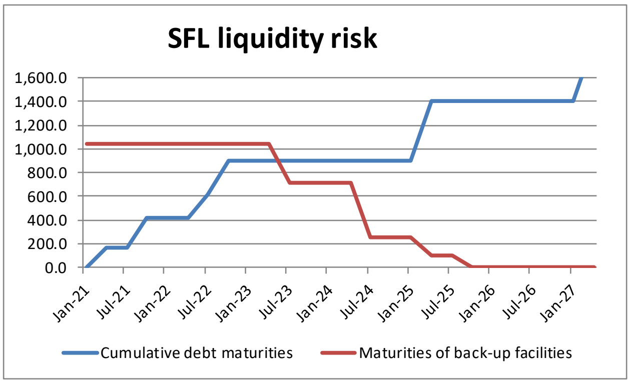
Negative fair value adjustments recorded in other comprehensive income on financial instruments qualified as cash flow hedges amounted to €5,867 thousand in 2020 (2019: positive fair value adjustments of €5,697 thousand).

VI - 4) Financial risk management objectives and policy

The Group prudently manages its various financial risks.

1 - Liquidity risk

Liquidity risk is covered by confirmed undrawn lines of credit. At 31 December 2020, SFL had access to confirmed undrawn lines of credit in the amount of €1,040 million, compared with €990 million at 31 December 2019. As shown in the graph below, the liquidity represented by these back-up facilities is sufficient to cover the Group's repayment obligations under its lines of credit up until June 2023.



With its available credit lines, diversified debt structure and the quality of its assets, the Group manages its liquidity risk prudently and effectively.

The acceleration clauses contained in the facility agreements are presented in Note VI-1.

2 - Counterparty risk

All financial instrument contracts are entered into with leading financial institutions. The contracts concern either interest rate hedges or the short-term investment of available cash in money market funds. It should be emphasised that these same banks finance a portion of the Group's debt. Counterparty risks are minimised by keeping cash surpluses to a minimum. The rental deposits obtained from tenants offer protection against the risk of rent default. The Group considers that its exposure to counterparty risk on operations is not material.

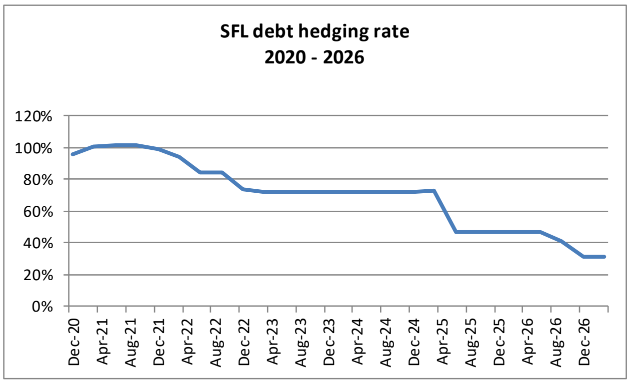
3 - Market risk

The Group did not have any exposure to currency risk at 31 December 2020. Interest rate risks are prudently and actively managed using an information system that tracks changes in the financial markets and calculates the fair value of hedging instruments in real time, thereby allowing the Group to efficiently quantify and analyse the risks associated with interest rate fluctuations.

a/ Objectives and strategy

Standard interest rate derivatives and fixed rate borrowings are used with the dual objective of reducing the sensitivity of borrowing costs to rising interest rates and minimising the cost of the derivatives. Steeper or flatter yield curves, market volatility, intrinsic interest rate levels and expected interest rate trends influence the choice of hedging instruments.

At 31 December 2020, 96% of debt was at fixed rates of interest (including variable rate debt swapped for fixed rate).



b/ Risk assessment

The average spot cost of debt stood at 1.50% at 31 December 2020, versus 1.37% at 31 December 2019.

A 50-basis point rise in interest rates across the yield curve in 2020 would have had the effect of increasing the average cost of debt to 1.55%, driving up finance costs by €953 thousand or 2.70%. A 50-basis point decline in interest rates across the yield curve would have had the effect of decreasing the average cost of debt to 1.46% reducing finance costs for the year by €762 thousand or 2.16%.

Concerning hedging instruments, a 50-basis point increase in interest rates would have had the effect of increasing the fair value of hedging instruments by €8,602 thousand at 31 December 2020, while a 50-basis point decrease would have had the effect of reducing their fair value by €9,283 thousand.

c/ Interest rate risk

The following table provides an analysis by maturity of the notional amount of financial instruments exposed to interest rate risk at 31 December 2020.

