2022

UNIVERSAL REGISTRATION DOCUMENT

SFL
SOCIETE FONCIERE LYONNAISE

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AUTORITÉ DES MARCHÉS FINANCIERS

This Universal Registration Document was filed on 20 March 2023 with the AMF in its capacity as competent authority within the meaning of Regulation (EU) 2017/1129, without prior approval, in accordance with Article 9 of said regulation.
The Universal Registration Document may also be used for the offer to the public or the admission to trading on a regulated market of securities, provided it is accompanied by a securities note and, if applicable, a summary of all amendments applied to the Universal Registration Document. All of these items are approved by the AMF in accordance with the above-mentioned regulation.

SFL 2022
Management Report

The financial statements were approved for publication by the Board of Directors on 14 February 2023.

Annual General Meeting of 13 April 2023
Management Report for the Year Ended 31 December 2022

To the shareholders,

We have called the Annual General Meeting in accordance with the Company's Articles of Association and the French Commercial Code (*Code de commerce*) to report to shareholders on Société Foncière Lyonnaise's operations and results for the year ended 31 December 2022 as well as its future outlook, and to submit for shareholder approval the financial statements of the Company and the Group and the other resolutions presented in this report.

The notice of meeting and all proxy documents required by law were sent or made available to shareholders within the applicable periods.

1. Business Review and Significant Events of the Year

1.1. Rental operations

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).

1.2. Development operations

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 Émile 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.

1.3. Portfolio operations

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.

2. Results

2.1. Consolidated financial results

2.1.1. Consolidated profit for the year

2.1.1.1. 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 Édouard 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-Elysées (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 the 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.

2.1.1.2. 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.

2.1.1.3. 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 profit for 2022 came in at €143.4 million, *versus* €292.0 million in 2021.

2.1.2. Financing

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.

2.2. Property portfolio value – Net asset value

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.

2.3. Company financial results

2.3.1. Parent company results and financial position

Parent company results for the year ended 31 December 2022 can be analysed as follows:
The Company reported revenue of €65.2 million in 2022 compared with €88.2 million in 2021. The year-on-year decrease of €23.0 million (26.1%) was mainly due to the transfer of two assets to subsidiaries (SAS Cloud and SAS 92 Champs-Elysées) in August 2021, as part of the change in the partnership between SFL and Predica, and the departure of the Rives de Seine property's sole tenant at the end of the third quarter of 2022.

Operating profit amounted to €16.2 million in 2022 *versus* €27.7 million the previous year, a decline of €11.5 million that primarily reflected the decrease in revenue.

The Company reported net financial income of €64.3 million, up €52.2 million from €12.2 million in 2021. The year-on-year increase reflected the €52.2 million growth in dividends received from subsidiaries (mainly SAS Cloud, SCI Paul Cézanne, SCI Pasteur, SAS Parholding and SAS 92 Champs-Élysées) and a €15.2 million balancing payment received on two hedging instruments unwound in 2022, partly offset by a €6.9 million provision recorded during the year for impairment of SAS 92 Champs-Elysées shares.

After taking into account the above items, the Company reported a profit before tax and other income and expense of €80.4 million in 2022 compared to €39.8 million the previous year, an increase of €40.6 million.

Non-recurring items represented a net expense of €22.1 million in 2022, including €15.2 million in transaction costs for the acquisition of SCI Pasteur 123 shares and the €2.5 million net loss incurred on the sale of the Le Vaisseau building on 30 May 2022.

Other income and expenses represented net income of €1,059.1 million in 2021, mainly derived from transactions related to the change in the partnership between SFL and Predica, including the transfer of two properties to subsidiaries (SAS Cloud and SAS 92 Champs-Élysées) and the disposal of equity interests.

The Company ended the year with a profit of €58.2 million *versus* €1,093.2 million in 2021.

At 31 December 2022, the Company had total assets of €3,884 million *versus* €3,397 million at end-2021. The 14% increase primarily corresponded to the SCI Pasteur shares acquired during the year.

DISCLOSURES CONCERNING SUPPLIER AND CUSTOMER PAYMENT TERMS PROVIDED IN ACCORDANCE WITH ARTICLE D.441-6 OF THE FRENCH COMMERCIAL CODE

Outstanding supplier and customer invoices due as of 31 December 2022 (table prepared in application of Article D.441-4 of the French Commercial Code)

	Article D.441 I. - 1° of the French Commercial Code: Outstanding ***supplier*** invoices due as of 31 December 2022						Article D.441 I. - 2° of the French Commercial Code: Outstanding ***customer*** invoices due as of 31 December 2022					
	0 day (indicative)	Up to 30 days past due	31 to 60 days past due	61 to 90 days past due	More than 90 days past due	Total (at least 1 day past due)	0 day (indicative)	Up to 30 days past due	31 to 60 days past due	61 to 90 days past due	More than 90 days past due	Total (at least 1 day past due)
(A) Period past due												
Number of invoices concerned	51	–	–	–	–	24	–	–	–	–	–	51
Total amount past due, including VAT	669,762	182,582	–	–	127,264	–	–	15,748	202,540	484,843	209,112	912,243
% of total purchases (including VAT) for the year	0.51%	0.14%	0.00%	0.00%	0.10%	0.00%	–	–	–	–	–	–
% of total sales (including VAT) for the year	–	–	–	–	–	–	0.00%	0.02%	0.26%	0.63%	0.27%	1.19%
(B) Invoices excluded from (A) that have been disputed by SFL or the customer or have not been recorded in the accounts												
Number of invoices excluded	–	–	–	–	–	–	–	3,939	2,933	127,364	1,287,827	1,422,063
Total amount excluded, including VAT	–	–	–	–	–	–	–	1	1	11	63	76
(C) Reference payment terms (contractual or statutory – Article L.441-6 or Article L.443-1 of the French Commercial Code)												
Payment terms used to calculate the number of days past due	– Statutory terms						– Contractual terms					

2.3.2. Appropriation of profit

The Company's profit for the year, after tax, depreciation, amortisation and provision expense, amounted to €58,233,160.84.

Profit available for distribution, including retained earnings brought forward from the prior year, is as follows:

Profit for the year ended 31 December 2022	€58,233,160.84
Retained earnings brought forward from the prior year	€913,557,734.35
Profit available for distribution	€971,790,895.19

We recommend:
– after noting the existence of profit available for distribution, paying to shareholders a dividend per share of €4.20, representing a total payout of €180,031,803 based on the 42,864,715 shares outstanding at 31 December 2022;
– deducting the total dividend from profit for the year for €58,233,160.84 and from retained earnings for €121,798,642.16, after which retained earnings will amount to €791,759,092.19.

Dividends not payable on shares held in treasury stock on the dividend payment date and any dividends waived by shareholders will be credited to retained earnings. The total dividend will be adjusted accordingly.

The ex-dividend date will be 17 April 2023.

The dividend will be paid in cash as from 19 April 2023.

The Annual General Meeting will be asked to give the Board of Directors full powers, which may be delegated to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director, to implement the resolution approving the proposed appropriation of profit, and to place on record the actual amount of dividends distributed and the amount credited to retained earnings.

The dividend of €180,031,803 (€4.20 per share) will qualify as securities revenue *(revenu de capitaux mobiliers)* as defined in Article 158, 3-1°, of the French Tax Code *(Code général des impôts).* The total amount will be paid out of profits that were previously exempt from corporate income tax under the tax rules applicable to French real estate investment trusts ("SIICs"), as set out in Article 208 C of the French Tax Code.

Consequently, shareholders will not be entitled to the 40% tax relief provided for in Article 158, 3-2°, of the French Tax Code, even if they have made a general election to pay tax at the graduated rate (Article 158, 3-3°-b bis of the Code).

The dividend will be subject to the flat tax (*prélèvement forfaitaire non libératoire*) provided for in Article 117 *quater* of the French Tax Code and the withholding tax (*retenue à la source*) provided for in Article 119 *bis* of the Code, as follows:

In the case of individual shareholders who are resident in France for tax purposes and whose SFL shares are not held in a "PEA" personal equity plan, the dividend is subject to a flat tax of 12.8% in accordance with Article 117 *quater* of the French Tax Code.

Dividends will be subject to withholding tax at the rate of 12.8% if they are paid to individual shareholders who are not resident in France for tax purposes. This rate will be increased to:
– 15% if the dividends are paid to (i) non-profit organisations that have their headquarters in a member state of the European Union, Iceland, Norway or Liechtenstein and would be taxed in accordance with Article 206-5 of the French Tax Code if they had their headquarters in France, or (ii) French OPCVMs, OPCIs, SICAFs or other equivalent French or foreign investment funds;
– 75% if the dividends are paid outside France, in an "uncooperative" country or jurisdiction within the meaning of Article 238-0 A 1 and 2 *bis*-1° of the French Tax Code; or
– 25% in all other cases (Articles 119 *bis* and 187 of the French Tax Code).

However, a lower withholding tax rate may apply to residents of countries that have signed a double tax treaty with France. Shareholders resident in such countries will be required to provide a certificate of residence to benefit from the treaty rate.

If a corporate shareholder owns, directly or indirectly, at least 10% of the dividend rights and if the dividends received by that shareholder are exempt from French corporate income tax or an equivalent foreign tax, SFL will have to pay a 20% tax on the dividends paid to the shareholder concerned out of profits generated by its "SIIC" activities. To avoid the 20% tax, the non-resident shareholder would have to provide a certificate stating that the dividends paid out of the "SIIC" profits would be subject to an amount of foreign tax that is no more than two-thirds less than the corporate income tax that would have been paid in France if the profits had not qualified for the "SIIC" regime (Article 208 C II *ter* of the French Tax Code).

2.3.3. Non-deductible expenses

The SFL parent company financial statements do not include any expenses that cannot be deducted for tax purposes (disclosure made in accordance with Articles 223 *quater* and 223 *quinquies* of the French Tax Code).

2.3.4. Information provided to the Economic and Social Committee

The 2022 accounting documents and information on the Company's business, earnings and financial position provided for in Article L.2312-25 of the French Labour Code (*Code du travail*) have duly been given to the Company's Economic and Social Committee.

2.3.5. Related party agreements

See the Statutory Auditors' special report on related party agreements, pages 226 and 227 of this Universal Registration Document.

See also sections 7.2 and 7.3 of Appendix 15-4, pages 131 and 132.

2.4. Non-financial results

Non-financial results are presented in the report on the Non-Financial Information Statement (see pages 42 *et seq.).*

2.5. Review of the Group's main subsidiaries

The table below summarises the main information concerning the Group's scope of consolidation at 31 December 2022:

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	100	100
SC Parchamps	410 233 498	100	100
SC Pargal	428 113 989	100	100
SC Parhaus	405 052 168	100	100
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	51	51
SCI Paul Cézanne	438 339 327	51	51
SCI Washington	432 513 299	100	100
SNC Condorcet Holding	808,013,890	100	100
SNC Condorcet Propco	537,505,414	100	100
SAS Cloud	899,379,390	51	51
SAS 92 Champs-Elysées	899,324,255	51	51
SCI Pasteur 123	789,738,556	100	100

SCI Pasteur 123 has been included in the scope of consolidation with effect from 25 April 2022. It is 100%-owned by the Group.

Four companies are 51%-owned by SFL. A shareholders' pact gives SFL de facto control over these companies (through its ability to control the decisions that have the greatest impact on the yield generated by these investments). The four companies are therefore considered as being controlled exclusively by SFL.

As a result of the control exercised by the Group over all of its investments, all of the companies are fully consolidated.

Société Foncière Lyonnaise is a fully consolidated subsidiary of Spanish company Inmobiliaria Colonial Socimi SA, which owned 98.3% of the capital at 31 December 2022. The Group and all of its subsidiaries have their registered office in the 8th *arrondissement* of Paris.

INFORMATION ABOUT SUBSIDIARIES AND AFFILIATES AT 31 DECEMBER 2022 (in € thousands)

Subsidiaries and affiliates	Share capital	Reserves and retained earnings before profit appropriation	% interest	Carrying amount of investment		Outstanding loans and advances	Guarantees provided by SFL	Last published net revenue	Last published profit/(loss)	Dividends received by SFL during the year	Observations
				Cost	Net						
A – Investments with a gross value in excess of 1% of SFL's capital:											
1 – Subsidiaries (at least 50%-owned)											
SCI Paul Cézanne	56,934	86,047	51%	148,842	148,842	–	–	12,606	5,966	–	–
SCI 103 Grenelle	–	165,593	51%	81,861	81,861	–	–	10,308	6,401	–	–
SCI Washington	94,872	21,605	100%	330,533	330,533	151,072	–	22,397	14,212	–	–
SAS Maud	1,480	(2,738)	100%	2,450	0	2,784	–	5,328	(174)	–	–
SAS 92 Champs-Élysées	101,971	290,177	51%	206,929	199,995	–	–	11,495	(2,768)	312	–
SAS Cloud	178,195	510,639	51%	362,609	362,609	–	–	17,983	2,634	909	–
SCI Pasteur 123	14,365	9,141	100%	282,175	282,175	176,140	–	17,360	6,125	–	–
SAS Parholding	15,000	10,495	100%	373,713	373,713	187,173	–	–	7,638	13,115	–
2 – Affiliates (10-50%-owned)											
B – Aggregate information about investments not listed in A above:											
Subsidiaries (at least 50%-owned)				300	241	181,463	–	–	10,398	179	–
Affiliates (less than 50%-owned)				–	–	–	–	–	–	–	–

3. EPRA Indicators

• OVERVIEW

	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 Dec. 2022	31 Dec. 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).

	31 Dec. 2022	31 Dec. 2021
SFL Loan-To-Value (LTV)	**27.6%**	**22.0%**
100%, including transfer costs		
EPRA LTV (including transfer costs)		
100%	29.2%	23.3%
Attributable to SFL	33.8%	27.6%
EPRA LTV (excluding transfer costs)		
100%	31.2%	25.0%
Attributable to SFL	36.1%	29.5%

• EPRA CAPEX DISCLOSURE: see page 14

• EPRA EARNINGS

(€m)	2022	2021
Attributable 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
Underlying attributable profit – EPRA earnings	**108.0**	**92.4**
Average number of shares (thousands)	*42,865*	*45,002*
EPRA earnings per share	**€2.52**	**€2.05**

• **EPRA COST RATIOS**

(in € millions)	**2022**	**2021**
Corporate expenses	27.1	32.7
Net service charges	10.6	8.8
Less:		
- own-work capitalised	(2.0)	(0.7)
- managed facility expenses	(5.1)	(2.8)
- portion of disposal gains allocated to employee profit-sharing fund	0.0	(8.1)
- other non-recurring expenses	0.0	(2.0)
EPRA costs (including vacancy costs) (A)	**30.6**	**27.9**
Direct vacancy costs	2.2	3.1
EPRA costs (excluding vacancy costs) (B)	**28.4**	**24.8**
Gross rents	204.5	174.6
Less: managed facility expenses	(5.1)	(2.8)
Gross rental income (C)	**199.4**	**171.8**
EPRA COST RATIO (including direct vacancy costs) (A/C)	**15.3%**	**16.2%**
EPRA COST RATIO (excluding direct vacancy costs) (B/C)	**14.2%**	**14.4%**
Additional Disclosure:		
Capitalised overheads[1]	0.9	0.9
Marketing fees[2]	4.3	3.5

(1) Corresponding to the capitalised cost of employees directly assigned to the development on a full-time basis.
(2) Marketing fees are capitalised.

• **EPRA NAV METRICS**

(in € millions)	**31 Dec. 2022**	31 Dec. 2021
Attributable equity	**4,379**	**4,387**
Treasury shares	2	2
Revaluation of 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**
/share	*€119.1*	*€118.6*
Elimination of intangible assets	(2)	(2)
Elimination of unrealised gains on intangible assets	(4)	(4)
Elimination of transfer costs[1]	(496)	(451)
EPRA NTA (Net Tangible Assets)	**4,603**	**4,627**
/share	*€107.4*	*€107.9*
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**
/share	*€108.3*	*€102.1*
Number of shares (thousands)	42,865	42,865

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

• **EPRA NET INITIAL YIELD/EPRA"TOPPED-UP" NIY**

(in € millions)	31 Dec. 2022	31 Dec. 2021
Portfolio value excluding transfer costs	8,246	7,606
Less: developments	(1,123)	(1,249)
Portfolio value excluding transfer costs. less developments	**7,123**	**6,357**
Transfer costs on property portfolio	493	458
Portfolio value including transfer costs, less developments (B)	**7,616**	**6,816**
Annualised cash rents	183	176
Irrecoverable property expenses	(3)	(4)
Annualised net rental income (excluding rent-free periods) (A)	**179**	**172**
Plus: rent-free periods and other lease incentives	58	23
Annualised net rental income (C)	**238**	**195**
EPRA NIY (A/B)	**2.4%**	**2.5%**
EPRA "topped-up" NIY (C/B)	**3.1%**	**2.9%**

• **EPRA VACANCY RATE[1]**

(in € millions)	31 Dec. 2022	31 Dec. 2021
Estimated rental value of vacant space (A)	1.2	3.2
Estimated rental value of the whole portfolio (B)	214.9	187.7
EPRA VACANCY RATE (A/B)	**0.6%**	**1.7%**

(1) Excluding non-controlling interests.

• **EPRA LOAN TO VALUE (LTV)**

At 31 December 2022 (in € millions)	**SFL LTV 100%**	**EPRA LTV 100%**	Impact on non-controlling interests	**Group EPRA LTV**
Bank loans	400	400	–	400
Negotiable European commercial paper (NEU CP)	409	409	–	409
Bonds	1,698	1,698	–	1,698
Other net payables	n/a/	144	(14)	131
Cash and cash equivalents	(69)	(69)	(22)	(47)
Net debt (a)	**2,438**	**2,582**	**(36)**	**2,590**
Owner-occupied property	52	52	–	52
Investment property excluding development	7,416	7,416	(1,089)	6,327
Investment property held for sale	57	57	–	57
Development	721	721	–	721
Intangible assets	n/a	2	–	2
Financial assets	n/a	15	–	15
Total property value excluding transfer costs (b)	**8,246**	**8,263**	**(1,089)**	**7,174**
Transfer costs	577	577	(82)	496
Total value of assets including transfer costs (c)	**8,823**	**8,840**	**(1,171)**	**7,670**
LTV excluding transfer costs (a/b)	**n/a**	31.2%		36.1%
LTV including transfer costs (a/c)	**27.6%**	29.2%		33.8%

• **EPRA CAPEX DISCLOSURE**

(in € millions)	2022	2021
Acquisitions	482.8	-
Development	74.8	107.2
Investment property excluding development	38.2	43.7
Other CapEx[1]	3.3	9.7
Total CapEx	**599.1**	**160.5**

(1) Includes interest and other charges capitalised on developments.

4. Subsequent Events

On 31 January 2023, SFL signed an agreement for the sale of the property located at 6 rue de Hanovre in Paris' 2nd *arrondissement.*

Contracts are expected to be exchanged at the earliest two months after the signature of the sale agreement.

5. Outlook

5.1. Forecast developments and outlook

After two years shaped by the Covid-19 crisis and despite an environment dominated by geopolitical uncertainty and inflationary pressures, we reaped the benefits of our portfolio of very high quality, modern office properties located for the most part in the central business district of Paris, backed by a very robust balance sheet. We are attentive to the needs of our tenants and are able to respond effectively to the expectations of the most demanding clients in terms of work environment and organisational future-proofing. In the Paris commercial property market, SFL is a pure player in prime, centrally located properties meeting the highest standards of excellence. This is the segment most in demand among users, providing a guarantee of stability and resilience that underpins the business model's robustness.

We intend to hold firm to this pure player strategy, keeping a close watch on changes in the commercial property investment and rental markets in order to always serve the Company's best interests.

5.2. Strategy and objectives

2022 was a year of geopolitical uncertainty due to the war in Ukraine. The resulting pressure on energy supplies and other shortages fuelled a surge in inflation, especially in Europe. In order to respond effectively to inflationary pressures, the ECB adjusted its monetary policy, following the example of the US Federal Reserve by instituting a succession of interest rate hikes. Between July and 15 December 2022, euro zone interest rates were raised no less than four times.

The higher cost of credit severely affected the office investment market in Europe, including France and of course Paris. The office segment of the Paris region investment market contracted sharply in 2022, particularly in the fourth quarter, and represented a smaller share of total investment volumes at 68%. This was clear evidence of a wait-and-see attitude among investors.

By contrast, the Paris region property rental market held up very well, with completed lettings up sharply on 2021. This was particularly true in Paris, with completed lettings in the capital alone representing 47% of rental transactions in the region, an increase of 19 points. This performance confirmed the ongoing post-Covid recovery that began in 2021, with the capital benefiting from an increasingly sharp polarisation between sectors.

SFL contributed to the strong momentum observed in the Paris market as from late 2021, particularly for prime assets. We signed a number of major rental deals in 2022, including leases with La Banque Postale and SFIL on the Biome complex, which was pre-let in full ahead of the delivery date.

Nominal rents in Paris continued to rise due to the shortage of land suitable for development and the ever-increasing need for high quality office space in central locations. Rents on prime properties in the Paris central business district reached new record highs, topping €1,000 per sq.m. The upward trend in nominal rents, initially observed in the Centre West area of Paris, spread steadily to other districts, including for example the 12th and 15th *arrondissements*.

Our strategy of bringing prime office space to the market in the capital's most established business districts (the 8th *arrondissement* with Cézanne Saint-Honoré, but also the 15th with Biome and the 12th with Rives de Seine) is perfectly aligned with the increased demand for office space in Paris.

Our investment strategy consists of making long-term investments in carefully selected, high performance properties that offer scope to create long-term value. This strategy was illustrated in 2022 by the acquisition of the Amundi headquarters building on boulevard Pasteur in the 15th *arrondissement*. Our positioning in this segment ensures that our very high rental yields are maintained, even in periods of economic turbulence.

The sustainability of SFL's portfolio is also a very positive factor, as can be seen from our low tenant turnover rate (less than 10% a year).

We are keeping a close eye on investment opportunities in a competitive market, pursuing a disciplined strategy of selecting properties that offer significant scope to create value in the short or medium term. As a seasoned developer, our pipeline of properties undergoing redevelopment represents a major driver of strategic value creation.

In last year's uncertain environment, our strategy as leader in prime office property in Paris delivered very good results. All of our performance indicators reached record highs, attesting to the relevance of our business model.

Financial objectives:
- Secure optimised rental streams over the long term (by leveraging a portfolio of prime properties meeting the latest technical and environmental standards, of a high architectural quality, etc.).
- Create value through an ambitious, exacting and innovative property redevelopment strategy focused on major business centres (to capture the properties' reversionary potential).
- Reduce vacancy rates, notably by actively pre-marketing large properties undergoing redevelopment.

Non-financial objectives:
- Environmental performance:
  - Reduce the portfolio's carbon footprint (revenue-generating properties and properties undergoing redevelopment).
  - Continue to reduce energy and water use, and greenhouse gas emissions.
  - Improve our environmental indicators.
  - Install renewable energy sources (solar or photovoltaic panels, etc.).
  - Increase the number of properties in the portfolio connected to the district cooling network (Climespace) and heating network (CPCU).
  - Promote urban biodiversity (by increasing the properties' planted areas, obtaining Biodivercity labels).
- Improve quality of life in the properties and increase customer satisfaction (40,000 people):
  - Place tenant relationships top-of-mind at SFL and make them a central focus of our organisation.
  - Promote and develop new forms of urban mobility (by reserving spaces for electric cars and bicycles in the parking

garages, along with parking areas for bicycles, etc.) and guarantee access for all people with disabilities.
- Promote new uses of underground floors (fitness and wellness rooms, modular meeting rooms, co-working spaces, business centre, auditorium, etc.).

– Pursue and develop corporate sponsorship initiatives that promote and advance forward-looking thinking about architecture and aesthetics in the city, which is a key plank of SFL's product strategy (architectural quality of the buildings).
– Seek opportunities at our level to invest in practical initiatives in favour of more responsible urban planning, working in cooperation with the city authorities.

6. Risk Factors

Investors are invited to consider all of the disclosures in this report, including the discussion in this chapter of the Company's specific risk exposures, before deciding to purchase the Company's shares on the primary or secondary market.

The Group has reviewed the specific risk exposures that could have a material adverse effect on the Group, its business, financial position, results, outlook or ability to fulfil its objectives.

As of the date of this report, SFL is not aware of any material risk exposures that are not disclosed in this section.

Investors should nevertheless bear in mind that what follows does not purport to be a comprehensive description of all the risks and uncertainties facing the Group. On the one hand, the Group is exposed to general risks that are common to all businesses and not specific to SFL. On the other hand, other unknown risks or uncertainties, or risks or uncertainties whose occurrence is not considered, at the date of this document, as likely to have a material adverse effect on the Group, its business, financial position, results or outlook, may exist or could become significant factors that may have a material adverse effect on the Group, its business, financial position, results or outlook.

We have continued to monitor developments in the armed conflict between Ukraine and Russia since February 2022 and its potential impact on the global economy. The impact on SFL has remained limited, because of our business and our defensive and resilient positioning.

However, within the risk factors described below, we have identified those that could potentially be exacerbated by this conflict.

Fifteen risk factors have been identified, in six different categories.

Within each category, the following risks, numbered from 1 to 15, are presented in declining order of importance based on the probability of occurrence (very low to very high) and the estimated magnitude of their adverse effect (not material to critical), as assessed by the Company as of the date of this report.

Probability

Very low	Low	Average	High	Very high

Effect

Not material	Minor	Moderate	Major	Critical

Identified risk factors are as follows:

Risk factors	Effect	Probability
A – Macroeconomic risks		
1 – Risk of a change in the economic environment and the office property market	Critical	Very high
2 – Risk of a global economic and/or health crisis	Moderate	High
B – Risks specific to the property business		
3 – Asset valuation risks	Major	Very high
4 – Strategic risks	Moderate	Very high
5 – Tenant risks	Moderate	Average
6 – Asset obsolescence and impairment risk	Moderate	Average
7 – Property utilisation and development risks	Moderate	Average
C – Financial risks		
8 – Interest rate risk	Major	Very high
9 – Liquidity risk	Moderate	High
10 – Counterparty risk	Not material	Very low
D – Environmental, social and governance risks		
11 – Environmental risks	Major	High
12 – Social risks	Minor	Low
13 – Governance risks	Minor	Very low
E – Legal and tax risks		
14 – Legal and tax risks related to regulatory compliance	Moderate	Low
F – Technological risks		
15 – Information system and data protection risks	Moderate	Low

Description of risk factors, possible effects and preventive measures implemented by SFL

A. MACROECONOMIC RISKS	
1. Risk of a change in the economic environment and the office property market (effect: critical – probability: very high)	
Description of the risk	***Potential adverse effects***
– The current economic market has been shaped by a sharp decline in real estate investment and a change in attitudes towards flexible working. 81% of SFL's portfolio is invested in office properties. Appraisal values are declining and transaction volumes are adversely affected by higher interest rates. Although SFL has demonstrated its resilience in recent years, the Company continues to be exposed to the risk of rising interest rates. – SFL is exposed to the risk of a cyclical reversal of the rental and/or investment market triggered by a downturn in the domestic and global economic and financial situation. The Paris office property market is cyclical and prices depend on the balance between office supply and investor demand. – There is also the risk of competition from investors with considerable equity capital, such as insurers, SCPI and OCPI property funds and sovereign wealth funds, and from other investors with moderate levels of debt and gearing.	– Missed investment opportunities/investment opportunities lost to competitors – Lower rental income – Decline in operating profit – Erosion of NAV
Risk prevention/mitigation measures implemented by SFL	
– Presentation of an analysis of the market and the external environment to the Board of Directors, to inform Board discussions that may influence the Group's strategy. – Sensitivity tests to determine the impact of a 25 bps increase/decrease in exit yields and discount rates, in order to assess and take into account the risk of a cyclical market reversal. – Annual Paris Workplace surveys (carried out with IFOP among 3,700 executives in the Paris region) to gain a better understanding of the behaviour and expectations of office users. – Regular and near-permanent monitoring of the property market; regular consultation of external advisers; regular internal and external research. – Strategic focus on the Paris prime office property market (81% of the Group's portfolio). – Covenant-free financing capacity.	
For more information about the parameters used to value investment properties in each asset class, see Note V - 4 to the consolidated financial statements (Investment property), pages 173 to 175.	

2. Risk of a global economic and/or health crisis (effect: moderate – probability: high)	
Description of the risk	***Potential adverse effects***
The global health crisis that began in March 2020, while having a moderate impact on SFL, highlighted the potential occurrence of the following risks in the event of a new crisis: – Risk of rental and investment market disruption – Risk of tenant insolvency – Risk of redevelopment projects being delayed or halted – Image risk due to non-compliance with government health measures implemented in the event of such a crisis The armed conflict between Ukraine and Russia, which started at the end of February 2022 and is still ongoing one year later, may lead to an increase in the following risks: – Interest rate risk – Risk related to the supply and rising cost of raw materials and other materials (already observed since end-2022) – Risk of rising energy costs (already observed since the end of 2022), leading to a liquidity risk	– In the event of tenant insolvency: risk of a fall in rental income with an adverse effect on the value of assets in the portfolio – Lost opportunities to purchase and sell properties – Delays in delivering major redevelopment projects, increased costs and impact on the quality of the work – Decline in operating profit – Erosion of NAV – Erosion of the Group's cash position – Higher interest charges – Difficulties in obtaining costs recoverable from tenants in the event of significant increases in energy costs
Risk prevention/mitigation measures implemented by SFL	
– During the Covid-19 crisis, SFL successfully adjusted to successive government directives, particularly with regard to health protection measures, ensuring that all the office properties in the portfolio remained open and available for use by tenants. – SFL constantly enhances its financial liquidity: as of 31 December 2022, it had €1,240 million in undrawn credit lines, representing a solid buffer in the event of any difficulty of accessing liquid sources of financing. – SFL borrows at fixed rates of interest and at least 70% of its debt is hedged in accordance with Group policy, which limits the potential impact of a rise in interest rates. – Energy use in the tenant areas is billed to tenants, which limits the impact of rising energy prices on SFL.	

B. RISKS SPECIFIC TO THE PROPERTY BUSINESS 3. Asset valuation risk (effect: major – probability: very high)	
Description of the risk	***Potential adverse effects***
At 31 December 2022, the value of investment properties in the IFRS consolidated balance sheet was €8,052 million. As a direct result of property market trends, the Group is exposed to the risk of a fall in value of its assets with a direct negative impact on consolidated profit and NAV. Asset values are exposed to the following risks: – Risk of errors in the valuation of buildings due to the assumptions used by the valuers (over- or under-valuation of an asset requiring a significant adjustment) – Risk of an erosion of asset values Both of these risks are compounded by the difficulties experienced by appraisers in valuing assets due to the limited number of transactions for benchmarking purposes.	– Adverse effect on the consolidated financial statements – Adverse effect on the profit and loss account – Adverse effect on NAV
Risk prevention/mitigation measures implemented by SFL	
– Procedure covering six-monthly portfolio valuations performed by recognised independent valuers. – Valuations performed in accordance with the *Charte d'Expertise en Evaluation Immobilière* (property valuation charter) and in full compliance with the standards issued by The European Group of Valuers' Associations (TEGoVA), as well as with the Royal Institution of Chartered Surveyors' (RICS) standards and valuer rotation principles. – Valuations performed by two renowned firms (Cushman & Wakefield: 55% of the portfolio, CBRE: 45%). – Valuations reviewed by the Group's asset managers. – Valuations examined by the Statutory Auditors as part of their audit of the consolidated financial statements.	
For more information about the parameters used to value investment properties in each asset class, see Note V - 4 to the consolidated financial statements (Investment property), pages 173 to 175.	

4. Strategic risks (effect: moderate – probability: very high)	
Description of the risk	***Potential adverse effects***
In 2022, SFL acquired all of the shares of SCI Pasteur 123, which owns the building at 91-93 boulevard Pasteur (Paris 15th) for €485 million (excluding transfer costs paid by the vendor) and sold the Le Vaisseau building in Issy-les-Moulineaux for €27 million (excluding transfer costs). In the current very difficult market, inappropriate property purchase or sale decisions could have adverse consequences and give rise to the following risks: – Risk of selling assets at a price considerably below their market value: risk of overestimating the fair market value of a building (inadequate return on investment, or even a loss) – Risk of investing in assets that do not comply with the applicable regulations – Investment risk with inability to sell unprofitable assets	– Lower-than-expected profit or a loss – Fall in portfolio values

Risk prevention/mitigation measures implemented by SFL

– Sales/divestments:
- Properties systematically sold through a competitive bidding process.
- Appraisal values of assets carried on the balance sheet determined twice a year by independent appraisers in cooperation with the Asset Management Department and validated by the Statutory Auditors as part of their audit of the consolidated financial statements.
- All sales subject to Board approval prior to completion.

– Purchases/investments:
- Purchase/investment opportunities identified and presented by the Investment Committee on a monthly basis.
- For each transaction, internal experts are supported by external advisors (notaries, lawyers and/or technical advisors if necessary).
- Price and expected return on investment of each property targeted for purchase analysed jointly by the internal technical, investment and asset management teams (using pricing and IRR calculation models).
- Proposed deals in excess of €20 million subject to Board authorisation.

5. Tenant risks (effect: moderate – probability: average)	
Description of the risk	***Potential adverse effects***
– Risk of non-collection or late collection of rent – Risk of leases not being renewed or renewed on less favourable terms, especially in the event of a cyclical market downturn – Risk of departure of a tenant occupying a significant part of a building – Risk of unforeseen vacancies resulting in significant lost revenue	– Lower physical occupancy rate – Lower rental income – Decline in operating profit

Risk prevention/mitigation measures implemented by SFL

– Brokers appointed to assist in the marketing of vacant units.
– Tenant portfolio diversified across different business sectors: Finance/Insurance (37%), Real Estate (11%), Fashion (10%), Digital/Media (9%), Lawyers/Consultants (9%), Industry (7%), Other (17%).
– The following process in place to prevent collection risks:
  • Financial analysis of each new tenant's credit quality performed by the Company and by brokers before the lease is signed.
  • Guarantee adapted to each tenant's financial situation (security deposit, first-demand guarantee, etc.).
  • Monthly review of tenant arrears.
  • Tenant monitoring procedure using Creditsafe, which notes and tracks tenants' credit quality, in order to flag up any potential collection problems.
  • Half-yearly financial health checks performed for tenants representing significant rent receivables at the period-end.
– Regular monitoring of upcoming lease renewals and marketing:
  • Monthly meetings between representatives of the Leasing Department and brokers to discuss the status of marketing programmes, share information on the latest visits by potential tenants, the status of negotiations, comparable transactions in the sector, etc.
  • Monthly meetings of the Leasing Action Committee, with presentation of a report on marketing activities (visits, negotiations in progress, etc.) to Senior Management and the heads of the operating departments in order to decide on the strategy to be followed based on lease expiry dates and the status of redevelopment work.

6. Asset obsolescence and impairment risk (effect: moderate – probability: average)	
Description of the risk	***Potential adverse effects***
In addition to Risk 3 "Asset valuation risk", the Group is also exposed to the following risks: – Risk of increased sensitivity of assets to changes in environmental and other regulatory standards and to CSR issues – Risk of a loss of value: yield risk, risk that the value of the property is not protected	– Loss of attractiveness to tenants – Higher insurance premiums, operating costs and renovation and redevelopment costs – Erosion of NAV – Erosion of SFL's image and reputation

Risk prevention/mitigation measures implemented by SFL

– Close attention paid to planning asset renovation and redevelopment work, and enhancing assets through the addition of new services.
– CSR issues deeply embedded in the Group's property strategy:
  • Twice-yearly meetings of the CSR Committee to define the broad strategic goals for each CSR issue.
  • Procedures to ensure that the Group's CSR performance reflects best industry practice and is recognised by the property valuers.
  • Compliance with EPRA CSR reporting guidelines.
– Protection/improvement of yields and capitalisation rates:
  • Long-term approach to reduce the risk of losses due to fluctuating yields.
  • Regular risk appetite assessments by the Board of Directors and monitoring of key risk indicators with the Audit Committee.
– Value protected through the quality and duration of leases and the quality of the assets:
  • Condition of the assets monitored regularly and maintenance and/or restructuring work carried out to maintain or enhance the value of the assets over time.

See CSR strategy presented in section 1 of the Non-Financial Information Statement – NFIS, pages 42 et seq.

7. Property utilisation and development risks (effect: moderate – probability: average)	
Description of the risk	***Potential adverse effects***
– Administrative risks relating to project modifications imposed by the planning authorities or building regulations, delays in obtaining administrative authorisations (building permits, development permits, commercial property permits (CDAC) or approval from local commissions that oversee compliance with health and safety regulations in buildings open to the public) – Risks of third party planning appeals leading to delays in the redevelopment schedule – Risk of site disamenities – Risk of stakeholder failures (suppliers, contractors) – Risk that insurance cover is inadequate and does not cover the total estimated loss or the type of loss incurred – Risk of the project being delivered late and over budget; risk of quality issues – Marketing risks if leases are negotiated on unfavourable terms	– Project delays, budget overruns, abandoned projects – Longer period without any revenue from the property – Disruption of the performance bond compliance process – Impossibility of using certain assets – Erosion of the Group's business performance, results and financial position – Erosion of SFL's image and reputation

Risk prevention/mitigation measures implemented by SFL

– Strategy covering development work:
  - Each project dealt with separately (with one exception, concerning renovation of several floors of Washington Plaza > Successful experience).
  - Work strategies, budgets, etc., reviewed at meetings of the Project Review Committee held every three months or so.

– Preparation of studies prior to submission of applications for building permits and authorisations:
  - Regulatory watch by the Legal Department, all files audited by specialised lawyers prior to submission, in order to have a good knowledge of local players and the planning authorities' requirements and requests.
  - Risks associated with the permit application review process managed by submitting draft applications to the planning department concerned.

– Risk of planning appeals limited by:
  - Establishing lines of communication with local residents: the general contractor communicates regularly with local residents and meetings are organised upstream, depending on the context.
  - Systematically initiating summary proceedings to avoid planning appeals being lodged.

– Choice of contractors/contracts:
  - Contractors are contractually required to systematically implement protective measures designed to limit disamenities.
  - Contract tendering process to ensure that (i) suppliers are capable of fulfilling their commitments in terms of quality, price and delivery date for the work in question, and (ii) the supplier's price is realistic in relation to market rates.

– Contract with the general contractor:
  - Setting out a total budget, timeline and detailed specifications in order to provide the best possible framework for the project. Validated by the Legal Department.

– Work monitoring process:
  - Structured and balanced relationship with contractors to ensure any unforeseen problems are dealt with immediately.
  - Numerous project management tools used to very closely monitor the contractors' work.
  - Risk of cost overruns kept to a minimum through project monitoring processes and expert sign-off on specialised work.
  - Prime contractor always present on site. At each project milestone, all decisions made internally; no decisions delegated.
  - Regular site meetings with all stakeholders.

– Insurance:
  - Adequate construction insurance purchased through a specialised broker.

– Rental market research and marketing:
  - Regular monitoring of the rental market by the Leasing Department.
  - Preparation of a five-year business plan, updated annually (or twice yearly if necessary) defining the marketing strategy for vacant units.
  - Frequent contact with brokers to monitor market developments and the marketing programmes in progress.
  - Regular internal controls to ensure that lease terms comply with the conditions specified in the marketing mandates and the business plan validated by the Board.

– Frequent exchanges between the Asset Management, Property Management and Technical & Development Departments to define the financial and technical aspects of the leases.

