



Paris, 14 February 2023

2022 Annual Results

Rental income: €204.5m (up 7.5% like-for-like)
EPRA earnings: €108.0m (up 16.9%), or €2.52 per share (up 22.8%)
Attributable net profit: €143.4m
Portfolio value (excluding transfer costs): €8,246m (up 2.3% like-for-like)
EPRA NTA: €107.4 per share (down 0.5%)
EPRA NDV: €108.3 per share (up 6.1%)

The consolidated financial statements for the year ended 31 December 2022 were approved by the Board of Directors of Société Foncière Lyonnaise on 14 February 2023, at its meeting chaired by Pere Viñolas Serra.

These financial statements show significant increases in business indicators, appraisal values and the Company's NAV, with EPRA earnings per share up 22.8% and rental income up 7.5% like-for-like.

The auditors have completed their audit of the annual financial statements and are in the process of issuing their report.

Consolidated data (€ millions)

	2022	2021	Change
Rental income	204.5	174.6	+17.1%
Adjusted operating profit*	171.8	134.2	+27.9%
Attributable net profit	143.4	292.0	-50.9%
EPRA earnings	108.0	92.4	+16.9%
per share	€2.52	€2.05	+22.8%

* Operating profit before disposal gains and losses and fair value adjustments.

	31/12/2022	31/12/2021	Change
Attributable equity	4,379	4,387	-0.2%
Consolidated portfolio value excluding transfer costs	8,246	7,606	+8.4%
Consolidated portfolio value including transfer costs	8,823	8,138	+8.4%
EPRA NTA	4,603	4,627	-0.5%
per share	€107.4	€107.9	-0.5%
EPRA NDV	4,644	4,375	+6.1%
per share	€108.3	€102.1	+6.1%



Sharp improvement in earnings

Rental income up 7.5% like-for-like

Consolidated rental income for 2022 amounted to €204.5 million, up by a sharp €29.9 million or 17.1% from the €174.6 million reported the year before:

- **On a like-for-like basis (excluding all changes in the portfolio affecting period-on-period comparisons), rental income was €11.9 million higher (up 7.5%).** Application of rent escalation clauses contributed €2.2 million to the increase. However, the main growth driver was the improved occupancy rate for revenue-generating units, following the signature of new leases in 2021 and 2022 (with longstanding tenants or new clients such as TP Icap, Simon Kuchers, Atalante and Greystar), leading to significant increases in rental income from the Edouard VII, 103 Grenelle and Washington Plaza buildings in particular.
- **Rental income from units being redeveloped or renovated in the periods concerned was up by €6.9 million,** reflecting the full-year contribution of the redeveloped 83 Marceau building which was delivered in the second half of 2021, the contribution over the latter part of the year of the redeveloped Biome building, fully pre-let to La Banque Postale and SFIL, which was delivered in July 2022, and the signature of leases on several floors refurbished in 2021 and 2022, mainly in the Cézanne Saint-Honoré (Wendel, LRT and Lincoln International) and Washington Plaza buildings (Advancy, Puig, etc.). Conversely, certain retail units in the Galerie des Champs-Élysées (H&M) and all the office space in the Rives de Seine building (Natixis), which is to be redeveloped, were vacated during the year, leading to a loss of €7.4 million in rental income for the year.
- **Lastly, the acquisition of the Pasteur building in April 2022 generated a significant increase in rental income** which more than offset the income lost on disposal of the 112 Wagram and 9 Percier buildings at the beginning of 2021. All told, the net impact of these changes in the portfolio on rental income for 2022 was a positive €11.2 million.

Operating profit before disposal gains and losses and fair value adjustments to investment property came to €171.8 million in 2022, versus €134.2 million the year before.

Portfolio appraisal value shows strong resilience despite the uncertain environment

The portfolio's appraisal value rose by 8.4% as reported and 2.3% like-for-like versus 31 December 2021. The increase led to the recognition of positive fair value adjustments to investment property of €38.6 million in 2022 compared with €255.2 million in 2021.



Net profit

Net finance costs stood at €31.6 million in 2022, versus €30.2 million in 2021, an increase of €1.4 million. Excluding non-recurring items, the increase was €3.8 million, reflecting the impact on recurring finance costs of the increase in average debt following the acquisition of the Pasteur building.

After taking account of these key items, EPRA earnings totalled €108.0 million in 2022, versus €92.4 million the year before. EPRA earnings per share stood at €2.52 in 2022, up by a strong 22.8% from €2.05 in 2021.

Attributable net profit for 2022 came in at €143.4 million, versus €292.0 million in 2021.