(in thousands of euros)	Due within 1 year	Due in 1-2 years	Due in 2-3 years	Due in 3-4 years	Due in 4-5 years	Due beyond 5 years	Total
Negotiable European commercial paper (NEU-CP)	165,000	-	-	-	-	-	165,000
Current account advances	52,168	-	-	-	-	-	52,168
Total floating rate debt	**217,168**	**-**	**-**	**-**	**-**	**-**	**217,168**

The other financial instruments used by the Group are not listed in the table above because they do not bear interest or are not exposed to any interest rate risk.

Fair value of bonds

The fair value of the Group's outstanding bond issues at 31 December 2020 was €1,615,147 thousand, as follows:

(in thousands of euros)	Notional amount	Maturity	31 Dec. 2020	31 Dec. 2019
November 2014 bonds	249,700	Nov. 2021	253,024	360,810
November 2015 bonds	289,600	Nov. 2022	300,430	369,588
May 2018 bonds	500,000	May 2025	528,315	524,145
June 2020 bonds	500,000	June 2027	533,378	-
Total			**1,615,147**	**1,254,543**

VI - 5) Financial assets

Accounting policy

Non-current financial assets comprise deposits paid to third parties and derivative instruments.

They are initially recognised at fair value, generally corresponding to their purchase price plus transaction costs.
The accounting treatment of derivative instruments is presented in Note VI-3.

(in thousands of euros)	31 Dec. 2020	31 Dec. 2019
Deposits	227	2,528
Interest rate hedges	287	5,697
Total	**514**	**8,225**

The €2,300 thousand deposit paid by Parhaus in 2019 was reversed in the first half of 2020.
Hedging instruments with a positive fair value recognised in assets totalled €287 thousand at 31 December 2020. The instruments concerned are cash flow hedges qualifying for hedge accounting.

VI - 6) Cash and cash equivalents

Accounting policy

Cash and cash equivalents carried in the statement of financial position include cash at bank and on hand and short-term deposits with original maturities of less than three months. They are short-term, highly liquid investments that are readily convertible into a known amount of cash and that are subject to an insignificant risk of changes in value.
Cash and cash equivalents in the statement of cash flows correspond to cash and cash equivalents less bank overdrafts.

(in thousands of euros)	31 Dec. 2020	31 Dec. 2019
Cash at bank and in hand	15,283	54,002
Total	**15,283**	**54,002**

VII - Equity and Earnings Per Share

VII - 1) Equity

Equity is analysed in the consolidated statement of changes in equity included in the financial statements.
The Company's share capital amounts to €93,058 thousand, represented by 46,528,974 ordinary shares with a par value of €2.

VII - 2) Treasury shares

Accounting policy

Acquisitions, disposals and cancellations of treasury shares are recorded as a deduction from equity.

(in thousands of euros)	31 Dec. 2019	Increases	Decreases	31 Dec. 2020
Number of treasury shares	222,187	24,767	(71,136)	175,818
Average purchase/sale price, in euros	€69.84	€68.68	€60.96	€73.27
Total	**15,516**	**1,701**	**(4,336)**	**12,882**

VII - 3) Dividends

(in thousands of euros)	2020		2019	
	Paid	Per share	Paid	Per share
Prior year dividend paid in current year	122,828	€2.65	122,711	€2.65

Total	122,828	€2.65	122,711	€2.65

VII - 4) Earnings per share

Basic earnings per share are calculated by dividing profit attributable to ordinary owners of the parent by the weighted average number of shares outstanding during the period, net of treasury shares held at the year-end.
Diluted earnings per share are calculated by dividing profit attributable to ordinary owners of the parent by the weighted average number of shares outstanding during the period, net of treasury shares held at the year-end, as adjusted for the dilutive effect of outstanding performance shares awarded to employees and corporate officers.