<table>
<tr><th colspan="2">C. FINANCIAL RISKS</th></tr>
<tr><th colspan="2">8. Interest rate risk
(effect: major – probability: very high)</th></tr>
<tr><th>Description of the risk</th><th>Potential adverse effects</th></tr>
<tr><td>– Like all companies operating in the current macroeconomic environment, since the second half of 2022, SFL has had to contend with rising interest rates, leading to an increase in its finance costs
– Financial instruments exposed to interest rate risks include negotiable European commercial paper (NEU CP) as well as drawn and undrawn revolving lines of credit</td><td>– Higher interest charges
– Increased finance costs</td></tr>
<tr><th colspan="2">Risk prevention/mitigation measures implemented by SFL</th></tr>
<tr><td colspan="2">– Interest rate risks 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.
– Tool used to efficiently quantify and analyse the risks associated with interest rate fluctuations.
– Standard interest rate derivatives and fixed-rate borrowings used with the dual objective of reducing the sensitivity of borrowing costs to rising interest rates and minimising the cost of the derivatives.
– Use of traditional interest rate hedging instruments.
– Internal policy of hedging at least 70% of debt at all times: hedging programme led by the Treasury Department based on the 70% ratio, possibility of setting up pre-hedges.
– Management meeting every five to six weeks to adjust hedging positions (long term, short term, anticipation of rate changes).</td></tr>
<tr><td colspan="2">The information used to assess this risk is provided in the notes to the consolidated financial statements: see Note VII - 3 (Financial instruments), pages 180 to 182, and Note VII - 4) 2/ c) (Interest rate risk), page 184.</td></tr>
</table>

9. Liquidity risk (effect: moderate – probability: high)	
Description of the risk	***Potential adverse effects***
Investing in property – especially prime office property – requires significant funds, and it is therefore essential to have regular access to various sources of finance (bank loans, bonds, NEU CP commercial paper programmes, etc.). SFL is exposed to the following risks: – Risk of being unable to raise significant funds to finance capital expenditure and property purchases, to replace debt at maturity and for general corporate purposes – Risk of being unable to meet short-term cash needs – Risk of finance only being available at a higher cost	– Reduced cash reserves (limited ability to purchase new assets, renovate assets) – Difficulties in refinancing existing debt – Increased finance costs – Bankruptcy
Risk prevention/mitigation measures implemented by SFL	
– Financing secured for the next two years. – Liquidity risk covered by confirmed lines of credit: as of 31 December 2022, SFL had €1,240 million in undrawn lines of credit (contracts with a standard Significant Adverse Event default clause). – Debt composed of several tranches with amounts and maturities spread over time. – Liquidity risk management (to manage access to financing) and cash management (cash forecasts) processes monitored in order to manage cash needs and distribution of cash surpluses as effectively as possible. – Financing policy, key balance sheet ratios and risk indicators monitored by the Board of Directors. – None of the Company's bank loans include a rating trigger. – Funds can be raised by selling assets, although this alternative source of financing is also subject to market risks (price risk, market liquidity risk). In addition, asset sales carried out when prices are depressed and amid a shortage of potential buyers, or before their full reversionary potential has been achieved, would result in opportunity losses. – The macroeconomic situation is analysed and risk management processes are implemented to anticipate changes in the financial markets. – S&P credit rating monitored (BBB+/Stable since 30 October 2017).	
See also Note VII - 1 to the consolidated financial statements (Borrowings and other interest-bearing debt): *– Analysis of borrowings by maturity (page 180).* *– Debt covenants and acceleration clauses (page 180).* *See also paragraph 1/ Liquidity risk in Note VII – 4 to the consolidated financial statements (Financial risk management objectives and policy), page 183.*	

10. Counterparty risk (effect: not material – probability: very low)	
Description of the risk	***Potential adverse effects***
– The banks that provide lines of credit and/or hedging instruments may fail to honour their commitments. The counterparty risk represented by the hedging instrument is priced into the instrument's market value and quantified at 30 June and 31 December of each year – Risk of capital loss in the event of a bank default To date, SFL has never experienced a default by any of its banks.	– Loss of the benefit of hedges – Deterioration of the Group's financial position and profits
Risk prevention/mitigation measures implemented by SFL	
– Monitoring of the financial position of the Group's banks (lenders and counterparties for hedging instruments). – Relationships with nine different diversified, top-ranking banking institutions that are unlikely to default. – Cash reserves kept to a minimum, with surpluses generally used to repay borrowings under the revolving lines of credit.	
Additional information about lines of credit and hedging instruments negotiated with banks is provided in the notes to the consolidated financial statements; see Note VII - 1 (Borrowings and other interest-bearing debt), page 179, and Note VII - 4 2/ (Counterparty risk), page 183.	

D. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS	
11. Environmental risks (effect: major – probability: high)	
Description of the risk	***Potential adverse effects***
– This risk is becoming increasingly significant due to the uncertainty created by possible regulatory changes – Material, physical and transitional risks of climate change – Transition risk with the potential tightening of industry-specific regulations and increased stakeholder expectations: risk of new environmental obligations (labels and certificates) – Risk of mismatch between assets and stakeholders' environmental requirements – Risk of extended timeline for obtaining administrative authorisations – Risk of non-compliance with environmental regulations (office properties) – Potential risk of jeopardising the completion of operations	– Increased cost-of-use and construction cost, higher insurance premiums – Erosion of NAV – Erosion of SFL's image and reputation – Criminal conviction
Risk prevention/mitigation measures implemented by SFL	
– Technical unit set up with specific responsibility for environmental, health and safety compliance. – Director of Sustainable Development and Expertise appointed, with responsibility for managing SFL's environmental performance and cross-functional issues requiring a development officer, as well as for environmental, health and safety compliance. – Certification companies selected from among the industry majors to keep abreast of regulatory changes and perform all regulatory checks. – Plan to drive continuous improvement in the environmental performance of the Company's assets, by constantly enhancing each building's environmental and health & safety standards, and diligently keeping service charges and capital expenditure under control, in order to pro-actively prepare for future regulations while continuing to attract and retain tenants. BREEAM In-Use certification policy for the entire portfolio. – Digital building management systems (Facility Management BIM, smart metering, etc.) to make processes more efficient. – Climate risk analysis based on ADEME guidelines. – Integration of CSR issues in the property strategy: • Twice-yearly meetings of the CSR Committee to define the broad strategic goals for each CSR issue. • CSR performance aligned with industry practices recognised by valuers. • Compliance with EPRA CSR reporting guidelines.	
See also Note III to the consolidated financial statements (Effects of climate-related changes), pages 167 and 168, as well as paragraph 3.3.1 (Monitoring of physical risks related to climate change) of the Non-Financial Information Statement (NFIS), page 56.	

12. Social risks (effect: minor – probability: low)	
Description of the risk	***Potential adverse effects***
– Risk of losing key people, leading to a leakage of skills that is detrimental to the efficient monitoring of projects, the conduct of the business and all aspects of the Group's management (legal, technical, financial, asset management, marketing, etc.). The Company must remain attractive for its talents and know how to develop employees' skills in order to remain competitive. High levels of employee engagement are necessary for the efficient management of the Group, which must remain attentive to employees' needs and desires, and remain sensitive to the possible occurrence of psychosocial risks – Legal and financial risks in case of non-compliance with social regulations by the Group	– Loss of competitiveness – Erosion of NAV – Erosion of SFL's image and reputation – Criminal conviction
Risk prevention/mitigation measures implemented by SFL	
– Direct and indirect remuneration policies that are fair, competitive and incentivising: • Fixed salary and objectives-based bonus scheme. • Statutory and discretionary profit-sharing schemes. • PERECO employee pension savings scheme, with matching Company contributions to encourage employees to save for their retirement. • Performance share plan. – Policies on skills development, quality of working life and gender equality, including: • an annual training plan to create and nurture conditions in which every employee has access to training and skills development, and prepare for emerging technical, legal, environmental and other changes in the market, in order to improve employees' skills and expertise. • a preventive approach to addressing psychosocial risks through a Quality of Working Life (QWL) questionnaire sent to all employees. • Social criteria introduced in the value chain. – Gender equality agreement.	
See also sections 6.1 (Attractiveness, skills development and professional equality) and 6.2 (Health, safety and quality of life at work) of the Non-Financial Information Statement (NFIS), pages 67 et seq.	

13. Governance risks (effect: minor – probability: very low)	
Description of the risk	***Potential adverse effects***
– Risk of dependence on the main shareholder – The Group is exposed to civil and criminal liability risks in the event of regulatory breaches (particularly for environmental damage or public health incidents, reckless endangerment, anti-competitive practices, tax evasion or human rights breaches)	– Decline in profits – Loss of investor confidence – Erosion of SFL's image and reputation – Non-compliance with the going concern principle – Significant governance changes – Loss of competitiveness – Direct impact on financial communications
Risk prevention/mitigation measures implemented by SFL	
– Internal ethics charter applicable to employees, appended to their employment contract and given to each new employee. – Outsourced collection of contractor compliance certificates. – Use of standard contractor and supplier contracts including clauses relating to undeclared work: the e-certificate monitoring application also enables suppliers and contractors to check online that they have fulfilled their obligations. – Suppliers and contractors selected based on their APE business identifier code, which provides an indication of their exposure to the risk of employing undocumented workers. – Sub-contracting pyramid limited to a maximum of two levels, to avoid inappropriate use of sub-contractors.	
See section 6.3 (Ethics in the value chain) of the Non-Financial Information Statement (NFIS), pages 70 et seq.	

E. LEGAL AND TAX RISKS	
14. Legal and tax risks related to regulatory compliance (effect: moderate – probability: low)	
Description of the risk	***Potential adverse effects***
– Continuous risk of changes in the very detailed regulations covering commercial leases, town planning, the construction industry, company law, securities law, safety, the environment and public health – Risk of tenants failing to strictly comply with all applicable environmental, health and safety and other regulations – Risk of litigation and disputes – Risk of losing the benefit of the SIIC tax regime if the eligibility rules are breached – Risk of the SIIC regime being abolished in the event of a change in government tax strategy – Risk of corruption (insider trading, misappropriation of funds)	– Risk of civil and/or criminal liability proceedings against SFL or its directors, leading to the payment of damages, penalties or fines – Decline in profits and margins – Deteriorated growth outlook – Loss of SIIC status, leading to higher tax costs and lower dividends – Erosion of SFL's image and reputation – Negative impact on buildings' appraisal values determined by buyers during their due diligence procedures
Risk prevention/mitigation measures implemented by SFL	
SFL has the legal and technical skill sets needed to manage these risks: – A specialised Legal Department responsible for monitoring regulatory developments, overseeing compliance with the various regulations applicable to the business, tracking and monitoring all of the Group's contractual obligations and commitments. – Support provided by external advisors and consultants where necessary (specialised legal advisors). – In-house training programmes to raise awareness of the risks and responsibilities of the various actors. – Internal procedures to raise the level of accountability of the employees involved. – A technical unit with specific responsibility for environmental, health and safety compliance. – Regular monitoring of the conditions of eligibility for the SIIC regime, especially changes in the tax authorities' position and legal precedent (dividend obligations, obligations concerning the level of control exercised by the majority shareholder, etc.). – Vigilant application of health measures.	

F. TECHNOLOGICAL RISKS	
15. Information system and data protection risks (effect: moderate – probability: low)	
Description of the risk	***Potential adverse effects***
Companies are increasingly subject to the risk of cybercrime, potentially leading to major incidents affecting IT infrastructure. – Risk of all or part of the Group's information system being shut down – Risk of sensitive or confidential information being lost or stolen – Risk of cybersecurity fraud: risk of the Company's identity being usurped by tenants or contractors, in order to disclose confidential information or generate illicit cash disbursements	– Disruption of the Group's operations during a more or less long period – Damage to the business – Disputes with tenants – Financial loss – Reputational damage
Risk prevention/mitigation measures implemented by SFL	
– Intervention of specialised external service providers covering about 80% of the system (e.g. SharePoint, Estia, ADP): SAAS access management solution. – Daily backup of management data; synchronous backup of office system data. – Firewall to enhance security. – IT system recovery contract with external service provider, guaranteeing intervention within less than 24 hours of call out. – Awareness-raising initiatives and internal procedure memo concerning personal data protection, in addition to the GDPR training provided when the regulation first came into effect. – Specific insurance cover.	

16) Claims and litigation

No governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) may have or have had significant effects on the Company's financial position or profitability during the last 12 months.

7. Insurance

The insurance programmes cover (i) the property portfolio and (ii) corporate risks.

7.1. Property insurance programme

Property damage insurance

This Group-level policy covers all fully-owned and co-owned property assets of the Company and its subsidiaries.

It covers all accidental damage to the properties (apart from certain named exclusions), as well as all resulting expenses and losses.

Buildings are insured with leading insurers on an all-risks basis with named exclusions.

For co-owned buildings that are managed by a third-party manager, the policy includes "manager failure" cover that kicks in when the cover taken out by the manager is inadequate or no cover has been purchased.

We take care to realign our insurance programmes whenever necessary due to changes in our own risks and those arising from our business environment.

In light of the properties' location, in a dense urban environment, their complexity and size, our insurance strategy focuses on obtaining high quality cover.

The insured value is capped at €350 million per claim, including loss of up to four years' rental income. Following major refurbishment work, an expert is appointed to determine the rebuilding cost of the refurbished building, to ensure that the €350 million cap is still appropriate.

We have all the information we need to understand and manage our risks and the basis for determining premiums by reference to the cost of rebuilding each property and the rental income that would be lost.

Our policies also cover the cost of repairing damage to new work arising during renovations to the insured properties, up to a maximum of €7.5 million (not including structural damage). The aim of this extension is to cover under a single contract both damage to the original property and damage to work that will become an integral part of the property once it is completed. For all other non-eligible work, a different procedure was introduced in 2021, described in section 7.3 below.

It is designed to ensure that we can fulfil our commitments in respect of work not covered by a comprehensive site insurance policy.

For buildings that are no longer tenanted pending major redevelopment work, insurance cover is maintained for damage to the existing building, in addition to the construction insurance.

7.2. Corporate insurance

7.2.1. All-Risks Office

The All-Risks Office policy covers the furniture, equipment and supplies in the Company's headquarters in the 42 Washington building in the 8th *arrondissement*, the Square Édouard VII Business Centre in the 9th *arrondissement* and the concierge services area in the #cloud.paris building at 6 rue Ménars in the 2nd *arrondissement*.

Consequential losses and expenses are also covered, as well as the additional operating or other costs that would have to be incurred to enable the Group to continue operating its business following events in which insured items are damaged.

7.2.2. Cyber Risks

The Group has been insured against cyber risks since 1 January 2019. The policy insures the financial consequences, up to €3 million per claim and per year, of the following:
- Losses and expenses incurred by SFL following a cyberattack or threatened attack on its information systems.
- Any complaint resulting from a cyberattack on the information system of the Group or a third party, or the communication of libellous information and/or information that breaches third-party rights.

The policy covers the services of a computer forensics specialist on call 24/7 to assist SFL in the event of an incident affecting its information systems.

Damage to computer hardware is covered by the All-Risks Office policy described above.

7.2.3. General Liability

All of the Group's companies and operations, including both property management and trading, are covered by a single liability policy.

The policy covers:
- Third-party liability during operations and works, capped at €20 million per claim (combined single limit), including €15 million for direct and consequential damage. The total includes €1.5 million liability cover for sudden and accidental environmental damage and €2.5 million "inexcusable fault" cover per insurance year.
- Professional liability insurance for the Group, up to a maximum of €5 million per claim and per underwriting year (combined single limit), of which €1 million corresponds to professional liability insurance for the property management and trading activities carried out by Locaparis.

Liability cover for buildings undergoing major redevelopment includes the comprehensive site insurance policies purchased for each project, and cover for direct and consequential losses incurred by third parties.

7.2.4. Directors' and Officers' Liability

This policy covers directors and officers, including de facto managers of the Company, against personal liability claims and related legal costs.

7.3. Construction insurance

The following insurance cover is purchased for all of our property redevelopment projects:
- Structural Damage and Developer insurance;
- Contractors All-Risks insurance;
- "Project Sponsor Liability" insurance, which is in addition to the cover provided by the general liability policy described in section 7.2.3 above.

To simplify and accelerate the process, a procedure has been set up with a broker who has managed SFL's property insurance and corporate policies for many years.

Two protocols have been developed, one for Contractors All-Risks insurance and the other for Structural Damage and Developer insurance. They define the arrangements with the insurer (fast-track claim reporting, amount of cover, deductible, pricing). In addition, a questionnaire prepared with the broker ensures that SFL provides all the necessary information, and also lists all the documents to be submitted at the various stages of the redevelopment project.

8. Appointment of the Statutory Auditors

The appointment of Deloitte & Associés as Statutory Auditor will expire at the close of the Annual General Meeting on 13 April 2023. Shareholders will be invited to renew Deloitte & Associés' appointment for a six-year period expiring at the close of the Annual General Meeting to be called to approve the financial statements for the year ending 31 December 2028.

9. Internal Control and Risk Management Procedures Implemented by the Company for the Preparation and Processing of Accounting and Financial Information

(Article L.22-10-35 I 5° of the French Commercial Code)

This report describes the procedures set up by the Group to prevent and control risks arising in the course of its business, including the measures taken to guarantee (i) the reliability of accounting and financial information, (ii) compliance with all applicable laws and regulations and (iii) the security of reporting or management processes.

The Group applies all the recommendations and key processes contained in the AMF's reference framework for risk management and internal control dated 22 July 2010 and follows the guidance issued by French business organisations (MEDEF, AFEP and ANSA) and accounting authorities (CNCC).

The pillars of the internal control system are:
- A standard set of procedures.
- Accountable operations, finance and audit teams.
- Collective decision-making processes.
- Segregation of duties between the authorisation of expenditure and the related payments.

Company organisation

The new internal organisation set up in December 2022 comprises two pillars:
– Operations, consisting of:
  • Technical and Development Department
  • Asset Management and Client Management Department
  • Leasing Department
  • Investments and Innovation Department
– Resources, consisting of:
  • General Secretariat, Audit and Internal Control
  • Information Systems Department
  • Finance Department
  • Human Resources Department
  • ESG Strategy
  • Communication

This organisation is supported by clear definitions of individual roles and responsibilities and procedure reviews to clarify who does what and, in this way, more effectively manage risks.

Upgraded governance rules

The internal audit function has been outsourced to KPMG since 2012 by decision of the Board of Directors based on the recommendation of the Audit Committee.

Internal audits covering specialist areas may be performed from time to time with the support of experts other than KPMG.

The internal audits are performed according to the annual audit programme drawn up by the Audit Committee with input from the Company's management. They are overseen by the Chief Resources Officer, whose responsibilities include internal control and internal audit.

This report presents:
– The internal control system, the people and structures responsible for its implementation, and the process for preparing financial and accounting information for shareholders.
– Internal control procedures, with details of their scope of application and the risks covered, including the specific risks inherent in the Group's business.
– Overview of the Audit Committee's work in 2022 and comparison with best practices.

9.1. General presentation of internal control

Managers have front-line responsibility for identifying risks and implementing appropriate control measures.

Senior management ensures that the necessary organisation is in place to permit effective control and oversees managers' activities in this area with support from the Chief Resources Officer who is responsible for internal control. Executive management reports to the Audit Committee on the supervision of internal control.

9.1.1. Overall organisation

Internal control procedures over business processes are communicated to all employees concerned and updated to reflect process changes.

It was not necessary to set up specific controls to obtain assurance concerning the quality of internal control within the various consolidated entities, because all of these entities apply the same procedures and the accounting teams responsible for producing their accounts rotate periodically.

To limit the risks of fraud, payables accounting and payment functions are strictly segregated. The Treasury Department is independent from the Accounting Department and reports directly to the Chief Financial Officer.

To improve the reliability and quality of accounting information, a separate Budget Control Department analyses management and cost accounting data and performs reconciliations between these data and the statutory accounts.

Management and cost accounting data are produced separately for each property in the portfolio. These data are aggregated and reconciled to the statutory accounting data and consolidation packages produced by the entities concerned, providing a critical means of control.

SFL is fully consolidated in the consolidated financial statements of its main shareholder and is required to produce specific monthly reporting packages for this purpose. In addition to incorporating new and frequently complementary data processing and control practices, the monthly reporting process also helps management to monitor the business more closely thanks to the increased availability of data:

– Basic reporting schedules are prepared by cash-generating units corresponding to each individual building.
– The monthly reporting schedules are reconciled to the budget, allowing management to swiftly identify variances or any inconsistencies in processing the raw data.

9.1.2. Delegations of authority

Signing authority is granted only for payments, with dual signatures required in all cases. A strict segregation of duties is maintained between the authorisation of expenditure and the related payments.

The list of authorised signatories is checked periodically and updated to take account of organisational changes.

9.1.3. Information systems governance

The Information Systems Department is responsible for the routine and evolutive maintenance of the Group's information systems, in line with data security standards. These standards cover:
– System uptime rates
– Data classification
– Data backups and protection
– Incident management
– Protection against computer viruses and security breaches

Several major transformations were initiated or implemented in 2022:
– The system infrastructure is now fully hosted on Azure, and benefits from Microsoft's protection and security. In addition, all servers and data are synchronously replicated to third-party solutions in order to cope with any service disruption.
– The Company's headquarters were temporarily moved to enable work to be performed. An LAN was created specifically for the new offices, and all workstations were moved without any interruption of employees' work.
– Finally, the Board of Directors approved the proposal to replace the Group's ageing property management and accounting system with the system used by Colonial, which is mainly based on SAP S/4Hana. After spending the second half of 2022 analysing the processes for migrating procedures and data, the IT team will devote 2023 to ensuring that the Group companies' routine administrative operations have been seamlessly migrated to the new system and to providing user training.

9.1.4. Internal Code of Ethics

All Group employees are required to comply with the SFL Code of Ethics, which applies in particular to dealings with third parties. All staff members have also been specifically notified of the rules concerning insider trading and the use of inside information. These rules have been published on the Company's intranet.

9.2. Internal control procedures

9.2.1. Procedures for identifying and managing business-specific risks

Existence and valuation controls over the properties that constitute the bulk of the Company or the Group's assets are performed by external, independent valuers during their interim and annual portfolio valuations.

The Accounting Department pays particular attention to ensuring the completeness of accounting entries concerning renovation, repair and other work undertaken by Group companies.

To this end, a dedicated accounting team has been given specific responsibility for managing works accounts for all companies, providing the Technical and Development Department with a single point of contact and guaranteeing consistent treatment of all transactions.

Procedures are performed at several levels to ensure that internal control objectives of completeness and valuation are met for liabilities:
– Tenant risks, which are managed by the Receivables Accounting unit, are reviewed regularly by the Legal Department and are also subject to second-tier controls.
– The risk of legal disputes with the Company and the Group's partners is closely monitored, with technical guidance from the Legal Department.
– The Treasury Department participates actively in collecting information about off-balance sheet commitments related to hedging and debt instruments, as well as commitments to suppliers, and ensuring that the information is complete.

9.2.2. Identifiable risks

The Group's main identifiable risks concern:
– Loss of or damage to assets (managed through building maintenance, technical monitoring of refurbishment projects, property surveys, etc.).
– Breaches of environmental regulations.
– Rent defaults and arrears, and failure to take into account the full impact of vacancy rates.
– Fraud.
– Risk of higher vacancy rates and rent arrears, due in particular to a global economic and health crisis.

The risks specific to the Company, the Group and the industry are described in detail, pages 16 *et seq.*

9.2.3. Insurance

Details of the Group's various insurance policies are provided in the section, pages 29 *et seq.*

9.2.4. Controls over the quality of accounting and financial information

As a company listed on Euronext Paris, SFL has to take a more rigorous, highly disciplined approach to preparing financial information.

With a very high capital-per-employee ratio, we use the services of external experts to stay informed of technical developments in the areas of accounting, finance and tax. As well as providing regular technical updates, these experts also give formal advice on the choice of accounting options that have a material impact on the financial statements.

We participate in working groups set up by the industry federation and other organisations representing the property sector, providing an opportunity to exchange information about best practices and industry standards.

In July 2011, the Company joined *Institut Français des Administrateurs*, the French federation of company directors.

9.2.5. Book-keeping procedures

The accounts of all Group companies are kept on the same internal accounting system, which is integrated in the management information system.

The Accounting Department, which is part of the Finance Department, is organised around three units, Payables Accounting, Receivables Accounting and Corporate. It monitors regulatory changes and their application by the Group, based on the advice of external advisors, where appropriate.

The corporate accountants each keep the accounts of one or several consolidated companies. Their work is overseen by their respective managers who also replace corporate accountants if necessary.

9.2.6. Procedure for the preparation of the consolidated financial statements

The consolidated financial statements are produced using consolidation software that represents a market standard, guaranteeing its reliability and maintainability. The consolidated financial statements are prepared in accordance with the IFRSs adopted by the European Union.

A full set of monthly consolidated accounts is produced and submitted to the Company's majority shareholder. All departments are concerned and controls are performed over the centralised data to ensure that the reported statutory and management accounting data have been prepared on a consistent basis. These full monthly accounts are not audited or published.

The half-yearly and annual financial statements represent the basis for an extensive financial communication process and must be produced within a very short timeframe to comply with market standards. The publication dates are announced to the market in advance and must be adhered to.

The Audit Committee meets twice a year to review with the Statutory Auditors the financial statements and any significant transactions for the period. The Committee also meets with the Statutory Auditors to discuss the content of their work programmes and the observations and recommendations set out in the post-audit reports prepared after their audits of the interim and annual financial statements.

9.2.7. Budget and business plan procedures

The Budget Control Department produces a rolling five-year business plan, the first year of which corresponds to the budget. It collects, aggregates and consolidates the data reported by each operating unit, and analyses the consolidated data.

Revenue, expense and capex projections are presented separately for each building, and rental income projections are analysed on a lease-by-lease basis.

The Business Plan includes:
- Five-year profit and loss account and capital expenditure projections.
- Projected changes in consolidated debt.
- Key financial ratios, such as EBITDA, EPRA earnings, loan-to-value (LTV) and NAV.

The budget and the Business Plan are submitted to the Board of Directors for approval.

As well as playing an essential role as a roadmap for the business, they provide a basis for checking and analysing the monthly reports and consolidated financial statements in order to improve the reliability of the accounting and financial information submitted to the majority shareholder and released to the market.

In conclusion, the Group's control procedures over the production of accounting and financial information, and its internal control procedures covering the preparation of the consolidated financial statements are in line with the needs of a top-tier listed company.

9.2.8. Controls over liquidity risks

Our liquidity management policy consists of maintaining long maturities of debt, in order to be in a position to efficiently roll over or replace borrowings without having to contend with market distortions which, while rare, nevertheless exist. In addition, confirmed undrawn lines of credit with Significant Adverse Event clauses are maintained for amounts at least equal to the debt repayments due in the short-term, in order to cover liquidity risks.

9.2.9. Management of market risks

Market risks are managed on a conservative basis, without taking any speculative positions. In particular, the Group has no exposure to interest rate risk on 91% of debt at 31 December 2022, with 88% of debt at fixed rates and 3% hedged using caps. If applicable, our policy is to hedge interest rate risk on at least 70% of debt using swaps or caps.

9.2.10. Management of counterparty risks

All financial transactions are carried out with leading financial institutions.

Cash reserves, which are limited due to the use of revolving credit facilities, are invested with high quality banks and are not exposed to any material risk of loss of capital.

9.2.11. Controls over property-related technical risks

The purpose of controls over property-related technical risks is to prevent and contain environmental risks (asbestos, lead, legionella, etc.) associated with the properties in our portfolio and to ensure that all of these properties comply strictly with the applicable laws and regulations.

Risks have been identified in an environmental charter. Procedures have been drawn up to address these risks, including checks for asbestos and lead paint, legionella prevention measures, analyses of drinking water and safety checks on technical installations (electricity systems, lifts, safety equipment, gas pressure equipment, escalators, automatic doors and travelling units).

The procedures describe the action to be taken, the implementation timeline and the related controls. Employees responsible for these measures and controls receive specific training. An online platform has been set up to ensure implementation of all the controls required by the regulations, based on appropriate tracking indicators.

9.2.12. Purchases and contract tendering

Routine purchases are made from approved suppliers at regularly negotiated prices. For other purchases, competitive bids are obtained from several companies or suppliers where appropriate.

Under the tendering procedure, competing bids must be sought from at least three suppliers or contractors for contracts in excess of €100 thousand, and quotes must be obtained from at least three suppliers or contractors for contracts representing between €50 thousand and €100 thousand.

9.3. Overview of the Audit Committee's work in 2022 and comparison with best practices

9.3.1. The Audit Committee's role and best practices

In accordance with Article L.823-19 of the French Commercial Code, the AFEP-MEDEF Code and the Board of Directors' internal rules, the role of the Audit Committee is to:

– Monitor the process for the preparation of financial information and make any necessary recommendations to guarantee the information's integrity.
– Monitor the effectiveness of internal control and risk management systems and, if applicable, of the internal audit of the procedures for the preparation and processing of accounting and financial information, without affecting its independence.
– Make recommendations concerning the firm of accountants to be proposed for appointment as Statutory Auditors by the Annual General Meeting and make recommendations to the Board of Directors concerning the re-appointment of incumbent auditors in accordance with Article L.823-3-1 of the French Commercial Code.
– Monitor the audit of the financial statements by the Statutory Auditors. To assist the Committee in this task, the Statutory Auditors are required to submit to the Committee a report explaining the results of their audit, at the same time as their report setting out their audit opinion or earlier.
– Verify the independence of the Statutory Auditors.
– Define and monitor audits of controls over the Company and the Group's internal procedures and report the Statutory Auditors' conclusions and recommendations to the Board of Directors.
– Report regularly to the Board of Directors on its activities. The Committee also reports to the Board on the results of the statutory audit of the financial statements, the ways in which the audit contributed to the integrity of reported financial information and the Committee's role in the process. It is also required to notify the Board immediately of any audit-related problems;
– Approve the provision of non-audit services (NAS) by the Statutory Auditors. The Statutory Auditors may perform authorised non-audit services subject to the following two conditions:
  • the services concerned do not threaten the Auditors' independence, and
  • the fees for permitted NAS do not exceed 70% of the average fees paid in the last three financial years for the audit of the consolidated financial statements of the Public Interest Entity (PIE) and, if applicable, the entity that controls or is controlled by the PIE.

The Board of Directors has tasked the Audit Committee with strengthening the Company and the Group's corporate governance rules and diligently assessing internal control and risk management procedures.

The Company's system of internal control is designed to:
– Ensure that all acts of management, all transactions, and the behaviour of all Company employees comply with the general guidelines established by the Board of Directors, the applicable laws and regulations, and SFL's corporate values, standards and internal rules.
– Ensure that all accounting, financial and management information reported to the Company's Board of Directors gives a true and fair view of the Company's business and position.
– Prevent and manage business risks, as well as the risk errors and fraud.
– Analyse in detail the procedures performed by the Statutory Auditors and verify that their recommendations have been implemented.
– Anticipate and determine the required internal control work.

The Chairman of the Audit Committee regularly updated the Board of Directors about the Committee's work in 2022, so that the Board could assess this work.

The Statutory Auditors are required to submit to the Audit Committee their audit plan, a description of material weaknesses in internal control over the preparation and processing of accounting and financial information, details of any unrecognised accounting adjustments identified during the audit, and details of any other identified irregularities or misstatements.

The Statutory Auditors are also required to submit to the Audit Committee the report provided for in Article L.823-16 of the French Commercial Code, the annual declaration of independence and details of their fees and the services provided.

9.3.2. Internal audits performed in 2022 by KPMG

At its meeting on 20 January 2022, the Audit Committee defined and approved the internal audit programme for the year based on the Group's risk map described in section 6 above (pages 16 to 29).

The 2022 programme covered the four engagements listed below that relate to two categories of risk factors, namely (i) risks specific to the property business and (ii) legal and tax risks related to regulatory compliance:

Engagements		Risk factor classification (see page 17)	
		Category	Sub-category
1	**Suppliers below the tender thresholds:** The purpose of this engagement was to assess controls over non-tendered project expenditure.	Risks specific to the property business	Property utilisation and development risks
2	**Legal and tax risks related to the SIIC regime adopted by SFL since 2003** This engagement consisted of reviewing the internal control environment covering these risks.	Legal and tax risks	Legal and tax risks related to regulatory compliance
3	**Review of the process for billing service charges to tenants** Based on the existing procedure, the purpose of this engagement was to obtain assurance concerning (i) the quality of the billing process, (ii) the billability of service charges, work costs and management fees under the terms of the leases, and (iii) the recovery of the billed amounts from a sample of tenants.	Risks specific to the property business	Tenant risks
4	**Review of the asset valuation process** Review of internal controls over the asset valuation process.	Risks specific to the property business	Asset valuation risks

The results of each audit were reported to the Audit Committee.
In conclusion, KPMG rated the control environment as strong. Few anomalies were found and these were not material.

10. SFL and its Shareholders

10.1. Information about the Company's capital

10.1.1. Changes in capital over the last five years (2018-2022)

Date	Description	Issue/cancellation				After issue/cancellation	
		Number of shares cancelled	Number of shares issued	Par value	Gross premium	Total number of shares	Successive amount of capital
2018	None	–	–	–	–	46,528,974	€93,057,948
2019	None	–	–	–	–	46,528,974	€93,057,948
2020	None	–	–	–	–	46,528,974	€93,057,948
2021	Cancelled	3,664,259	–	€2	–	42,864,715	€85,729,430
2022	None	–	–	–	–	42,864,715	€85,729,430

10.1.2. Ownership structure and voting rights at 31 December 2022

Main shareholders	Total shares	Total voting rights	% interest	% voting rights(1)
Inmobiliaria Colonial, SOCIMI, SA	**42,148,182**	**42,148,182**	**98.33%**	**98.45%**
Free float	664,755	664,755	1.55%	1.55%
Treasury shares(2)	51,778	–	0.12%	–
Total	**42,864,715**	**42,812,937**	**100%**	**100%**

(1) No shares carry double voting rights, all shares are in the same class and treasury shares are stripped of voting rights.
SFL's share capital at 31 December 2022 was €85,729,430.
(2) Includes transactions effective at 31 December 2022 but not finalised at that date.

To the best of the Company's knowledge, no arrangements exist that could lead to a change of control of the Company.

10.1.3. Changes in ownership structure and voting rights

	2019[a]		2020[a]		2021[a]		2022[b]	
Main shareholders	% interest	% voting rights[b]	% interest	% voting rights[b]	% interest	% voting rights[b]	% interest	% voting rights[b]
Inmobiliaria Colonial, SOCIMI, SA	**81.71%**	**82.11%**	**81.71%**	**82.02%**	**98.33%**	**98.59%**	**98.33%**	**98.45%**
. Predica	12.88%	12.94%	12.88%	12.92%	–	–	–	–
. Other subsidiaries	0.29%	0.29%	0.28%	0.29%	–	–	–	–
Sub-total Crédit Agricole group	**13.17%**	**13.23%**	**13.16%**	**13.21%**	**–**	**–**	**–**	**–**
Free float	4.64%	4.66%	4.75%	4.77%	1.40%	1.41%	1.55%	1.55%
Treasury shares	0.48%	–	0.38%	–	0.27%	–	0.12%	–
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

(a) At 31 December of each year.
(b) No shares carry double voting rights, all shares are in the same class and treasury shares are stripped of voting rights.

To the best of the Company's knowledge, there were no other shareholders holding more than 5% of the capital or voting rights in any of the three years presented.

Disclosure thresholds

Changes in shareholders' interests disclosed to the Company since 1 January 2023
None.

Changes in shareholders' interests disclosed to the Company in 2022
None.

Changes in shareholders' interests disclosed to the Company in 2021

AMF notice 221C2002 of 5 August 2021

By letter received by the Autorité des Marchés Financiers on 5 August 2021, the Spanish company Inmobiliaria Colonial, SOCIMI, S.A. (Paseo de la Castellana, 52, 28046, Madrid, Spain) disclosed that on 4 August 2021 it had increased its interest to above the disclosure thresholds of 90% of the capital and voting rights and that it held 40,346,951 Société Foncière Lyonnaise shares representing the same number of voting rights (94.13% of the capital and voting rights[1]), as follows:

The disclosure threshold was crossed as a result of (i) the buy-back and cancellation by Société Foncière Lyonnaise of some of the shares previously held by Predica and (ii) the contribution of Société Foncière Lyonnaise shares by Predica to Inmobiliaria Colonial (see D&I 221C1823 of 20 July 2021, the information memorandum [covered by AMF visa no. 21-340 of 20 July 2021] prepared by Inmobiliaria Colonial, SOCIMI, S.A. in support of the public tender offer for Société Foncière Lyonnaise shares and its press release dated 4 August 2021).

AMF notice 221-C2042 of 10 August 2021

In a letter received by the Autorité des Marchés Financiers on 10 August 2021, Crédit Agricole Assurances[2] (16-18 boulevard de Vaugirard, 75015 Paris) disclosed that on 4 August 2021 its interest in Société Foncière Lyonnaise held indirectly through Predica, a company it controls, had been reduced to below the thresholds of 10% and 5% of the capital and voting rights of Société Foncière Lyonnaise, and that it held indirectly, through Predica, 129,464 Société Foncière Lyonnaise shares representing the same number of voting rights (0.30% of the capital and voting rights[1]).

These disclosure thresholds were crossed as a result of (i) the buyback and cancellation by Société Foncière Lyonnaise of some of the shares previously held by Predica and (ii) the contribution of Société Foncière Lyonnaise shares by Predica to Inmobiliaria Colonial (see D&I 221C1823 of 20 July 2021, the press release issued by Inmobiliaria Colonial on 4 August 2021 and D&I 221C2002 dated 5 August 2021).

At the same time, Predica disclosed that its direct interest had also been reduced to below the same disclosure thresholds.

AMF notice 221C2241 of 1 September 2021

By letter received by the *Autorité des Marchés Financiers* on 31 August 2021, the Spanish company Inmobiliaria Colonial, SOCIMI, S.A. ("Colonial") (Paseo de la Castellana, 52, 28046, Madrid, Spain) disclosed that on 30 August 2021 it had increased its interest in Société Foncière Lyonnaise to above the disclosure thresholds of 95% of the capital and voting rights and that it held 42,148,182 Société Foncière Lyonnaise shares representing the same number of voting rights (98.33% of the capital and voting rights[1]).

The disclosure threshold was crossed as a result of the acquisition of Société Foncière Lyonnaise shares tendered to Colonial's simplified cash and paper offer.

Changes in shareholders' interests disclosed to the Company in 2020
None.

10.2. Share equivalents

The Company has not issued any other securities with rights to a share in the capital.

(1) Based on a total of 42,864,715 shares and voting rights outstanding, in accordance with paragraph 2 of Article 223-11 of the AMF's General Regulations.
(2) Controlled by Crédit Agricole SA.

10.3. Directors' interests

Directors as of 31 December 2022	Number of SFL shares held as of 31 December 2022*
Juan José Brugera Clavero	20,575
Ali Bin Jassim Al Thani	25
Carmina Ganyet i Cirera	0
Arielle Malard de Rothschild	25
Alexandra Rocca	0
Pere Viñolas Serra	0
Total	**20,625**

* The Directors' Charter stipulates that each Director must disclose to the Company the shares held directly and indirectly, within the meaning of Article L.225-109 of the French Commercial Code.

10.4. Transactions carried out by top management and parties closely related to them during 2022

Acquisition of vested performance shares granted by the Board of Directors on 15 February 2019 (Plan 5)

Disclosed by: Juan José Brugera Clavero
Director
Chairman of the Board of Directors until 7 April 2022

Type of instrument: shares
Transaction date: 31 March 2022
AMF notification received: 31 March 2022
Off-market transaction
Unit price: €0.00 *(share price: €86.40)*
Number of shares: 6,000

Disclosed by: Nicolas Reynaud
Chief Executive Officer until 30 June 2022

Type of instrument: shares
Transaction date: 31 March 2022
AMF notification received: 31 March 2022
Off-market transaction
Unit price: €0.00 *(share price: €86.40)*
Number of shares: 20,000

Disclosed by: Dimitri Boulte
Managing Director until 30 June 2022
Chief Executive Officer since 1 July 2022

Type of instrument: shares
Transaction date: 31 March 2022
AMF notification received: 31 March 2022
Off-market transaction
Unit price: €0.00 *(share price: €86.40)*
Number of shares: 16,000

Other transactions

Disclosed by: Dimitri Boulte
Managing Director until 30 June 2022
Chief Executive Officer since 1 July 2022

Type of instrument: shares
12 transactions between 3 June and 9 November 2022
Types of transaction: sales
Total number of shares: 3,527
Average unit price: €83.94

10.5. Employee share ownership at 31 December 2022

As of 31 December 2022, 42,128 SFL shares were held by employees, representing 0.098% of the capital.

Included in this total are the shares held by Aude Grant, Managing Director since 1 July 2022 and also an employee.

Excluded from this total are the shares held by Dimitri Boulte, who was appointed Chief Executive Officer on 1 July 2022, the date on which his employment contract ended.

Corporate mutual fund

In 2021, the ACTIONS SFL corporate mutual fund sold all of its SFL shares and was merged into another fund that does not hold any SFL shares.

10.6. Transactions in SFL shares carried out by the Company

10.6.1. Stock options granted to and exercised by the Chairman, the Chief Executive Officer and the Managing Director in 2022

No stock options were granted to or exercised by the Chairman, the Chief Executive Officer or the Managing Director in 2022. The last stock option plan expired on 12 March 2015, at the end of the options' eight-year life (see Appendix 15.1, page 89).

10.6.2. Performance share plans

Pursuant to the authorisation granted by the Ordinary and Extraordinary General Meeting of 15 April 2021, at its meetings on 19 November 2021 and 18 February 2022, the Board of Directors approved the recommendations of the Remuneration and Selection Committee and decided to adopt the rules of performance share Plan 6.

In line with the terms of the shareholder authorisation, at its meeting of 18 February 2022, the Board of Directors drew up the list of performance share recipients for 2022 and decided to award 61,248 shares to certain employees and certain officers of SFL and its related entities within the meaning of Article L.225-197-2 of the French Commercial Code.

The Plan 6 rules are presented in Appendix 15.2 (page 90 *et seq.*).

10.6.3. Share buyback programme

The Annual General Meeting of 7 April 2022 (twelfth ordinary resolution) authorised a share buyback programme with the following objectives:
– To purchase shares for allocation to all or selected employees and officers of the Company, and/or related companies and economic interest groupings in accordance with the terms and conditions provided for in the applicable laws, including in connection with (i) the non-discretionary profit-sharing scheme, (ii) any employee share purchase or share grant plan governed by Articles L.3332-1 *et seq.* of the French Labour Code or other legal provisions, or (iii) any stock option plan or share grant plan for all or selected employees and officers of the Company in accordance with Articles L.225-177 *et seq.*, L.22-10-56 *et seq.*, L. 225-197-1 *et seq.*, L. 22-10-59 and L. 22-10-60 of the French Commercial Code.
– To ensure the liquidity of SFL shares by entering into a liquidity contract with an investment firm in compliance with the practices allowed under French securities regulations.
– To purchase shares for delivery on exercise of rights attached to securities exercisable, redeemable, convertible or exchangeable, upon presentation of a warrant or otherwise, immediately or at a future date, for shares of the Company and to cover the Company's obligations towards the holders of these securities.
– To cancel all or some of the shares bought back, in accordance with Article L.22-10-62 of the French Commercial Code, subject to adoption of the Meeting's first extraordinary resolution authorising the Board of Directors to reduce the capital.
– More generally, to carry out any transaction leading to an obligation to deliver shares that is permitted or that may be authorised by the applicable regulations.