Occupancy rate at an all-time high

Letting activity remained brisk, with 100% of the office space in the Biome building pre-let, and a record physical occupancy rate of 99.5%

Despite the sharp deterioration in the geopolitical and economic situation and contrary to the trends observed in other markets in the Paris region, the Paris commercial property rental market was very active in 2022, particularly for high quality properties in prime locations. In this environment, the Group signed leases on some 47,000 sq.m. of mainly office space during the year. Lease deals mainly included:

- Biome, with the complex's 24,000 sq.m. of office space pre-let primarily to La Banque Postale and SFIL; this was a benchmark transaction among the over-20,000 sq.m. lease deals signed in the Paris region during the year;
- 103 Grenelle, with three new leases signed on a total of 3,400 sq.m. (Atalante, Promontoria, Netgem);
- new office leases in the #cloud.paris, Washington Plaza, Edouard VII, 176 Charles de Gaulle, 83 Marceau and Cézanne Saint-Honoré properties, for the remaining;
- around 8,600 sq.m. of retail units.

The average nominal rent on these leases rose to €716 per sq.m., corresponding to an effective rent of €601 per sq.m., for an average non-cancellable term of 7.5 years. These lease terms attest to the attractiveness of the Group's properties.

The physical occupancy rate for revenue-generating properties at 31 December 2022 was a record 99.5% (compared with 98.0% at 31 December 2021). The EPRA vacancy rate was 0.6% (versus 1.7% at 31 December 2021).



A pipeline concentrated around large-scale operations with strong value drivers

Properties undergoing redevelopment at 31 December 2022 represented 14% of the total portfolio. Of the total surface area undergoing redevelopment, around 75% concerned two major projects:

- Retail space in the Louvre Saint-Honoré building, which is scheduled for delivery in late 2023 under a turnkey lease on over 20,000 sq.m signed with the Richement group (Cartier). Work on the project was pursued during the year according to schedule.
- The Rives de Seine office building on Quai de la Râpée in Paris (approximately 23,000 sq.m.), which was vacated by the tenant on 30 September 2022 and will be extensively redeveloped. The building permit application has been filed and site clearance and asbestos removal work has begun, with delivery scheduled for first-half 2026.

The Biome office complex on Avenue Emile Zola (approximately 25,000 sq.m. in total) was delivered on 19 July 2022 following a major redevelopment programme. The building is fully let.

Capitalised work carried out in 2022 amounted to €113.0 million, including the above projects for a total of €74.8 million and large-scale renovations of complete floors in the Washington Plaza and Cézanne Saint-Honoré buildings.

Acquisitions/disposals: a strategy of rotating assets to refocus on Paris and increase the average size of SFL's assets

On 25 April 2022, SFL acquired the Pasteur building from Primonial REIM France for €484 million (excluding transfer costs paid by the vendor). The 40,000 sq.m. building is located at 91-93 boulevard Pasteur in the 15th *arrondissement* of Paris, next to Montparnasse train station. It is currently let to Amundi under a 12-year non-cancellable lease.

On 30 May 2022, SFL sold the 6,300 sq.m. Le Vaisseau building in Issy-les-Moulineaux to the Institut Catholique de Lille for €27 million excluding transfer costs.

Disciplined financing strategy with a strong environmental focus

In an environment shaped by a steep rise in interest rates, the Group carried out a number of operations during the year, including mainly:

- Issuance of two €99 million taps on the 0.5% bonds due 2028 and the 1.5% bonds due 2027.
- Signature with Caixabank and Banco Sabadell of two new five-year revolving lines of credit, in the amounts of €100 million and €50 million respectively.
- Rollover of the Cadif €175 million three-year revolving credit line expiring in June 2023 and the BECM €150 million five-year revolving credit line expiring in July 2023 with an increase in the amount of the facility to €200 million.
- Signature on 9 December of a five-year €300 million term loan with a pool of five banks.



A vast majority of these new banking facilities (for €725 million) are loans linked to environmental performance criteria for which the interest rate depends in part on the Group's progress in reducing its carbon footprint. In addition, in early 2022, SFL converted all of its bond issues – representing an outstanding amount of €1,698 million at 31 December 2022 – to green bonds.

SFL also set up new interest rate hedges on a total notional amount of €600 million.

These transactions have strengthened SFL's liquidity position and extended the average maturity of the Group's debt as part of its proactive balance sheet management strategy. The funds will be used for general corporate purposes.

Net debt at 31 December 2022 amounted to €2,438 million (compared with €1,792 million at 31 December 2021), representing a loan-to-value ratio of 27.6%. This increase mainly reflects the financing of the Pasteur building. At 31 December 2022, the average cost of debt after hedging was 1.7% and the average maturity was 4.3 years. The interest coverage ratio at the same date stood at 5.5x.