(in thousands of euros)	2020	2019
Profit used to calculate basic earnings per share	286,879	589,758
Weighted average number of ordinary shares	46,528,974	46,528,974
Number of treasury shares	(175,818)	(222,187)
Weighted average number of ordinary shares excluding treasury shares	**46,353,156**	**46,306,787**
Basic earnings per share	**€6.19**	**€12.74**
Profit used to calculate basic earnings per share	286,879	589,758
Weighted average number of ordinary shares	46,528,974	46,528,974
Number of treasury shares	(175,818)	(222,187)
Effect of dilutive instruments on the average number of shares	92,286	80,285
Diluted weighted average number of ordinary shares excluding treasury shares	**46,445,442**	**46,387,072**
Diluted earnings per share	**€6.18**	**€12.71**

There were no other transactions on ordinary shares or potential ordinary shares between the year-end and the date when these financial statements were drawn up.

VII - 5) Non-controlling interests in net profit

(in thousands of euros)	2020	2019
SCI Washington	**12,709**	**28,447**
Rental income	*7,848*	*7,905*
Fair value adjustments to investment property	*4,559*	*20,423*
Net financial expense	*(97)*	*(127)*
Other	*398*	*246*
Parholding subgroup	**(3,236)**	**29,515**
Rental income	*13,783*	*15,343*
Fair value adjustments to investment property	*(15,207)*	*27,179*
Net financial expense	*(1,799)*	*(1,745)*
Deferred tax	*2,153*	*(8,255)*
Current tax	*(1,441)*	*(3,265)*
Other	*(725)*	*256*
Total	**9,472**	**57,962**

VIII - Provisions

VIII - 1) Short and long-term provisions

Accounting policy

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are recorded in the financial statements if, and only if, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions for contingencies and charges are determined using Management estimates and assumptions based on information and circumstances existing at the time of the preparation of the financial statements, and therefore require the use of judgement.

When the Group expects reimbursement of some or all of the expenditure required to settle a provision, the reimbursement is recognised as a separate asset when, and only when, it is virtually certain that it will be received. In the income statement, the provision expense is presented net of the amount recognised for the reimbursement.

(in thousands of euros)	**31 Dec. 2019**	**Increases**	**Decreases**	***o/w utilisations***	**Actuarial gains and losses**	**Reclassifications**	**31 Dec. 2020**
Provisions for employee benefits	1,414	817	(7)	*(7)*	115	(731)	1,608
Long-term provisions	**1,414**	**817**	**(7)**	***(7)***	**115**	**(731)**	**1,608**
Provisions for refurbishment work and tenant claims	475	-	(199)	*(199)*	-	-	276
Provisions for employee benefits	648	-	(648)	*(648)*	-	731	731
Short-term provisions	**1,123**	**-**	**(847)**	***(847)***	**-**	**731**	**1,007**
Total	**2,537**	**817**	**(854)**	***(854)***	**115**	**-**	**2,615**

Provisions for employee benefits include provisions for length-of-service awards payable to employees on retirement and jubilees for €1,215 thousand. See Note IX-2 for more details.

Short- and long-term provisions covering benefits payable to members of senior management amounted to €59 thousand at 31 December 2020 and €29 thousand at 31 December 2019.

VIII - 2) Provision (expense)/reversals, net

(in thousands of euros)	**2020**	**2019**
Charges to provisions for impairment of current assets	(888)	(323)
Charges to provisions for operating contingencies and charges	(728)	(727)
Charges to provisions for other contingencies and charges	(89)	(93)
Total charges	**(1,705)**	**(1,143)**
Reversals of provisions for impairment of current assets	5	41
Reversals of provisions for other contingencies and charges	-	374
Total reversals	**5**	**415**
Total	**(1,700)**	**(728)**

IX - Remuneration and Other Employee Benefits

IX - 1) Employee benefits expense

Employee benefits expense breaks down as follows:

(in thousands of euros)	2020	2019
Wages and salaries	(7,325)	(6,790)
Payroll taxes	(3,805)	(3,655)
Other employee benefits	(3,198)	(2,331)
Statutory and discretionary profit-sharing	(254)	(906)
Total	**(14,582)**	**(13,682)**

The average number of administrative staff breaks down as follows:

	31 Dec. 2020	31 Dec. 2019
Officers	2	2
Managers	58	58
Supervisors	12	11
Administrative and technical staff	1	1
Total	**73**	**72**

The Group also had two building staff at 31 December 2020 and 2019.

IX - 2) Length-of-service awards payable to employees on retirement

Accounting policy

IAS 19R requires companies to recognise all of their employee benefit liabilities in the statement of financial position. Employee benefit plan costs are recognised over the vesting period. The main employee benefit plans concern length-of-service awards payable to employees on retirement.