At 31 December 2022, the Company held 51,778 shares in treasury, representing 0.12% of the capital.

These shares were purchased for the following purposes:
1. For allocation to SFL Group employees: 23,520.
2. For purchase and sale transactions under a liquidity contract with an investment firm: 4,975.
3. For delivery on exercise of rights attached to securities exercisable, redeemable, convertible or exchangeable, upon presentation of a warrant or otherwise, immediately or at a future date, for shares of the Company: 0.
4. For delivery at a future date in exchange or payment for shares of another company in connection with any external growth transactions: 23,283.
5. For cancellation: 0.

The Board of Directors has decided to present a resolution at the Annual General Meeting of 13 April 2023, authorising the Company to implement a share buyback programme based on a maximum price of €110 per share (fifteenth ordinary resolution).

The programme would concern the buyback of shares representing up to 10% of the Company's capital at the date of the Meeting, as adjusted if applicable for the effect of any capital increases or reductions carried out after the Meeting.

Based on the issued capital at 31 December 2022, the authorisation would concern the buyback of up to 4,286,471 shares. This ceiling will be adjusted in the event of any changes in issued capital in the period up to the date of the Annual General Meeting or any capital increases or reductions carried out after the Meeting.

The programme's main objectives will be the same as those set by the Annual General Meeting of 7 April 2022, and concerns the following:
– To purchase shares for allocation to all or selected employees and officers of the Company, and/or related companies and economic interest groupings in accordance with the terms and conditions provided for in the applicable laws, including in connection with (i) the non-discretionary profit-sharing scheme, (ii) any employee share purchase or share grant plan governed by Articles L.3332-1 *et seq.* of the French Labour Code or other legal provisions, or (iii) any stock option plan or share grant plan for all or selected employees and officers of the Company in accordance with Articles L.225-177 *et seq.*, L.22-10-56 *et seq.*, L. 225-197-1 *et seq.*, L. 22-10-59 and L. 22-10-60 of the French Commercial Code.
– To ensure the liquidity of SFL shares by entering into a liquidity contract with an investment firm in compliance with the practices allowed under French securities regulations.
– To purchase shares for delivery on exercise of rights attached to securities exercisable, redeemable, convertible or exchangeable, upon presentation of a warrant or otherwise, immediately or at a future date, for shares of the Company and to cover the Company's obligations towards the holders of these securities.
– To cancel all or some of the shares bought back, in accordance with Article L.22-10-62 of the French Commercial Code, subject to adoption of the tenth extraordinary resolution of the Annual General Meeting of 13 April 2023 authorising the Board of Directors to reduce the capital.
– And, more generally, to carry out any transaction leading to an obligation to deliver shares that is permitted or that may be authorised by the applicable regulations.

If shares are bought back under a liquidity contract in accordance with the AMF's General Regulations, the number of shares used to calculate the limit of 10% of the issued capital will correspond to the number of shares purchased minus the number of shares sold during the authorised period.

The authorisation would be given for a period of 18 months.

10.6.4. Summary of disclosures: Disclosure of treasury share transactions for the period from 1 January 2022 to 31 December 2022

Percentage of capital held by the Company and/or its subsidiaries:	0.12%
Number of shares cancelled in the last 24 months:	0
Number of shares held:	51,778
Carrying amount of the shares:	€2,951,947.19
Market value of the shares (at 31 December 2022):	€4,370,063.20

	Cumulative transactions		Open positions on the publication date of programme details			
			Open buy positions		Open sell positions	
	Purchases	Sales/Transfers[1]	Purchased calls	Forward purchases	Written calls	Forward sales
Number of shares	10,947	8,340	–	–	–	–
Average maximum maturity	–	–	–	–	–	–
Average transaction price	€83.86	€84.50	–	–	–	–
Average exercise price	–	–	–	–	–	–
Amount	€918,001.15	€704,729.66	–	–	–	–

(1) Transactions under the liquidity contract.
Not including the 64,992 vested performance shares that were allocated under Plan no. 5 set up by decision of the Board of Directors on 15 February 2019.
Transaction costs under the liquidity contract amounted to €26,800 in 2022.

10.7. Disclosure thresholds

Paragraph IV of Article 10 of the Company's Articles of Association states that in addition to the obligations arising from legal disclosure thresholds, any individual or legal entity acting alone or in concert that holds – directly or indirectly within the meaning of Articles L.233-7 *et seq.* of the French Commercial Code – shares and/or securities carrying rights to shares representing at least 2% of the Company's capital or voting rights is required to disclose to the Company by registered letter with return receipt requested, within five trading days of the additional interest being recorded, details of the number of shares and/or securities carrying rights to shares that are held and the number of voting rights attached thereto.

These disclosure formalities must be followed each time a shareholder's interest is raised to above or reduced to below the 2% threshold or any multiple thereof, including when the interest exceeds 5%.

In the case of failure to comply with these disclosure rules, at the request of one or several shareholders with combined holdings representing at least 2% of the Company's capital or voting rights, the undisclosed shares will be stripped of voting rights, in accordance with the conditions laid down by law. Said request will be recorded in the minutes of the Annual General Meeting and will entail the automatic application of the abovementioned sanction.

No crossings of disclosure thresholds were declared to the Company in 2022. See section 10.1.3 "Changes in ownership structure and voting rights", page 36.

10.8. Dividends paid in the last three years

10.8.1. Dividend policy

The amount and manner of payment of future dividends will be decided each year according to the Company's earnings, cash position, financing terms, capital needs, overall business situation, the resources necessary to ensure the Company's development and any other factor that the Board of Directors considers relevant in preparing its recommendation to shareholders. The decision to pay a dividend, and the amount of such dividend, will also depend on the rights of holders of securities that may be issued in the future and any restrictions on dividend distributions that may exist as a result of existing lines of credit or any other debt. There can be no assurance that SFL will pay dividends in future years.

In any event, as a company taxed as an SIIC, SFL has certain distribution obligations. By virtue of Article 208 C of the French Tax Code, SFL is exempt from paying tax on (i) profits from its property rental activities, (ii) capital gains on property sales and sales of interests in look-through entities or subsidiaries that have elected for the SIIC regime, and (iii) dividends received from SFL subsidiaries that have also elected for the SIIC tax regime. In exchange for this exemption, the Company must distribute (i) at least 95% of the exempted rental profits within 12 months of the close of the financial year in which the profits are earned, (ii) at least 70% of the exempted capital gains from the sale of properties or interests in look-through entities or subsidiaries that have elected for the SIIC tax regime, or the sale of finance-lease contracts, within 24 months of the close of the financial year during which the capital gains were generated and (iii) 100% of the dividends received from subsidiaries that have also elected for the SIIC tax regime within 12 months of the close of the financial year during which the dividends were received. The amounts to be distributed are determined separately by each company that has elected for the SIIC tax regime, based on its individual earnings.

At the Annual General Meeting held to approve the 2022 financial statements, the Board of Directors will recommend paying a dividend of €4.20 per share.

10.8.2. Dividend payments

In accordance with Article 243 *bis* of the French Tax Code, information on dividends paid in the last three years is provided below:

Year	Dividend per share	Portion of the dividend qualifying for the 40% tax allowance	Portion of the dividend not qualifying for the 40% tax allowance for shareholders residing in France	Portion of the dividend classified as a return of capital	Total dividend(1)
2019	€2.65	€0.28	€2.37	–	€123,301,781.10
2020	€2.10	€0.0582	€0.8929	€1.1489	€97,710,845.40
2021	€4.20	€0.00	€4.20	€0.00	€180,031,803.00

(1) Not including dividends not paid on shares held in treasury.

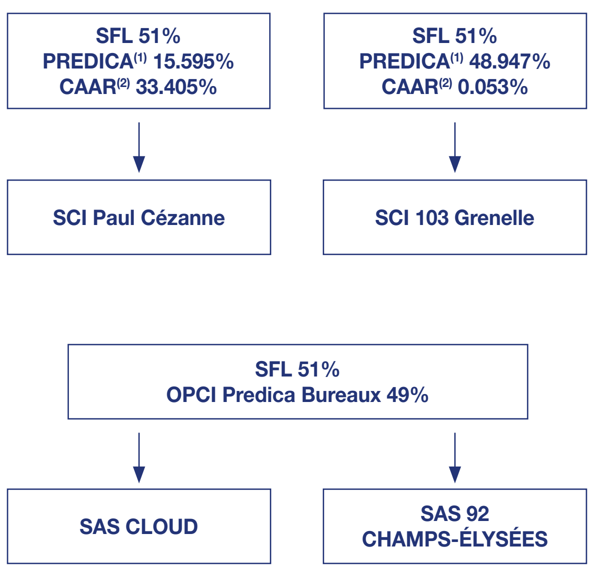
11. Partnerships

On 4 August 2021, SFL entered into two shareholders' agreements with Predica relating to SCI Paul Cézanne and SCI 103 Grenelle, and two shareholders' agreements with OPCI Predica Bureaux (a company created for this purpose by Predica) relating to SAS Cloud and SAS 92 Champs-Élysées.

On 9 November 2022, SFL and Predica signed addenda to their two shareholders' agreements in order to allow Predica to contribute assets to Crédit Agricole Assurances Retraite (CAAR) under the *apport partiel d'actifs* regime, including part of Predica's interests in SCI 103 Grenelle and SCI Paul Cézanne. The assets were contributed and CAAR became a signatory of the shareholders' agreements on 1 December 2022.

The shareholders' agreements between SFL and OPCI Predica Bureaux concerning SAS Cloud and SAS 92 Champs-Élysées remained unchanged in 2022.

As a result, as of 31 December 2022, the shareholders' agreements were as follows:



(1) Life insurance subsidiary of Crédit Agricole Assurances.
(2) A new company created by Crédit Agricole Assurances to hold pension assets.

The agreements' change of control clauses are as follows: In the event of a change of control of one of the parties, the other party may:
– approve the change of control; or
– decide to purchase all of the shares and the current account advance held by the partner that is subject to the change of control, or
– decide to sell all of the shares and the current account advance to the partner that is subject to the change of control.

12. Shareholders' Agreements

There are no shareholders' agreements between SFL's main shareholders. As of 31 December 2022, SFL was 98.33%-owned by Inmobiliaria Colonial, SOCIMI S.A.

13. Share Performance

SFL shares have been quoted in Compartment A of Euronext Paris since 21 February 2005. They were previously quoted on the Premier Marché of Euronext Paris as from 25 March 1998 and on the cash settlement market before that (ISIN: 0000033409).

Period		Price (€)		Trading volume	
		High	Low	Number of shares	Amount (€m)
2022	January	84.00	77.20	5,289	0.427
	February	88.60	82.00	3,325	0.283
	March	88.80	83.20	4,706	0.404
	April	91.60	84.80	6,048	0.528
	May	90.60	84.00	6,674	0.585
	June	90.00	80.60	3,900	0.329
	July	86.40	81.20	7,191	0.608
	August	85.60	79.80	9,720	0.797
	September	85.80	81.20	2,282	0.188
	October	84.80	76.00	7,618	0.606
	November	88.20	79.60	5,323	0.440
	December	85.00	80.40	1,725	0.145
2023	January	85.00	79.00	3,746	0.305
	February	83.20	79.80	2,959	0.240

14. 2022 Non-Financial Information Statement

1. Corporate social responsibility strategy

Since its founding, SFL has demonstrated its expertise as a property owner and developer to build, maintain and transform its assets and the surrounding city. By combining a long-term vision with agile responsiveness, it has managed both times of growth and times of crisis with the same spirit of resilience and innovation.

The global health crisis that emerged in 2020 and persisted throughout 2021 and part of 2022 impacted the use of offices and continued to raise questions about their role, while spurring faster development of certain technologies and the recognition of rapidly shifting property user expectations.

In an environment that has accelerated a certain number of social and urban trends, SFL is instilling its business with fresh meaning by setting it on an ambitious course, guided by a renewed commitment to high-quality, results-oriented performance. Faithful to its traditional core competencies and seasoned experience, SFL is strategically focusing on its role as an engaged artisan of the Paris cityscape and the well-being of its residents.

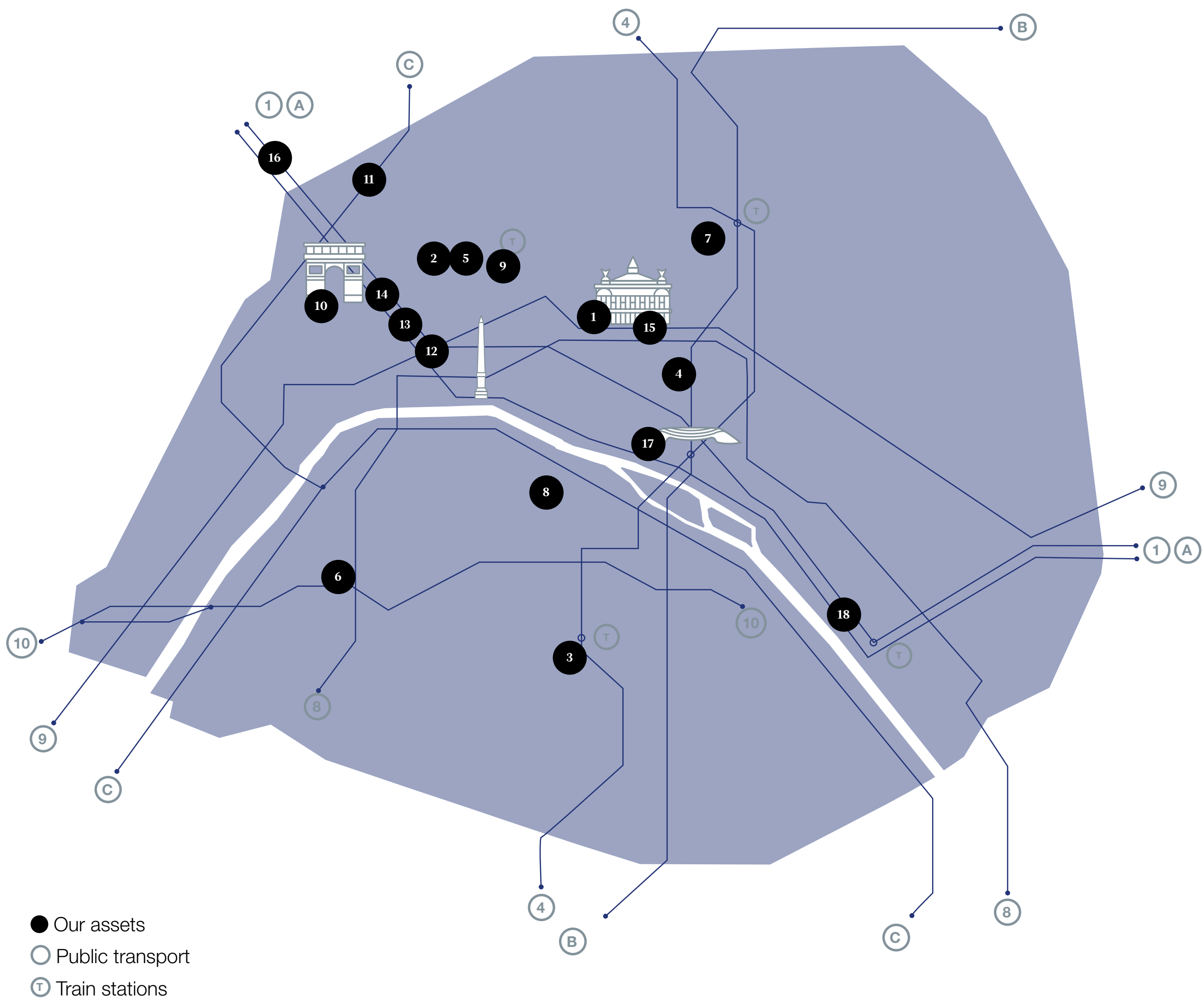
This clear positioning in the prime Parisian office property market and the organisation by core competency provide a robust foundation for the Group's value creation strategy. At 31 December 2022, the portfolio comprised 18 assets (81% offices, 18% retail units and a hotel and 1% residential units by value), whose physical occupancy ratio stood at 99.5%. SFL tenants represent the highest value-added per employee in their industries and are particularly demanding in their choice of workspaces.

All of SFL's buildings are located a few minutes walk from a train or public transport station, in the thriving business districts of Paris and Neuilly-sur-Seine. The renovations and developments all reflect the careful attention SFL pays to the functionality, architectural beauty and resilience of each property. SFL consistently focuses on the long term, addressing the entire life cycle of its assets and the future needs of its tenants.

Our portfolio assets are all characterised by very high occupation density, heavy user and visitor traffic, and extensive information technology and audiovisual facilities. This combination of high occupation density and low-carbon commuting positions these assets as the sector's most effective in helping to mitigate the city's climate impact and supporting its ability to adapt to climate change.

For more than a decade, SFL's corporate social responsibility (CSR) policies have ranked at the very top of its concerns. Defined around clear objectives, particularly for the 2030 timeframe, ambitious and assertive policy is also rooted in CSR issues that are material for its stakeholders and critical for its financial resilience in an uncertain environment.

By actively paying attention to the emerging expectations of its tenants, employees, shareholders and partners, SFL ensures that the policy is meaningful in each of the four core pillars that structure its pragmatic, highly effective action plans. Analysed in terms of risks and opportunities, 12 pathways are being addressed through the four pillars of the intangible value of the Group's assets. Everything the Group does daily reflects the true meaning of its business model in action, which is to foster the desire to work together.



THE SFL PORTFOLIO: 414,600 SQ.M.

Paris	Total surface area[1]		
1 Édouard VII	54,600 sq.m.	10 83 Marceau	9,700 sq.m.
2 Washington Plaza	48,200 sq.m.	11 131 Wagram	9,200 sq.m.
3 Pasteur	39,600 sq.m.	12 90 Champs-Élysées	8,900 sq.m.
4 #cloud.paris	35,000 sq.m.	13 Galerie des Champs-Élysées	8,500 sq.m.
5 Cézanne Saint-Honoré	29,100 sq.m.	14 92 Champs-Élysées	7,700 sq.m.
6 Biome	25,000 sq.m.	15 6 Hanovre	4,600 sq.m.
7 Condorcet	24,900 sq.m.	16 176 Charles de Gaulle	6,900 sq.m.
8 103 Grenelle	18,900 sq.m.	17 Louvre Saint-Honoré	47,700 sq.m.
9 106 Haussmann	13,400 sq.m.	18 Rives de Seine	22,700 sq.m.
		Total	**414,600 sq.m.**

(1) Including infrastructure and excluding car parks.
Surface areas rounded to the nearest hundred.

1.1. Four pillars and twelve CSR issues

As Europe's oldest property company, with a rich history spanning more than 140 years, SFL has learned that real estate and its projects are a multi-year process, with timelines of up to five or ten years from design engineering to tenant delivery. While the immutable goal is to create spaces that embody the desire to work together, the ways to achieve this can be adjusted, enhanced and realigned in response to societal and sociological change.

This is why it is critically important to set up innovation and planning platforms that enable real estate industry professionals to identify emerging trends. One example is the annual Paris Workplace survey, which reveals that the office is no longer just a place to work, but rather a place to connect, share and create, where corporate culture and collective intelligence is nurtured, and where employee engagement is fostered.

While employees can now work almost anywhere, thanks to new technologies and the flexibility offered by more widespread work-from-home arrangements, only a physical office enables companies to project their image to customers and employees, thereby acting as a catalyst in creating employer appeal and a key asset for retaining talent.

While the younger generations are the most conscious of the matter, employees of all ages are becoming more demanding of their employers and want to see tangible proof of sustainable practices, particularly with regard to their offices. When employees are proud of their offices and of the commitments upheld, their engagement and well-being increase.

SFL has been working in this direction for many years, while creating a large community of like-minded stakeholders. By pursuing a responsible vision of the future in developing and managing its office buildings, SFL is deeply committed to working closely with its tenants, its external stakeholders (municipal and national authorities, local residents), its employees and its partners (prime contractors, construction companies, utilities and amenities operators) to foster the desire to work together around four pillars:
– **Low-carbon strategy**
– **Urban footprint**
– **User satisfaction**
– **Employee and partner engagement**

These pillars, each addressing three specific issues, cover all of the Group's most material environmental, social and governance (ESG) issues and are correlated with the main risks and opportunities impacting its business model.

They are also used to measure how its ESG processes help to meet the Sustainable Development Goals adopted by the United Nations in 2015. SFL considers that its initiatives and activities have an impact on 10 of those goals, as follows:

LOW-CARBON STRATEGY

The development and use of property assets is a significant source of greenhouse gas emissions.

It is the Group's responsibility to provide resilient properties demonstrating excellent real estate fundamentals, while promoting an ambitious low-carbon strategy and the judicious use of resources.

Operational sufficiency

Circular economy and embodied carbon emissions

Building resilience

URBAN FOOTPRINT

SFL wants to do its part in defining the new geography of work.

The Group gets local stakeholders involved in the design and execution of its urban development projects and focuses its capital programs on buildings that are located in vibrant communities, respect local biodiversity and blend harmoniously into the urban landscape.

Architecture & design

Nature & landscaping

Mobility

USER SATISFACTION

The world of work is radically changing.

SFL wants its users to look forward to coming to the office and working together by offering comfortable, flexible spaces, serviced by prime amenities and meeting the highest standards of quality and performance.

Convenience & amenities

Certifications & labels

Tenant relations & satisfaction

EMPLOYEE AND PARTNER ENGAGEMENT

Our commitment to working together is supported by a strong desire for transformation and bold thinking outside the box.

Our team, which is entirely in-house, comprises talented people who know how to address these demanding issues. The Group can also count on its partners, with whom it nurtures robust, enduring relationships.

Employer appeal, skills development & workplace equality

Health, safety & quality of worklife

Ethics in the value chain

1.2. Operating environment, SFL impacts and 2030 objectives

Analysing SFL's operating environment and the attendant risks and opportunities for its business model is a core component in the value creation process.

In 2022, the worldwide business environment was shaped by the same deep uncertainty as in 2020 and 2021, as well as by the quickening pace of change in building usage and municipal services. However, this environment also revealed the strengths of SFL's resilient property portfolio, capable of effectively responding to new expectations even as they emerged and evolved with increasing speed.

SFL's deep-rooted ties to the city, its constant efforts to deliver well-being and efficiency, and everyone's commitment to a responsible future have been expressed as 12 pathways to improvement, based on the above-mentioned four pillars. This holistic approach is presented and described in the sections below.

Divided among the four pillars of the Group's CSR commitment, these 12 main pathways for 2030 align SFL's initiatives with the global objectives being pursued by leading sustainability organisations. They are also the pragmatic yet ambitious goals that are guiding the management of the Group's initiatives over the shorter and medium terms.

Performance towards these objectives is regularly monitored by the Management Committee and the Board of Directors and guided by dedicated action plans.

Pillar	Operating environment	SFL impacts	SFL response	Primary 2030 objective	2022 performance
Low-carbon strategy	• Increasingly urgent goal of limiting the rise in global warming to 1.5°C. • Far-reaching environmental legislation impacting the property and construction industry. • Major environmental impact from overuse of natural resources. • Very tight energy and materials markets in France and the rest of Europe. • Increasing number of exceptional climate events, such as rising temperature anomalies in both summer and winter.	• 2,055 tCO_2e in Scope 1 & 2 emissions. • 27,230 tCO_2e across the value chain. • 59,250 MWh of energy used in assets in use, of which 69% in common areas and utilities. • 98% of the nearly 27,000 tonnes of construction waste from the two projects delivered in 2022 recovered and reused. • 124,355 cu.m of water.	**Operational sufficiency** • Improving energy efficiency. • Transitioning to lower carbon energy sources. • Extensively analysing each asset's usage profile. • Sharing sufficiency commitments with partner building managers and office users.	70% reduction in $kgCO_2e$/sq.m. (Scopes 1 & 2 in tCO_2e) in 2030 vs. 2017	41% reduction since 2017.
				40% reduction in kWh/sq.m. in 2030 vs. 2017	21% reduction since 2017.
			Circular economy and embodied carbon emissions • Ecodesign, reuse and judicious use of resources during the works phase. • Recovering, reusing and recycling waste from redevelopment projects and building operations. • Increasing rainwater harvesting and controlling water use.	Zero final waste from buildings in-use or under development	Percentage of waste recovered • Buildings in use: 69%. • Redevelopment projects: 98%.
			Building resilience • Investing in projects that are adaptable, flexible and upgradeable in response to tenant needs and demands. • Thoroughly understanding the climate, environmental and health risks that could impact the portfolio. • Deploying an accurate tracking system and the necessary prevention and adaptive response measures.	100% of assets subject to vulnerability assessments and having the necessary prevention and compliance measures in place	• Vulnerability studies completed in 2018 now being updated.
Urban footprint	• Restrictive urban, heritage and architectural parameters specific to Paris. • Need for mixed-use capabilities in each neighbourhood. • Land take is rising sharply in France and biodiversity is in steep decline. • Need to reconnect with nature. • Need to invent a virtuous city that meets the business needs of companies while safeguarding the environment. • Emergence of new forms of urban mobility.	• 18 assets with varied yet iconic architecture. • More than 100,000 sq.m. of built-up land. • Over 50% of assets redeveloped over the past 10 years. • No land taken in the past 10 years. • The equivalent of 10% of the portfolio's footprint is planted and landscaped. • Only 15% of SFL office users commute in private motor vehicles (*versus* an average 45% in Greater Paris).	**Architecture and design** • Preserving existing structures to minimise demolition and new construction. • Architecturally bold but heritage-friendly designs. • Urban consolidation and mixed use. • Addressing stakeholder expectations.	All redeveloped buildings subject to historical heritage impact assessments	100%
			Nature and landscaping • Limiting land take. • Increasing planted and landscaped areas. • Addressing the importance of landscaping for users.	*To be redefined in 2023*	–
			Mobility • Strategically investing in assets with top-quality transit access. • Providing offices that are exceptionally well served by public transport. • Listening to user needs for new forms of urban mobility. • Rapidly deploying infrastructure to enable the use of these forms of mobility.	100% of office assets located less than a ten-minute walk from a metro station	100%

.../...

Pillar	Operating environment	SFL impacts	SFL response	Primary 2030 objective	2022 performance
User satisfaction	• The new geography of work, with widespread work-from-home and a strong employee desire for more self-management. • Socialising with co-workers is the main reason people come to the office. • Office buildings have to be adaptable to a variety of ever-changing uses. • Rising expectations of potential tenants regarding the environmental performance of their leased premises. • Extensive interaction with tenants, particularly this year concerning the critical issue of energy sufficiency.	• 339,000 sq.m. of leased space. • 85% office space. • 290 tenants. • 3,700 office users polled in the latest Paris Workplace survey. • 28 construction and in-use certifications earned across the portfolio.	**Convenience and amenities** • Undertaking to design buildings that flow seamlessly between private and common areas, resulting in a sense of community. • Instilling maximum flexibility and operational efficiency in the tenant areas. • Offering an increasingly wide range of amenities based on a detailed analysis of each building.	100% of business centres served by prime amenities	100%
			Certifications and labels • Undertaking a certification campaign for all assets in-use. • Early adoption of BREEAM In-Use certification. • Choosing project-phase certifications and labels aligned as closely as possible with specific building features, to support its market positioning.	100% of projects and office assets in-use certified	100%
			Tenant relations and satisfaction • Focusing on understanding tenant expectations and factoring them into project programmes. • Fostering close tenant relationships in SFL properties through a variety of dialogue methods and channels. • Regularly measuring tenant satisfaction, with over 95% of tenants satisfied or very satisfied in the last survey.	>85% of tenants satisfied	95%
Employee and partner engagement	• Fostering employee commitment and engagement, improving social cohesion and workplace atmosphere, increasing recognition and appreciation. • Developing employability and skills, maintaining employer appeal to attract and retain talent. • Raising employee awareness of sustainability issues and the Group's CSR policy commitments. • Developing ties with partners who are geographically close and sensitive to the same CSR issues.	• 74 employees at year-end 2022. • Majority (62%) are women. • Women account for 50% of the Board of Directors and 38% of the Executive Committee. • 1 workplace accident in 2022 (commuting). • 83% of employees received training in 2022. • 790 suppliers and service providers. • €179 million in purchases in 2022. • 96% of purchases sourced from suppliers in Paris and the Greater Paris region.	**Employer appeal, skills development and workplace equality** • Individualised approach to career development, with annual performance reviews and biennial career reviews. • Competitive, incentivising compensation aligned with workplace equality principles and commitments. • Skills development and training objectives defined annually. • Initiatives in place to foster workplace equality in hiring, pay and training.	>2.5% of payroll spent on training	2.64%
			Health, safety and quality of worklife • Regularly measuring the workplace atmosphere through the annual quality of worklife (QWL) survey. • Assertively pursuing policies to protect employee health and safety.	Quality of worklife survey conducted every year	Survey conducted in 2022
			Ethics in the value chain • Identifying the most at-risk suppliers and deploying metrics to track their compliance. • Sourcing extensively from local service providers and suppliers. • Leading a continuous improvement process, particularly with maintenance providers operating the assets and contractors managing project worksites.	100% of employees, contractors and suppliers covered by an Ethics Code of Conduct	Ethical com-mitments to be shared more formally with SFL partners

2. Significant events of the year

TENANT SATISFACTION
Nov. 2021 – Jan. 2022
Survey of 1,000 tenants
95% of tenants satisfied

SUSTAINABLE FINANCE
Feb. – Dec. 2022
All bonds requalified as green bonds, followed by the signing of four green banking facilities

URBAN FOOTPRINT
April 2022
Acquisition of the Pasteur property, a building literally above a railway station

NATURE AND LANDSCAPING
July 2022
Delivery of the Biome project, extensive biodiversity improvements

ENERGY SUFFICIENCY
Oct. 2022
Energy sufficiency plan shared with all the tenants to get through the winter of 2022/2023

STAKEHOLDER EXPECTATIONS
Nov. 2022
New Paris Workplace survey of 3,700 office users in four European capitals

QUALITY OF WORKLIFE
Nov. 2022 – Dec. 2022
Employees surveyed on the quality of worklife

LOW-CARBON STRATEGY
Nov. 2022 – July 2023
Work on a new greenhouse gas emissions reduction pathway

Closely tracked, widely recognised performance

SFL ensures that all its reporting processes are aligned with the strictest standards. In addition, it seeks to have its performance assessed transparently and regularly responds to surveys from GRESB and other ESG rating agencies. The recent distinctions and awards from GRESB and the EPRA offer compelling proof of this commitment to continuous improvement and transparent disclosure.

GRESB

In 2022, the Global Real Estate Sustainability Benchmark (GRESB) awarded SFL the Green Star designation for the tenth year in a row, with scores of:
– 91/100 in the Standing Investments benchmark;
– 95/100 in the Development benchmark.

EPRA

SFL complies with the recommendations issued by the European Public Real Estate Association (EPRA) for its CSR reporting. Two Gold Awards, in Sustainability and Finance Best Practices Recommendations, were received in 2022. Sustainability and Finance Best Practice Recommendations. EPRA-format indicators are presented in each of the relevant sections of this report and in section 7.5.

Sustainable finance

SFL has undertaken clear commitments with regards to its environmental performance. SFL converted all its bonds into green bonds in February 2022 and over the following months arranged four new green banking facilities in a total amount of €725 million. The interest rate on these facilities is in part indexed to the greenhouse gas emission reduction objective certified by the Science Based Targets initiative (SBTi). In all, 79.7% of SFL's debt at 31 December 2022 is linked to the company's environmental performance.

3. Low-carbon strategy

Increasing greenhouse gas emissions are radically changing the Earth's climate. The latest findings from the Intergovernmental Panel on Climate Change (IPCC) show more than ever that the increase in global warming must be limited to 1.5°C above pre-industrial levels. The impacts of climate change are driving an increase in the number of unusual physical events, while heightening market sensitivity and spurring the introduction of more stringent environmental regulations. As a result, the risks arising from these impacts and the initiatives undertaken to address them are increasingly material for SFL's business.

Our approach to climate issues is aligned with the TCFD[1] recommendations and therefore comprises a dedicated governance structure, a granular analysis of physical and transition risks, a climate action strategy, and dedicated metrics and targets. These aspects are addressed throughout this report, as well as in a separate cross-reference table in section 7.6 below.

Our strategy for responding to the climate emergency and achieving a low-carbon future is two-pronged, with both a focus on reducing greenhouse gas emissions and on improving the resilience of the Group's assets.

1. Reducing greenhouse gas emissions

– The construction industry is responsible for more than a quarter of all greenhouse gas (GHG) emissions in France[2], making it a major challenge in the fight against climate change.
– Baseline scenarios, such as France's revised national low-carbon strategy issued in late 2018, or the Science Based Targets initiative (SBTi), call for the real estate sector to be almost entirely carbon-free by 2050.
– SFL has taken responsibility for its part and devised a certified greenhouse gas emissions reduction objective, aligned with a 1.5°C pathway which has been validated by the SBTi.
– To meet it, the Group has begun by managing energy efficiency and transitioning to lower carbon energy sources.
– More broadly speaking, the emissions reduction strategy also involves using resources more judiciously, diligently managing waste and water use and continuously tackling environmental issues with architects, partner contractors during the works phase, building management partners and office users.

2. Improving resilience across the asset portfolio

– SFL's strategy consists in investing in sustainable properties whose quality is judged by their potential for upgrades.
– It extends the properties' useful lives and guarantees their alignment not only with tenant needs but also with the urban fabric, as well as with long-term challenges in terms of accessibility, the judicious use of resources and adaptability in the face of climate change.
– The strategy is supported by a precise analysis of the physical, environmental and health risks that can impact the assets and the deployment of carefully calibrated tracking systems and any necessary prevention and adaptive response measures.
– It is also designed to strengthen the ability of the Group's assets to cope with the effects of climate change, particularly the gradual rise in temperatures and the resulting increase in the number of extreme weather events.

The first step in the emissions reduction strategy is to measure the carbon impact of SFL's entire value chain, thereby identifying the main sources of greenhouse gas emissions and helping the Group to understand their impacts.

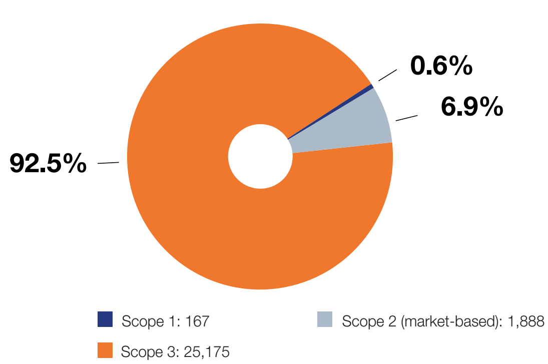
This process is designed to be as broad and deep as possible, to clearly reveal the impact of SFL's operations in the three GHG Protocol Scopes and to define the most appropriate responses.

(1) Task Force on Climate-Related Financial Disclosures.
(2) The building sector released 90 million tCO_2e in 2017, or 19% of national Scope 1 emissions and 28% of Scope 2 emissions (i.e., from the generation of purchased electricity used in the buildings). Cited in France's National Low Carbon Strategy, revised in March 2020.

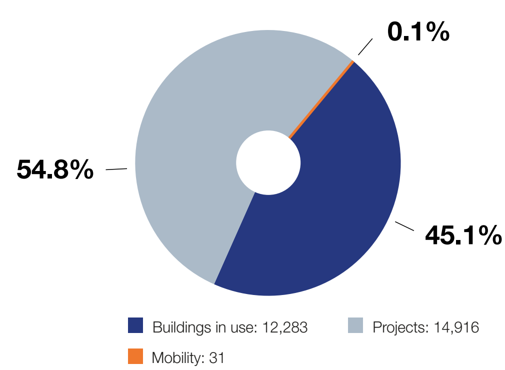
SFL'S BROADER CARBON FOOTPRINT IN TCO_2E (SCOPES 1, 2 AND 3 AS DEFINED IN THE GHG PROTOCOL)

		2022					2021	Change, YoY	
		Buildings in use	Projects	Mobility	Total	% of total	Total	in tonnes	in %
Scope 1		**167**	**0**	**0**	**167**	**0.6%**	**183**	**(16)**	**-9%**
Fossil fuels consumption	Natural gas	116			116	0.4%	148	(32)	-22%
Refrigerant gases	Refrigerant	51			51	0.2%	35	16	47%
Scope 2 (market-based)		**1,888**	**0**	**0**	**1,888**	**6.9%**	**2,312**	**(424)**	**-18%**
Purchased electricity	Electricity	777			777	2.9%	803	(26)	-3%
Purchased heating and cooling	Heating and cooling networks	1,111			1,111	4.1%	1,509	(399)	-26%
Scope 3		**10,228**	**14,916**	**31**	**25,175**	**92.5%**	**29,716**	**(4,541)**	**-15%**
1 - Purchased goods and services	Purchased goods and services (OpEx)	7,859			7,859	28.9%	7,453	407	5%
2 - Capital goods	Capital projects (CapEx)		14,916		14,916	54.8%	20,062	(5,146)	-26%
3 - Fuel- and energy-related activities	Production of energy and energy purchased and consumed	598			598	2.2%	660	(62)	-9%
5 - Waste generated in operations	Building waste	653	Included in cat. 2		653	2.4%	376	276	73%
6 - Business travel	Business travel			20	20	0.1%	7	13	179%
7 - Employee commuting	Employee commuting			11	11	0.0%	11	0	-2%
13 - Downstream leased assets	Energy used in tenant areas	1,118			1,118	4.1%	1,147	(29)	-2%
Total		**12,283**	**14,916**	**31**	**27,230**		**32,211**	**(4,981)**	**-15%**
% of total		45.1%	54.8%	0.1%					

GREENHOUSE GAS EMISSIONS IN TCO_2E BY GHG PROTOCOL SCOPE



GREENHOUSE GAS EMISSIONS IN TCO_2E BY TYPE OF ACTIVITY



The above table shows that SFL's total carbon footprint shrank by 15% year-on-year in 2022, with a significant reduction in greenhouse gas emissions from renovation and redevelopment projects, which, at 14,916 tCO_2e, represented less than 55% of the total, compared to 68% in 2021.

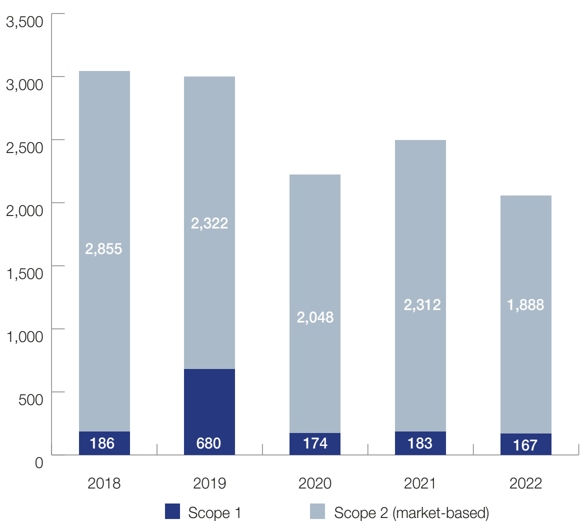
It also reveals three main pathways to progress in attenuating the Group's carbon impact:
– Practising operational sufficiency in both the common and tenant areas (see part 3.1).
– Developing a circular economy and reducing embodied carbon emissions on projects (see part 3.2).
– Supporting the deployment of new forms of mobility for employees as well as for asset users (see section 4.3).

3.1. Operational sufficiency

Scopes 1 & 2 greenhouse gas emissions

Scope 1 and market-based Scope 2 carbon emissions from energy use and refrigerant leaks in SFL-managed assets represented 2,055 tCO_2e in 2022, of which:
– 167 tCO_2e in direct Scope 1 emissions;
– 1,888 tCO_2e in indirect market-based Scope 2 emissions.

CHANGE IN GREENHOUSE GAS EMISSIONS – SCOPES 1 & 2

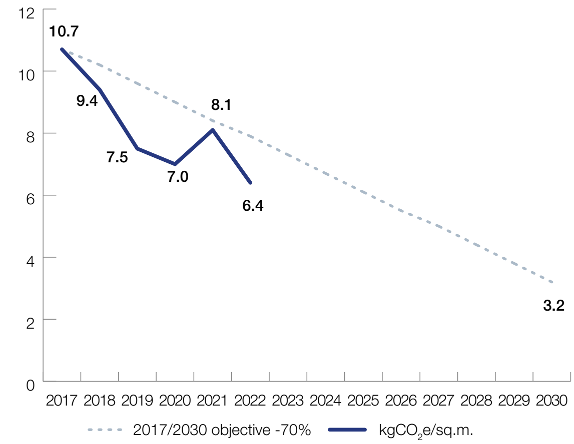


In absolute terms, Scopes 1 & 2 emissions fell sharply between 2018 and 2022, with a 985 tCO_2e reduction corresponding to a decline of 32% (10% in Scope 1 and 34% in Scope 2).