Lastly, at 31 December 2022, SFL had access to €1,240 million in undrawn lines of credit.

Net asset value: EPRA NDV per share up 6.1% at €108.3 after payment of an exceptionally high dividend of €4.20 in April 2022

The consolidated appraisal value of the portfolio at 31 December 2022 was €8,246 million excluding transfer costs. The increase of 8.4% from €7,606 million at 31 December 2021 primarily reflected the acquisition of the Pasteur building. On a comparable portfolio basis, the increase was 2.3%, led primarily by the higher appraisal values of properties undergoing redevelopment.

The average EPRA topped-up Net Initial Yield (NIY) was 3.1% at 31 December 2022, up slightly from 2.9% at the previous year-end.

At 31 December 2022, EPRA Net Tangible Assets (NTA) stood at €107.4 per share (€4,603 million, a decline of 0.5% over the year) and EPRA Net Disposal Value (NDV) was €108.3 per share (€4,644 million, up 6.1% over the year), after payment of an exceptionally high dividend of €4.20 during the year.

Dividend policy

At the Annual General Meeting to be held on 13 April 2023, the Board of Directors will recommend paying a dividend of €4.20 per share.



EPRA indicators

	2022	2021
EPRA Earnings (€m)	108.0	92.4
/share	€2.52	€2.05
EPRA Cost Ratio (including vacancy costs)	15.3%	16.2%
EPRA Cost Ratio (excluding vacancy costs)	14.2%	14.4%

	31/12/2022	31/12/2021
EPRA NRV (€m)	5,104	5,084
/share	€119.1	€118.6
EPRA NTA* (€m)	4,603	4,627
/share	€107.4	€107.9
EPRA NDV (€m)	4,644	4,375
/share	€108.3	€102.1
EPRA Net Initial Yield (NIY)	2.4%	2.5%
EPRA topped-up NIY	3.1%	2.9%
EPRA Vacancy Rate	0.6%	1.7%

* Transfer costs are included at their amount as determined in accordance with IFRS (i.e., 0).

Alternative Performance Indicators (APIs)

EPRA Earnings API

€ millions	2022	2021
Attributable net profit	143.4	292.0
Less:		
Fair value adjustments to investment property	(38.6)	(255.2)
Profit (loss) on asset disposals	0.4	(0.1)
Non-recurring costs relating to disposals	-	8.1
Fair value adjustments to financial instruments, discounting adjustments to debt and related costs	0.2	2.6
Expenses related to asset contributions	-	2.0
Tax on the above items	(9.0)	(9.0)
Non-controlling interests in the above items	11.6	52.0
EPRA earnings	108.0	92.4
Average number of shares (thousands)	42,865	45,002
EPRA earnings per share	€2.52	€2.05



EPRA NRV/NTA/NDV APIs:

€ millions	31/12/2022	31/12/2021
Attributable equity	4,379	4,387
Treasury shares	2	2
Fair value adjustments to owner-occupied property	35	34
Unrealised capital gains on intangible assets	4	4
Elimination of financial instruments at fair value	(15)	(4)
Elimination of deferred taxes	203	211
Transfer costs	496	451
EPRA NRV (Net Reinstatement Value)	5,104	5,084
Elimination of intangible assets	(2)	(2)
Elimination of unrealised gains on intangible assets	(4)	(4)
Elimination of transfer costs*	(496)	(451)
EPRA NTA (Net Tangible Assets)	4,603	4,627
Intangible assets	2	2
Financial instruments at fair value	15	4
Fixed-rate debt at fair value	228	(47)
Deferred taxes	(203)	(211)
EPRA NDV (Net Disposal Value)	4,644	4,375

* Transfer costs are included at their amount as determined in accordance with IFRS (i.e., 0).

Net debt API

€ millions	31/12/2022	31/12/2021
Long-term borrowings and derivative instruments	2,074	1,489
Short-term borrowings and other interest-bearing debt	415	413
Debt in the consolidated statement of financial position	2,488	1,902
Less:		
Current account advances (liabilities)	0	0
Accrued interest, deferred recognition of debt arranging fees, negative fair value adjustments to financial instruments	19	5
Cash and cash equivalents	(69)	(115)
Net debt	2,438	1,792

More information is available at www.fonciere-lyonnaise.com/en/publications/results

About SFL

Leader in the prime segment of the Parisian commercial real estate market, Société Foncière Lyonnaise stands out for the quality of its property portfolio, which is valued at €8.2 billion and is focused 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. As France's oldest property company, SFL demonstrates year after year an unwavering commitment to its strategy focused on creating a high value in use for users and, ultimately, substantial appraisal values for its properties.

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

S&P rating: BBB+ stable outlook