Measurement method

Long-term employee benefits are recognised in the period in which the qualifying service is rendered by the employee. They are discounted at a rate defined in IAS 19. Short-term employee benefits are recognised in current liabilities and in expenses for the year.

They are calculated at six-monthly intervals based on actuarial assumptions. Actuarial gains and losses are included in "Other comprehensive income". The benefit cost is determined based on employee service rendered up to the measurement date, assuming employees retire at their own initiative.

A 25-bps reduction in the discount rate at 31 December 2020 would lead to a €29 thousand increase in the projected benefit obligation at that date.

(in thousands of euros)	2020	2019
Projected benefit obligation at 1 January	**1,018**	**902**
Benefits paid during the period	(7)	(35)
Service cost	83	83
Interest cost	6	11
Actuarial gains and losses	115	57
Projected benefit obligation at 31 December	**1,215**	**1,018**

The projected benefit obligation is calculated at six-monthly intervals based on actuarial assumptions, including a discount rate of 0.29% (31 December 2019: 0.69%) and a 1.00%-rate of future salary increases (31 December 2019: 2.00%). Actuarial gains and losses are recognised in equity.

The Group's employee benefit plans are as follows:

- Length-of-service awards payable to employees on retirement: benefits payable under this plan are specified in a corporate agreement signed with employee representatives.
- Post-employment medical care: this plan concerns a closed group of retired SFL employees. Benefits consist of the payment by SFL of two-thirds of the

contributions due to the insurance company responsible for reimbursing medical costs.
- Jubilees: the agreements in force within the Group provide for the payment of one month's salary to administrative staff who complete 20, 30, 35 and 40 years of service with the SFL Group, and one month's salary to building staff who complete 25 years of service.

Employees are not covered by any defined benefit pension plan and are not entitled to any other post-employment benefits. As the Group does not have any such defined benefit obligations, no sensitivity analyses are presented.

IX - 3) Share-based payments

Accounting policy

IFRS 2 requires all share-based payment transactions to be recognised in the income statement.

Measurement method

The total cost of each performance share plan is calculated at the grant date by multiplying the number of performance share rights that are expected to vest by the fair value per share.

The fair value of the performance shares is determined using the Capital Asset Pricing Model (CAPM), based on the share price on the grant date, adjusted for the discounted present value of future dividends payable during the vesting period. The number of shares expected to vest corresponds to the target number of allocated shares multiplied by the estimated vesting rate, taking into account each plan's specific vesting conditions.

The total cost calculated as explained above is recognised on a straight-line basis over the vesting period. The estimated vesting rate and the resulting estimated total cost are adjusted at each period-end to take account of the latest estimate of the number of shares expected to vest.

Details of performance share plans at 31 December 2020

	Plan no. 5	Plan no. 5	Plan no. 5
Date of shareholder authorisation	20 April 2018	20 April 2018	20 April 2018
Grant date (date of Board meeting)	20 April 2018	15 Feb. 2019	6 Feb. 2020
Initial target number of shares	33,592	32,948	34,476
Initial expected vesting rate	100.00%	100.00%	100.00%
Initial number of shares expected to vest	33,592	32,948	34,476
Fair value per share	€48.64	€54.00	€65.38
Rights cancelled/forfeited	(1,768)	(340)	(128)
Expected vesting rate at end of year	200.00%	100.00%	100.00%
Number of shares expected to vest at end of year	**63,648**	**32,608**	**34,348**

Main features of the plans

The plans' main features are as follows:

- The shares will vest only if the grantee is still employed by the Group on the vesting date.
- Performance target: the number of shares that vest depends on SFL's ranking among a group of six listed property companies based on growth in consolidated ANAV per share.
- The performance shares will vest 15 business days after the publication, by the last of the Reference Companies to do so, of a press release announcing its results for the third financial year after the grant date.

- Lock-up period: the performance shares may not be sold or otherwise transferred before the end of a period of two years as from the vesting date.

Accounting treatment

The expected vesting rate is adjusted to reflect SFL's most probable ranking at the end of the vesting period. At 31 December 2020, the rates applied were 200% for the 2018 plan (probable ranking: no. 1) and 100% for the 2019 and 2020 plans (probable ranking: no. 3).

During first-half 2020, a total of 46,494 performance shares vested under 2017 Plan no. 4.