The 18% year-on-year decline in 2022 was primarily led by a steep drop in emissions from the use of heating energy (heating networks and, to a lesser extent, natural gas) due to the operational sufficiency initiatives under way and more favourable weather conditions.

SFL's new operating carbon target is to reduce energy-related greenhouse gas emissions[(1)] by 70% in $kgCO_2e$/sq.m. between 2017 and 2030. Emissions were reduced by 41% between 2017 and 2022.

CARBON INTENSITY IN $KGCO_2E$/SQ.M. – ABSOLUTE



3.1.1. Improving energy efficiency

Residential and commercial buildings are by far the largest energy users in France, accounting for 45% of the total energy consumed[(2)]. As a result, improving energy efficiency is certainly SFL's biggest challenge. Its importance was further confirmed by the decree mandating actions to improve the energy performance of commercial buildings, which stipulates that energy use must be reduced by 40% by 2030, 50% by 2040 and 60% by 2050.

Meeting these ambitious national objectives will require targeted investments and continuous improvement in building management systems. It will also involve addressing emerging tenant needs, which could impact intensity of use in buildings (digital technologies, amenities, food services, etc.).

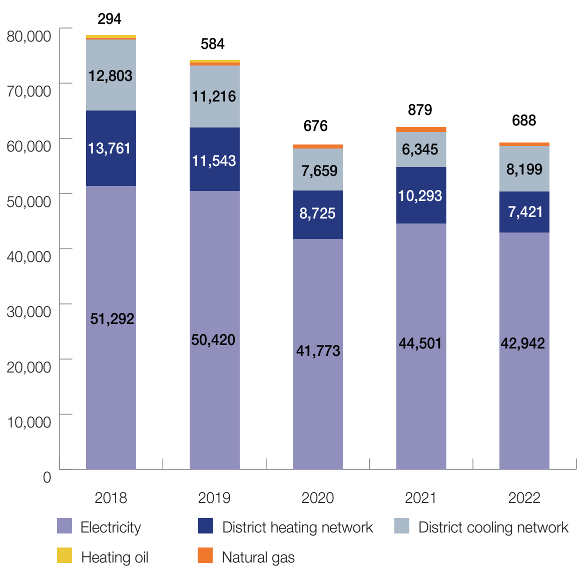
In response, SFL has undertaken a broad-based dialogue and emulation process with its tenants to gain insight into energy use in its buildings and then to reduce overall consumption by integrating the energy used in the tenant areas, with energy sharing agreements, discussions on energy use profiles during tenant committee meetings, etc. This process took on new importance in the fall of 2022, when the French government encouraged everyone to practice energy sufficiency over the winter. After ten years of major capital investments in its buildings, SFL is also endeavouring to foster a holistic ecosystem of processes and partners to improve its energy efficiency.

In particular, it has joined with two recognised, complementary partners to build a new strategic plan, which should drive a 40% reduction in energy use by the end of 2030. After an initial programme aimed at increasing the amount of collected data by installing more sub-metering systems, a comprehensive technical master plan was developed for the entire asset portfolio. In turn, this was broken down into dedicated energy and carbon pathways to 2030 for each asset, supported by a capital expenditure plan.

(1) Excluding refrigerant leaks.
(2) 2020 figures, from the French Ministry of Ecological Transition: https://www.statistiques.developpement-durable.gouv.fr/edition-numerique/bilan-energetique-2020/25-51-consommation-finale-denergie-

In 2022, properties owned and managed by SFL used 59,250 MWh of final energy, of which 40,701 MWh (69%) in the common areas and for the heating and air-conditioning used in tenant areas.

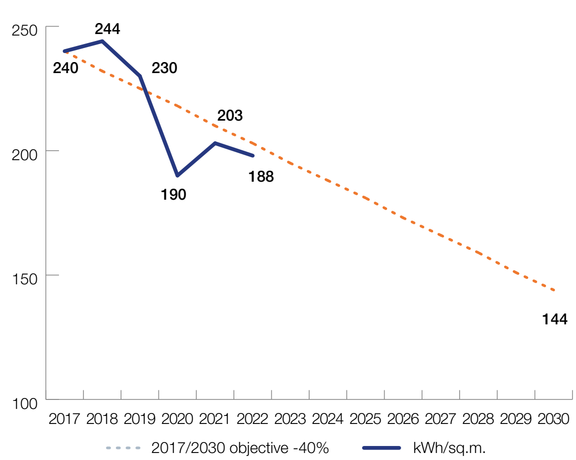
ENERGY USE BY TYPE, IN MWH



In absolute terms, total energy use from all sources declined by 25% from 2018 to 2022.

SFL's operational energy objective is to reduce energy use intensity in kWh/sq.m. by 40% between 2017 and 2030, in full compliance with France's commercial real estate energy savings decree. By the end of 2022, the reduction already stood at 21%.

ENERGY INTENSITY IN KWH – ABSOLUTE



3.1.2. Transitioning to lower carbon energy sources

Another way to reduce energy consumption and shrink the carbon footprint is to optimise the energy mix with less carbon-intensive energy sources.

Already, more than 72% of the energy used across the portfolio is from electricity, which is very low-carbon in France. The use of fossil fuels, on the other hand, is marginal, with the only such fuel, natural gas, representing 1.2% of the total energy mix. The remaining energy used comes from district heating (12.5%) and cooling (13.8%) systems, which account for diametrically opposed proportions of the related carbon impact, at 37.2% and 1.8% respectively.

ENERGY MIX AND RELATED CARBON IMPACT AS A % IN 2021 AND 2022[(1)]

	Energy mix		Related carbon impact	
	2021	2022	2021	2022
Electricity	71.8%	72.4%	50.3%	56.9%
District cooling network	10.2%	13.8%	1.2%	1.8%
District heating network	16.6%	12.5%	44.0%	37.2%
Natural gas	1.4%	1.2%	4.4%	4.1%

(1) Energy used in and related carbon emissions from the common and the tenant areas of the 15 in-use buildings owned and managed by SFL in 2022.

SFL is striving to further improve this energy mix, led by the following initiatives:

– gradually reducing the use of the most carbon-intensive energy sources, particularly for heating:
  - replacing the last fuel oil-fired boiler with a natural gas-fired installation in the spring of 2019,
  - installing heat pumps, notably in the Galerie des Champs-Elysées in November 2020 (with a subsequent steep reduction in energy use) and in the Édouard VII complex in 2022;

– opting for energies with the lowest emission factors:
  - gradually connecting eligible assets to the district cooling network (which has a low emissions factor),
  - negotiating with suppliers to steadily increase the proportion of energy from renewable sources, particularly for electricity and district heating (CPCU).

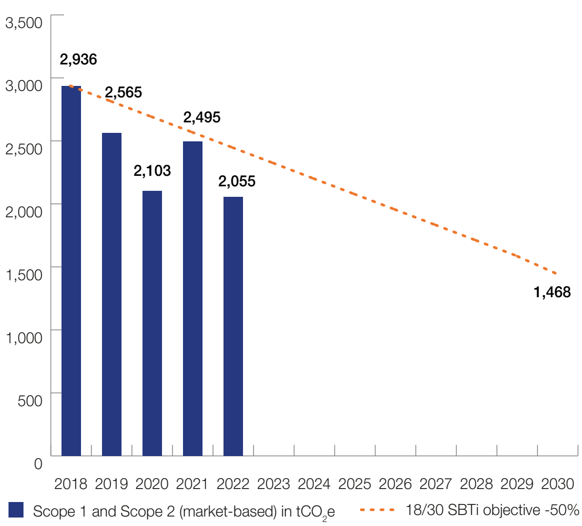
SCIENCE BASED TARGETS INITIATIVE (SBTI): CERTIFICATION OF THE CARBON PATHWAY

In August 2021, SBTi certified SFL's carbon pathway as compatible with a 1.5°C target.

The pathway is based on a targeted 50% reduction in Scope 1 and market-based Scope 2 emissions, expressed in tCO_2e, between 2018 and 2030, as defined in SBTi's streamlined route for small- and medium-sized businesses.

By the end of 2022, these emissions had been reduced by 30% since 2018 – 881 tCO_2e in absolute terms – in line with the target.

THE TARGET FOR SCOPE 1 AND MARKET-BASED SCOPE 2 EMISSIONS IN TCO_2E CERTIFIED BY THE SCIENCE BASED TARGETS INITIATIVE



3.2. Circular economy and embodied carbon emissions

SFL supports the circular economy by developing and managing real estate assets in ways that limit the use of natural resources and the production of waste.

This commitment covers three main levers that are helping to enhance the sufficiency of its footprint:
– judiciously using resources during the works phase, through the ecodesign, re-use and recycling of materials,
– recovering, reusing and recycling waste from redevelopment projects and building operations,
– managing water use in properties in-use.

These levers are having a major impact on our greenhouse gas emissions reduction strategy, as project-related emissions accounted for more than 45% of SFL's overall carbon footprint in 2022.

It is reflected in the Group's approach to redevelopment projects, which are shaped by in-depth historical heritage impact assessments, reuse of existing structures and close attention to the original building architecture.

This also helps to limit the amount of demolition and therefore the use of natural resources when new structures are built. By nature, redeveloping or renovating an existing building is much more carbon efficient than putting up a new building, since most of the structure, and sometimes even the roof, windows and doors, are retained. Moreover, unlike new construction, redevelopment projects do not seal any additional soil space.

3.2.1. Ecodesign and the judicious use of resources

As France's largest consumer of energy, the construction industry must also address the issue of how it uses natural resources and manages its environmental impacts.

In its redevelopment projects, SFL seeks to mitigate the impact of redevelopment work on the buildings it owns and renovates by implementing clearly defined policies to reduce the worksites' environmental footprints and by demanding and monitoring contractor compliance. These policies systematically cover three main solutions:
– reusing materials from the existing building on-site;
– reusing salvaged materials on-site or selling them for reuse via online marketplaces when they cannot be used on-site;
– using bio-sourced materials or less carbon-intensive alternatives.

In the summer of 2022, SFL delivered two major projects, Cézanne Saint-Honoré, on a site that remained operational during the works, and Biome. Both were covered by clearly defined worksite guidelines, with a strong focus on materials reuse and disposal.

That's why special efforts were made to reuse demolition and salvaged materials or materials from other worksites.

Reused materials	Cézanne Saint-Honoré	Biome
Worksite materials	Raised floor panels (60%)	Façade stone crushed and reused in terrazzo flooring (400 sq.m.)
Materials from other worksites	–	Raised floor panels (13,850 sq.m.)(1)

(1) The 13,850 sq.m. of reused raised floor panels represented a carbon saving of 49 $kgCO_2e$/sq.m.

To establish a robust framework for this process and track its initiatives more accurately, major renovation projects will systematically be certified as BBCA low-carbon buildings starting in 2023.

Already in 2018, the Biome project was one of the first in Paris to be certified to BBCA Rénovation standards as a low-carbon refurbishment, thanks in particular to the use of low-carbon concrete in 3,555 sq.m. of floor space.

A granular life cycle assessment identified the main sources of carbon emissions throughout the building's life cycle.

Life cycle assessment and low carbon - the Biome project

Main sources of greenhouse gas emissions	In kg/CO_2e/sq.m. of floor area
Construction materials and fixtures	704
Recoverable construction materials and fixtures	184
Energy consumption in-use	333
Worksite	2
Water	10
Total	1,233

Based on this enriching experience, SFL is now extending the practice of life-cycle assessments to all its main projects.

Initial assessments of leading recent-year projects yielded the following results for the "construction materials and fixtures" source, according to the BBCA Rénovation calculation method (the figures are therefore comparable).

	#Cloud	83 Marceau	Biome	Cézanne Saint-Honoré
Construction-related emissions in kgCO_2e/sq.m. (corresponds to construction and materials fixtures in the BBCA standards)	858	881	704	538
Project start and end dates	2013 to 2015	2019 to 2021	2020 to 2022	2021 to 2022

These results show a gradual improvement in the ratio, illustrating the teams' increasingly sharp focus on the carbon impact of SFL worksites. For future projects, the goal is to continue reducing the carbon intensity of construction materials and fixtures while carefully managing the impact of in-use energy consumption.

3.2.2. Waste recycling, recovery and reuse

The French construction industry generated around 212 million tonnes of waste in 2020 (down 11.4% since 2018), representing 68% of all waste produced in France[(1)].

In 2022, 991 tonnes of waste were produced by in-use assets whose waste management is handled by SFL. In the redevelopment operations, nearly 27,000 tonnes of waste were produced over the entire works period of the two main projects delivered during the year. The recovery rates stood at 69% for building waste and 96% and 98% respectively for the two delivered projects.

Amount of waste in tonnes and recovery in tonnes and %

Waste	Projects		Buildings in use
	Cézanne Saint-Honoré	Biome	10 assets
Total amount generated in tonnes	1,116	25,853	991
Amount recovered in tonnes	1,079	25,333	686
- Of which as materials	971	25,286	225
- Of which as energy	109	48	461
Recovery rate in %	97%	98%	69%

To attenuate its waste production impacts, SFL is exploring two avenues to improvement:
– Improving waste management metrics for tracking amounts produced and treatment methods.
– Reducing waste production, by limiting demolition/reconstruction works, using resources more judiciously, as explained in section 3.2.1. (Ecodesign and the judicious use of resources) below, and engaging with general contractors in the worksite phase and with tenants in the development phase. In addition, a growing variety of sorting solutions are being deployed for users and waste management contractors.
– Increasing the recovery rate, with the goal of producing zero final waste from both redevelopment projects and in-use assets.

Improving waste management metrics

In the in-use phase, tenant activities in the 10 buildings owned and managed by SFL produced 991 tonnes of waste during the year.

At the other five buildings in use, waste is directly collected by the City of Paris[(2)], which means that SFL has no access to data on the amount of waste or its treatment methods.

In a commitment to improving its control over this issue, SFL is gradually attempting to take back these waste management tasks for outsourcing to a private contractor capable of pursuing the identified avenues to improvement. In 2022, three new assets were transferred from municipal management to SFL via a private waste management contractor. This process will proceed apace in 2023 to rapidly bring all the portfolio assets back under the SFL umbrella.

In the case of redevelopment projects, SFL is seeking to improve tracking by broadening the metrics to smaller projects, in line with what was done in the large projects delivered in 2022.

(1) *Bilan 2020 de la production de déchets en France*, November 2022, Ministry of Ecological Transition and Territorial Cohesion data-lab.
(2) The ten SFL-managed buildings for which private waste management contracts have been signed are now included in the scope of reporting. Nevertheless, the overall coverage rate stands at 89% of the managed buildings, because waste from five of them is still collected directly by the City of Paris, leaving SFL without any data on the amount of waste or its disposal.

Deploying more waste sorting solutions

To manage building waste more effectively a wider selection of sorting solutions has been deployed for tenants. As of year-end 2022, 16 different types of waste were collected at SFL properties, including cardboard, paper, plastics, wood, glass, metals and waste electrical and electronic equipment.

Using the most effective treatment methods

Effective management also includes ensuring that the waste collected by service providers is treated in the most appropriate way possible, depending on locally available recycling or reuse solutions.

In 2022, 98% of the waste from the two largest projects was recovered and reused.

In the assets in use, 69% of waste was recovered and reused, primarily through recycling or burning as fuel. Unfortunately, this recovery rate was lower than the 81% achieved in 2021, mainly because NHIW from a few assets was no longer incinerated with energy recovery, but instead simply incinerated or landfilled.

SFL is committed to continuing to work with waste collection service providers to improve their feedback on disposal methods and to ensure that no waste is landfilled, in line with the goal of zero final waste by 2030.

3.2.3. Managing water use

SFL buildings are all supplied exclusively by city water systems, which withdraw water from aquifers and rivers in the Greater Paris region, make it potable and then distribute it to the buildings' supply connections.

For now, water stress studies[1] indicate that this risk only moderately concerns the areas where SFL assets are located, in Paris and its inner suburbs downstream from the confluence of the Seine and Marne rivers.

However, recent droughts, particularly the one that began in the summer of 2022, should prompt SFL to heighten vigilance in this regard.

The Group is therefore endeavouring to enable rainwater harvesting in its buildings, when such a solution is technically feasible, environmentally beneficial and cost effective. Currently, seven assets have rainwater harvesting systems.

Reviews are systematically performed on all redevelopment projects, and such systems have been installed in the main projects either recently delivered or still in progress (Biome, 83 Marceau, Rives de Seine, etc.).

Rainwater harvesting systems in operation in the portfolio, capacities and amounts harvested

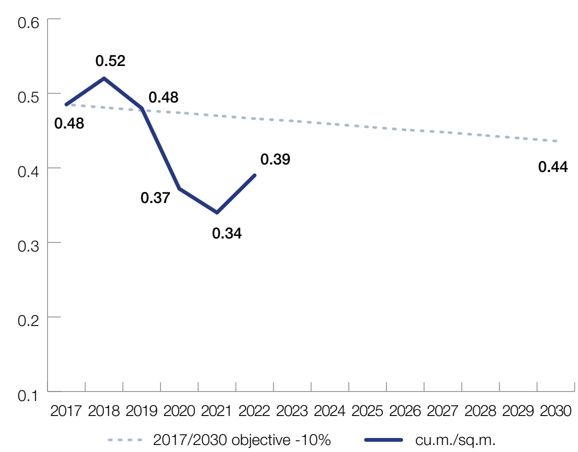
Property	Capacity in cubic metres
Washington Plaza	18
92 CE	6
#cloud.paris	28
103 Grenelle	11
Biome	20
83 Marceau	23
Cézanne Saint-Honoré	12.5

SFL is also striving to reduce water use needs in its assets. The buildings owned and managed by SFL used some 124,355 cu.m. of water in 2022, or 0.39 cu.m. per sq.m.

On an absolute basis, water use intensity declined by 19% from 2017 to 2022, reflecting the initiatives under way, but also the impact of the reduced occupation intensity during the health crisis, particularly in 2020 and 2021.

SFL is hoping to reduce this intensity by 10% in cu.m./sq.m. between 2017 and 2030, but this target may be reassessed in the years ahead.

ANNUAL CHANGE IN WATER USE INTENSITY IN CU.M./SQ.M.



(1) The Aqueduct Water Risk Atlas published by the World Resources Institute.

3.3. Building resilience

As a leading property company with a long-term vision, SFL uses its sustainable capital expenditure strategy to improve the resilience of its assets to ensure their sustainability.

The increasing prevalence of working from home one to two days a week is prompting companies to review their office organisation and facilities. Consequently, there is a critical need to invest in projects that are adaptable, flexible and scalable in response to the needs or demands of tenants and prospects, while also offering solutions to mobility issues.

More than ever, the strategy of consistently investing in sustainable buildings is proving its worth. The hierarchy of decision-making criteria among large tenants in the Paris office market has shifted towards more demanding standards, particularly for environmental and technical performance.

The quality of a building is increasingly judged by its ability to be upgraded to meet more demanding tenant requirements and tighter regulatory and environmental standards.

Resilience extends the properties' useful lives and guarantees their alignment not only with tenant needs but also with the urban fabric, as well as with their long-term outlook in terms of accessibility, the judicious use of resources and adaptability in the face of climate change.

This process demands granular understanding of the physical, environmental and health risks that can impact the assets and the deployment of carefully calibrated tracking systems and any necessary prevention and adaptive response measures.

3.3.1. Tracking physical climate change risks

The resilience of SFL's assets also includes their ability to cope with the effects of climate change, particularly the gradual rise in temperatures and the resulting increase in the number of extreme climate events.

The weather anomalies in both summer and winter 2022 caused a growing number of people to realize that climate change is real.

Risk analysis

Adapting SFL buildings to climate change is a concern that has been studied since 2018, when the resilience of its properties to physical hazards was initially assessed according to ADEME recommendations. The findings enabled SFL to analyse possible vulnerabilities in the asset portfolio, proactively plan for the potential impacts on operations and, in this way, guarantee the quality of the tenant experience.

As part of this process, SFL's buildings were reviewed to determine their resilience to floods, heat waves, storms and other weather events, by identifying the possible impacts on each one's superstructure and shell, plumbing, electricals, HVAC, landscaping and exterior fixtures.

Since then, the regulatory environment has evolved with the European Taxonomy, whose "substantial contribution" and "do no significant harm" screening criteria include sections on the identification of hazards and the analysis of short-, medium- and long-term climate risks according to three IPCC pathways (RCP 2.6, RCP 4.5 and RCP 8.5)

As a member of the Green Building Observatory (OID), SFL uses the Resilience For Real Estate (R4RE) platform developed specifically to address these issues. By helping to identify buildings exposed to significant risks over the more or less long term, R4RE supports the definition of initiatives to adapt to the risks over a given time frame.

Increased frequency and intensity of heat waves and flood risks

Rising temperatures, lifted by increasingly frequent heat waves, have been identified as one of the main risk factors. In particular, they could lead to higher energy use in HVAC systems and possible new capital projects to ensure that building utilities are appropriately sized.

The past few years have been the hottest on record in France. 2022 in particular broke every record, with very intense and persistent summer heatwaves in the Paris region.

In each asset, these events were technically managed in close collaboration with the building managers and tenants. This demonstrated the correct sizing and efficient operation of the utilities, particularly the HVAC systems, since no malfunctions were reported.

Tenants and users were reminded of the proper precautions and practices ahead of the heat waves, and there was no negative feedback over the summer.

Nevertheless, the higher temperatures fed through to an increase in energy consumption. A portfolio modelling exercise showed that each additional degree results in around a 4% increase in AC energy consumption.

SFL also assesses flood risks. Scheduled for completion in 2025, the riverfront Rives de Seine redevelopment project will offer an opportunity to implement adaptive response measures. The building utilities in the basement will be enclosed in a protective casing.

A bioclimatic approach

The latest delivered projects also included a bioclimatic design process, focused in particular on improving thermal comfort in both summer and winter.

By subtly reorienting the windows, the planned treatment of the Rives de Seine redevelopment project's southern exposed façade will capture more of the winter solar gains and delay the summertime solar gains until late in the day.

The new façade is expected to reduce heating needs by more than 35% and cooling needs in the summer by more than 13%.

3.3.2. Risk management systems and adaptive response measures

Every day, around 25,000 employees can come to work at SFL assets in-use. With this in mind, highly disciplined environmental and health risk management policies have been deployed to drive continuous improvement in the quality of SFL assets by attenuating the risks to the health and safety of their occupants. All the assets are carefully monitored for health and environmental risks.

Over the past three years, in response to the Covid-19 pandemic, SFL has obviously focused on the health and sanitary quality of its buildings, with strong initiatives to ensure a safe, healthy working environment by, for example, differentiating cross-ventilation airflows and optimising air change rates.

Preventive actions were deployed and building operations were maintained in accordance with the strictest health standards without any difficulty, demonstrating the resilience of SFL assets in fast-evolving circumstances and the sound design and operation of their utilities.

More generally, SFL has long pursued a policy of managing environmental and health risks.

This process is organised around the following steps:
– identifying the risks and issues to address;
– recording inventory for all the utility installations;
– defining measurable targets;
– preparing a methodology to track and meet these targets;
– recording the results.

The introduction of health and safety risk management guidelines is supporting highly precise tracking and driving a steady improvement in outcomes. As part of this process, periodically and at least once a year, a technical review is conducted of the actions undertaken or planned in each asset, with the results reported to Executive Management.

A wide range of initiatives are under way to make SFL buildings healthier and mitigate the risks of pollution, in particular by:
– eliminating asbestos-containing materials and products whenever possible;
– testing for lead exposure before redevelopment works begin;
– replacing fuel oil-fired boilers, the source of major sulphur dioxide and nitrogen oxide emissions;
– studying the replacement of open cooling towers as soon as possible to prevent the risk of legionnaires' disease;
– inspecting hot water installations every six months to analyse for legionnaires' disease.

As part of its culture of excellence in managing risks, SFL has chosen to form an effective partnership with a single Audit Bureau, which performs the full range of regulatory audits and reviews for all of the SFL-managed assets. Since the regulatory compliance framework agreement was set up, there has been a sharp reduction in the number of observations.

In recent years, systems have also been deployed to track and manage the operations of every SFL-managed property, with a focus on securing compliance with regulatory obligations and developing accurate indicators.

To continuously track the proper development of risk management procedures, an online platform, called MEX, has been set up to enable the buildings to report all of the Audit Bureau's observations by issue and by degree of criticality, along with any remedial actions taken. As of 31 December 2022, 14 of the 15 directly managed assets in-use, representing 92% of total square metres, were tracked via the platform.

No provisions for environmental or climate change risks were recorded during the year.

4. Urban footprint

Revitalising and reinventing the city is a core driver of the strategy to increase the value of the Group portfolio. To create value at its properties, SFL must address the expectations of its stakeholders and the fact that its buildings are an integral part of the Parisian cityscape, home to almost all of its assets.

Addressing a building's urban footprint means (i) taking its location and accessibility into account, to protect the environment (passive footprint); (ii) paying careful attention to its design and appearance (to project it into the future while preserving its heritage); and (iii) envisioning its contribution to the landscape, by foregrounding green spaces and protecting biodiversity (two active footprints).

Half of the portfolio assets have been redeveloped over the past decade, with several iconic projects initiated or completed in recent years, attesting to the Group's deep commitment to offering products that are increasingly attuned to an ever-changing society.

4.1. Architecture and design

Given its strategic focus on Paris, SFL remains dedicated to keeping the quality of its portfolio closely aligned with tenant expectations, by reinventing its existing assets or developing new properties. Every refurbishment or redevelopment project is designed to embrace the building's history and original architecture, while encouraging the use of new architectural forms and contemporary design codes. All these projects are now deeply informed by a highly ambitious process to ensure their sustainability and reduce their carbon footprints.

When defining an asset redevelopment programme, in-house teams work closely with architects and stakeholders to preserve as much of the existing structure as possible, in a commitment to safeguarding the transformed building's surroundings by minimizing demolition and new construction. Retaining suitable structural works avoids the environmental impact of the demolition and new construction works that until recently were standard practice in Parisian real estate projects. In the same way, revealing the existing structure's underlying quality and ensuring that it can accommodate new uses enables SFL to minimise environmental impacts while enhancing the multi-use flexibility of the transformed buildings.

In particular, the Biome project partly consisted in a top-to-bottom refurbishing of a 1960s building that retained the existing floors and vertical structures by limiting demolition works mainly to infrastructure and some of the obsolete superstructure on the first floor.

SFL has long promoted mixed use in its properties, with both retail and office space in most of the buildings, residential units in Édouard VII, Condorcet and Biome, and theatres and a hotel in Édouard VII. Mixed-use capabilities, which will feature in all the Group's future projects, must meet identified neighbourhood needs and serve the objectives described above of optimally preserving both existing structures and the peaceful coexistence of various uses.

By engaging with local authorities and municipal stakeholders, SFL gets local residents and public officials involved in the design and execution of its urban projects in ways that build buy-in and foster the project's successful integration into the neighbourhood and the local cityscape.

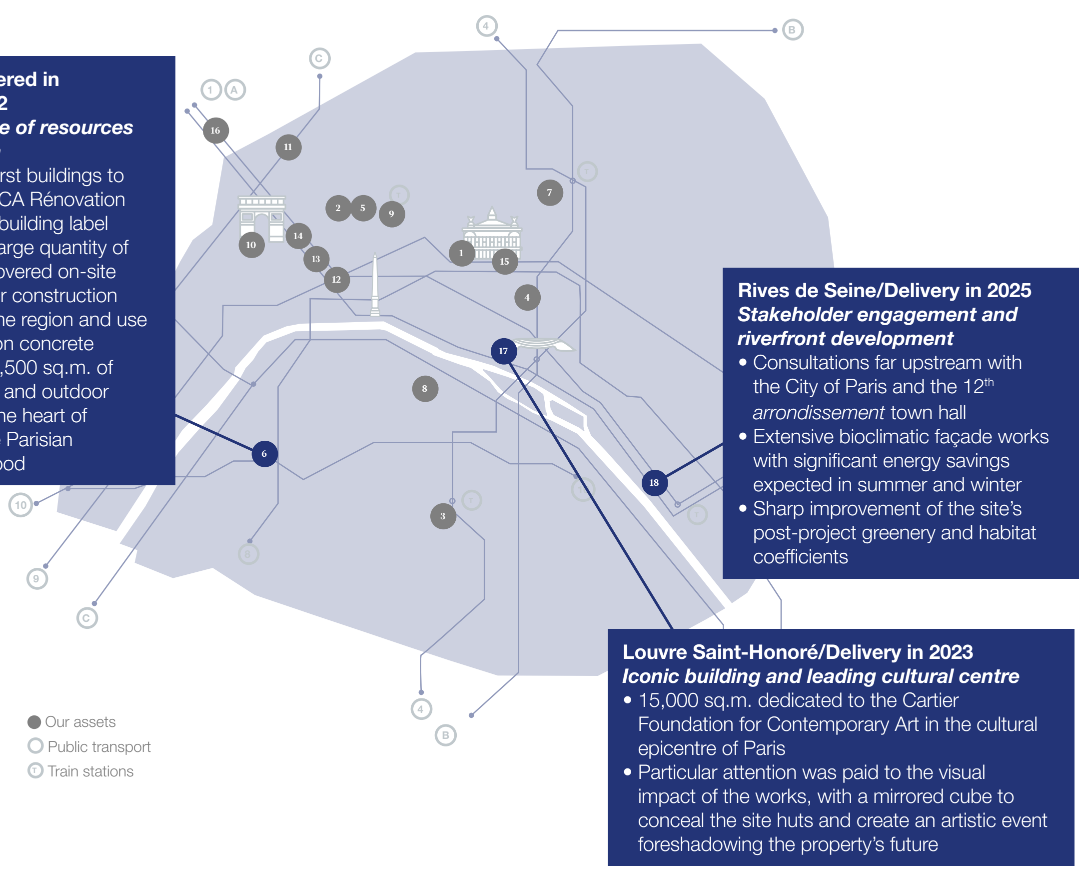
4.1.1. Heritage and architectural quality

Given its unique history with Paris, spanning more than 140 years, SFL is proud to uphold the highest standards in preserving and showcasing the city's architectural heritage. The Group's quality criteria are constantly being reaffirmed in its most iconic projects.

This is why before any redevelopment project gets under way, an in-depth heritage impact assessment is conducted in partnership with the Grahal consultancy to reveal the building's architectural history, determine its heritage or monumental importance and offer a clearer picture of the asset to the project owner and prime contractor.

To properly design an architecturally ambitious yet heritage-sensitive project, SFL's development teams, along with project architects and design engineers, interact with a variety of public stakeholders, such as the French government heritage preservation architects (*architectes des bâtiments de France* – ABFs), municipal building permit and landscaping departments, *arrondissement* elected officials, and neighbourhood and community associations.

Three redevelopment projects emblematic of SFL's urban planning expertise



Biome/Delivered in summer 2022
Judicious use of resources and biophilia
- One of the first buildings to earn the BBCA Rénovation low-carbon building label
- Reuse of a large quantity of material recovered on-site or from other construction projects in the region and use of low-carbon concrete
- More than 2,500 sq.m. of landscaping and outdoor terraces in the heart of a mixed-use Parisian neighbourhood

Rives de Seine/Delivery in 2025
Stakeholder engagement and riverfront development
- Consultations far upstream with the City of Paris and the 12th *arrondissement* town hall
- Extensive bioclimatic façade works with significant energy savings expected in summer and winter
- Sharp improvement of the site's post-project greenery and habitat coefficients

Louvre Saint-Honoré/Delivery in 2023
Iconic building and leading cultural centre
- 15,000 sq.m. dedicated to the Cartier Foundation for Contemporary Art in the cultural epicentre of Paris
- Particular attention was paid to the visual impact of the works, with a mirrored cube to conceal the site huts and create an artistic event foreshadowing the property's future

SFL is also sensitive to all the urban planning and architectural issues arising from Paris's status as a city of the world, which is why it works with the biggest names in architecture and design, including Dominique Perrault, Ateliers Jean Nouvel, Jouin Manku, LAN and Ana Moussinet.

In this way, the Group strives to promote rewarding collaborations between renowned architects, engineers and designers, so that a distinctive aesthetic vision, resonant with each building's space, use and size can emerge from mutually enriching contributions. This collaborative interaction may be illustrated by the three leading SFL works projects currently under way:
- The reinvention of the Louvre Saint-Honoré building, a legendary Paris property that has been successively home to the Grand Hôtel du Louvre, built for the Paris Exposition Universelle in 1855, then the Grands Magasins du Louvre department store, and the Louvre des Antiquaires mall. It will soon emerge in a new incarnation with the letting of 15,000 sq.m. (of which 7,000 sq.m. of exhibition space) to the Cartier Foundation for Contemporary Art. Designed by Ateliers Jean Nouvel, the project is rejuvenating the entire lower part of the building and the 70s-era concrete pillars with a new cut-stone façade that reinterprets the façades of an iconic Parisian building with clear, pure lines, enhanced by a contemporary canopy opening onto large, full-length bay windows. The outstanding Cartier Foundation project is also upgrading the building's office space, by refurbishing all the lobbies, delivering a new shared lounge area with a cafeteria and meeting rooms, and, in the coming months, opening a new company restaurant and revamping the other common areas.
- The comprehensive redevelopment and construction of a new building in the Biome project on avenue Émile Zola (Paris 15), was commissioned to a pair of designer-developers, Yrieix Martineau and Jouin Manku et Associés. The project created more than 2,500 sq.m. of green spaces and outdoor terraces in the heart of a mixed-use Parisian neighbourhood, earned BBCA certification as a low-carbon building and introduced new building programmes and uses, with 700 sq.m. of housing space, 400 sq.m. of co-working space and a 1,000 sq.m. business centre open to the public.
- This environmental sensitivity is being taken to the next level by the future Rives de Seine project, which is being reinvented by the LAN agency for delivery in 2025. The building's façades, particularly the unobstructed main façade facing south-west, were selected in strict compliance with bioclimatic principles, which resulted in a highly innovative contemporary appearance. The tower's thoroughly reworked lower levels will allow for the creation and reopening to the public of landscaped gardens overlooking Paris. In consultation with the City of Paris and *arrondissement* authorities, SFL chose to open an additional gateway to the neighbourhood by creating a new public-access building in the gardens, for use by both office tower tenants and Paris residents.

4.1.2. An engaged citizen of the city

SFL is also committed to aligning its project development and execution strategy with the concept of "urban renewal," by making a concerted, enlightened effort to increase the density of spaces and integrate green, landscaped areas into its building lots and projects. In this way, SFL is seeking to promote new uses for the underground floors or rooftops in its buildings, made possible by:
- The ability to bring natural light into previously artificially lit areas.
- The emergence of new mobility systems and the correlative decrease in the need for parking spaces.
- The creation of high-quality outdoor spaces whenever possible. Examples include (i) recovering and repurposing rooftops by landscaping sections and relocating or scaling back rooftop utility installations; (ii) creating ground-level open ground plots (Biome and Rives de Seine projects); and (iii) introducing accessible terraces on the upper floors.

Dialogue and engagement lie at the heart of SFL's strategy. SFL supports a project governance system involving elected officials and local authorities during the project design phase and neighbouring communities during the works phase.

Local residents can follow project updates and works progress through a variety of dedicated information and communication media, such as a website, an on-site project information office and regular communications such as newsletters.

SFL is also committed to creating local jobs, in particular through agreements with building contractors to maximise local hiring. Each project's environmental footprint (energy use, amenities, natural light, vegetation, access) is assessed during the engineering studies phase. Moreover, interaction in the upstream also helps to more effectively define and attenuate the project's impact on the urban environment.

These multifarious interactions enable SFL's projects to evolve naturally in increasingly harmonious alignment with their environment and the cityscape.
- Consultation with public authorities: for the Rives de Seine project, an architectural design competition based on mutually agreed specifications, was organised with the City of Paris, the 12th *arrondissement* authorities, the Urban Planning Department and the Pavillon de l'Arsenal association. These stakeholders chose the winning team together, ensuring that its design offered the best response to the expressed needs.
- Discussions with local residents: local residents and retailers were engaged far upstream in the Biome and Louvre Saint-Honoré projects, even before the administrative permits were obtained, to get them involved in the project, address their expectations and respond to their needs as effectively as possible. Neighbourhood meetings are regularly held as projects advance to help nurture close ties with all the stakeholders.
- Visual impact of works: on the Louvre Saint-Honoré site, SFL took particular care to attenuate the visual impact on the neighbourhood by installing moveable perimeter fences that can be rearranged for each phase and bold cladding to hide the site huts that take up part of the Place du Palais-Royal.

4.2. Nature and landscaping

Nature and landscaping are core concerns in both redevelopment projects and at in-use assets.

SFL properties are located in Paris or the inner suburbs, in a dense, built-up and often restrictive urban environment. As a result, the presence of landscaping, or waterscaping on the banks of the Seine, helps to improve the well-being of SFL users, especially when they can reconnect with their surroundings in quiet, peaceful, healthy spaces.

Among the preferred ways to deliver this experience is to increase the use of green walls and landscaped roofs, terraces and courtyards, which enable SFL to meet the rising expectations of its tenants and their employees, adapt its buildings to climate change and limit land take and biodiversity loss.

4.2.1 Limiting land take and biodiversity loss

Every year in France, 20,000 to 30,000 hectares of land are taken by urbanisation, at a rate that is increasing three to four times faster than the population(1). This land take is also spurring a loss of biodiversity and an increase in the number of heat islands in the country. The fight against land take is one of the major thrusts of the French government's Biodiversity Plan, which hopes to reach net-zero land take by 2030.

The location of SFL assets in Paris and Neuilly-sur-Seine, in a densely built-up urban environment, gives the Group's initiatives special meaning.

Its initial response is to increase occupation density at its assets, which will reduce land take by concentrating new uses and amenities in previously built-up spaces. No additional soil space has been sealed during the redevelopment projects completed over the past 10 years. On the contrary, open-ground spaces have even been restored in the Biome project.

As part of its commitment to preserving and enhancing biodiversity in its buildings, SFL systematically applies City of Paris biodiversity recommendations and includes a "zero pesticides" clause in its groundskeeping contracts to ensure that these areas do not generate any health risk.

4.2.2. Increasing planted and landscaped areas

Landscaping and greenery are an essential part of every redevelopment project.

Greenery was a distinguishing feature of the Biome redevelopment project, whose weighted landscaped area had been almost doubled by the time it was delivered in 2022, to more than 2,500 sq.m., with more than 35 trees and 25 shrubs. In addition, the project obtained BiodiverCity® Excellent certification.

The same label and high quality features are being sought for the riverfront Rives de Seine project. By creating new contiguous green spaces and a generous tree layer, the selected landscape options are expected to increase the site's greenery coefficient to 42% from 14% and the habitat coefficient to 30% from 11%. The rooftops will be landscaped and a newly created garden set back from the avenue will offer occupants refreshing coolness and quiet.

Whenever possible, SFL also endeavours to extend planted and landscaped areas at its revenue generating assets. At the Cézanne Saint-Honoré complex, for example, two green walls had previously been installed in the interior courtyards and the latest renovation led to the creation of new landscaped terraces. That project was also awarded the BiodiverCity® Excellent label.

Offering more planted and landscaped amenities also resonates with the strongly held expectations of tenants, who can enjoy new outdoor spaces that are more pleasant, especially when they replace spaces previously used by utilities.

More generally, as of end-2022, green walls and other planted areas represented nearly 9,800 sq.m. or 10% of the portfolio's total footprint.

The equivalent of **10% of our footprint is planted and landscaped**	**0 sq.m. of land taken** over the past 10 years	BiodiverCity® Excellent **labels** for Biome, Cézanne Saint-Honoré and the Rives de Seine project

4.3. Mobility

Employees feel that the primary criterion for their well-being is the location of their workplace and with it their commute time. In fact, workplace location has increasingly become a criterion as important as salary when considering a job offer.

As a result, high value-added companies, for whom attracting and retaining talent is a performance-critical issue, have to offer employees workspaces in the capital's most desirable neighbourhoods, that are equipped with a diversified array of high-quality amenities and are within walking or cycling distance, or else accessible via the widest possible range of public transport options.

By steadily concentrating the portfolio in the most popular neighbourhoods, SFL's investment strategy has been historically aligned with this aspiration, frequently voiced by its tenant companies. SFL's assets are located in the Central Business District, near the major Paris train stations and hubs (#cloud.paris and Rives de Seine, for example) and in the new mixed-use neighbourhoods such as the 9th *arrondissement* (Condorcet) the 7th *arrondissement* (103 Grenelle) and the 15th *arrondissement* (Biome). These neighbourhoods are highly mixed-use (shops, cultural venues, housing) and enjoy top-quality transit access via metro, RER or bus. A compelling illustration of this location strategy is the acquisition in late April 2022 of the Pasteur building, sitting literally on top of the Montparnasse train station.

SFL also takes great care to ensure that its buildings are accessible to everyone, with upgrades in recent years making 98% of in-use space wheelchair-accessible. In addition, every new redevelopment project is designed in compliance with the latest accessibility standards.