The cost of performance share plans recognised in 2020 amounted to €3,270 thousand (excluding specific employer contributions).

IX - 4) Related party information

The remuneration paid to the members of the Board of Directors and corporate officers breaks down as follows:

(in thousands of euros)	**2020**	**2019**
Short-term benefits, excluding payroll taxes[(1)]	2,653	2,928
Payroll taxes on short-term benefits	1,862	1,661
Share-based payments[(2)]	2,117	1,518
Directors' fees	693	591
Total	**7,325**	**6,698**

[(1)] Gross salary and other remuneration, bonuses, statutory and discretionary profit-sharing, matching Company payments and termination benefits paid during the year.

[(2)] Cost recognised in the income statement for stock options and employee rights issues.

At 31 December 2020, related party transactions comprise current account advances representing the share of the minority shareholder, Predica, in the current accounts of SCI Washington and SAS Parholding (see Note VI-1).

X - Income Taxes

X - 1) Income tax expense

Accounting policy

The results of businesses subject to income tax are taxed at the standard rate. The Group entities that have elected to be taxed as an SIIC are not liable for income tax and the number of companies for which deferred taxes are recognised is therefore limited.

Current income tax expense for 2020 amounted to €2,757 thousand (2019: €7,268 thousand) and mainly concerned the Parholding tax group.

X - 2) Deferred taxes

Accounting policy

For businesses subject to income tax, deferred tax assets and liabilities are recognised by the liability method for all temporary differences between the book value of assets and liabilities and their tax basis.

The election for taxation as an SIIC led to the elimination of the tax bases of the SIICs' assets used to calculate deferred taxes. The only remaining deferred tax assets and liabilities concern companies in the Parholding sub-group that are not eligible for taxation as SIICs.

Deferred tax assets and liabilities are calculated for all temporary differences using the tax rate that is expected to apply to the year when the asset is realised or the liability is settled, i.e., 25% following enactment of France's 2018 Finance Act providing for a gradual reduction in the corporate income tax rate from 33.33% to 25%. If the criteria for applying either of the above rates are not fulfilled, the tax rate at the year-end is used, i.e., 28%.

(in thousands of euros)	31 Dec. 2019	Reclassifications	Equity	Income statement	31 Dec. 2020
Fair value adjustments to investment property	(191,297)	-	-	7,853	(183,442)
Adjustment of depreciation	(27,251)	-	-	(1,644)	(28,895)
Adjustment of property rentals	(1,281)	-	-	(1,901)	(3,182)
Capitalisation of interest expense and transaction costs	(521)	-	-	-	(521)
Other	(1,221)	-	-	(3)	(1,224)
Net	**(221,571)**	**-**	**-**	**4,305**	**(217,266)**
Of which deferred tax assets	-	-	-	-	-
Of which deferred tax liabilities	(221,571)	-	-	4,305	(217,266)

X - 3) Current and deferred tax liabilities

Accounting policy

Non-current liabilities with fixed maturities are discounted.

(in thousands of euros)	31 Dec. 2020	31 Dec. 2019
Accrued taxes	-	5,142
Total	**-**	**5,142**

At 31 December 2019, this caption corresponded mainly to the discounted present value of the long-term portion of the exit tax due as a result of the December 2017 election for the Biome building to be included in assets taxed under the SIIC regime. The final instalment is due on 15 December 2021 and has been reclassified in “Current liabilities” at 31 December 2020.

XI - Off-Balance Sheet Commitments

XI - 1) Operations-related commitments

Guarantees

(in thousands of euros)	Total	Within 1 year	In 1 to 5 years	Beyond 5 years
Commitments given				
Property guarantees	110	110	-	-
Commitments received				
Guarantees received from tenants (including first demand guarantees)	115,548	872	82,621	32,055
Other first demand guarantees	400	400	-	-
Guarantees received from suppliers	35,563	1,431	34,132	-
Total commitments received	**151,511**	**2,703**	**116,753**	**32,055**

Contractual redevelopment and renovation obligations

At 31 December 2020, the Group's contractual commitments relating to investment property undergoing renovation totalled €128,951 thousand (€67,256 thousand at 31 December 2019), of which €97,852 thousand concerned the Biome and 83 Marceau buildings.