(1) https://www.ecologie.gouv.fr/artificialisation-des-sols

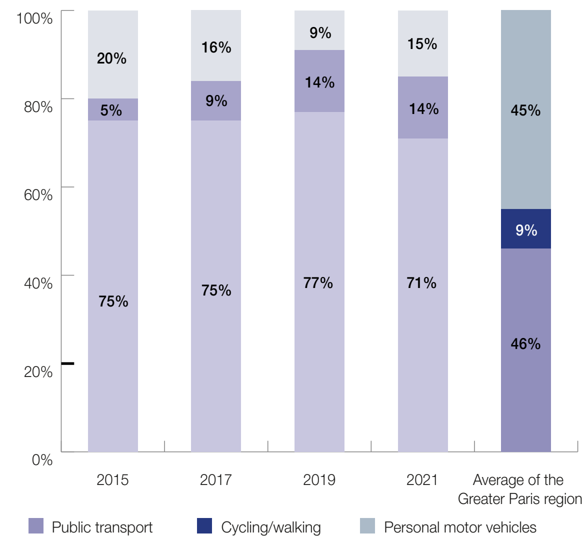
4.3.1. Offices that are exceptionally well served by public transport

All of SFL's assets are easily accessible by public and alternative transport, and in particular all are located less than a seven-minute walk from a metro station.

This outstanding proximity is directly reflected in the ways in which office users commute to and from work. In late 2021, for example, the latest satisfaction survey showed that 71% of them commute by metro, tram, train or RER, and 15% drive in by car, motorcycle or scooter, or take a taxi. Lastly, 14% of users cycle or walk to work, a percentage that has risen sharply since 2015.

The latest satisfaction survey shows that, thanks to the Group's strategic focus on asset location, its tenants and users have an average commute of 5 to 45 minutes, which is much shorter than the average in the Greater Paris region as a whole. More importantly, according to the 2021 Paris Workplace survey, it is shorter than the maximum time that could have a negative impact on employee motivation. It is for this reason that 87% of respondents felt that location is the main advantage of SFL properties.

HOW SFL OFFICE USERS COMMUTE TO AND FROM WORK(1)



Greenhouse gas emissions related to commuting by SFL office users (additional non-mandatory category outside the GHG Protocol Scope 3 categories) amounted to 6,073 tCO_2e in 2022.

This means that offering easy access via public transport and fostering the use of soft mobility are important issues in the Group's low-carbon strategy. Note, however, that SFL office users have a lower carbon impact in their commutes than the average French worker, whether in the Greater Paris region or in Paris proper.

Comparison of the carbon impacts of commuting(2)

	Paris	Inner Paris suburbs	Greater Paris	France	SFL
Average commuting distance in km	10.2	14.3	23.5	13.3	24
Carbon intensity in gCO_2e/km travelled	54.1	105.2	143.0	154.6	22
Annual carbon intensity per user in $kgCO_2e$/year	242.1	662	1,477.7	905.5	235

4.3.2. New forms of urban mobility

Driven by the growing awareness of the environmental impact of travel, the prevailing health situation, the expanding range of transport options and the transit-related policies being pursued by the City of Paris and the Greater Paris regional authorities, new forms of mobility have emerged in recent years, which are gradually changing the way office users commute and get around the city. SFL pays particular attention to these emerging forms of urban mobility and listens carefully to what tenants have to say about their mobility needs.

In the case of Biome, the biggest project delivered in 2022, outstanding public transit access meant that the number of car parking spaces could be reduced by a significant 60%, which in turn enabled the creation of up to 270 bicycle racks and the installation of EV charging stations.

This strategy is also being deployed in the in-use properties. Eight assets have already installed EV charging infrastructure, representing nearly 90 stations, and plans are under way to equip others in the future.

At Washington Plaza, 103 Grenelle and Edouard VII, works programmes has been undertaken to design service areas dedicated to soft mobility. In particular, several hundred bicycle racks are planned, along with all the facilities needed to encourage their use (showers, changing rooms, repair stations, etc.). Similar installations will be deployed in other properties in the future.

(1) Averages in the Greater Paris region, from a 2021 INSEE study based on a 2017 survey https://www.insee.fr/fr/statistiques/5425974#tableau-figure2
(2) Comparison data from the 2019 Enquête Mobilité des Personnes (EMP) survey, https://www.statistiques.developpement-durable.gouv.fr/resultats-detailles-de-lenquete-mobilite-des-personnes-de-2019.

5. User satisfaction

The organisation of in-house teams and contractors is helping the Group to optimise its tenant intelligence and align its offering more closely with expectations, thereby validating its strategic focus on properties with a high utility value. Tenant relationships are always top-of-mind at SFL, and a central focus of its organisation. Knowing and understanding current and future needs is a major advantage as the Group manages its buildings in-use and designs new redevelopments and renovations.

The objective is to define just the right way to use the space, depending on the tenant and the specific features of the building and the surrounding neighbourhood. In addition to designing maximum floor plate flexibility compatible with a vast array of organisational layouts, SFL strives to develop highly user-friendly common spaces that foster creativity in its multi-tenant buildings so that it can serve a full range of tenant communities.

In 2020 and 2021, the series of lockdowns sparked significant debate about the role of workspaces. In response, SFL commissioned a number of surveys as part of the Paris Workplace campaign to specifically assess the impact of lockdown on office users and their expectations for working from home. In particular, the Group's latest urban workplace survey covers more than 3,700 participants in four European countries.

These surveys reveal important information that is helping to shape how the Group looks at employee expectations. In the case of working practices, for example, it is clear that recent-year events have brought to the surface some deep-rooted employee demands, for empowerment and self-management first of all, but also for trust. There is also a demand for spaces that are more aligned with emerging workstyles and a real desire to connect after months of uncertainty and a hit and miss social life.

In this way, the office has a social impact, in that it is no longer just a place to work but rather a place with a much broader meaning. In addressing the trends and data found in these surveys and studies, SFL is endeavouring to make people and their satisfaction the true focus of its investments, in addition to constantly improving building performance, amenities and features.

Our 2020-2030 commitments

100% of business centres served by prime amenities	100% of projects and office assets in-use certified	>85% of tenants satisfied

5.1. Convenience and amenities

The office remains a major, direct contributor to an employer's brand, an observation that has been increasingly noted with every new survey. Whereas in 2017 only 30% of people surveyed said that the office was an important factor in their decision to join a given company, today 54% – almost twice as many – feel this way.

Clearly the office is becoming the new corporate manifesto, to the extent that, to paraphrase a well-known saying, "show me your offices and I'll tell you who you are" holds true.

Moreover, the health crisis has prompted the emergence of a number of underlying trends. After noticing that people brought their working habits home, we are now observing a movement in the opposite direction, as employees bring their personal beliefs and commitments (particularly societal and environmental convictions) back to the office. This is particularly true of the more engaged under-35 generation, which is often described as being "in search of meaning." Because they lie at the heart of this "war for talent", and their habits, expectations and demands will shape medium-term trends, these younger employees deserve special attention.

SFL endeavours to build and develop connections within its buildings by creating porous boundaries between tenant and common areas, which enables multi-tenant properties to offer the amenity spaces actively sought by the under-35s. In conclusion, during renovations and refurbishments, SFL invests to deliver maximum flexibility and operating efficiency in the tenant areas, so that tenants can then use these spaces as they see fit. SFL also revamps the common areas to foster user well-being and pave the way for the installation of new amenities.

5.1.1. High operating efficiency and maximum flexibility

SFL takes special care with the amenities, layout and organisational efficiency of its assets. Work time is not governed by a single, finite, compartmentalised space, but by the diversity of places, indoors and out, where people can go to work alone or to meet with colleagues. SFL addresses the container, so that companies can eloquently express the content. This organisational efficiency, which can be likened to a building's frame, is a primary objective in every major redevelopment project. Once it is in place, subsequent redevelopments can be completed using fewer resources, thereby improving the capital project's sustainability.

At Cézanne Saint Honoré, the floor plates already had these major structural advantages, so that the project could simply focus on upgrading the utilities and interior architecture twenty years after the previous renovation.

SFL buildings offer maximum flexibility and highly efficient operations, which provide an effective buffer against the risk of obsolescence. Tenants appreciate the myriad of layout options, which allow them to create their own space, with total freedom to be as conventional or innovative as they like. In the Biome complex, for example, the size and variety of the floor plates support all types of workstyles, from the most collaborative to the most reflective. In addition to facilitating office floor plan layouts, this flexibility of use is also seamlessly aligned with new usage pattens and the needs of employees to work in the common areas.

With this in mind, all of the Group's buildings are renovated regularly. Evolving tenant expectations are accurately integrated into each renovation programme, thanks to the project scheduling process led by the Design Committee (Project Scheduling and Outcomes Definition Committee). Over the past 10 years, 60% of the floor spaces have been renovated or redeveloped.

Most of the Group's buildings offer modern, contiguous 1,000 to 3,000 sq.m. floor plates that are highly conducive to organisational efficiency. Ideal depths range from 13 to 18 metres with double exposure, so as to maximise the amount of fixed office space receiving direct sunlight. On the renovated floor plates in the Cézanne Saint-Honoré complex, for example, direct sunlight reaches more than 75% of the surface area, including hallways and restrooms.

Utility installations are sized so that meeting rooms can be positioned anywhere on the floor plate, including in areas exposed to direct sunlight. On average, these rooms account for between 10% and 20% of total floor plate space. The Biome and Cézanne Saint Honoré redevelopments top the ranking in this regard, with meeting space representing nearly 20% of their floor plates – and even up to 35% on certain Cézanne Saint-Honoré floors following the addition of a public access facility.

HVAC and lighting installations are generally sized to offer an occupancy ratio of 10 to 12 sq.m. of gross leasing area (GLA) per person. The large majority of SFL buildings have raised access floors and a clear ceiling height of usually 2.70 metres. Air flows are also carefully calibrated to run at peak capacity and exceed regulatory requirements (by 50% in Biome, for example). Indoor ventilation is also supported by the increasing installation of windows in every office, enabling occupants to adjust their comfort levels and ensure healthy air circulation.

Connection to outdoor spaces is a core aspect of both tenant well-being and the SFL project development process, as evidenced by the 300 sq.m. rooftop at Cézanne Saint-Honoré and the 1,600 sq.m. of landscaped grounds and 1,500 sq.m. of accessible terraces and balconies on every floor at Biome.

5.1.2. Occupant well-being and new amenities

The 2022 Paris Workplace survey, the first to be conducted both post-Covid and across four European capitals, identified a number of trends that seem universal, or at least pan-European.

Three of the most noteworthy are as follows:
– Three years after the pandemic spurred its abrupt emergence, working from home appears to have become a widely accepted practice in companies in every surveyed country. But while it has structurally changed the relationship to work and the use of offices, WFH has also heightened the impression that offices are still needed, both to socialise with co-workers and, above all, to work more efficiently and as a team.
– One result of this new geographical division of labour is that the competition between home and office now has a referee: the employees. Whereas in 2017 only a third of employees in Paris felt that their future offices were a determining factor in their decision to join a company, today more than half consider this to be a critical issue.
– Lastly, the survey indicates that the big winner of this competition is not so much a city as social interaction in the workplace. In both the Latin and northern European countries, this was the primary reason cited for going to the office. This aspect is in sync with high added-value offices with extensive amenities *(see below)*, located in neighbourhoods that offer the possibility of socialising with co-workers. A perfect example of this trend, which SFL fully embraces, is Paris, where the appeal of mixed-use neighbourhoods has gained ten points over the past five years.

SFL's approach to amenities and services is informed by a granular analysis of each building, according to its size, location and tenant base. This enables the Group to create compelling new uses for common areas that make life easier for employees and nurture closer relationships.

Amenity installations and upgrades are scheduled based on a thorough knowledge of the buildings and how they are used by tenants. When the decision is made to invest in a new building amenity, the space, its design and the operator who will optimise its use are all carefully selected. Users want amenities that deliver the right benefits for everyone. The range of amenities is being expanded from an increasingly well-understood foundation of core services. For example, the following new amenities have been or are being installed in SFL's buildings:
– food services, which are still the number one expectation in user surveys;
– café areas, which are beautifully and functionally designed by interior architects to offer a variety of spaces for convivial interaction;
– sports facilities, either through multi-purpose health and fitness rooms, or when possible, full sports clubs managed by a dedicated service provider;
– large shared meeting spaces and auditoriums, enabling tenants to free up space in their own areas;
– spaces dedicated to new forms of mobility, such as bike racks and charging stations for electric vehicles, in response to emerging expectations of both the Paris municipality and SFL tenants;
– new digital and print media, with an application and a newsletter to facilitate communication and dialogue with users.

All these amenities have proven very popular and illustrate what SFL is doing to address the issues discussed in the Paris Workplace surveys.

Prime amenities by business centre as of end-2022

	Staffed security command centre	Building manager	Auditorium	Shared meeting rooms	Cafeteria	Restaurant	Wellness/ fitness rooms	Application	Electric charging stations	Bike parking	Outside spaces
Washington Plaza	x	x	x	x	x	x	x	in progress	x	in progress	x
103 Grenelle	x	x	x	x	x	x	x	x	in progress	in progress	x
#cloud.paris	x	x	x	x	x	x	x		x	x	x
Édouard VII	x	x	x	x	x	x	x				x
Louvre St-H.	x	x	x	x	x	x		in progress	in progress	in progress	
Cézanne Saint-H.	x	x	x	x	x				in progress	x	x
83 Marceau	x	x	x	x	x				x	x	x
Biome	x	x	x	x	x	x	x	x	x	x	x

5.2. Certifications and labels

SFL's tenant portfolio includes world-class companies who insist that their head offices demonstrate superior environmental and social responsibility performance, in line with their own commitments.

For them, environmental certification is now a critical prerequisite, and an effective, third-party-validated way for SFL to guarantee tenants, investors and other stakeholders that superior performance will be delivered.

To proactively address this major challenge, since 2012, SFL has ambitiously sought very high level environmental certification for all of its assets in-use and for each refurbishment and development project.

5.2.1. All properties in-use certified

All the certifiable[(1)] revenue generating properties in the portfolio, i.e., 14 assets representing more than 290,000 sq.m. of leasing area at year-end 2022, have been certified to BREEAM In-Use or HQE Exploitation standards.

BREEAM In-Use certification has been widely deployed since 2012, making SFL the benchmark among European property companies in pioneering early adoption of the standard for in-use assets. Our objective is for each successive audit to result in a rating upgrade. All new BREEAM In-Use certifications are carried out using the V6 version, with increasingly stricter assessment criteria.

By the end of 2022, 95% of the portfolio's surface area had earned at least a Very Good rating, under either BREEAM In-USE or HQE Exploitation standards.

5.2.2. Systematically earning certification and/or labelling for redevelopments

All the major redevelopment projects have earned certification.

Certifications and labels are chosen to meet specific building characteristics as closely as possible. In this way, they support the building's market positioning, while challenging its management teams and demonstrating its most innovative features.

One prime example is Biome, delivered in 2022, which has been certified BiodiverCity® Excellent, highlighting its extensive landscaping and greenery.

It has also earned the BBCA Rénovation low-carbon building label, reflecting the ambitious vision that guided the SFL greenhouse gas emissions experts when working on the project.

Biome

– BREEAM Refurbishment Excellent
– LEED Core and Shell Gold
– HQE Rénovation Exceptionnel
– BBC Effinergie Rénovation
– BBCA Rénovation
– BiodiverCity® Excellent
– Wired score Gold

Louvre Saint-Honoré

– BREEAM Refurbishment Very Good

Rives de Seine

– BREEAM Refurbishment Excellent
– HQE Rénovation Exceptionnel
– BBC Effinergie Rénovation
– BBCA Rénovation
– BiodiverCity® Excellent
– Wired score Gold

5.3. Tenant relations and satisfaction

With a portfolio that is highly consistent in terms of quality and location, it is essential for all of the Group's teams to gain a thorough understanding of the expectations of SFL's tenants and their employees (100 to 200 employee per tenant on average), so that the Group can address their needs by designing just the right products and solutions.

5.3.1. Constant dialogue with tenants

Dialogue is an integral part of the Group's corporate DNA. It plays a critical role in the Group's ability to satisfy tenants, meet their expectations and capture their feedback and perceptions of SFL properties, amenities and services.

(1) "Certifiable" buildings, excluding major redevelopments and tenant work in progress, but including buildings whose renewal applications are being reviewed by the BRE.

Our Tenant Management Department interacts with tenants every day and, through a variety of initiatives, gets them involved in:
– our environmental initiatives;
– expressing their feedback and their service and amenity needs;
– and more recently, the health measures.

This can be seen in the following examples of ongoing initiatives.

	Examples of dialogue channels
Leasing	**Green leases:** Every new office lease signed since 2016 has included an environmental appendix, even for spaces of less than 2,000 sq.m.
	User guides: Every SFL building now has a user guide providing a wealth of information on its amenities, services and operations. Topics covered include building history, opening hours, accessibility (pedestrians, persons with reduced mobility, vehicles, public transport, etc.), safety and security, utilities (energy, water and waste management, etc.), and food services, among others.
Buildings in use	**Tenant committees:** Tenant committees are aligned with the size of the building and how it is used, with particular attention focused on business centres. In the case of “major users”, meetings are organised at least once a year to discuss such issues as usage patterns, accessibility, capital improvements and environmental impacts (certifications, energy and water use, waste treatment, etc.).
	Energy sufficiency: Three levers for action are being activated to get tenants directly involved in meeting the challenges of energy sufficiency: - A detailed audit of how SFL’s buildings are used. - Direct communication with employees via information boards reminding them of the proper way to use the premises. - Direct communication with tenants to encourage them to discuss their own energy use and possible pathways of reduction.
	Tenant newsletters: SFL fosters a sense of community in a number of its buildings by publishing building-specific tenant and user newsletters, such as *Le journal le 42* for the Washington Plaza building. With each issue focused on a single over-arching theme, these newsletters offer tenant employees the latest news about the building and the neighbourhood, including cultural events, new restaurant openings and shopping opportunities. They also keep users informed of the green initiatives being undertaken in the building.
	Events: To nurture long-term relationships between SFL and its contacts, the Group brings tenants together twice a year in a different setting, preferably to one of SFL’s properties, to share progress on the Group’s projects and demonstrate the expertise of its teams.
	Activities: SFL supports tenant initiatives in the buildings (blood drives, donation drives, etc.) and donates temporary use of premises to recognised public-interest associations (partnership with the Emmaüs charity in the Galerie des Champs).
Renovation	**Special worksite media:** During major renovation projects, SFL publishes a variety of media carefully adapted to each situation. For the Louvre Saint-Honoré renovation, for example, employees using the building are being kept regularly informed of the works through a variety of purpose-designed resources, including a team of communication officers and dedicated communication systems and media. The most common impacts are addressed through a proactive commitment to minimising any inconvenience during the works phase.

5.3.2. User satisfaction, at the crux of everything SFL does

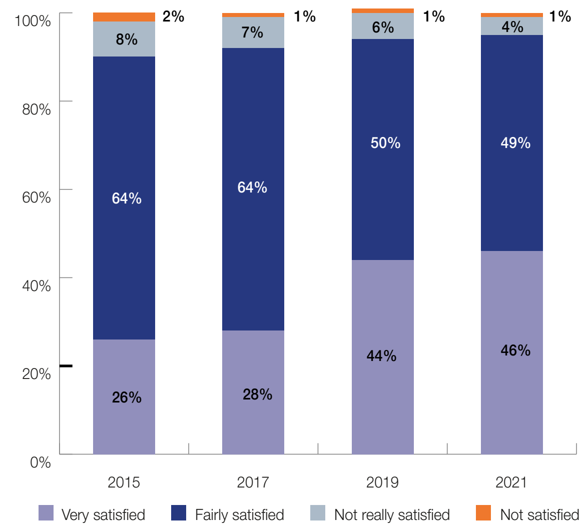
Every two years, SFL carries out a survey of all its tenant employees to measure their satisfaction and expectations in terms of work styles, amenities and environmental performance.

In all, nearly 1,000 people responded to the latest satisfaction survey conducted at end-2021.

The typical employee working in an SFL building is a 40-something manager who lives in central Paris, has a 30 minute commute by public transport and gives their well-being at work a score of 8/10 (compared to 6.9/10 for the managers in the Greater Paris region surveyed in the Group’s Paris Workplace benchmark). They work in an open space office, consider on-site amenities to be fundamental and would opt for better waste management if they had to choose an environmental or social programme.

More than 95% of survey respondents said that they were satisfied with their offices, amply exceeding the targeted 85%, while the percentage of highly satisfied users rose to 46% from 26% in 2015.

TENANT SATISFACTION



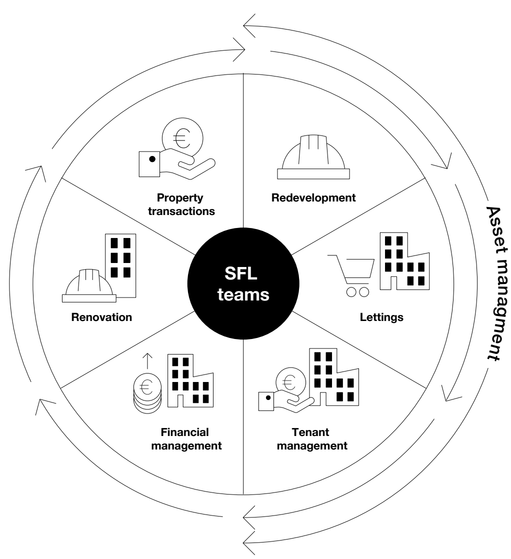
6. Employee and partner engagement

The value chain covering a property asset's life cycle comprises six links: investment, redevelopment, leasing, rental management, renovation and, where applicable, sale.

SFL has fully integrated, in-house capabilities across the value chain, giving it a significant competitive advantage in a commercial property market where such an approach is far from systematic. By bringing all the necessary expertise and capabilities in-house, SFL is not only more agile and responsive, it can also take a holistic view of each project.

Our property development and management businesses require close coordination in a spirit of cooperation with a wide variety of stakeholders, including local residents, public authorities, prime contractors, architects, multi-technical contractors and shareholders.

SFL is therefore constantly striving to deepen employee and partner engagement across the value chain to thereby foster a desire to work together.



CORE COMPETENCIES

Redevelopment
Technical and development team

Lettings
Lettings and asset management teams

Tenant management
Rental management and technical teams

Financial management
Financial team

Renovation
Technical and development team

Property transactions
Strategy and portfolio management team

Asset management

Our 2020-2030 commitments

- >2.5% of payroll spent on training
- Quality of worklife survey conducted every year
- 100% of employees, contractors and suppliers covered by an Ethics Code of Conduct

6.1. Employer appeal, skills development and workplace equality

Developing employee skills, attracting and retaining talent and promoting gender equality in the workplace are real challenges for SFL, given the size and structure of its workforce (fewer than 100 employees, mainly managers) and internal organisation (based on integrated teams interacting with each other and active across the value creation chain).

SFL had 74 employees at 31 December 2022, of whom 72 work in the head office at 42, rue Washington in Paris and two are based in the building at 176, avenue Charles de Gaulle in Neuilly-sur-Seine. Women make up the majority of the workforce, at 62% of the total, and 77% of employees are classified as managers.

With this in mind, the Group's ongoing objective is to dedicate more than 2.5% of total payroll to training each year and to offer competitive, incentive-based compensation packages that uphold gender equality principles and commitments.

In addition to company agreements, employees are covered by two collective bargaining agreements: the National Collective Agreement for the Property Industry and the National Collective Agreement for Building Caretakers, Concierges and Employees.

6.1.1. Attracting and retaining talent

Ten new employees, including two work-study trainees, joined the SFL corporate community in 2022 and five people left during the year. Four of the five people who left were replaced through new hires or transfers.

Working from home, an important aspect of employer appeal and work-life balance, was introduced in January 2020, first on a trial basis and then formally instated by a charter introduced in September 2021, giving employees the opportunity to work from home for five days a month. During the statutory annual pay round in December 2022, it was agreed to sign a new agreement in early 2023 to optimise procedures and make them more flexible.

As part of the employee skills development commitment, performance reviews are conducted with each employee every year to assess their achievements and abilities and to identify their training needs. In addition, every two years, a career development review helps employees map out a more personal growth path, with milestones and outcomes assessed every six years.

The review process has been facilitated by digitalisation, which also ensures the traceability of these discussions and their follow-up.

Based on the average number of employees in 2022 (68.83) and the number of employees under permanent contracts who were hired or left during the period, the turnover rate was 7.99%, *versus* 10.61% in 2021(1).

On the same basis, the average seniority of employees on payroll remained stable, at 9.60 years *versus* 10.8 in 2021.

Remuneration and benefits

To encourage the professional advancement and engagement of SFL employees, policies are in place to offer fair, attractive and incentive-based remuneration, whose competitiveness is tracked through an industry review in which the Company participates every two years.

Direct remuneration

Each employee is paid a salary and a variable performance-based bonus. In 2022, the target bonus represented on average 16.65% of the employee's base salary (excluding Management Committee members).

For employees on payroll at 31 December 2022, total remuneration for the year (salary and bonus) averaged €69,975, again excluding Management Committee members.

Indirect remuneration

A total of €7,619,490 in entitlements accrued to employees in 2022 under discretionary and non-discretionary profit-sharing plans, of which more than 90% came from the special statutory profit-sharing reserve set aside in respect to 2021. Most of these non-recurring profit shares resulted from asset disposals in 2021 and the asset swap carried out as part of the change in ownership structure that year.

To optimise their savings and pension schemes, employees can invest in a wide range of securities through two successful vehicles, an Employee Sharesave Plan (PEE) and a Group Pension Savings Plan (PERECO). To further encourage employees to save for retirement, their personal investments in the PERECO plan are matched by a company contribution, whose maximum amount was raised to €5,310 from €4,860 on 1 January 2022.

As a result, SFL's financial support for employees saving for retirement amounted to €270,385 in 2022, *versus* €260,742 the year before, with 58 employees receiving an average matching contribution of €4,662.

In 2022, bonus shares were again granted to officers and employees, this time to 53 people (of whom 51 employees) representing 69% of the workforce on payroll at year-end.

Remuneration policies also cover a number of extra benefits, including a time savings account that converts unused leave entitlement into investments in the PERECO plan, service vouchers fully financed by the Company and the Social and Economic Committee, and subsidised food services (meal vouchers and/or intercompany staff restaurants).

(1) Turnover calculation formula: (Number of departures during the period + number of new hires during the period)/2/average number of employees over the period.

In addition to these benefits, during the 2022 statutory pay round, it was agreed to introduce a sustainable mobility package in 2023 to encourage SFL employees to use cleaner modes of transport and to drive sustained progress in the Company's assertive environmental stewardship commitment. All of these various benefits are presented in the Personal Remuneration and Benefit Review prepared for each employee.

These annually issued reviews meet several objectives: to inform employees as clearly as possible about the Company's various remuneration systems and also to present the value of their total package (salary, bonus, other remuneration and benefits).

6.1.2. Training and skills development

Every year, SFL defines objectives for its employee training programmes, in a constant commitment to:
– create and nurture conditions in which every employee has access to training and skills development;
– prepare for emerging technical, legal, environmental and other changes in the industry, in order to improve the professionalism of its employees and enable them to do their jobs effectively in the best possible conditions.

Every year, during the annual and/or career development reviews, the actions specified in the skills development plan are discussed by managers and employees, who mutually agree on the best solutions for meeting both the employee's aspirations and the needs expressed by the department and/or the Company.

In 2022, for example, training sessions primarily focused on asset management, financial management, law, business management, office technology and improving language skills in English and Spanish.

To encourage employees to develop their existing skills and acquire new ones, SFL has set a target of dedicating 2.5% of payroll to training and skills development.

In 2022, the total training expenditure rose by 9.67% to represent 2.17% of total payroll, or 2.64% after adjustment for special bonuses.

More than 1,493 hours of training were offered to 57 employees, representing an average of 26 hours per trainee.

6.1.3. Gender equality in the workplace and equal opportunity

Gender equality in the workplace is a major issue for employee development and business growth.

The Group has therefore reaffirmed both its pledge to reject any and all forms of discrimination and its commitment to fostering gender equality and equal opportunity in the workplace.

In 2017, SFL undertook a certain number of initiatives to:
– fulfil the undertakings in the gender equality in the workplace agreement (described in more detail below);
– secure support for the disabled, which includes the grant made to the LADAPT non-profit organisation, the agreement with the ARPEJEH (which supports students with disabilities in their studies), and the practice of buying goods and services from companies specialised in employing people with disabilities.

Gender equality in the workplace

In December 2020, a new three-year gender equality in the workplace agreement was negotiated and signed, comprising a certain number of measures backed by improvement targets and indicators in the following three areas:
– hiring and job opportunities;
– promotion opportunities thanks to ongoing skills development;
– actual remuneration packages.

Process	Objectives	2022 performance
Hiring and job opportunities:	– endeavour to obtain, as far as possible, an equal number of male and female candidates – drive greater gender balance in the job classification grid	– At year-end 2022, 62% of SFL managers were women. – Five of the ten people hired during the year were women.
Promotion opportunities thanks to ongoing skills development:	– ensure that men and women have equal access to training opportunities – define with each employee returning from maternity, adoption or parental leave training courses to ease their transition back into the workforce – identify and address any family-related issues employees may face while in training	– In 2022, women who participated in at least one training session or event during the year accounted for 65% of trainees and spent an average 25 hours in training (29 hours for men). – Out of the average number of employees in 2022, 76% of men and 86% of women attended training sessions during the year.
Gender-neutral remuneration:	– guarantee that women and men who are hired for equivalent jobs are offered the same initial pay and that they continue to receive equal pay throughout their careers with the Group – eliminate any distortions in remuneration resulting from parental-related leave	– As part of the statutory annual pay round in 2022, the opening of negotiations on the gender pay gap was duly minuted. – At their conclusion, the parties noted that there was no form of gender discrimination and reaffirmed the need to apply the principle of equal pay when individual salary increases are awarded.

Released in February 2022, the gender equality index for the 2021 calendar year showed an overall score of 87/100 points, or a 21-point improvement over the prior year.

Other workplace equality indicators

• Seniors and young people

SFL also attaches particular importance to combating age-based discrimination. The average age of employees is 44. As of 31 December 2022, employees aged 45 or older represented 51% of the workforce and people under 35 represented 27%.

• People with disabilities

As part of its policy of supporting employment opportunities for people with disabilities, in 2022 SFL once again helped to finance the operating budget of LADAPT, a non-profit organisation working in this area, through an annual grant and the allocation of a portion of its apprenticeship tax due for the year.

In 2022, SFL also renewed its membership of the ARPEJEH association, which promotes the training, qualification and employment of people with disabilities by supporting students aged between 15 and 30 in their studies and career development. To help finance these programmes, SFL allocated a portion of its apprenticeship tax due for the year to ARPEJEH.

In association with the Kialatok company, a "cooking and disability" sensitivity workshop was organised, enabling around 15 employees to raise their awareness of a number of disability situations.

6.2. Health, safety and quality of worklife

As key factors in making SFL a great place to work, health, safety and well-being represent major issues not only for employees, but also for the entire corporate community. With this in mind, these criteria have been fully integrated into the Group's human resources policies, independently of any legal obligations. In addition, the workplace atmosphere is regularly measured with a quality of worklife and working conditions survey, in line with SFL's goal of complying with the obligation to regularly assess workplace risks, while laying the foundation for the continuous improvement in the working environment.

6.2.1. Health and safety

In 2022, the Group's employee health and safety policies were actively pursued, with:
– a new round of the Workplace First Responder training programme;
– the organisation of a new series of fire prevention training sessions in coordination with APAVE, a risk management consultancy;
– the renewal of authorisations for qualified employees to work on electrical installations and equipment.

No occupational diseases or workplace accidents were reported in 2022 and only one commuting accident, with two days lost time, was reported.

6.2.2. Quality of worklife

As stipulated in the gender equality in the workplace and quality of worklife agreement signed on 1 December 2021, a new quality of worklife survey was carried out in 2022.

Undertaken as part of a new approach, the survey was designed to get employees involved in a collective change dynamic and to support them as they help to improve the quality of worklife and working conditions (QWL).

To this end, a joint steering committee was formed with representatives from Senior Management, the Human Resources Department, the Economic and Social Committee and the occupational health office. Exploratory interviews were also conducted with steering committee members and managers to get an initial diagnosis of any possible workplace issues or QWL challenges.

This process will be pursued in 2023 with the creation of working groups tasked with identifying the main workplace issues and protective factors and then recommending action plans to foster employee engagement and well-being. Based on the working group discussions and recommendations, a final action plan will be drafted by the joint steering committee and deployed across the organisation.

Separately, a recent functional and technical analysis of the office spaces used by SFL employees revealed the need to think about redesigning and upgrading them to make workspaces more appealing and better suited to new working practices and user needs. In response, a project committee of employees was set up in 2022 and work began on the design of the future offices and common areas. Once the design and upgrade works are completed, SFL expects to have a functionally optimised office layout with high-quality technical services in 2023.

For the purposes of this report, SFL has chosen to measure employee well-being and engagement primarily by tracking the short-term absenteeism rate, which is based on the number of days lost to unauthorised absences of up to four days. In 2022, the rate stood at 0.61%, *versus* 0.40% in 2021.

The 2021 agreement instating a work-from-home option reflects the commitment of SFL management and employee representatives to propose arrangements capable of improving both job performance and quality of worklife by encouraging a more fulfilling work-life balance, while preserving the current work organisation and sense of corporate community.

With this in mind, the parties to the December 2022 pay round agreed to improve the flexibility of work-from-home procedures in a new agreement to be signed in early 2023, providing in particular for shorter advance notice for each request and the possibility of working more days from home.

6.3. Ethics in the value chain

6.3.1. Ethical principles

Every new hire receives a copy of the SFL code of conduct attached to his or her employment contract. The code specifies the principles and practices that employees are expected to demonstrate in their business activities, in such areas as transparency, professional integrity, fraud prevention, non-discrimination and legal and regulatory compliance.

If they have any questions about these issues or about professional ethics or conduct in general, employees may contact the Internal Control Department. In compliance with current legislation, a whistleblower procedure is now being deployed in the organisation. In addition, the whistleblower protection system was included in the updated internal rules and regulations approved by the Economic and Social Committee.

SFL also complies with the provisions of the code of conduct for SIIC real estate companies, which covers issues such as the selection and rotation process used for the independent portfolio appraisers.

Measures are also in place to ensure that employees as well as suppliers uphold the Fundamental Conventions of the International Labour Organization (ILO) in the areas of:
- freedom of association and collective bargaining;
- eliminating discrimination in respect of employment and occupation;
- eliminating forced and compulsory labour;
- effectively abolishing child labour;
- fighting clandestine and undeclared labour.

Other than in exceptional cases, every supplier, irrespective of the type of goods or services provided, is subject to a number of obligations under applicable labour legislation, particularly as regards clandestine labour and the employment of foreign workers.

Failure of any supplier to comply with these legal or regulatory obligations could expose SFL to the risk of legal and/or financial sanctions, a situation that has led to a review of the Group's practices in this area.

French legislation prohibits clandestine labour and the employment of undocumented foreign workers. As a disincentive, legal liability is assigned at two levels:
- The company that fails to report an employee or employs an undocumented worker is subject to criminal, administrative and financial sanctions.
- Co-contractors can also be held financially liable, i.e., any co-contractor which, when a contract for the provision of work or services is signed, does not verify that the other contractor has made all the applicable declarations and is up to date with its social security contributions. Compliance checks have to be performed every six months throughout the term of the contract.

To avoid any risk of non-compliance and meet its obligations concerning supplier employee documentation, SFL:
- uses a collaborative, web-based platform on which suppliers submit the necessary documentation;
- includes a standard contractual clause in every contract worth more than €3,000 (excl. VAT).

The dedicated platform enables suppliers to submit, simply and free of charge, all of their employee and tax-related documentation as well as any required certificates and statements concerning their technical capabilities and financial condition. It manages all of the administrative documents, verifies that they are complete, and if necessary sends reminders to the suppliers concerned. This enables the Group to check compliance at any time, both of existing suppliers and potential new suppliers if they are included in the database. Control systems are also in place to ensure that the submitted documents are updated every six months.

Over the past few years, SFL has pursued the supplier selection process based on their APE business code, which provides an indicator of their potential exposure to the risk of employing undocumented workers. This exercise revealed that for SFL, the most exposed sectors were construction and public works, cleaning and security services, and IT services.

In recent years, SFL has commissioned a number of audits of its supplier selection process:
- From June to September 2021, an audit was performed with KPMG to assess the contract tendering procedure for the purchase of works, supplies or services, and to check the reliability of the existing process. It found that there is a clear, written procedure, updated in June 2019, and that the controls were appropriate [see section 8.3.2. of the Management Report].
- In first-half 2022, suppliers who are not subject to the tender procedure were audited to verify that the reasons they were not required to bid were valid (e.g., contracts worth less than certain amounts or other exemptions provided for in the procedure) and to verify the concentration of such suppliers.

No cases of bribery came to light in 2022 and the Group was not subject to any disciplinary measures. The Group does not make any political donations.

In addition, members of the Board of Directors and senior executives, as well as any persons with regular or occasional access to insider information, are prohibited from trading in SFL shares, directly or indirectly, on their own behalf or on behalf of third parties, during periods designated as black-out periods. These persons are sent a reminder of the black-out by an email from the Legal Director a few days before the beginning of each period (30 days before the publication of the annual and interim financial statements).

6.3.2. Engaging with SFL partners and continuous improvement programmes

The Group pays particular attention to applying sustainable and responsible procurement processes and to maintaining sustainable and responsible relations with service and goods suppliers.

Our continuous improvement strategy is led by the Environment and Sustainable Procurement Manager and includes measuring the total cost of purchases and managing environmental and societal impacts across the value chain.

Key aspects of the strategy include:
- integrating CSR criteria into the supplier selection process;
- updating operator and contractor specifications to include CSR performance indicators;
- fostering best-in-class supplier relationships;
- analysing opportunities for improvement;
- tracking overall CSR performance;
- monitoring technical and environmental developments.

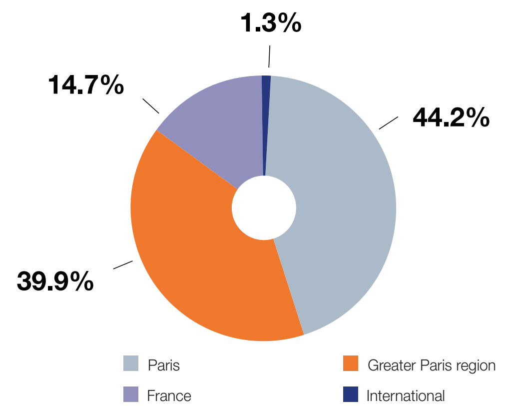
Delivering best-in-class selection and tracking performance across the value chain

Strict rules apply to the selection and approval of suppliers. Standard service procurement contracts, for example, include a variety of environmental and labour clauses.

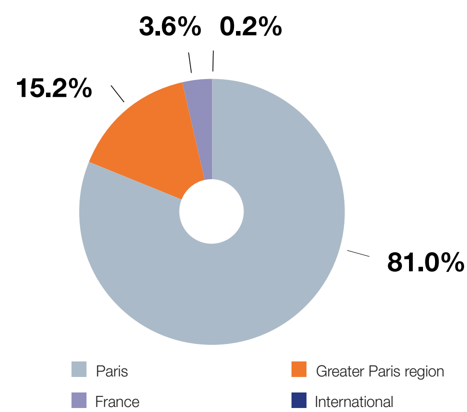
SFL also combats abusive subcontracting by limiting the sub-contracting pyramid to a maximum of two levels, thereby maintaining tighter control over the companies that work on its projects and assets.

Special attention is also paid to a supplier's country of origin, with priority given to local contractors when commissioning work. In 2022, for example, 84% of suppliers accounting for 96% of the procurement spend were based in Paris or the Greater Paris region, within around 100 kilometres of the city centre.

SUPPLIERS BY LOCATION, IN %



PROCUREMENT SPEND BY LOCATION, IN %



These two factors – limiting the sub-contracting pyramid and sourcing locally – should help to ensure that the delivered service quality meets SFL standards.

SFL contractors and suppliers play an extensive role in processes and initiatives to drive continuous improvement in both the management of buildings in-use and in redevelopment projects.

Examples of a continuous improvement initiative in managing a building in-use

As key partners in fulfilling the environmental commitments in SFL assets, multi-technical maintenance contractors and building managers have fully embraced the Group's CSR policies and ensure that their sub-contractors participate in this process. In practice, maintenance providers submit technical recommendations that encourage responsible behaviour, notably in the following areas:
– optimising energy and water use;
– using eco-friendly cleaning products;
– reducing packaging and waste;
– enhancing the occupant experience;
– increasing the scores for BREEAM In-Use certifications.

In particular, these recommendations can be incorporated into energy performance contracts like the one for #cloud.paris, whose multi-technical service contract includes energy efficiency improvement targets in terms of MWh and euros. This particular contract expired during the year, but was renewed in light of its positive impact on environmental performance and cost savings.

Example of a continuous improvement initiative in a project

For new projects, clauses to encourage local hiring are included in the contracts signed with site contractors, whereby they undertake to make a special effort to hire unemployed people, corresponding to 5% of the total budgeted working hours.

In particular, after the Biome project was delivered in summer 2022, a review showed that more than 36,000 hours of work had been performed by people hired under social inclusion programmes.

Social inclusion on projects – the Biome project

Property	Biome
Total inclusion hours	36,592 hours
% of total project hours	5.1%
Number of full time equivalent months	226 months
Full-time equivalent jobs	10 people

On every project, enhanced communication channels are deployed to ensure that the works are carried out smoothly and safely for everyone. Health and safety procedures include:
– environmental training and information;
– the use of badges to identify employees;
– risk prevention measures;
– on-site presence of first-aiders and first-aid equipment;
– an incident archiving system.

Contractors are also issued dedicated handbooks containing:
– information on staggered breaks;
– restrictions concerning the use of radios;
– practical information about site organisation (sanitary facilities, access, opening hours, etc.);
– instructions for personal protection equipment in compliance with the applicable regulations.

These documents are translated into the second most commonly used language on the site in order to ensure a high level of understanding. In the same way, on-site information notices and signage are also translated into several languages.

7. Additional information

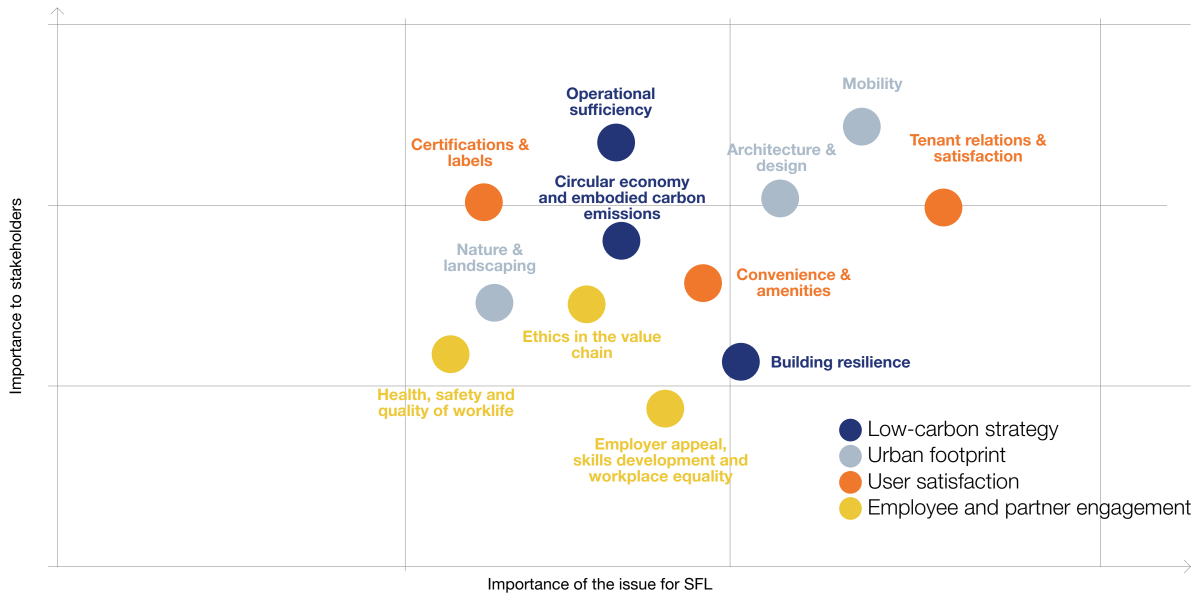
7.1. Materiality of issues

SFL has analysed the materiality of its CSR issues in accordance with international standards and industry best practices, as set out in the G4 Sustainability Reporting Guidelines issued by the Global Reporting Initiative and recommended by the European Public Real Estate Association (EPRA).

Performed jointly with the Management Committee, the Chief Executive Officer and the working groups set up to examine specific issues, this analysis helped to shape the CSR policies, objectives and action plans. In 2017 and 2020, these issues and their materiality were updated by the CSR Committee and reviewed in light of the new regulatory framework concerning non-financial information statements.

The analysis revealed 12 material issues for SFL's business and its stakeholders, which were consolidated into four pillars and used to structure the Group's CSR approach as well as this non-financial information statement.

Materiality matrix of CSR issues



7.2. ESG governance

An ESG process embedded in the heart of every core competency

Execution of the ESG strategy is supported by the following governance structure:

– Senior management holds final responsibility over all environmental, employee relations, social and good governance issues. ESG strategy is defined by Jérôme Lacombe, who joined SFL as Deputy Managing Director in 2022.
– The ESG Committee comprises the Management Committee and the Chief Sustainable Development Officer. Meeting four times a year, it issues an action plan for each issue to the departments concerned (for example, the Technical and Development Department for environmental issues and the Human Resources Department for training issues).
– Various working groups (asset management committees, ESG workshops) are addressing ESG aspects by developing operating procedures, issues of interest and outcomes and then discussing them with tenants, service providers, suppliers, banks and other stakeholders.
– Also engaged in the process are SFL employees, notably through issue awareness-building sessions, and the Economic and Social Committee, thanks to its access to social and environmental information in the BDESE data base.
– Lastly, the Board of Directors coordinates on ESG issues with representatives of its main shareholder, Colonial.

Senior Management	**Chief Executive Officer**	**Managing Director/ Chief Operating Officer**	**Deputy Managing Director, Chief Resources Officer (in charge of the ESG process)**		
ESG Committee	**Management Committee**	**+**	**Chief Sustainable Development Officer**		
Key area working groups	**Energy sufficiency**	**Embodied carbon emissions**	**Green finance**	**Nature and landscaping**	**Other**
SFL employees	**Economic and Social Committee**	**Employees**			

7.3. Initiatives supported by SFL

GRESB

The Global Real Estate Sustainability Benchmark (GRESB) is the leading source of assessment benchmarks for the environmental, social and governance performance of real estate companies.

SFL has participated in GRESB assessments since the organisation was founded ten years ago and has been awarded the Green Star designation every year.

EPRA

The European Public Real Estate Association (EPRA) is the voice of nearly 200 publicly traded real estate companies in Europe. It seeks to harmonise the financial and non-financial communications of its members, in line with its *Best Practice Recommendations and Sustainability Best Practice Recommendations.*

In 2022, SFL once again received two EPRA Gold Awards for optimal compliance with disclosure best practices.

Science Based Targets initiative

The Science Based Targets initiative (SBTi) seeks to encourage companies to help limit the increase in global warming by setting greenhouse gas emissions reduction objectives based on the latest scientific findings.

Launched in June 2015, the initiative is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

SFL has been pursuing an SBTi-certified greenhouse gas emissions reduction objective since August 2021.

OID

The *Observatoire de l'Immobilier Durable* (OID) is an independent forum where stakeholders in the French commercial real estate industry can discuss sustainable development and innovation issues. Created in 2012, it is committed to supporting the environmental and social performance of French property companies and to sharing all the practices that help move it forward.

It comprises around 60 members and partners, including leaders across the French commercial real estate value chain.

C3D

The Sustainability and CSR Officers play a key role in the transformation of the Group's organisations and ultimately the Company as a whole.

To accelerate, facilitate and promote this transformation in the public sphere, the C3D association brings together 200 of France's leading sustainability and CSR officers of private and public-sector companies and non-profit organisations into a single network.

BBCA Association

Created in 2015, the Association for the Development of Low-Carbon Buildings (BBCA) brings together the leading players in the construction process, including property developers, investors, local authorities, urban planners, renowned architects, design offices and builders.

It is dedicated to deepening the Group's knowledge of low-carbon buildings, promoting best practices with the BBCA label and encouraging low-carbon construction.

The first BBCA label was introduced in 2016, followed by the BBCA Rénovation label in 2018. SFL was awarded the BBCA Rénovation label for the Biome project, which was delivered in summer 2022 in the 15th *arrondissement* of Paris.

"Booster du réemploi" alliance

A4MT designs and implements a variety of engagement programmes for its clients, in particular to encourage the reuse of materials from construction worksites. SFL has joined the "Booster" community, affirming its commitment to recovering and reusing materials.

AMO

SFL is a member of AMO, an association that promotes effective, inspired cooperation between project owners and prime contractors, as well as between all the other stakeholders in the construction process.

Fondation Palladio: building the City of Tomorrow

Fondation Palladio was set up in 2008 under the aegis of the Fondation de France to address a major challenge of the 21st century, that of developing urban areas and building communities. For the 11th straight year, SFL was a sponsoring partner of Fondation Palladio.

By comparing the perspectives of business and political decision-makers, managers and experts, students and professionals, academics and people working in the field, each of the Foundation's initiatives helps to nurture a process of challenging preconceived ideas, embracing new ones and learning from one another. SFL supports the Foundation's commitment to creating the conditions that will further improve every property and urban development stakeholder's ability to respond to the major economic, environmental, human and societal challenges facing our world today and far into the future.

Pavillon de l'Arsenal, the Paris architecture and urban planning centre

SFL regularly supports Pavillon de l'Arsenal, the architecture and urban planning information, documentation and exhibition centre for the Paris metropolitan area.

Pavillon de l'Arsenal is a non-profit organisation set up to promote information and knowledge among specialists and the general public about the capital and the surrounding area's architectural heritage and urban landscape and to help promote the city's architectural landmarks.

Its objectives are seamlessly aligned with SFL's history, which has been deeply rooted in the development of the Parisian urban landscape since the end of the 19th century. SFL also organises employee-only tours of the Pavillon de l'Arsenal.

Emmaüs

Premises in the Galerie des Champs-Élysées (Paris 8th *arrondissement*) were offered free of charge to the Emmaüs charitable association for use as a training centre.

City of Paris – Nuit Blanche

SFL supports the City of Paris' *Nuit Blanche* all-night performance festival organised for the 20th time in 2022, which offers the public free access to an array of artistic events in the capital, for one night only.

In this way, SFL contributes to promoting Paris' cultural outreach, sometimes by organising events at its own properties, while supporting the creative arts and making them accessible to everyone.

The Jeanne Garnier Institute

As part of the Biome project in the 15th *arrondissement* of Paris, SFL supported the Jeanne Garnier Institute, an adjacent medical centre that provides palliative care to more than 1,000 patients a year, primarily people in the advanced or terminal stages of their illness.

The support reaffirmed SFL's deep engagement in the host communities around its assets.

ADAPT: helping people with disabilities to take up their rightful place in society and find work

The Group has been supporting ADAPT for many years as part of its policy of promoting employment opportunities for people with disabilities.

For example, it has contributed to the European Disability Employment Week organised by ADAPT since 1997, which took place from 14 to 18 November 2022. The annual event aims to raise awareness among recruiters and facilitate access to jobs for people with disabilities.

7.4. Methodological note

7.4.1. Methodology for calculating environmental and societal indicators

SFL has developed an internal reporting methodology that has standardised the data collection process, identified contributors and defined the verification method.

It also describes the applicable standards, particularly as set out in the non-financial information regulatory framework and the EPRA's recommendations.

Lastly, it defines the scope of reporting.

Scopes of reporting

SFL's portfolio comprises 18 buildings, representing a total surface area of 401,136 sq.m.

Societal and environmental indicators and their related objectives may cover different scopes of reporting. In all cases, however, the scopes have been defined in line with industry best practices, particularly the guidelines for implementing the EPRA Sustainability Best Practice Recommendations. They are organised according to two main features:
– the fact that the buildings are operationally managed by SFL;
– the fact that the assets have been acquired, sold or are under development.

Main 2022 environmental indicator scopes of reporting

At end-2022, there were separate scopes for reporting data on carbon emissions, energy use, water use, waste production and certifications. The table below shows the inclusion of each asset in the various scopes and explains why when they are not.

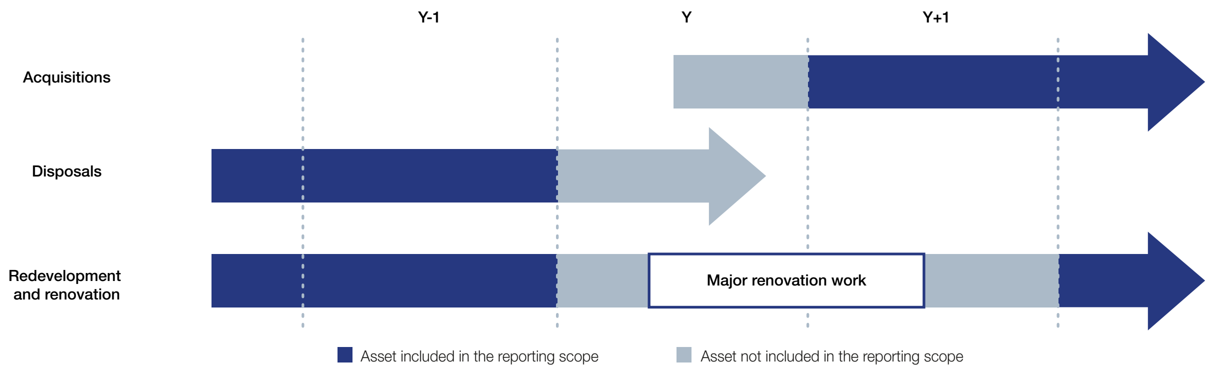
Asset	Energy/Carbon		Water	Waste	In-use certifications (HQE Exploitation or BREEAM In-Use)
	Tenant areas/Scope 3	Common areas and shared services/ Scopes 1 & 2			
Washington Plaza	•	•	•	•	•
Édouard VII	•	•	•	•	•
103 Grenelle	•	•	•	•	•
#cloud.paris	•	•	•	•	•
Rives de Seine	•	•	•	•	•
Galerie des Champs-Élysées	•	•	•	•	•
90 Champs-Élysées	•	•	•	•	•
Louvre Saint-Honoré	•	•	•	•	Redevelopment in progress
Cézanne Saint-Honoré	•	•	•	•	Lessee work still in progress at year-end 2022 after redevelopment
83 Marceau	•	•	•	•	Certification in progress after redevelopment
176 Charles de Gaulle	•	•	•	Waste directly collected by the City of Paris, with no data on amounts or disposal methods	•
92 Champs-Élysées	•	•	•		•
131 Wagram	•	•	•		•
6 Hanovre	•	•	•		•
106 Haussmann	•	•	•		•
Condorcet	•	Single-tenant buildings whose in-use energy, water and waste operations are not managed by SFL			•
Pasteur	Single-tenant building whose in-use energy, water and waste operations are not managed by SFL, acquired in April 2022				•
Biome	Redevelopment in progress over most of the year. Lessee work still in progress at year-end 2022				

Reporting period

Data for all the environmental and societal indicators are reported for the calendar year.

Changes in scope of reporting

Scopes of reporting may change as a result of:
– acquisitions: properties acquired are included in the scope only after a full year in use;
– disposals: buildings sold during the year are removed from that year's scope of reporting;
– redevelopments or renovations: major projects are included in the scope of reporting once they have been delivered, are at least 60% let and have been in use for at least a year.



These events account for the differences between the like-for-like and absolute scopes of reporting as defined by the European Public Real Estate Association (EPRA), which are presented in section 7.5 below.

The absolute scope includes all the assets held in each of the reported years.

The like-for-like scope includes only those assets held over the entire period under review, i.e., a comparable asset base.

Special SBTi target scope of reporting: in line with the GHG Protocol and SBTi guidelines, the scope of reporting for data related to the SBTi-certified greenhouse gas reduction objective differs slightly from the two above-mentioned scopes. The target runs from 2018 to 2030. Assets divested in a given year over this period are also removed from all prior-year scopes of reporting. Conversely, assets acquired over the period must be added back to the scope from the beginning and, to the extent possible, their emissions in the years prior to acquisition will be reported. These two cases could therefore lead to the recalculation of baseline and other prior-year emissions. The new development projects will be factored in upon delivery, but will not impact prior-year emissions. This methodology will maintain a consistent target in absolute value over a long period, which is the only way to support an ambitious emissions reduction commitment.

Standardized surface areas

The standard measure used to calculate building energy use, carbon and water use intensity is the average useful surface area, expressed in square metres (sq.m.).

Energy

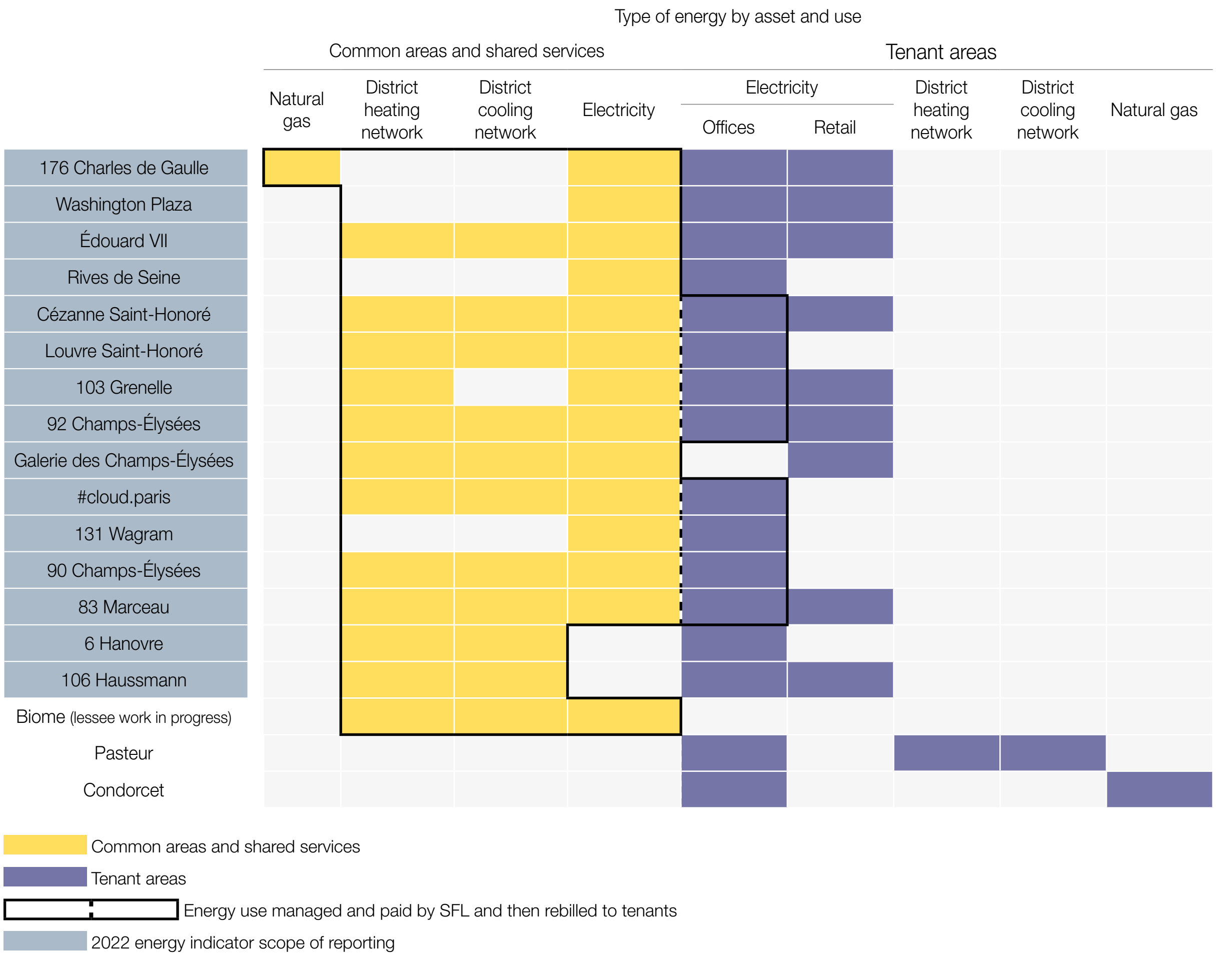
Energy data are collected from:
– meter readings by property managers and on-site submeter readings by facilities maintenance contractors;
– property manager invoices excluding VAT;
– data extracted from the property managers' databases via the client interface.

Energy data are expressed in units of final energy.

SFL differentiates between energy used in common areas and shared services, which are managed and metered by SFL, and energy used in tenant areas, for which SFL works with tenants to collect and discuss usage data.

When the tenant areas' energy use is unknown, energy use is estimated based on the energy typically used by the tenant's HVAC installations. These estimates, which give a clearer picture of actual use and vary by building, are determined in partnership with an experienced energy analysis agency, based on the energy consumed in the areas used by SFL and other occupants, depending on the building.

ENERGY USE BY ASSET IN THE 2022 ENERGY DATA SCOPE OF REPORTING



GHG emissions

GHG emissions are calculated using the GHG Protocol methodology.

Scopes 1 & 2 emissions are calculated based on energy use and refrigerant leak data from the managed assets. Scope 2 emissions are primarily calculated using the market-based method, to reflect SFL's energy mix.

Scope 3 emissions are calculated for the categories relevant to SFL's business activities, namely:
- Category 1: Purchased goods and services (OpEx).
- Category 2: Capital goods: redevelopment, renovation and tenant area works (CapEx).
- Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2): production of fuels and energy purchased and consumed.
- Category 5: Waste generated in operations: amount and treatment of waste produced by assets in-use.
- Category 6: Employee business travel.
- Category 7: Employee commuting.
- Category 9: Downstream transportation and distribution: commuting by SFL office users.
- Category 13: Downstream leased assets: energy used in the tenant areas.

Data from SFL activities are converted into greenhouse gas emissions using emissions factors from suppliers and the ADEME carbon database and global warming potentials from IPCC reports. These sources are consulted regularly and emissions factors are updated in the event of any changes.

Greenhouse gas emissions indicators are expressed in tCO_2e or in $kgCO_2e$/sq.m.

In reducing its greenhouse gas emissions, SFL is pursuing two targets:
- An operating target, expressed in $kgCO_2e$/sq.m., to reduce Scopes 1 & 2 emissions by 70%. Note that to focus solely on operating management performance, the target excludes emissions from refrigerant leaks.
- An SBTi-certified target, expressed in tCO_2e, to reduce Scopes 1 & 2 emissions by 50% between 2018 and 2030. This target has its own scope of reporting (see the explanation in the paragraph on changes in scope of reporting).

Water use

Water use data are collected from:
- water meters read by the multi-technical maintenance providers;
- property managers' databases, extracted via their client interface.

They are expressed in cubic meters and include water used in the common areas, by the shared services and in the tenant areas.

Waste

From assets in use

SFL-managed buildings handle their waste in one of two ways:
- in ten assets, representing 89% of managed surface area, waste is managed by private companies who report their data to SFL;
- in five assets, representing 11% of managed surface area, waste is managed directly by the City of Paris, which does not report any information to SFL concerning amounts and treatment methods.

Sixteen types of waste are collected across the assets managed by SFL.

In the ten assets served by private contractors, two types of data are tracked:
- amounts, based on weighed tonnages reported by the service providers;
- treatment methods, which are also reported by the service providers using the EU statistical nomenclature.

SFL has set a target for the percentage of building waste recovered and reused. Waste is considered to be recovered if the treatment methods correspond to codes R1 to R13 in the European nomenclature.

From redevelopment projects

SFL closely tracks waste management during both the clearance/demolition and construction phases of its redevelopment operations.

Data on waste tonnages and treatment methods are reported, compiled and communicated to SFL by each project's environmental manager.

Certifications

The percentage of certified assets in the portfolio is calculated based on BREEAM In-Use and HQE Exploitation certifications. The denominator is the aggregate usable surface area of certifiable buildings, i.e., excluding buildings that are vacant or being redeveloped or renovated and therefore not eligible for certification. The numerator is the aggregate usable surface area of the certified buildings.

The score used for the percentage of certified assets indicators is the score for Part 1, the only one available for all certified assets.

When BREEAM In-Use or HQE Exploitation recertification is in progress or being prepared, or when SFL is waiting for the BRE to issue the final results, the asset is still considered certified and the previous certificate score is used pending the new score.

When a building reopens after a period of redevelopment or major works that prevented it from being certified, it only becomes certifiable after 80% of its space has been occupied for one year and SFL has access to an entire year's energy and water use data.

7.4.2. Methodology for calculating employee relations indicators

Employee relations indicators and their related objectives cover 100% of the workforce, which is based entirely in Paris.

Details of the method used to calculate the employee relations indicators are provided as needed following the description of the indicators in sections 6.1. and 6.2. above. Further details may also be found in the comments column in the EPRA indicators table in section 7.5.3.

7.5. EPRA Indicators

7.5.1. EPRA environmental indicators – Buildings in-use

ENERGY USE BY TYPE OF ENERGY IN MWH OF FINAL ENERGY – ABSOLUTE AND LIKE-FOR-LIKE, AND ENERGY INTENSITY IN KWH/SQ.M. (NOT CLIMATE ADJUSTED)
(EPRA codes: Elec-Abs, DH&C-Abs, Fuels-Abs, Elec-LfL, DH&C-LfL, Fuels-LfL, Energy-Int)

	Common areas and shared services			Tenant areas			Total					EPRA code
	2020	2021	2022	2020	2021	2022	2020	2021	2022	% 21/22	% 20/22	
Absolute												
Electricity	23,888	25,197	24,393	17,885	19,303	18,549	41,773	44,500	42,942			Elec-Abs
District heating systems	8,725	10,293	7,421				8,725	10,293	7,421			DH&C-Abs
District cooling systems	7,659	6,345	8,199				7,659	6,345	8,199			
Natural gas	676	879	688				676	879	688			Fuels-Abs
Total energy use in MWh	**40,948**	**42,714**	**40,700**	**17,885**	**19,303**	**18,549**	**58,833**	**62,017**	**59,249**			
Energy intensity in kWh/sq.m.							**189.7**	**203.2**	**188.2**	**-7.4%**	**-0.8%**	Energy-Int
Coverage rate – Number of assets							15/15	14/14	15/15			
Coverage rate – % of surface area (sq.m.)							100%	100%	100%			
Like-for-like												
Electricity	23,381	25,197	23,545	17,285	17,504	16,555	40,666	42,701	40,100	-6.1%	-1.4%	Elec.-LfL
District heating systems	8,252	9,890	6,779				8,252	9,890	6,779	-31.5%	-17.9%	District H&C - LfL
District cooling systems	7,659	5,994	6,984				7,659	5,994	6,984	16.5%	-8.8%	
Natural gas	676	879	688				676	879	688	-21.7%	1.8%	Fuels-LfL
Total energy use in MWh	**39,968**	**41,960**	**37,996**	**17,285**	**17,504**	**16,555**	**57,253**	**59,464**	**54,551**	**-8.3%**	**-4.7%**	
Energy intensity in kWh/sq.m.							**192.5**	**203.8**	**187.0**	**-8.2%**	**-2.8%**	Energy-Int
Coverage rate – Number of assets							13/13					
Coverage rate – % of sq.m.							100%					

SCOPE 1(1) AND SCOPE 2 GHG EMISSIONS FROM ENERGY USE, IN TCO$_2$E – ABSOLUTE AND LIKE-FOR-LIKE
(EPRA codes: GHG-Dir-Abs, GHG-Indir-Abs, GHG-Int)

		2020	2021	2022	% 21/22	% 20/22	EPRA code
Absolute							
Scope 1		114	148	116	-21.7%	1.8%	GHG-Dir-Abs
Scope 2 (market-based)		2,048	2,312	1,888	-18.4%	-7.8%	GHG-Indir-Abs
Scope 2 (location-based)		2,338	2,467	2,038	-17.4%	-12.8%	
Total market-based, in tCO$_2$e		**2,162**	**2,461**	**2,004**	**-18.6%**	**-7.3%**	
Total location-based, in tCO$_2$e		**2,452**	**2,615**	**2,154**	**-17.6%**	**-12.2%**	
Carbon intensity		**7.0**	**8.1**	**6.4**	**-21.0%**	**-8.7%**	GHG-Int
Coverage rate	Number of assets	15/15	14/14	15/15			
	% of sq.m.	100%	100%	100%			
Like-for-like							
Scope 1		114	148	116	-21.7%	1.8%	
Scope 2 (market-based)		1,962	2,253	1,762	-21.8%	-10.2%	
Scope 2 (location-based)		2,246	2,407	1,906	-20.8%	-15.1%	
Total market-based, in tCO$_2$e		**2,076**	**2,401**	**1,878**	**-21.8%**	**-9.5%**	
Total location-based, in tCO$_2$e		**2,360**	**2,556**	**2,022**	**-20.9%**	**-14.3%**	
Coverage rate	Number of assets		13/13				
	% of sq.m.		100%				

WATER USE IN CU.M, WATER USE INTENSITY IN CU.M./SQ.M. AND LITRES/USER/DAY, ABSOLUTE AND LIKE-FOR-LIKE (EPRA codes: Water-Abs, Water-LfL, Water-Int)

		2020	2021	2022	%21/22	%20/22	EPRA code
Absolute							
Total municipal water use in cu.m.		**115,223**	**102,289**	**124,355**	***21.6%***	***7.9%***	*Water-Abs*
Intensity	in cu.m./sq.m.	0.372	0.335	0.395	*17.9%*	*6.3%*	*Water-Int*
	in litres/user	25.2	24.2	28.5	*17.8%*	*13.1%*	
Coverage rate	Number of assets	15/15	14/14	15/15			
	% of surface area (sq.m.)	100%	100%	100%			
Like-for-like							
Total municipal water use in cu.m.		**112,702**	**97,484**	**116,996**	***20.0%***	***3.8%***	*Water-LfL*
Intensity	in cu.m./sq.m.	0.438	0.406	0.470	*15.8%*	*7.3%*	*Water-Int*
	in litres/user	26.5	24.3	28.9	*18.9%*	*9.1%*	
Coverage rate	Number of assets		13/13				
	% of sq.m.		100%				

(1) Excluding refrigerant leaks

WASTE MANAGEMENT BY DISPOSAL METHOD, IN TONNES AND % – ABSOLUTE AND LIKE-FOR-LIKE (EPRA codes: Waste-Abs and Waste-LfL)

		Absolute						Like-for-like					
		2020		2021		2022		2020		2021		2022	
		in tonnes	in %	in tonnes	in %	in tonnes	in %	in tonnes	in %	in tonnes	in %	in tonnes	in %
Reused		0	0.0%	0	0.0%	0	0.0%		0.0%		0.0%	0	0.0%
Recycled		80	15.1%	34	4.3%	51	5.2%	80	15.9%	33	5.8%	49	6.6%
Composted		0	0.0%	0	0.0%	0	0.0%		0.0%		0.0%	0	0.0%
Incinerated with energy recovery		379	71.8%	388	49.9%	461	46.5%	366	72.9%	189	33.0%	214	28.9%
Other form of reuse		22	4.1%	207	26.6%	174	17.6%	22	4.3%	207	36.1%	174	23.5%
Incinerated without energy recovery		10	1.9%	3	0.4%	0	0.0%		0.0%	3	0.5%	0	0.0%
Other		5	0.9%	8	1.0%	5	0.5%	3	0.7%	4	0.6%	4	0.6%
Landfilled		32	6.1%	138	17.8%	300	30.3%	31	6.3%	137	24.0%	300	40.5%
Total		**527**	–	**778**	–	**991**	–	**502**	–	**573**	–	**741**	–
Coverage rate	Number of assets	8/15		7/13		10/15		7/13					
	% of total sq.m.	83%		84%		89%		84%					
EPRA code		Waste-Abs						Waste-LfL					

NUMBER OF BUILDINGS-IN-USE AND PERCENTAGE OF PORTFOLIO CERTIFIED BY TYPE AND LEVEL OF CERTIFICATION (EPRA code: Cert-Tot)

			2020		2021		2022	
			Number of assets	% of sq.m.	Number of assets	% of sq.m.	Number of assets	% of sq.m.
Buildings in-use	**Total** (at least one certification)		**17**	**100%**	**13**	**100%**	**14**	**100%**
	BREEAM In-Use	≥ Good	0	0%	0	0%	14	100%
		≥Very Good	17	100%	13	100%	13	95%
		≥Excellent	6	54%	1	14%	1	12%
	HQE	≥Very Good	0	0%	0	0%	1	13%
		≥Excellent	0	0%	0	0%	1	13%
Properties being redeveloped	**Total** (at least one certification)		**5**	**22%**	**4**	**27%**	**5**	**38%**
	BREEAM New Construction		2	13%	2	17%	3	28%
	LEED		1	10%	1	14%	2	12%
	HQE		4	20%	3	24%	4	34%
Coverage rate	Number of assets		17/17		13/13		14/14	
	Coverage rate (in sq.m.)		100%		100%		100%	

SUMMARY TABLE OF EPRA INDICATORS FOR PROPERTIES IN-USE

Topic	Indicator	EPRA code	Unit	2020	2021	2022	Change 20/22	Coverage rate
Certifications								
	Number of assets certified BREEAM In-Use or HQE Exploitation	Cert-Tot	Number of assets	17	13	14	–	100%
	% of portfolio certified by value		% of portfolio certified by value	100%	100%	100%	0.0%	100%
Energy								
	Total use of electricity from renewable sources – absolute	Elec-Abs	MWh	10,026	8,975	8,689	-13.3%	100%
	Total use of electricity from non-renewable sources – absolute	Elec-Abs	MWh	13,862	16,222	15,704	13.3%	100%
	Total use of electricity from renewable sources – like-for-like	Elec-LfL	MWh	9,813	8,975	8,387	-14.5%	100%
	Total use of electricity from non-renewable sources – like-for-like	Elec-LfL	MWh	13,568	16,222	15,158	11.7%	100%
	Total energy use, district heating and cooling networks – absolute	DH&C-Abs	MWh	16,384	16,638	15,620	-4.7%	100%
	Total energy use, district heating and cooling networks – like-for-like	DH&C-LfL	MWh	15,911	15,884	13,763	-13.5%	100%
	Total fuel use – absolute	Fuels-Abs	MWh	676	879	688	1.8%	100%
	Total fuel use – like-for-like	Fuels-LfL	MWh	676	879	688	1.8%	100%
	Energy use intensity – absolute	Energy-Int	kWh/sq.m.	190	203	198	4.4%	100%
	Energy use intensity – like-for-like		kWh/sq.m.	192	204	198	2.7%	100%
Greenhouse gas emissions								
	Total direct greenhouse gas (GHG) emissions (Scope 1) excluding refrigerant leaks – absolute	GHG-Dir-Abs	tCO_2e	114	148	116	1.8%	100%
	Total indirect greenhouse gas emissions (location-based Scope 2) – absolute	GHG-Indir-Abs	tCO_2e	2,338	2,467	2,038	-12.8%	100%
	Total indirect greenhouse gas emissions (market-based Scope 2) – absolute	GHG-Indir-Abs	tCO_2e	2,048	2,312	1,888	-7.8%	100%
	Carbon intensity (location-based)	GHG-Int	$kgCO_2e$/sq.m.	7.9	8.6	6.8	-13.5%	100%
Water								
	Total water use – absolute	Water-Abs	cu.m.	115,223	102,289	124,355	7.9%	100%
	Total water use – like-for-like	Water-LfL	cu.m.	112,702	97,484	116,996	3.8%	100%
	Water use intensity – absolute	Water-Int	cu.m./sq.m.	0.37	0.34	0.40	6.2%	100%
	Water use intensity – like-for-like		cu.m./sq.m.	0.44	0.41	0.47	7.3%	100%
Waste								
	Total waste produced, by disposal method – absolute	Waste-Abs	tonnes	527	778	991	88%	89%
			% reused	0%	0%		–	
			% recycled	15%	4%	5%	-66%	
			% composted	0%	0%	0%	–	
			% incinerated with energy recovery	72%	50%	46%	-35%	
			% other form of reuse	4%	27%	18%	326%	
			% incinerated without energy recovery	2%	0%	0%	-100%	
			% other	1%	1%	0%	-46%	
			% landfilled	6%	18%	30%	393%	
	Total waste produced, by disposal method – like-for-like	Waste-LfL	tonnes	502	573	741	47%	84%
			% reused	0%	0%	0%	–	
			% recycled	16%	6%	7%	-59%	
			% composted	0%	0%	0%	–	
			% incinerated with energy recovery	73%	33%	29%	-60%	
			% other form of reuse	4%	36%	23%	443%	
			% incinerated without energy recovery	0%	0%	0%	–	
			% other	1%	1%	1%	–	
			% landfilled	6%	24%	41%	546%	

EPRA methodological note (in addition to the methodological information presented in section 7.4.)

- Scope of reporting: the data entered in the above table are based on the principle of operational control. Energy use data only concern energy use in common areas and by shared heating and air conditioning systems managed by SFL. Greenhouse gas emissions are calculated based on this consumption and water use data includes data reported to SFL concerning its directly managed water facilities.
- Segmental analysis: SFL's buildings in operation consist of office buildings located exclusively in Paris and the Paris region. The segmental analysis proposed by EPRA is therefore not applicable.
- Normalisation: the square metres used to calculate intensities by surface area correspond to the buildings' usable surface area because, for the properties included in the reporting scope, SFL provides heating and air-conditioning for the entire building.
- Estimate: the data in the EPRA table is calculated based on actual invoiced use.
- Coverage rate: for each EPRA performance indicator, the coverage rate is calculated as a percentage of the total surface area.
- Verification: the reported data are verified by an independent third party with a moderate level of assurance.
- Head office: the information about offices occupied by SFL is reported in a separate table, as recommended by EPRA.
- Narrative on performance: period-on-period changes are reported for each indicator in parts 3.1. and 3.2.

7.5.2. EPRA environmental indicators – Head office occupied by SFL

Topic	Indicator	EPRA code	Unit	2020	2021	2022
Certifications						
	% of head office certified	Cert-Tot	% of head office	100%	100%	100%
Energy						
	Total use of electricity from renewable sources	Elec-Abs &	MWh	79.4	68.0	58.9
	Total use of electricity from non-renewable sources	Elec-LfL	MWh	130.4	122.8	106.4
	Total energy use, district heating and cooling networks	DH&C-Abs & DH&C-LfL	MWh	0	0	0
	Total fuel use	Fuels-Abs & Fuels-LfL	MWh	0	0	0
	Energy use intensity	Energy-Int	kWh/sq.m.	103.2	93.8	81.3
Greenhouse gas emissions						
	Total direct greenhouse gas (GHG) emissions (Scope 1)	GHG-Dir-Abs	tCO_2e	0	0	0
	Total indirect greenhouse gas (GHG) emissions (Scope 2)	GHG-Indir-Abs	tCO_2e	6.3	6.4	5.5
	Carbon intensity	GHG-Int	$kgCO_2e$/sq.m.	3.1	3.1	2.7
Water						
	Total water use	Water-Abs & Water-LfL	cu.m.	321.0	328.0	365.0
	Water use intensity	Water-Int	cu.m./sq.m.	0.158	0.161	0.180
Waste						
		Waste-Abs Waste-LfL	% recycled	32.7%	68.9%	30.4%
			% reused	30.6%	0.0%	0.0%
			% composted	0.0%	0.0%	0.0%
			% incinerated	0.0%	0.0%	0.0%
			% disposed of by another method	0.0%	5.7%	0.0%
			% landfilled	36.7%	25.4%	69.6%

EPRA methodological note (in addition to the methodological information presented in section 7.4.)

- Coverage rate: 100% for all head-office indicators.
- The absolute and like-for-like scopes of reporting are identical and therefore undifferentiated, since they apply to the same head office.