XI - 2) Off-balance sheet commitments related to financing

Standard mortgages

(in thousands of euros)

Company		Pargal	Parchamps	Parhaus	
Expiry date		16 July 2023	16 July 2023	16 July 2023	Total
Registered by Deutsche Hypothekenbank	Principal	32,000	15,000	22,333	69,333
	Costs and incidentals	2,240	1,050	1,563	4,853
	Total	**34,240**	**16,050**	**23,896**	**74,186**
Registered by Natixis	Principal	32,000	15,000	22,333	69,333
	Costs and incidentals	2,240	1,050	1,563	4,853
	Total	**34,240**	**16,050**	**23,896**	**74,186**
Registered by Deka	Principal	32,000	15,000	22,333	69,333
	Costs and incidentals	2,240	1,050	1,563	4,853
	Total	**34,240**	**16,050**	**23,896**	**74,186**
Total		**102,720**	**48,150**	**71,688**	**222,558**

Undrawn confirmed lines of credit

(in thousands of euros)	Total	Within 1 year	In 1 to 5 years	Beyond 5 years
BECM	150,000	-	150,000	-
BNP Paribas 2020	150,000	-	150,000	-

BNP Paribas 2019 syndicated loan	390,000	-	390,000	-
Banque Postale	75,000	-	75,000	-
Société Générale	100,000	-	100,000	-
Cadif	175,000	-	175,000	-
Total	**1,040,000**	**-**	**1,040,000**	**-**

XI - 3) Employee-related commitments

An employee who is also an officer of the Company is entitled to compensation if he or she resigns or is dismissed as a result of a major change in the scope of his or her responsibilities following a significant direct or indirect change in the shareholder base of SFL or its controlling company.
One officer of the Company who is not an employee is entitled to compensation for loss of office in the event that he or she is dismissed from his position for reasons other than gross or wilful misconduct.

At 31 December 2020, total commitments for the payment of compensation amounted to €2,699 thousand.

The terms and conditions related to this compensation were approved by SFL's Board of Directors on 9 February 2004, 25 July 2006, 4 April 2008 and 27 January 2015.

No related provisions have been recorded in the financial statements.

XII - Note to the Statement of Cash Flows

(in thousands of euros)	2020	2019
Acquisitions of and improvements to investment property		
Work	(132,182)	(63,754)
Total	**(132,182)**	**(63,754)**
Proceeds from disposals of investment property, intangible assets and property and equipment		
Sale price	-	1
Total	**-**	**1**
Cash and cash equivalents at end of year		
Cash at bank and in hand	15,283	54,002
Bank overdrafts	(4,362)	-
Total	**10,921**	**54,002**

The amount reported at 31 December 2020 for improvements to investment property included €18,599 thousand in long-term prepayments in respect of redevelopment work on the Biome and 83 Marceau buildings.
Non-cash changes in bonds and bank borrowings amounted to €3,176 thousand in 2020 and corresponded to the deferred recognition of debt arranging fees.
The impact of deferring recognition of rent-free periods is included in "Cash flow" along with additions to and reversals of provisions for impairment of trade receivables.

XIII - Scope of Consolidation

Consolidated companies	Registration no.	Percentage (%)	
		Interest	Voting rights
Parent company			
SA Société Foncière Lyonnaise	552 040 982	-	-

Fully consolidated companies			
SA SEGPIM	326 226 032	100	100
SAS Locaparis	342 234 788	100	100
SAS Maud	444 310 247	100	100
SAS Parholding	404 961 351	50	50
SC Parchamps	410 233 498	50	50
SC Pargal	428 113 989	50	50
SC Parhaus	405 052 168	50	50
SAS SB2	444 318 398	100	100
SAS SB3	444 318 547	100	100
SCI SB3	444 425 250	100	100
SCI 103 Grenelle	440 960 276	100	100
SCI Paul Cézanne	438 339 327	100	100
SCI Washington	432 513 299	66	66
SNC Condorcet Holding	808 013 890	100	100
SNC Condorcet Propco	537 505 414	100	100

Shareholders' pacts give the Group exclusive control over four companies that are 50%-owned. Accordingly, all subsidiaries are controlled exclusively and fully consolidated.

Société Foncière Lyonnaise is a fully consolidated subsidiary of Spanish company Inmobiliaria Colonial SOCIMI, SA, which owned 81.7% of the capital at 31 December 2020. The Group and all of its subsidiaries have their registered office in the 8th *arrondissement* of Paris.