7.5.3. EPRA employee, societal and governance indicators

Topic	EPRA code	Indicator	Unit	2020	2021	2022	Comments
Diversity							
	Diversity-Emp	Percentage of men and women on the Board of Directors	Number of women	6	5	3	
			% of women	43%	42%	50%	
			Number of men	8	7	3	
			% of men	57%	58%	50%	
		Percentage of men and women on the Management Committee	Number of women	3	3	3	Number of Management Board members at 31 December, including the Chief Executive Officer
			% of women	33%	38%	37.5%	
			Number of men	6	5	5	
			% of men	67%	62%	62.5%	
		Percentage of men and women managers, excluding the Management Committee	Number of women	27	27	29	Number of employees at 31 December
			% of women	55%	57%	58%	
			Number of men	22	20	21	
			% of men	45%	43%	42%	
		Percentage of men and women among other employees	Number of women	13	13	14	Number of employees at 31 December
			% of women	87%	87%	82%	
			Number of men	2	2	3	
			% of men	13%	13%	18%	
		Percentage of men and women among all employees	Number of women	43	43	46	Total number of employees at 31 December, excluding the Chief Executive Officer
			% of women	60%	62%	62%	
			Number of men	29	26	28	
			% of men	40%	38%	38%	
	Diversity-Pay	The ratio of the total compensation of men to women on the Management Committee (excluding the Chief Executive Officer and the Managing Director)	%	13%	-4%	12%	Theoretic gross base salary, excluding long-service pay and bonuses at 31 December, CEO and MD compensation and work-study contracts 1- (average woman's salary/ average man's salary)
		The ratio of the total compensation of men to women managers (excluding Management Committee members)	%	18%	16%	18%	
		The ratio of the total compensation of men to women in other categories	%	-6%	-8%	-10%	
		The ratio of the total compensation of men to women in the entire workforce	%	29%	23%	32%	
Training							
	Emp-Training	Total number of training hours	Number	1,269	1,323	1493	
		Number of employees trained	Number	58	51	57	
		Average number of hours per trainee	Number	22	26	26	
		% of employees trained	%	80%	71%	83%	*Number of employees trained/average number of employees*
		% of payroll allocated to training	%	2.35%	2.28%	2.17%	*2.64% after adjustment for special bonuses*
Assessment							
	Emp-Dev	% of employees who received performance reviews during the year	%	96%	94%	96%	*Number of reviews/ number of eligible employees*

Topic	EPRA code	Indicator	Unit	2020	2021	2022	Comments
Attracting and retaining talent							
	Emp-Turnover	New employee hires under permanent contracts	Number	5	6	6	
		New employee hires under fixed-term contracts	Number	1	0	4	
		Total new hires	Number	6	6	10	
		Terminations by mutual agreement	Number	3	3	1	
		Expiries of fixed-term contracts	Number	3	0	0	
		Resignation	Number	1	3	3	
		Dismissal	Number	0	2	0	
		Total departures	Number	8	9	5	*Including 1 retirement*
		Turnover	%	6.24%	10.61%	7.99%	*(Number of departures of employees under permanent contracts, except for death + number of new employee hires under permanent contracts)/2/average number of employees*
Health and safety							
	H&S-Emp	Number of fatal accidents	Number	0	0	0	
		Number of cases of occupational illness	Number	0	0	0	
		Number of occupational accidents	Number	0	2	1	2 commuting accidents without lost time
		Accident frequency rate	Rate	0	0	8.36	(Number of accidents with initial benefit payment reported per one million hours worked)
		Accident severity rate	Rate	0	0	0.01	*(Number of days lost due to temporary disability per 1,000 hours worked)*
		Short-term absenteeism rate	Rate	0.8%	0.4%	0.61%	One to three days
	H&S-Asset	Percentage of assets covered by health and safety risk management system	% of assets covered	93%	93%	92%	*Assets operationally managed by SFL*
	H&S-Comp	Number of health and safety-related incidents of non-compliance	Number of incidents	0	0	0	*No health and safety-related incidents of non-compliance were recorded in 2019, 2020 or 2021*
Community engagement							
	Comty-Eng	Community engagement initiatives	% of assets or description	–	–	–	*Given that SFL assets are concentrated exclusively in Paris and the inner suburbs, community engagement initiatives are undertaken directly at Group level, as described in section 7.3.*

GOVERNANCE INDICATORS				
Topic	EPRA code	Indicator		Explanation
Governance				
	Gov-Board	Composition of the Board of Directors	Description	Page 97
	Gov-Select	Nomination and selection process for the Board of Directors	Description	Page 99
	Gov-Col	Procedure for managing possible conflicts of interest	Description	Page 104

The coverage rate was 100% for all of the reported social and governance indicators.

7.6. TCFD Cross-Reference Table

TCFD recommendation		Report section
Governance	Board oversight of climate-related risks and opportunities	7.2 ESG governance
	Management's role in assessing and managing climate-related risks and opportunities	
Strategy	Climate-related risks and opportunities identified in the short, medium and long term	1.2 Operating environment, SFL impacts and 2030 objectives; 3 Low-carbon strategy; and 3.3 Building resilience
	Impact of climate-related risks and opportunities on businesses, strategy and financial planning	
	Resilience of the strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
Risk management	Processes for identifying and assessing climate-related risks	3 Low-carbon strategy and 3.3 Building resilience
	Processes for managing climate-related risks	
	How processes for managing climate-related risks are integrated into the organisation's overall risk management	
Metrics and targets	Metrics used to assess climate-related risks and opportunities in line with the organisation's strategy and risk management process	3 Low-carbon strategy; 3.1 Operational sufficiency; and 3.2 Circular economy and embodied carbon emissions
	Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	
	Targets used to manage climate-related risks and opportunities and performance against targets	

7.7. Data verification/Statutory Auditor

While it is not required to issue a non-financial statement under the provisions of Article L. 225-102-1 I of the French Commercial Code, SFL has chosen to disclose its CSR information on a voluntary basis.

Report by one of the Statutory Auditors on selected non-financial information disclosed in the management report.

Limited assurance report by one of the Statutory Auditors on the verification of selected environmental information

Year ended 31 December 2022

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Executive Management,

In our capacity as Statutory Auditors of Société Foncière Lyonnaise ("the Company") and in response to your request, we conducted a review for the purpose of expressing limited assurance in relation to the environmental information selected by the Company, prepared in accordance with the Company's procedures (the "Guidelines") and presented in the non-financial information statement (the "Statement") for the year ended 31 December 2022 (the "Information").

The Information, selected by the Company, is as follows:

Quantitative information

- – Number of assets in use that have been certified and percentage of the portfolio, by surface area, with a Very Good or higher rating;
- – Waste generated in tonnes (paper, cardboard and non-hazardous industrial waste);
- – Total municipal water use in cu.m. and water use intensity in cu.m/sq.m. at constant scope of reporting – absolute values (common and tenant areas combined);
- – Energy use by type of energy and energy use intensity – absolute values (not climate adjusted);
- – 2022 market-based Scope 1 and 2 greenhouse gas (GHG) emissions – absolute values (not climate adjusted);
- – Planted and landscaped surface (horizontal or vertical) in sq.m. and % of the portfolio's total footprint.

Quantitative information

- – Scope 1 and 2 carbon trajectory certified by the Science Based Targets initiative (SBTi).

Conclusion

Based on the procedures we performed, as described in the "Nature and scope of our work" section, and the audit evidence we obtained, we did not identify any material anomaly likely to call into question the fact that the Information, taken as a whole, is presented fairly, in accordance with the Reporting Guidelines.

Preparation of the Information

The lack of any generally accepted and commonly used reference frameworks or established practices available to assess and measure the Information means that a variety of different, but equally acceptable, measurement techniques may be used, which may affect comparability between entities and over time.

As a result, the Information should be read and understood with reference to the Reporting Guidelines, whose material aspects are presented in the Statement and available upon request from the Company's head office.

Limitations inherent in the preparation of the Information

The Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and due to the quality of the external data used. Some information is sensitive to the choice of metrics, assumptions or estimates used in its preparation and disclosed in the Statement.

Responsibility of the Company

The Company is responsible for:

- – selecting or establishing suitable criteria and procedures for preparing the Guidelines;
- – preparing the Information in accordance with the Guidelines;
- – implementing the internal control procedures it deems necessary for the disclosure of Information free of material misstatement, whether due to fraud or error.

Responsibility of the Statutory Auditor

The conclusion presented in this report relates to the Information only and not to all the information presented in the Statement.

On the basis of our work, our responsibility is to:

- – express a limited assurance conclusion that the Information has been prepared in accordance with the Guidelines and is free from material misstatement, whether due to fraud or error;
- – form an independent conclusion based on the evidence we have obtained; and
- – share our conclusion with the Company's management.

Moreover, given that our responsibility is also to express an independent conclusion on the information, as prepared by the Company, we are not authorized to participate in any way in its preparation, as this could compromise our independence.

Regulatory provisions and applicable professional standards

Our work described below was performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this non-audit engagement and with ISAE 3000 Revised "Assurance Engagements other than Audits and Reviews of Historical Financial Information" of the IAASB (International Auditing and Assurance Standards Board).

Independence and quality control

Our independence is defined by Article L. 822-11 of the French Commercial Code and the French Code of Ethics (*Code de Déontologie*) of our profession. In addition, we implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, ethical standards and the professional guidance issued by the French Institute of Statutory Auditors concerning this engagement.

Nature and scope of our work

We planned and performed our work with a view to expressing a limited assurance conclusion in relation to the Information.

The nature, timing and extent of the procedures performed on this information are based on our professional judgement, including the assessment of the risks of material misstatement, whether due to fraud or error.

– We assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability;
– verified the implementation of a data collection, compilation, processing and control process to ensure that the Information was complete and prepared on a consistent basis;
– conducted interviews with the relevant departments at the Company's headquarters and with a selection of contributing entities to analyse the implementation and application of the Guidelines;
– implemented analytical procedures to verify the calculations made and the proper consolidation of the data collected and the consistency of any changes in those data;
– conducted substantive tests, using sampling methods on a set of representative entities[1] that we selected, to verify the proper application of definitions and procedures and reconcile the data with the supporting documents. The selected sample covered between 8% and 29% of the consolidated data related to the Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. The procedures performed in a limited assurance engagement are less extensive than those required in a reasonable assurance engagement performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, 14 March 2023
French original signed by one of the Statutory Auditors

Deloitte & Associés

Sylvain Durafour Partner, Audit	Catherine Saire Partner, Sustainable Services

(1) The Cézanne Saint-Honoré and Washington Plaza buildings.

15. Appendices

Appendix 15.1 – Board of Directors' special report to the Annual General Meeting of 13 April 2023 on stock options (prepared in accordance with Article L.225-184 of the French Commercial Code)

In compliance with Article L.225-184 of the French Commercial Code *(Code de commerce),* we hereby report to shareholders on stock options granted and/or exercised during the year ended 31 December 2022. The last stock option plan expired on 12 March 2015, at the end of the options' eight-year life.

1) Number of stock options granted by SFL or any related companies during the year to the Chairman, the Chief Executive Officer or the Managing Director in respect of directorships or corporate functions held in SFL:
None.

2) Number of stock options granted during the year to the Chairman, the Chief Executive Officer or the Managing Director by any companies in which SFL has a controlling interest in respect of directorships or corporate functions held in those companies:
None.

3) Number and exercise price of options on shares in the companies mentioned in 1) and 2) above that were exercised during the year by the Chairman, the Chief Executive Officer or the Managing Director:
None.

4) Number, exercise period and exercise price of stock options granted during the year by SFL or any related companies to the ten employees of the Company other than the Chief Executive Officer or the Managing Director who received the greatest number of options:
None.

5) Number and exercise price of options on shares in the companies mentioned in 1) and 2) above that were exercised during the year by the ten employees of the Company other than the Chief Executive Officer or the Managing Director who received the greatest number of options:
None.

6) Number, exercise price and exercise period of stock options granted during the year by the companies mentioned in 1) and 2) above to all eligible employees:
None.

The Board of Directors

Appendix 15.2 – Board of Directors' special report to the Annual General Meeting of 13 April 2023 on performance share plans

(prepared in accordance with Article L.225-197-4 of the French Commercial Code)

In compliance with Article L.225-197-4 of the French Commercial Code, we hereby present our 2022 report to shareholders on performance share plans for employees and executives who do not hold over 10% of the Company's capital.

Within the framework of the 38-month authorisation given by the Annual General Meeting of 15 April 2021 (tenth extraordinary resolution), at its meetings on 19 November 2021 and 18 February 2022, the Board of Directors unanimously approved the recommendations of the Remuneration and Selection Committee (made following its 19 November 2021 and 8 February 2022 meetings) and adopted the rules of the performance share plan decided pursuant to this authorisation ("Plan 6"). Plan 6 applies to all performance share grants decided by the Board under the above authorisation.

At its meeting on 18 February 2022, based on the recommendations of the Remuneration and Selection Committee following its meeting of 8 February 2022, the Board unanimously decided to grant performance shares for 2022 and drew up the list of recipients. These performance share grants dated 18 February 2022 are Plan 6 grants.

1. Framework for the performance share plan

1.1. Authorisation given by the Annual General Meeting of 15 April 2021 (tenth extraordinary resolution)

At the Annual General Meeting of 15 April 2021, the Board of Directors was given a 38-month authorisation to set up a performance share plan governed by Articles L.225-197-1 *et seq.*, L.22-10-59 and L.22-10-60 of the French Commercial Code. The shares may be granted to all or selected employees or corporate officers (*mandataires sociaux*) of the Company or of related entities within the meaning of Article L.225-197-2 of said Code (together "the Group"). The total number of performance shares granted may not exceed 1% of the number of SFL shares outstanding on the Meeting date and performance shares granted to corporate officers may not exceed 0.5%.

1.2. Adoption of the Plan rules and decision to grant performance share rights

1.2.1. Adoption of the Plan rules by the Board of Directors at its meetings on 19 November 2021 and 18 February 2022

In line with the authorisation given by the Annual General Meeting of 15 April 2021, at its meetings on 19 November 2021 and 18 February 2022, the Board of Directors adopted the Performance Share Plan rules (Plan 6).

1.2.2. Performance share grants decided by the Board of Directors on 18 February 2022

At its meeting on 18 February 2022, the Board of Directors decided to grant up to 61,248 performance share rights (corresponding to a target of 30,624 shares) under Plan 6 to corporate officers and to certain senior executives as a long-term incentive bonus, and to certain other categories of employees of the Company or of related entities within the meaning of Article L.225-197-2 of the French Commercial Code.

• Performance shares granted to the Chairman, the Chief Executive Officer and the Managing Director in 2022

Of the total 61,248 performance share rights, 36,000 were granted to corporate officers of SFL, including 20,000 to Nicolas Reynaud, Chief Executive Officer(1) and 16,000 to Dimitri Boulte, Managing Director(2). No performance share rights were granted to Juan José Brugera Clavero, Chairman of the Board of Directors on the grant date.

	Nicolas Reynaud	Dimitri Boulte	Juan José Brugera Clavero
Performance shares granted by the Company to corporate officers in 2022	Maximum number: 20,000 Target number: 10,000 Value*: €733,710	Maximum number: 16,000 Target number: 8,000 Value*: €586,968	Maximum number: none Target number: none Value*: €0

* The value of the performance shares at 31 December 2022 has been calculated using the binomial model and corresponds to the number of shares expected to vest multiplied by the fair value per share. The binomial model uses the following main parameters: price of the underlying shares, expected dividend on the shares, risk-free interest rate for the life of the performance share rights, earnings objectives, income and payroll tax contributions, and lock-up discount. Based on the model assumptions, the fair value of the performance shares granted on 18 February 2022 is €73.371, not including the employer's contribution.
(1) Nicolas Reynaud left his position as Chief Executive Officer on 30 June 2022.
(2) Dimitri Boulte was appointed Chief Executive Officer on 1 July 2022.

In line with the recommendations in the AFEP-MEDEF Code, the above-mentioned corporate officers have undertaken not to hedge the risk of a fall in value of the shares received under the Company's performance share plan.

• Performance share rights granted to the 13* employees other than corporate officers who received the greatest number of rights

Grantee	Maximum number of performance shares	Target number of performance shares	Value of performance shares at 31 December 2022
Fabienne Boileau	2,800	1,400	€102,719
Pierre-Yves Bonnaud	2,800	1,400	€102,719
François Derrian	2,800	1,400	€102,719
Émilie Germane	2,800	1,400	€102,719
Aude Grant	2,800	1,400	€102,719
Éric Oudad	2,800	1,400	€102,719
Alexia Abtan	800	400	€29,348
Stéphane Blanc	800	400	€29,348
Thierry Buhot	800	400	€29,348
Virginie Krafft	800	400	€29,348
Caroline Nguyen	800	400	€29,348
Fabrice Ruchaud	800	400	€29,348
Nicolas Tennevet	800	400	€29,348

* The last seven employees in this table all received the same number of performance share rights.

• Performance shares granted to employees in 2022

Category of grantees	Number of grantees	Maximum number of performance shares	Target number of performance shares	Value of performance shares
Management Committee members	6	16,800	8,400	€616,316
Category 3 and 4 executives	12	6,600	3,300	€242,124
Category 1 and 2 executives	33	1,848	924	€67,795

2. Characteristics of Performance Share Plan 6

2.1. Purpose of the performance share grants

The main purpose of the Plan 6 performance share grants decided on 18 February 2022 was to set up a profit-related long-term incentive plan for the Chairman, Chief Executive Officer, Managing Director and certain senior executives that the Company is particularly interested in incentivising. The Plan's scope was extended to include certain other categories of employees of SFL and Locaparis, in order to give them a stake in the Group's development.

2.2. Vesting period and conditions, performance targets

2.2.1. Vesting date

Provided that the grantee has not left the Group and the performance targets are met (see below), the performance shares granted by the Board of Directors on 18 February 2022 will vest 15 business days after the publication by the last of the "Reference Companies" (see definition below) to do so, of a press release announcing its results for the third financial year following the grant date (i.e., for Plan 5, the year ending 31 December 2024).

2.2.2. Continuing presence within the Group

The performance shares will vest only if, at the end of the three-year vesting period, the grantee is still an employee or corporate officer of the Company or another Group entity, as applicable. However, this rule is waived if the grantee's separation is due to certain events that are beyond his or her control.

In addition, the Board of Directors may decide, on a case-by-case basis, to allow the performance shares to vest even if the grantee is no longer an employee or corporate officer on the vesting date[1].

2.2.3. Performance targets

The number of performance shares that vest will depend on SFL's ranking in a group of six listed property companies including SFL (the "Reference Companies"). The ranking will be established based on growth in each of the Reference Companies' consolidated net tangible assets (NTA) per share over the vesting period, as calculated by adding back dividends paid in each year of said period.

2.3. 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. In addition, after the end of this statutory two-year lock-up period, the Chairman, the Chief Executive Officer and the Managing Director will be required to keep 10% of the shares for the remainder of their period of service with the Company or another Group entity, as applicable.

3. Type of shares and rights attached to the shares

The vested shares will be subject to all the provisions of the law and the Company's Articles of Association and will carry rights from the date when they vest, including rights to all dividends paid and other distributions made after said date. Grantees will be required to comply with the lock-up obligation(s) referred to above.

4. Admission to trading

If the Board of Directors decides to issue new shares (rather than choosing the option of delivering existing shares) under Plan 6, an application will be made for the shares to be admitted to trading on Euronext Paris in compartment A immediately after being issued.

5. Adjustments that may be decided by the Board of Directors

Under the terms of Plan 6, the Board of Directors undertakes to make any adjustments that it considers necessary to reflect the impact of certain transactions affecting the Company's equity. The Board of Directors will use its best efforts to take into account the possible income tax and payroll tax implications of any such adjustment for both the grantees and the Company.

The Board of Directors

(1) At its meeting on 15 June 2022, the Board of Directors decided that the performance share rights granted to Nicolas Reynaud (Chief Executive Officer from 1 January to 30 June 2022) by the Board of Directors on 6 February 2020 and 11 February 2021 under Plan 5 and on 18 February 2022 under Plan 6, would not be forfeited due to his departure from the Group.

Appendix 15.3 – Five-year financial summary (parent company) (prepared in accordance with Article R.222-102 of the French Commercial Code)

	2018	2019	2020	2021	2022
I. Capital at 31 December					
Share capital	€93,057,948	€93,057,948	€93,057,948	€85,729,430	€85,729,430
Number of ordinary shares outstanding	46,528,974	46,528,974	46,528,974	42,864,715	42,864,715
Number of convertible bonds outstanding	–	–	–	–	–
II. Results of operations					
Net revenue	€107,699,004	€108,128,662	€101,508,459	€88,187,230	€65,191,921
Profit before tax, employee profit-sharing, depreciation, amortisation and provisions	€67,271,823	€94,349,806	€87,047,654	€1,129,794,847	€91,784,815
Income tax expense	(€4,466)	(€45,000)	(€361,000)	(€48,800)	(€42,000)
Employee profit-sharing due for the year	(€77,124)	€151,493	€141,133	€5,850,402	€124,273
Profit after tax, employee profit-sharing, depreciation, amortisation and provisions	€22,245,051	€58,206,015	€42,992,080	€1,093,150,824	€58,233,161
Ordinary dividend[1]	€123,301,781	€123,301,781	€97,710,845	€180,031,803	€180,031,803
III. Per share data[2]					
Earnings after tax and employee profit-sharing, before depreciation, amortisation and provisions	€1.45	€2.03	€1.87	€26.22	€2.14
Earnings after tax, employee profit-sharing, depreciation, amortisation and provisions	€0.48	€1.25	€0.92	€25.50	€1.36
Dividend per share	€2.65	€2.65	€2.10	€4.20	€4.20
IV. Employee data					
Average number of employees	61	62	62	60	61
Total payroll	9,410,685	10,829,216	12,379,210	12,923,032	16,090,337
Total employer contributions	3,414,252	3,573,264	3,965,273	4,565,668	4,043,679

(1) Not including dividends not paid on shares held in treasury.
(2) The transactions involving SFL shares carried out on 4 August 2021 led to the capital being reduced through the cancellation of 3,664,259 shares.

Appendix 15.4 – Board of Directors' Corporate Governance Report (prepared in accordance with Article L.225-37, paragraph 6, of the French Commercial Code)

In compliance with Article L.225-37, paragraph 6, of the French Commercial Code (*Code de commerce*), we hereby present our report on the composition and procedures of the Board of Directors and its Committees, the changes that took place in 2022, the Board's diversity policy and the Board's practices. The report also describes the restrictions on executive management's powers decided by the Board of Directors. In addition, it provides details of (i) the remuneration policy applicable to the Chairman of the Board of Directors, the Chief Executive Officer and the Managing Director, and (ii) the total remuneration and benefits paid or awarded to the Chairman of the Board of Directors, the Chief Executive Officer and the Managing Director for 2021.

This report covers the period from 1 January to 31 December 2022. It was approved by the Board of Directors on 14 February 2023.

1. Reference to the AFEP-MEDEF Code

In matters of corporate governance, the Company refers to the AFEP-MEDEF Corporate Governance Code for listed companies, as revised in December 2022 ("the AFEP-MEDEF Code").

It may be downloaded from the AFEP website (www.afep.com).

Since 30 October 2017, SFL has been rated BBB+ by Standard & Poor's (*versus* BBB previously), with a stable outlook.

The following table summarises the provisions of the AFEP-MEDEF Code with which the Company is not in full compliance. (Situation at 31 December 2022)

Issue	AFEP-MEDEF recommendation	SFL's situation at 31 Dec. 2022	Rationale
Ownership of company shares by directors in relation to their remuneration	Directors should be shareholders personally and hold a fairly significant number of shares in relation to their remuneration as directors; if they do not hold these shares when assuming office, they should use their remuneration as directors to acquire them (Art. 21).	Only Juan José Brugera Clavero holds a material number of shares.	Most of the transferable shares held by the Directors were tendered to the simplified cash and paper offer for SFL shares initiated by Colonial, the majority shareholder, in 2021 (see the information memorandum prepared by the Company in response to Colonial's public offer, approved by the AMF under visa no. 21-341).
Quantifiable criteria used to determine the bonuses of the Chief Executive Officer and the Managing Director	Quantifiable criteria must account for the largest share of the bonuses of the Chief Executive Officer and the Managing Director (Art. 26.3.2).	The bonuses are based on qualitative and quantitative criteria in equal proportions.	Concerning the requirement for the qualitative criteria to be suited to the Company's strategy, the Board considered that it would not be appropriate to base the largest share of the bonuses of the Chief Executive Officer and the Managing Director on quantifiable criteria. In addition, if performance in relation to the quantifiable objectives qualifies the Chief Executive Officer or the Managing Director for the maximum bonus, the proportion of their remuneration determined on the basis of quantifiable criteria will be 51% *versus* 40% for the qualitative criteria (see pages 122 and 123 for details of the calculation method).
Annual self-assessment of the Board's practices/ formal three-yearly assessment	The Board should undertake a self-assessment of its practices once a year. A formal assessment should be performed at least once every three years (Art. 11.3).	A discussion of the Board of Directors' practices was not included on the agenda of any of the Board meetings held in 2022. No formal assessments have been carried out in the last three years.	In 2017, an assessment of the Board's practices was performed by an external firm of consultants based on a questionnaire given to directors. The results of the assessment were presented to the Board at its meeting on 19 December 2017.
Chairmanship of the Remuneration and Selection Committee	It is recommended that the Remuneration Committee and Selection be chaired by an independent director (Art. 19.1).	The Remuneration and Selection Committee is chaired by the Chairman of the Board of Directors.	It was not possible to appoint an independent director to chair the Remuneration and Selection Committee, due to the limited number of members of the Board of Directors.
Board of Directors' meeting without the presence of the executive directors	Each year, one meeting should be held without the presence of the executive directors (Art. 12.3).	The Chief Executive Officer and Managing Director were present at all meetings of the Board of Directors.	The Chief Executive Officer and the Managing Director attend meetings of the Board of Directors, but do not have the right to vote, as they are not members of the Board.

2. Executive management and the Management Committee as of 31 December 2022

2.1. Executive management organisation – separation of the positions of Chairman of the Board of Directors and Chief Executive Officer

The positions of Chairman of the Board of Directors and Chief Executive Officer have been separate since 27 January 2015, pursuant to a decision by the Board of Directors in line with the recommendation of the Remuneration and Selection Committee. On that date, Juan José Brugera Clavero was appointed Chairman of the Board of Directors, Nicolas Reynaud was appointed Chief Executive Officer and Dimitri Boulte was appointed Managing Director.

In accordance with Article 17 of the Company's Articles of Association, Juan José Brugera Clavero automatically stepped down from his position as Chairman at the end of the Annual General Meeting of 7 April 2022, as he had reached the age limit of 75.

At the same meeting, however, he was re-elected as a director for a one-year term.

At the Board meeting held immediately after the Annual General Meeting of 7 April 2022, Pere Viñolas Serra was appointed as Chairman of the Board of Directors to replace Juan José Brugera Clavero, for his remaining term as director.

The Board of Directors has not assigned him any specific tasks other than the duties and responsibilities incumbent on a chairman of the board of directors under French law.

At its meeting on 15 June 2022, the Board of Directors terminated the appointment as Chief Executive Officer of Nicolas Reynaud with effect from midnight on 30 June 2022 and appointed Dimitri Boulte to this position with effect from 1 July 2022. The Board of Directors also decided to appoint Aude Grant as Managing Director and Chief Operating Officer, taking over from Dimitri Boulte.

2.2. Directorships and other positions held by the Chief Executive Officer and the Managing Director as of 31 December 2022

The positions and directorships held as of 31 December 2022 by Dimitri Boulte, Chief Executive Officer, and Aude Grant, Managing Director since 1 July 2022, are presented below.

The positions and directorships held as of 31 December 2022 by the Chairman of the Board of Directors and the other directors are presented in section 3.7 below.

Dimitri Boulte, Chief Executive Officer

Business address: 42 rue Washington, 75008 Paris, France

Positions held in the SFL Group as of 31 December 2022:

Chief Executive Officer	SFL	since 1 July 2022
Chairman	Parholding (SAS)	since 1 July 2022
Chairman and Chief Executive Officer	Segpim (SA)	since 1 July 2022
Managing Director	Parhaus (SCI)	since 1 July 2022
Managing Director	Pargal (SCI)	since 1 July 2022
Managing Director	Parchamps (SCI)	since 1 July 2022
Chairman	Locaparis (SAS)	since 2 December 2020

Other directorships and positions held in the past five years:

Managing Director	SFL	until 30 June 2022
Chief Operating Officer	SFL	until 30 June 2022
Chief Executive Officer	Parholding (SAS)	until 30 June 2022
Member: Shareholders' Committee, representing SFL	Parholding (SAS)	until 4 August 2021
Director representing SFL on the Management Board of	SCI Washington	until 4 August 2021

Aude Grant, Managing Director

Business address: 42 rue Washington, 75008 Paris, France

Positions held in the SFL Group as of 31 December 2022:

Managing Director Chief Operating Officer	SFL	since 1 July 2022
Managing Director	Parholding (SAS)	since 1 July 2022
Managing Director	Locaparis (SAS)	since 1 July 2022
Director	Segpim (SA)	since 1 July 2022
Member: Shareholders' Committee, representing SFL	SAS Cloud	since 4 August 2021
Member: Shareholders' Committee, representing SFL	92 Champs-Élysées (SAS)	since 4 August 2021
Member: Shareholders' Committee, representing SFL	SCI Paul Cézanne	since 4 August 2021
Member: Shareholders' Committee, representing SFL	SCI 103 Grenelle	since 4 August 2021

Other directorships and positions held in the past five years:

Deputy Managing Director, Asset Management and IClient Management	SFL	until 30 June 2022
Member: Shareholders' Committee, representing SFL	Parholding (SAS)	until 4 August 2021
Director representing SFL on the Management Board of	SCI Washington	until 4 August 2021

2.3. Restrictions on the powers of the Chief Executive Officer and Managing Director decided by the Board

The Chief Executive Officer and the Managing Director represent the Company in its dealings with third parties. In accordance with the law, they have the broadest powers to act in any and all circumstances in the Company's name within the limits of its corporate purpose, except for those powers expressly attributed by law to the shareholders and the Board of Directors. In accordance with Article L.225-35 of the French Commercial Code, the Board of Directors' prior approval must be obtained for the issuance of all forms of guarantee.

However, in accordance with Article R.225-28 of the French Commercial Code, at its meeting on 18 February 2022 the Board authorised the Chief Executive Officer (or any person to whom the Chief Executive Officer's powers are delegated) to issue bonds and other guarantees in the Company's name, covering the same period as the underlying commitment:
– for an aggregate amount of €500,000;
– for an unrestricted amount in the case of tax and customs bonds.

This authorisation has been given for a period of one year, at the end of which the Chief Executive Officer is required to report to the Board of Directors on the commitments given pursuant to the authorisation.

In addition, an internal restriction – specified in the Board of Directors' internal rules – applies to acquisitions, disposals and financial commitments, which must also be authorised in advance by the Board of Directors when they represent an amount in excess of €20 million.

2.4. Members of the Management Committee as of 31 December 2022

The members of the Management Committee as of 31 December 2022 were as follows:
– **Dimitri Boulte:** Chief Executive Officer
– **Aude Grant:** Managing Director/Chief Operating Officer
– **Jérôme Lacombe:** Deputy Managing Director, Chief Resources Officer
– **Fabienne Boileau:** Chief Financial Officer
– **Pierre-Yves Bonnaud:** Asset Management and Client Management Director
– **François Derrian:** Human Resources Director
– **Émilie Germane:** Legal Director, General Secretary, Secretary to the Board
– **Éric Oudard:** Technical and Development Director

At its meeting on 15 June 2022, the Board of Directors terminated the appointment as Chief Executive Officer of Nicolas Reynaud, with effect from midnight on 30 June 2022, and appointed Dimitri Boulte to this position with effect from 1 July 2022. At the same meeting, Aude Grant was appointed Managing Director and Chief Operating Officer, taking over from Dimitri Boulte.

Dimitri Boulte (45), Chief Executive Officer
Dimitri Boulte joined SFL in 2011 as Deputy Managing Director and Chief Operating Officer with overall responsibility for operations (investments, asset management, technical matters, business development and marketing). He is a graduate of HEC business school and holds a CEMS Master of International Management degree from Bocconi University, Milan. He worked at Unibail-Rodamco for nine years in a variety of management positions, serving successively as Office Division Investment Manager (2004-2006), Office Division Development Manager (2006-2007) and Development Director for Large Urban Projects (2008-2011). He also played a role in creating and developing the Real Estate Chair at HEC where he was a lecturer. He was appointed as SFL's Managing Director by the Board of Directors on 27 January 2015. Dimitri Boulte was appointed Chief Effective Officer of SFL on 1 July 2022.

Aude Grant (41), Managing Director, Chief Operating Officer
After graduating from HEC business school, Aude Grant began her career in the Transaction Services department of Deloitte. In 2006, she joined the Foncière des Régions group, where she successively held the positions of Analyst, Portfolio & Acquisitions Manager and Office Division Asset Management and Investments Director. She joined SFL in 2014 as Transactions and Business Strategy Director and was appointed Deputy Managing Director in 2016. She was appointed Managing Director and Chief Operating Officer of SFL on 1 July 2022.

Jérôme Lacombe (52), Deputy Managing Director, Chief Resources Officer
A graduate of Paris Dauphine University, he holds an MBA from ESADE in Barcelona and has recently completed a University of Oxford course on sustainable finance and climate-related financial risk. After acquiring wide-ranging experience with leading companies such as CBRE Investment Management and ING Real Estate, where his duties included managing international teams, he joined SFL on 5 December 2022. He is now participating in the ongoing development of SFL by overseeing the Finance, IT, Administration, Human Resources and Communications Departments. He is also responsible for shaping the Company's ESG strategy

Fabienne Boileau (55), Chief Financial Officer
Fabienne Boileau is a graduate of ESC Reims business school and a qualified accountant. She joined SFL in 2005 after spending three years with KPMG Audit and holding various positions in the Budget Control department at Crédit Agricole SA. Prior to her appointment as SFL's Chief Financial Officer on 27 January 2015, she held the position of Management Control and Budget Manager.

Pierre-Yves Bonnaud (45), Asset Management and Client Management Director
Pierre-Yves Bonnaud is a graduate of the ESTP Cachan engineering school and holds a Master's degree from ESSEC Business School. He began his career with CBRE Investors as a financial analyst and asset manager, before joining Mercialys, a subsidiary of the Casino group, in 2006. He moved to Immobilière Casino in 2011, where he served as Major Project Director then Property Acquisitions and Sales Director, before returning to Mercialys in 2014 as Asset Management and Enhancement Director. Pierre-Yves Bonnaud joined SFL as Asset Management and Client Management Director in 2016.

François Derrian (53), Human Resources Director
François Derrian is a graduate of Institut de Gestion Sociale with an "AES" degree (combining law, economics, management and social sciences). He joined SFL in 2002 after holding various human resources positions with Auchan and Pinault-Printemps-La Redoute (Pinault Distribution, FNAC).

Émilie Germane (46), Legal Director, General Secretary, Secretary to the Board
Émilie Germane is a graduate of ESSEC business school and has a Master's degree and DESS degree in business law. She became a member of the Paris bar in 2004.
Between 2004 and 2009, she worked for property law specialists Lefèvre Pelletier & Associés and Lacourte Balas & Associés. She then took up a position in the Legal Department of Club Méditerranée's Development, Assets and Construction Division. In early 2016, she joined SFL's Legal Department, becoming Legal Director and, since 1 January 2020, a member of the Management Committee. She was appointed General Secretary effective 1 January 2021 and Secretary to the Board of Directors effective 11 February 2021.

Éric Oudard (54), Technical and Development Director
Éric Oudard is a graduate of the Ponts et Chaussées engineering school and an affiliate member of the Chartered Institute of Building Services Engineers (CIBSE). Prior to joining SFL, he held positions with Accor Immobilière Groupe, Casino, Pierre et Vacances and Luminatis. He joined SFL's Management Committee as Technical and Development Director in 2014.

Gender policy at Management Committee level

As of 31 December 2022, three of the eight Management Committee members were women (37.5%).

The Board of Directors approved the proposal by executive management and appointed Aude Grant as Managing Director on 15 June 2022.

The other two women members of the Management Committee are the Chief Financial Officer (Fabienne Boileau) and the General Secretary (Émilie Germane) who also holds the positions of Legal Director and Secretary to the Board of Directors.

The Company is pursuing its efforts to increase the proportion of women on its management bodies.

The Company had only 71 employees as of 31 December 2022 and the 10% of positions with the highest level of decision-making responsibilities are all held by members of the Management Committee.

3. The Board of Directors

3.1. Members of the Board of Directors as of 31 December 2022

Article 15 of the Articles of Association states that the Board of Directors shall have between three and 16 members.

The terms of two directors ended and four directors stepped down from the Board in 2022. As a result, as of 31 December 2022, SFL's Board of Directors had six members *versus* twelve as of 31 December 2021.

The terms as directors of Carlos Fernandez-Lerga Garralda and Anthony Wyand expired at the end of the Annual General Meeting held on 7 April 2022. With their agreement, the Board of Directors decided on 18 February 2022 not to put their names forward for re-election at the Annual General Meeting. The Board also decided not to propose any candidates for election as directors to fill the vacant seats.

In addition, by letter dated 14 February 2022, Angels Arderiu Ibars, Nuria Oferil Coll, Carlos Krohmer and Luis Maluquer Trepat announced their decision to step down from the Board at the end of the Annual General Meeting of 7 April 2022.

The reduction in the size of the Board follows the increase in Colonial's ownership of SFL and will simplify the Company's governance and processes.

The composition of the Board of Directors as of 31 December 2022 was as follows:
– Three directors elected on the recommendation of the majority shareholder, Inmobiliaria Colonial Socimi, SA:
  • Pere Viñolas Serra (Chairman of the Board of Directors)
  • Juan José Brugera Clavero,
  • Carmina Ganyet i Cirera
– One director elected on the recommendation of Qatar Holding LLC and DIC Holding LLC[(1)]:
  • Ali Bin Jassim Al Thani
– Two independent directors:
  • Arielle Malard de Rothschild
  • Alexandra Rocca

(1) At the time of Ali Bin Jassim Al Thani's election as a director by the General Meeting of 13 November 2015, Qatar Holding LLC and DIC Holding LLC, acting in concert, held 13.64% and 8.56% of SFL's share capital respectively.
In a letter to the Company dated 14 November 2018 (sent by registered mail with return receipt requested), Qatar Holding LLC and DIC Holding LLC (acting in concert) disclosed that they had entered into an agreement with Colonial on 15 October 2018, subject to certain conditions precedent, and had sold all of their SFL shares to SFL's majority shareholder (Inmobiliaria Colonial Socimi SA) with effect on 12 November 2018.

Directors are elected for three-year terms, except for candidates who are aged 70 or over on the date of their election or re-election, whose term is limited to one year.

The number of directors over 70 may not represent more than one-third of the serving members of the Board.

As of 31 December 2022, one director was over 70 years of age, three directors were aged between 60 and 69, and two directors were under the age of 60.

In accordance with Article 17 of the Company's Articles of Association, the Chairman is required to step down at the close of the Annual General Meeting called to approve the financial statements for the year of his 75th birthday.

3.2. Board of Directors' diversity policy

The qualifications and professional experience of each director are presented on pages 101 et seq.

The Board of Directors endeavours to diversify its membership in terms of nationality, international experience, skills and gender balance.

Of the six members of the Board of Directors as of 31 December 2022, three were women. At 50%, the proportion of women on the Board as of that date was in line with the requirements of Articles L.22-10-3 and L.225-18-1 of the French Commercial Code.

The Company aims to maintain this gender balance and the Board's diversity in 2023.

Care is taken to ensure that the number of directors and the capabilities, skills and expertise represented on the Board are aligned with the Company's needs and contribute to the Board's efficient organisation and practices, by fostering constructive discussions and decisions that contribute effectively to the Company's sustainable growth.

To contribute to the Board's diversity, when a seat on the Board falls vacant and it is necessary or desirable to appoint a new director, the Remuneration and Selection Committee is tasked with reviewing candidates' files and interviewing the short-listed candidates. The Committee presents the results of its review to the Board of Directors, based on the skills, capabilities and expertise of candidate(s) assessed as being qualified to contribute their knowledge and experience to the Company. The Committee also takes legal and regulatory considerations into account, as well as the provisions of the Company's Articles of Association. The factors considered include the requirement to have a certain proportion of independent directors and women directors, and the statutory age limit for serving on a company's board. The Board then decides to appoint a new director subject to ratification at the next Annual General Meeting, or to propose the candidate for election at the next Annual General Meeting, as appropriate.

The Board of Directors does not include any director representing employees, as the number of employees of the Company and its subsidiaries is below the thresholds set in Article L.225-27-1 of the French Commercial Code.

In accordance with the French Labour Code (*Code du travail*), two members of the Works Council attend meetings of the Board of Directors with a consultative vote.

3.3. Changes in the membership of the Board of Directors and the Board Committees during 2022 – Situation as of 31 December 2022

	Re-elected	Elected/appointed	Resigned
Board of Directors	Arielle Malard de Rothschild 7 April 2022 Juan José Brugera Clavero 7 April 2022 Pere Viñolas Serra 7 April 2022	–	Angels Arderiu Ibars 7 April 2022 Carlos Fernandez Lerga-Garralda 7 April 2022 Carlos Krohmer 7 April 2022 Luis Maluquer Trepat 7 April 2022 Nuria Oferil Coll 7 April 2022 Anthony Wyand 7 April 2022
Audit Committee	–	Carmina Ganyet i Cirera (Chair) 7 April 2022 Alexandra Rocca (7 April 2022)	Carlos Fernandez Lerga-Garralda (Chairman) 7 April 2022
Remuneration and Selection Committee	–	Pere Viñolas Serra (Chairman) 7 April 2022 Alexandra Rocca 7 April 2022	Anthony Wyand (Chairman) 7 April 2022
Committee of Independent Directors	–	–	Anthony Wyand 7 April 2022
Executive and Strategy Committee	–	–	–

3.4. Directors proposed for re-election to the Board at the Annual General Meeting of 13 April 2023

The terms of the following directors will expire at the Annual General Meeting called to approve the 2022 financial statements: Carmina Ganyet i Cirera, Alexandra Rocca and Juan José Brugera Clavero.

At that meeting, shareholders will be asked to re-elect Carmina Ganyet i Cirera and Alexandra Rocca as directors for a three-year term expiring at the close of the Annual General Meeting to be called to approve the financial statements for the year ending 31 December 2025,

and to re-elect Juan José Brugera Clavero as a director for a one-year term expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2023.

In accordance with the Articles of Association, Juan José Brugera Clavero is proposed for re-election for a one-year term because he is over 70 years of age, while the other directors are proposed for standard three-year terms.

Carmina Ganyet i Cirera, Alexandra Rocca and Juan José Brugera Clavero have all confirmed that they wish to stand for re-election and that they are not disqualified from serving as directors.

As of the end of the Annual General Meeting, the membership of the Board of Directors, with six members including two independent directors, will continue to comply with the related provisions of the French Commercial Code and the AFEP-MEDEF Corporate Governance Code to which the Company refers.

3.5. Independent directors

According to the AFEP-MEDEF Code, a director is independent when he or she has no relationship of any kind whatsoever with the corporation, its group or the management that may interfere with his or her freedom of judgement. Accordingly, an independent director is understood to be any non-executive director of the Company or the Group who has no particular bond of interest (significant shareholder, employee, other) with them.

The AFEP-MEDEF Code lists the criteria to be applied by the Remuneration and Selection Committee and the Board of Directors to determine whether a director is independent and to prevent conflicts of interest between the director, on the one hand, and the management, the Company or the Group on the other. In particular:

– Not to be and not to have been during the course of the previous five years:
  - an employee or corporate officer of the Company,
  - an employee, corporate officer of a company or a director of a company consolidated within the Company,
  - an employee, corporate officer or a director of the Company's parent company or a company consolidated within this parent company;

– Not to be a corporate officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or a corporate officer of the Company (currently in office or having held such office during the last five years) holds a directorship;

– Not to be a customer, supplier, commercial banker, investment banker or consultant:
  - that is significant to the Company or its Group, or
  - for which the Company or the Group represents a significant portion of its activity.

The evaluation of the significant or non-significant relationship with the Company or its Group must be debated by the Board and the quantitative criteria that lead to the evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the Corporate Governance Report;

– Not to be related by close family ties to a corporate officer;

– Not to have been an auditor of the Company within the previous five years;

– Not to have been a director of the Company for more than twelve years. Loss of the status of independent director occurs on the date at which this period of 12 years is reached;

– A non-executive officer cannot be considered independent if he or she receives variable compensation in cash or in the form of shares or any compensation linked to the performance of the corporation or the group;

– Directors representing major shareholders of the Company or its parent company may be considered independent, provided these shareholders do not take part in the control of the Company. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report from the nominations committee, should systematically review the qualification of a director as independent in the light of the make-up of the Company's capital and the existence of a potential conflict of interest.

The Board of Directors of SFL has adopted all of the above criteria.

Based on the above criteria and the opinion of the Remuneration and Selection Committee, the Board of Directors considers that two directors qualify as independent:
– Arielle Malard de Rothschild
– Alexandra Rocca

Neither of these directors have any business ties with the Company.

Table summarising the independent directors' compliance with the above independence criteria

Independence criteria	Compliance	
	Arielle Malard de Rothschild	Alexandra Rocca
Criterion 1: Employee or corporate officer in the previous five years		
Not to be and not to have been during the course of the previous five years:		
– an employee or corporate officer of the Company	√	√
– an employee, corporate officer of a company or a director of a company consolidated within the Company	√	√
– an employee, corporate officer or a director of the Company's parent company or a company consolidated within this parent company	√	√
Criterion 2: Cross-directorships		
Not to be a corporate officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or a corporate officer of the Company (currently in office or having held such office during the last five years) holds a directorship	√	√
Criterion 3: Material business relationships		
Not to be a customer, supplier, commercial banker, investment banker or consultant:		
– that is significant to the Company or its Group	√	√
– or for which the Company or the Group represents a significant portion of its activity	√	√
Criterion 4: Family ties Not to be related by close family ties to a corporate officer	√	√
Criterion 5: Statutory Auditors Not to have been an auditor of the Company within the previous five years	√	√
Criterion 6: More than 12 years served on the Board Not to have been a director of the Company for more than 12 years. Loss of the status of independent director occurs on the date at which this period of 12 years is reached	√	√
Criterion 7: Non-executive officer Not to have received variable remuneration in cash or in the form of shares or any remuneration linked to the performance of the Company or the Group	√	√
Criterion 8: Major shareholder Directors representing major shareholders of the Company or its parent company may be considered independent, provided that these shareholders do not exercise control of the Company. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report from the nominations committee, should systematically review the qualification of a director as independent in the light of the make-up of the Company's capital and the existence of a potential conflict of interest	√	√

3.6. Experience and expertise represented on the Board of Directors at 31 December 2022

		Personal information				Experience	Position on the Board			Membership of Board Committees*				
		Age	Gender	Nationality	Number of shares	Directorships of listed companies	Independent	First elected	Current term expires	Years served on the Board	Audit Committee	Remuneration and Selection Committee	Executive and Strategy Committee	Committee of Independent Directors
Pere Viñolas Serra (Chairman of the Board of Directors)		60	M	Spanish	0	2	No	23 July 2008	2025 AGM	14.5	–	C	M	–
Directors	Ali Bin Jassim Al Thani	63	M	Qatari	25	3	No	13 Nov. 2015	2024 AGM	7.5	–	–	–	–
	Juan José Brugera Clavero	76	M	Spanish	20,575	2	No	23 July 2008	2023 AGM	14.5	–	–	C	–
	Carmina Ganyet i Cirera	54	F	Spanish	0	2	No	20 July 2009	2023 AGM	13.5	C	–	M	–
	Arielle Malard de Rothschild	59	F	French	25	2	Yes	26 July 2018	2025 AGM	4.5	M	M	–	M
	Alexandra Rocca	60	F	French	0	1	Yes	15 Feb. 2019	2023 AGM	4	M	M	–	M

* C: Chair – M: Member.

3.7. Directors' profiles, experience and expertise

Pere Viñolas Serra

- **Chairman of the Board of Directors (SFL)**
- **Chairman of the Remuneration and Selection Committee (SFL)**
- **Member of the Executive and Strategy Committee (SFL)**

Business address: Avenida Diagonal, 532 - 08006 Barcelona *(Spain)*

Main areas of expertise and experience
Pere Viñolas Serra holds a degree in business management from the Polytechnic University of Catalonia and an MBA from ESADE – Barcelona University. He worked at the Barcelona Stock Exchange from 1990 to 1997, first as Head of Research and then as Deputy Chief Executive Officer. He was Chief Executive Officer of Filo, a listed property company, from 1997 to 2001, and then Partner and Chief Executive Officer of the Riva y Garcia financial group until 2008. From 1994 until 2000, he also served as Chairman of the Barcelona-based Catalonian Financial Analysts Institute, Chairman of the Urban Land Institute in Spain and member of the Board of Directors of the Riva y Garcia financial group. In Spain, he sits on the Board of Directors of Bluespace, serves as Chairman of the European Public Real Estate Association (EPRA), and is Chief Executive Officer, Vice Chairman and member of the Executive Committee of Inmobiliaria Colonial SOCIMI SA.

Offices and positions held at 31 December 2022 (excl.SFL)	Listed company
– Chief Executive Officer, Vice-Chairman and member of the Executive and Strategy Committee of Inmobiliaria Colonial SOCIMI SA *(Spain)*	√
– Director of Bluespace *(Spain)*	
– Director of EPRA	

Other directorships and positions held in the past five years

- Director of Electro-Stocks SL *(Spain)*

Juan José Brugera Clavero

- **Director of SFL**
- **Chairman of the Executive and Strategy Committee (SFL)**

Business address: Avenida Diagonal, 532 - 08006 Barcelona *(Spain)*

Main areas of expertise and experience
Juan José Brugera Clavero studied industrial engineering at the Terrassa EUITI engineering school and earned an MBA from the ESADE business school. He began his career in 1967 as a lecturer at the Terrassa and La Salle engineering schools, before joining Inter Grundig as an engineer in 1968 until 1970. He moved to Banco Atlantico in 1971, where he worked in sales and logistics until 1975. He also taught economics (1972-1975) and bank management (1975-1988) at the ESADE business school, and was appointed honorary Vice Chairman of the school's Foundation in 1989 and Chairman in 1999, a position he held until 2005. From 1975 to 1987, he held various positions at Banco Sabadell. He joined Sindibank as Chief Executive Officer (1987-1994) and served in the same position at Inmobiliaria Colonial SA (now Inmobiliaria Colonial, SOCIMI, SA) (1994-2006) and at Mutua Madrilena (2006-2007). He was also a director of SFL from 2004 to 2006 and Chairman of Panrico from 2007 to 2010. He has been Chairman of Inmobiliaria Colonial, SOCIMI, SA since 2008. He also holds an honorary doctorate from the University of Rhode Island (United States). He served as Chairman of the Board of Directors of SFL from 14 April 2010 to 7 April 2022.

Offices and positions held at 31 December 2022 (excl.SFL)	Listed company
– Chairman of the Board of Directors and Chairman of the Executive and Strategy Committee of Inmobiliaria Colonial, SOCIMI, SA *(Spain)*	√
– Honorary Doctorate from University of Rhode Island *(United States)*	

Other directorships and positions held in the past five years
Chairman of the Board of Directors of SFL until 7 April 2022.

Sheikh Ali Bin Jassim Al Thani

– **Director of SFL**

Business address: Qatar Investment Authority - PoBox 23224 - Doha *(Qatar)*.

Main areas of expertise and experience
Sheikh Ali Bin Jassim Al Thani has spent over 30 years working for the Qatari government, primarily in the areas of commerce, finance and real estate. He has been a strategy and investment consultant since 2007. He served as Vice Chairman, member of the Board of Directors and of the Executive Committee of Housing Bank for Trade and Finance of Jordan (listed company and Jordan's second largest bank) from 1995 to 2016. He was a member of the Board of Directors and Vice Chairman of Dubai-based United Arab Shipping Company, (United Arab Emirates) from 2003 to 2016. Since 2007, he has been Vice Chairman of Libyan Qatari Bank (LQB). He is also Chairman of Qatar General Insurance & Reinsurance Co., a member of the Supervisory Board of Hapag-Lloyd AG and, since 2015, a director of Inmobiliaria Colonial, SOCIMI, SA *(Spain).*

Offices and positions held at 31 December 2022 (excl.SFL)	Listed company
– Director of Inmobiliaria Colonial SOCIMI SA (Spain)	√
– Chairman of the Board of Directors and Director of Eagle SPPICAV (SAS)	
– Chairman of the Board of Directors of 52 Capital (SA)	
– Chairman of the Board of Directors of Diamond SPPICAV (SAS)	
– Chairman of the Board of Directors and Chief Executive Officer of Elypont (SA)	
– Chairman of Qatar General Insurance & Reinsurance Co.	
– Vice Chairman of Libyan Qatari Bank (LQB)	
– Member of the Supervisory Board of Hapag-Lloyd AG	√

Other directorships and positions held in the past five years
None.

Carmina Ganyet i Cirera

– **Director of SFL**
– **Member of the Audit Committee (SFL)**
– **Member of the Executive and Strategy Committee (SFL)**

Business address: Avenida Diagonal, 532 - 08006 Barcelona *(Spain)*

Main areas of expertise and experience
Carmina Ganyet I Cirera, a trained economist, started her career at Caixa de Catalunya and later joined Arthur Andersen as an auditor (1991-1995). She moved on to work for Caixa's holding company (now Criteria Caixa) as head of Investments and Budget Control within the Finance, Insurance and Property Department, a position that led her to participate in the Inmobiliaria Colonial IPO process. She has been a member of the Board of the Circulo de Economia economic think tank and is a former professor at Ramon Llull University. In 2000, she was appointed Chief Financial Officer of Inmobiliaria Colonial, SA (now Inmobiliaria Colonial, SOCIMI, SA) before becoming Corporate Managing Director in January 2009.

Offices and positions held at 31 December 2022 (excl.SFL)	Listed company
– Corporate Managing Director of Inmobiliaria Colonial SOCIMI SA *(Spain)*	√
– Member of the Board of Directors, Member of the Delegated Commission of Repsol *(Spain)*	√
– Member of the Board of Directors of Ramon Llull University *(Spain)*	
– Member of the Board of Directors of Esade-Alumni *(Spain)*	
– Member of the Executive Committee of Barcelona Global/ULI Barcelona *(Spain)*	

Other directorships and positions held in the past five years

– Member of the Board of Directors, Chair of the Remuneration and Nominations Committee, Member of the Executive Committee of ICF (Catalan Finance Institute) *(Spain)*
– Member of the Board of Directors and member of the Audit Committee of Segur Caixa *(Spain)*

Arielle Malard de Rothschild

– **Independent director**
– **Member of the Audit Committee (SFL)**
– **Member of the Remuneration and Selection Committee (SFL)**

Business address: 23 bis avenue de Messine - 75008 Paris (*France*).

Main areas of expertise and experience
Arielle Malard de Rothschild is an independent director of SFL. She holds an economics doctorate from Institut d'Etudes Politiques de Paris (Sciences Po) and a DEA post-graduate degree in Currency, Banking and Finance from Paris II-Assas University. In 1989, she joined Lazard Frères & Co as a member of the foreign government advisory team. Ten years later, she set up Rothschild Conseil International, a firm of emerging market financial advisors, and became its Deputy Chief Executive Officer. Since 2006, she has been Managing Director of Rothschild & Cie and, since 2019, Global Advisory Partner of Rothschild & Co. She is also a member of the Supervisory Board, Risk Committee and Audit Committee of Rothschild & Co. (SCA), and a director of Sagard Holdings *(Canada).*

Offices and positions held at 31 December 2022 (excl. SFL)	Listed company
– Manager of Rothschild & Cie (SCS)	
– Member of the Supervisory Board, member of the Risk Committee and member of the Audit Committee of Rothschild & Co. (SCA)	√
– Director of Sagard Holding Inc *(Canada)*	
– Director of Sagard Holding Management *(Canada)*	

Other directorships and positions held in the past five years

– Director of Groupe Lucien Barrière
– Director, member of the Audit and Risk Committee, member of the Strategy Committee of Electrica
– Director and member of the Remuneration Committee of Imerys

Alexandra Rocca

– **Independent director**
– **Member of the Audit Committee (SFL)**
– **Member of the Remuneration and Selection Committee (SFL)**

Business address: 75 quai d'Orsay - 75007 Paris (*France*).

Main areas of expertise and experience

Alexandra Rocca is an independent director of SFL. A graduate of the HEC business school and the Sciences Po Paris political science school, she began her career with the Printemps Group (1986-1990). She then spent eleven years with the Air Liquide group (1990-2001), where she notably served as Head of Communications. She was also Communications Director at Galeries Lafayette (2001-2005). She held the same position at LCL (2005-2008), Crédit Agricole Group (2008-2010), Lafarge Group (2010-2015) and Sanofi (2015-2018). She was Head of Communications at Air Liquide from July 2018 until the end of 2022. She currently serves as advisor to the Chairman and Chief Executive Officer of Air Liquide.

Offices and positions held at 31 December 2022 (excl.SFL)	Listed company
– Vice President, Communications of Air Liquide (SA)	√
– Chair of Arenco (SASU)	

Other directorships and positions held in the past five years

– Member of the Supervisory Board of Etam Développement (SCA)

3.8. Directors' attendance rates

		Board meetings	Audit Committee meetings	Remuneration & Selection Committee meetings	Executive & Strategy Committee meetings(1)	Committee of Independent Directors meetings(1)
	Pere Viñolas Serra, Chairman	100%	n/a	100%	–	n/a
Directors	Ali Bin Jassim Al Thani	87.5%	n/a	n/a	n/a	n/a
	Angels Arderiu Ibars(2)	100%	n/a	n/a	n/a	n/a
	Juan José Brugera Clavero	100%	n/a	n/a	–	n/a
	Carlos Fernandez-Lerga Garralda(2)	100%	100%	n/a	n/a	n/a
	Carmina Ganyet i Cirera	100%	100%	n/a	–	n/a
	Carlos Krohmer(2)	100%	n/a	n/a	n/a	n/a
	Arielle Malard de Rothschild	100%	100%	100%	n/a	–
	Luis Maluquer Trepat(2)	100%	n/a	n/a	n/a	n/a
	Nuria Oferil Coll(2)	100%	n/a	n/a	n/a	n/a
	Alexandra Rocca(3)	100%	100%	100%	n/a	–
	Anthony Wyand(2)	100%	n/a	100%	n/a	–

n/a: not applicable
(1) No meetings held in 2022.
(2) Attendance rate calculated on the basis of the number of meetings held until 7 April 2022, when the resignations of Angels Arderiu Ibars, Nuria Oferil Coll, Carlos Fernandez-Lerga Garralda, Carlos Krohmer, Luis Maluquer Trepat and Anthony Wyand took effect.
(3) Attendance rate calculated on the basis of the number of committee meetings held as from 7 April 2022, the date on which Alexandra Rocca was appointed member of the Audit Committee and the Remuneration and Selection Committee.

3.9. Board practices

3.9.1. Role of the Board of Directors

The Board of Directors has the powers and responsibilities vested in it by law.

In line with its commitment to transparency and to ensuring equitable treatment of all shareholders, particularly individual shareholders, in 1995 SFL introduced corporate governance guidelines whose purpose is to involve the Board more deeply in defining and overseeing strategies related to the Company's financial and operating performance.

In accordance with its internal rules, the Board's prior authorisation is required for all acquisitions, disposals and financial commitments in excess of €20 million.

At least twice a year, in February and July, the Chief Executive Officer informs the Board of the Company's financial position, cash position and commitments. This information is preceded by a presentation, with the participation of the Statutory Auditors, to the Audit Committee, which in turn reports to the Board on its own work.

Once a year, the Board approves the following year's budget and the two-to-five year business plan as prepared by management.

3.9.2. Organisation and procedures of the Board of Directors

The Board's organisation and procedures are governed by the Company's Articles of Association and by the Board's own internal rules, which include a directors' charter.

Extracts from the Board of Directors' internal rules and ethical and corporate governance standards are presented in sections 3.9.3 and 3.9.4 below.

The internal rules describe the Board's duties and practices, as well as the rights and obligations of individual directors.

3.9.3. Rights and obligations of directors and management of conflicts of interest

In addition to describing the directors' statutory rights and obligations, the directors' charter included in the Board's internal rules also describes the directors' duties in such areas as trading in SFL shares, potential conflicts of interest, multiple directorships, regular attendance at Board meetings and confidentiality.

Directors, their spouses (unless legally separated) and the permanent representatives of corporate directors are required to hold their shares in registered form or to deposit the shares in SFL or its subsidiaries held by them or by their children who are dependent minors. They are required to write to the Chairman of the Board of Directors providing full details of any and all purchases or sales of SFL shares.

In addition, each director must notify the Chairman of any directorships and corporate functions held in other named companies during the year and whenever any change occurs.

Directors must act at all times in the Company's interest, attend Annual General Meetings and treat all information received from the Board as strictly confidential.

The Board's internal rules require directors to notify the Board of any potential or actual conflicts of interests and to abstain from voting on the matters concerned.

As recommended in the AFEP-MEDEF Code (December 2022 version), directors who have a conflict of interest must abstain from taking part in the debate on the matter giving rise to the conflict.

3.9.4. Work of the Board of Directors in 2022

Article 18 of the Articles of Association stipulates that the Board of Directors shall meet as frequently as necessary in the Company's interests and at least four times a year.

At least five days before each meeting, except for emergency meetings, the directors are given a file on the agenda items that warrant prior analysis and consideration. Where applicable, the file includes the recommendation of the relevant Board Committee.

The Board of Directors met eight times in 2022, with an average attendance rate of 98.96%.

The main issues covered during the meetings held in 2022 were as follows:

Agenda of the 18 February 2022 meeting

– Approval of the 2021 financial statements
– Dividend
– Preparation of the Annual General Meeting of 7 April 2022 and decision to call the meeting
– Financing
– Election by Parholding for SIIC status
– Guarantees issued in 2021 and renewal of authorisations to issue guarantees
– Share buyback programme: use during the year ended 31 December 2021
– Recommendations of the Remuneration and Selection Committee
– Report of the Audit Committee
– Agreements (L.225-40-1)
– Key performance indicators

Agenda of the 23 March 2022 meeting

– Proposed sale of a property

Agenda of the 10:30 a.m. meeting on 7 April 2022

– Reason for calling the meeting: Amendment to the corporate officer remuneration policy for 2022 in accordance with the eighth ordinary resolution of the Annual General Meeting of 7 April 2022

Agenda of the 12:00 p.m. meeting on 7 April 2022

– Appointment of a new Chairman of the Board of Directors – powers and remuneration
– Membership of the Board of Directors
– Update on latest news
– Share buybacks: authorisation for the Chief Executive Officer to implement the programme
– Membership of the Board Committees
– Forecasts and projections

Agenda of the 15 June 2022 meeting

– Executive management changes
– Financing

Agenda of the 25 July 2022 meeting

– Approval of the interim financial statements and first-half business review
– Proposed sale of a property
– Financing
– Update on latest news
– Key performance indicators
– Risk map update

Agenda of the 18 November 2022 meeting

– Update on latest news
– 2023-2027 Business Plan
– Sale of a property
– Financing
– Shares acquired under Performance Share Plan 5/Issuance of shares
– Forecasts and projections
– Recommendations of the Remuneration and Selection Committee
– Presentation of the OLEA project (SAP)
– Related party agreements (regulated agreements and routine agreements on arm's length terms)

Agenda of the 15 December 2022 meeting

– Presentation and approval of the 2023-2027 Business Plan
– Remuneration Committee: executive management remuneration policy for 2023

3.10. Adoption of the SIIC Code of Conduct

Responding to concerns raised by the French securities regulator (*Autorité des marchés financiers* – AMF) about certain SIICs that are primarily run by outside managers in exchange for significant fees, the French property industry federation (FSIF) stated that this was the standard operating procedure for REITs all over the world.

However, at the AMF's request, the FSIF prepared a code of conduct to ensure the transparency of information about fees paid by SIICs to related parties and outside service providers.

The FSIF's Board of Directors adopted the code on 2 July 2008 and asked its members to follow suit.

SFL's Board of Directors approved the adoption of the SIIC Code of Conduct at its meeting of 25 September 2008.

3.11. Corporate governance disclosures

To the best of the Company's knowledge:

– There are no family ties between the members of the Board of Directors and the Statutory Auditors.
– No member of the Board of Directors has been found guilty of fraud in at least the past five years.
– No member of the Board of Directors has been involved in a bankruptcy, sequestration or liquidation in at least the past five years.
– No member of the Board of Directors has been charged by the statutory or regulatory authorities in at least the past five years.
– There are no potential conflicts of interest between the members of the Board and their duties to the Company. The directors' charter requires directors to disclose any conflicts of interest to the Board and to abstain from voting on related topics.
– No member of the Board of Directors has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer in at least the past five years.
– In application of European Regulation 596/2014 (Market Abuse Regulation), the directors are prohibited from trading in SFL shares, directly or indirectly, on their own behalf or on behalf of third parties, during periods designated as negative windows.
– There are no service contracts between members of the administrative, management or supervisory bodies and SFL or any of its subsidiaries providing for benefits upon termination of employment.

3.12. Board Committees

3.12.1. Rules governing the membership and procedures of the Board Committees

The decision to create a Committee is made by the Board of Directors. Members are freely chosen and may or may not be directors or shareholders. In practice, the members of the Board Committees are selected on the basis of their expertise. The number of members of each Committee is determined by the Board of Directors (usually three or four members).

The Committees only examine issues submitted to them by the Board of Directors or the Chairman, in the areas falling within their terms of reference as decided by the Board. Under no circumstances may the Committees interfere in the management of the Company or act in any way that would indirectly reduce the powers of the Chief Executive Officer or the Managing Director(s). They act solely in an advisory capacity. The Committees report to the Board of Directors.

Their members may be appointed for the duration of their term as a director (where applicable) or for a shorter period.

The Board of Directors may remove Committee members at any time, without giving a reason. Likewise, Committee members may step down at any time without giving a reason.

The members of the Committees have the same obligations of allegiance and confidentiality as the directors.

The Committees report to the Board on their work after each of their meetings.

3.12.2. Audit Committee

Members of the Audit Committee as of 31 December 2022:

Chair[1]: • Carmina Ganyet i Cirera
Members: • Arielle Malard de Rothschild (independent director)
• Alexandra Rocca[2] (independent director)

(1) Carlos Fernandez-Lerga Garralda served as Chairman of the Audit Committee until 7 April 2022, when he stepped down from the Board of Directors.
(2) Alexandra Rocca was appointed as a member of the Audit Committee by the Board of Directors on 7 April 2022.

In accordance with the recommendations of the AFEP-MEDEF Code, at least two-thirds of Audit Committee members are independent directors and no members are corporate officers.

The Audit Committee members' experience in the areas of finance and accounting is described on pages 102 and 103.

In accordance with Article L.823-19 of the French Commercial Code, the AFEP-MEDEF Code and the Board of Directors' internal rules, the role of the Audit Committee is to:

- Monitor the process for the preparation of financial information and make any necessary recommendations to guarantee the information's integrity.
- Monitor the effectiveness of internal control and risk management systems, and – if applicable – of the internal audit of the procedures for the preparation and processing of accounting and financial information, without affecting its independence.
- Make recommendations concerning the firm of accountants to be proposed for appointment as Statutory Auditors by the Annual General Meeting and make recommendations to the Board of Directors concerning the re-appointment of incumbent Statutory Auditors in accordance with Article L.823-3-1 of the French Commercial Code.
- Monitor the audit of the financial statements by the Statutory Auditors. To assist the Committee in this task, the Statutory Auditors are required to submit to the Committee a report explaining the results of their audit, at the same time as their report setting out their audit opinion or earlier.
- Verify the independence of the Statutory Auditors.
- Define and monitor audits of controls over the Company's internal procedures and report the Statutory Auditors' conclusions and recommendations to the Board of Directors.
- Report regularly to the Board of Directors on its activities. The Committee also reports to the Board on the results of the statutory audit of the financial statements, the ways in which the audit contributed to the integrity of reported financial information and the Committee's role in the process. It is also required to notify the Board immediately of any audit-related problems.
- Approve the provision of non-audit services by the Statutory Auditors.

The Audit Committee met six times in 2022, with an attendance rate of 100% for each meeting.

The main issues covered during the meetings were as follows:

Agenda of the 20 January 2022 meeting

- Presentation by the Information Systems Director
- Services provided by the Statutory Auditors – Renewal of delegations of authority to the Audit Committee

Agenda of the 17 February 2022 meeting

- Review of the 2021 financial statements
- Key performance indicators

Agenda of the 22 June 2022 meeting

- Presentation of the Statutory Auditors' 2022 audit approach
- Results of two internal audits

Agenda of the 25 July 2022 meeting

- Review of the 2022 interim financial statements
- First-half 2022 key performance indicators
- Risk map

Agenda of the 29 September 2022 meeting

- Results of an internal audit
- Approval of an engagement performed by Deloitte & Associés at the request of Colonial (non-audit services)

Agenda of the 18 November 2022 meeting

- Results of an internal audit
- Annual review of related party agreements (regulated agreements and routine agreements on arm's length terms)
- Areas to be covered by the 2023 internal audit programme

For more information about the Audit Committee's work in 2022, see the Management Report (pages 34 and 35).

3.12.3. Remuneration and Selection Committee

Members of the Remuneration and Selection Committee as of 31 December 2022:

Chairman[1]: • Pere Viñolas Serra

Members: • Arielle Malard de Rothschild (independent director)
• Alexandra Rocca[2] (independent director)

(1) Anthony Wyand was Chairman of the Remuneration and Selection Committee until 7 April 2022, when he stepped down from the Board of Directors. Pere Viñolas Serra was appointed Chairman of the Committee by the Board of Directors on 7 April 2022.
(2) Alexandra Rocca was appointed as a member of the Remuneration and Selection Committee by the Board of Directors on 7 April 2022.

As recommended in the AFEP-MEDEF Code, the majority of Remuneration and Selection Committee members are independent directors and no members are corporate officers.

In accordance with the Board of Directors' internal rules, the role of the Remuneration and Selection Committee is to:

- Make recommendations to the Board concerning the remuneration of the Chairman, the Chief Executive Officer and the Managing Director, the directors' remuneration, stock option or performance share plans and specific incentive bonus plans.
- Make recommendations to the Board concerning candidates for election to the Board and senior management succession planning, particularly when a seat on the Board or a senior management position falls vacant for unforeseeable reasons or following a change in the number of seats on the Board.
- Review the independence of the Board members and the candidates for election to the Board or a Board Committee.

The Remuneration and Selection Committee met five times in 2022, with an attendance rate of 100%.

The main issues covered during the meetings were as follows:

Agenda of the 8 February 2022 meeting

- Calculation and payment of the bonuses of the Chairman, the Chief Executive Officer and the Managing Director for 2021
- 2022 remuneration of the Chairman, Chief Executive Officer, Managing Director and members of the Board of Directors
- Plan 6 performance share plan (2022): grants, Plan 6 rules

Agenda of the 2 June 2022 meeting

- Governance issues

Agenda of the 15 June 2022 meeting

- Executive management changes

Agenda of the 18 November 2022 meeting

– 2023 remuneration policy applicable to the Chairman, the Chief Executive Officer, the Managing Director and the members of the Board of Directors
– Review of new performance share plan rules

Agenda of the 15 December 2022 meeting

– 2023 remuneration policy applicable to the Chairman, the Chief Executive Officer, the Managing Director and the members of the Board of Directors
– Review of new performance share plan rules

3.12.4. Executive and Strategy Committee

Members of the Executive and Strategy Committee as of 31 December 2022:
Chairman: • Juan José Brugera Clavero
Members: • Carmina Ganyet i Cirera
• Pere Viñolas Serra

In accordance with the Board of Directors' internal rules, the role of the Executive and Strategy Committee is to:
– Advise the Board and senior management in defining the Company's strategic vision to drive business growth in the best interests of the Company and all of its shareholders.
– Help the Board and senior management to efficiently fulfil their respective responsibilities, by acting as an interface for strategic issues and transactions.
– Review the Company's business plans and projections in order to assess the medium- and long-term outlook.
– Review and make recommendations concerning planned transactions that require the Board's prior approval.
– Report to the Board on its activities.

It did not hold any meetings in 2022.

3.12.5. Committee of Independent Directors

Members of the Committee of Independent Directors as of 31 December 2022[1]:
– Arielle Malard de Rothschild
– Alexandra Rocca

(1) Anthony Wyand served as a member of the Committee of Independent Directors until 7 April 2022, when he stepped down from the Board of Directors.

The role of the Committee of Independent Directors is to review relations between SFL and its controlling shareholder that may have a material impact on financial flows, assets, the financial statements or the SFL share price and make recommendations to the Board.

It did not hold any meetings in 2022.

4. 2023 remuneration policy applicable to the Chairman, the Chief Executive Officer, the Managing Director and the members of the Board of Directors

In accordance with Articles L.22-10-8 and R.22-10-14 of the French Commercial Code, we present below the remuneration policy established by the Board of Directors for 2023. This section presents (i) the overall remuneration policy applicable to the Chairman, the Chief Executive Officer, the Managing Director and the members of the Board of Directors and (ii) the fixed, variable and special components of the total remuneration and benefits, including performance shares, awarded to the Chairman of the Board of Directors, the Chief Executive Officer, the Managing Director and the members of the Board of Directors in respect of their functions.

The Board of Directors is submitting for approval at the Annual General Meeting the remuneration policy established for the Chairman, the Chief Executive Officer, the Managing Director and the members of the Board of Directors, as well as the fixed, variable and special components of the total remuneration and benefits for 2023, including performance shares, granted to the Chairman of the Board of Directors, the Chief Executive Officer and the members of the Board of Directors in respect of their functions, as described below.

In accordance with Article L.22-10-8 of the French Commercial Code, payment of the variable and special components of their remuneration for 2023, as presented in this section, will depend on their remuneration being approved by the Annual General Meeting to be held in 2024 to approve the 2023 financial statements.

4.1. Remuneration policy applicable to the Chairman, the Chief Executive Officer, the Managing Director and the members of the Board of Directors

4.1.1. Compatibility with the corporate interest and contribution to the Company's business strategy and sustainability

The variable remuneration payable under the remuneration policy applicable to the Chairman, the Chief Executive Officer and the Managing Director rewards their contribution to the Company's business strategy and overall long-term strategy. As explained elsewhere in this report (page 109), the variable remuneration of the Chief Executive Officer and the Managing Director comprises a bonus based on quantitative or financial criteria and a bonus based on qualitative or non-financial criteria.

The bonus based on quantitative or financial criteria depends on growth in EPRA earnings per share and rental income, with an objective assigned for each year in the vesting period.

The bonus based on qualitative or non-financial criteria rewards contributions to the Company's strategy and sustainability:
– General attitude and contribution to defining the Company's strategy,
– CSR policy,
– Portfolio management,
– Financial policy (Chief Executive Officer only),
– Corporate criteria.

In addition, the use of performance share plans as a long-term incentive brings the corporate interest, the interests of shareholders and the respective interests of the Chief Executive Offficer and the Managing Director in even closer alignment. The performance share plans provide for a three-year vesting period followed by a two-year lock-up period. In addition, a certain percentage of the vested shares must be held for as long as the recipient remains an officer of SFL or another Group company. (see Appendix 15.2, pages 90 to 92).

4.1.2. Decision-making process followed to determine, revise and implement the remuneration policy, including measures to avoid or manage conflicts of interest, role of the Remuneration and Selection Committee

Each year, the Remuneration and Selection Committee submits its proposals to the Board of Directors concerning the remuneration of the Chairman, the Chief Executive Officer and the members of the Board of Directors. The Board of Directors discusses these proposals and then decides on its remuneration policy. The Chairman of the Board does not take part in the discussions or vote (if any) on his remuneration. When determining the remuneration of the Chairman and the Chief Executive Officer, the Remuneration and Selection Committee takes into account and applies the principles set out in the AFEP-MEDEF Code. The Committee and the Board ensure that the remuneration and employment terms of the Company's employees are taken into account when determining the remuneration of the Chairman and the Chief Executive Officer. They pay particular attention to ensuring that the remuneration of the Chairman and the Chief Executive Officer is determined on a basis that is consistent with that applied to the Company's other senior executives and its employees, and that the components of their remuneration are balanced and take into account the Company's corporate interest, market practices, the performance of the Chairman and the Chief Executive Officer, and the Company's other stakeholders.

4.1.3. Performance assessment methods to be applied to the Chairman, the Chief Executive Officer and the Managing Director to determine to what extent the performance criteria used to determine their bonus and the performance share vesting criteria have been met

Their bonus is determined by the Board of Directors, based on the recommendation of the Remuneration and Selection Committee.

The calculation formula remained unchanged from 2016 to 2022.

At its meeting on 15 December 2022, the Remuneration and Selection Committee recommended to the Board of Directors that one of the performance criteria used to calculate the quantitative bonus should be adjusted. In line with this recommendation, from 2023 the quantitative bonus – which accounts for 50% of the total bonus – will be determined on the basis of annual objectives set for the following two criteria:
– EPRA earnings per share (vs EPRA earnings under the previous formula),
– Rental income (unchanged).

The adjusted formula is still in line with the market practices of other listed property companies.

The arithmetical average of the achievement rates for these objectives determines the amount of the quantitative bonus, according to the correspondence table presented on page 122.

Following the Board meeting at which the previous year's financial statements are approved for publication, the Remuneration and Selection Committee:
– Notes the amount of EPRA earnings per share (from 2023) and rental income for the reference year.
– Notes the objectives set for these two criteria by the Board of Directors when the budget for that year was adopted.
– Notes the achievement rates for these objectives and determines the resulting amount of the quantitative bonus for that year, using the formula and correspondence table referred to above.
– Proposes the method for determining this variable bonus for the following year.
– Submits all of these proposals for adoption by the Board of Directors (and the Annual General Meeting in the case of the Chief Executive Officer's bonus) and recommends that the related bonus be paid, if appropriate.

The assessment of the performance conditions that determine whether the performance shares granted to the Chairman, the Chief Executive Officer and the Managing Director will vest is subject to the following procedure.

Following publication, by the last of the Reference Companies (i.e. the companies mentioned in the rules of the performance share plan concerned) to do so, of a press release announcing its results for the third financial year following the performance share grant date, the Company's management issues a representation letter to the Statutory Auditors containing the following information:
– Dates of the Annual General Meeting and the Board of Directors' meeting at which the decision was made to grant performance shares to the Chairman, the Chief Executive Officer and the Managing Director.
– Date on which the performance share rules were adopted (with a copy of the plan rules enclosed with the representation letter).
– Performance objective measurement used for each of the Reference Companies during the vesting period.
– Number of performance shares that have vested and are to be delivered, respectively, to the Chairman, the Chief Executive Officer and the Managing Director in accordance with the plan rules.

The Statutory Auditors are then required to certify this information in order to determine the number of vested shares in each case. Their certificate is prepared after reviewing the performance share plan rules and checking that the calculation method complies with the plan's stipulations.

4.1.4. Criteria for allocating the fixed annual amount awarded to the members of the Board of Directors by the Annual General Meeting

The directors' remuneration allocated by the Annual General Meeting, comprises a fixed amount in recognition of their liability as directors and a variable amount based on their attendance rate at meetings of the Board and its Committees.

These fixed and variable amounts are presented in section 4.2.4 (page 111).

4.1.5. Method of applying the remuneration policy to a newly appointed Chairman or Chief Executive Officer, or following the re-appointment of the Chairman or Chief Executive Officer before shareholders have had the opportunity to approve significant changes to said policy

The Company's proposed 2023 remuneration policy would apply unchanged to any newly appointed corporate officer.

4.1.6. Non-compliance with the remuneration policy

Not applicable.

4.1.7. Suspension of the employment contract of corporate officers *(mandataires sociaux)*

When an employee becomes a corporate officer of the Company, his or her employment contract may be maintained; however, SFL's practice consists of suspending the contract.

4.2. Remuneration policy applicable to the Chairman, the Chief Executive Officer, the Managing Director and the members of the Board of Directors

4.2.1. Remuneration policy applicable to the Chairman of the Board of Directors

The remuneration policy for 2023 applicable to the Chairman of the Board of Directors is described below.

4.2.1.1. Fixed remuneration for the function of Chairman of the Board of Directors and director

The Chairman of the Board of Directors has waived payment of his fixed and variable remuneration and will not therefore receive any remuneration for his services as Chairman and director in 2023.

4.2.1.2. Performance shares

The Chairman of the Board of Directors has waived payment of his fixed and variable remuneration and will not therefore be granted any performance shares in 2023.

4.2.2. Remuneration policy applicable to the Chief Executive Officer

The remuneration policy applicable to the Chief Executive Officer for 2023 is described below.

4.2.2.1. Fixed remuneration

The Chief Executive Officer is paid a salary, the amount of which is decided by the Board of Directors on the recommendation of the Remuneration and Selection Committee.

It is reviewed annually by the Remuneration and Selection Committee and the Board of Directors, and may be adjusted depending on the Company's business and financial performance for the previous year.

4.2.2.2. Bonus

The Chief Executive Officer is entitled to a bonus, the amount of which is decided by the Board of Directors on the recommendation of the Remuneration and Selection Committee.

The bonus calculation formula is reviewed annually by the Remuneration and Selection Committee and the Board of Directors.

The 2023 formula was decided by the Board of Directors on 15 December 2022, based on the recommendation of the Remuneration and Selection Committee which met immediately before the Board meeting.

The Chief Executive Officer's maximum total bonus for 2023 (based on 100% achievement of the performance targets) has been set at an amount equal to his annual salary, before the effect of the coefficient applied to calculate the quantitative bonus.

The total bonus comprises:
- A quantitative bonus for 50%, based on the Company's performance in relation to two criteria:
  - EPRA earnings per share (EPRA EPS), and
  - Rental income
- A qualitative bonus for 50% based on personal objectives.

Quantitative bonus (financial criteria)

To determine the quantitative bonus for a given year, the overall target achievement rate for the year concerned is calculated as the arithmetical average of the achievement rates for the EPRA earnings per share (EPRA EPS) and rental income targets. This overall target achievement rate is used to determine the quantitative bonus, applying the following concordance table:

Overall target achievement rate	Less than 70%	70%	100%	122%	More than 122%
Quantitative bonus as a % of salary	0	60%	100%	145%	145%

Note: the bonus is determined based on a straight-line calculation for achievement rates between two thresholds.

Qualitative bonus (non-financial criteria)

The qualitative bonus is determined on the basis of the Remuneration and Selection Committee's assessment of the achievement rate for non-financial objectives. The Committee makes its recommendations to the Board of Directors.

These five criteria are detailed below. Each accounts for 20% of the total qualitative bonus.

The criteria are as follows:

1) General attitude and contribution to defining and executing the Company's strategy (20% weighting)
- Personal commitment, availability, motivation, adherence to the corporate culture
- Transparency, rigour and communication skills
- Personal performance, efficiency, creativity, business sense and business development skills
- Leadership, sense of responsibility, willingness to seize the initiative and take risks
- Management approach based on a dynamic vision
- Execution of the Company/Group strategy

2) CSR policy (20% weighting):
- Long-term improvement in the Group's CSR performance
- Inclusion of CSR considerations in the Group's development plans
- Relevance of performance goals

3) Portfolio management (20% weighting):
- Rental income trends *vs* market and occupancy rates
- Value creation/Analysis of each asset's reversionary potential
- Property purchases/sales
- Major development projects

4) Financial policy (20% weighting):
- Secure management of financial risks
- Alignment of financing with the Group's needs

5) Corporate criteria (20% weighting):
- Relations with Colonial/investors/analysts
- OLEA project

– Management of the Board of Directors and the Board Committees
– Legal and tax risks
– Operating procedures of the Company and the Board of Directors

The Committee and the Board nevertheless retains the ability to assess the overall achievement of non-financial objectives taken as a whole, particularly in the event of an abrupt change in conditions compared to expectations at the beginning of the year.

Weighting

The total bonus obtained by adding the qualitative bonus and the quantitative bonus is also weighted, by applying the following coefficient to the ratio between EPRA earnings per share for the current year and the prior year:

Current year EPRA EPS/ Prior year EPRA EPS	Less than 90%	90%	95%	100%	105%	110%	More than 110%
Weighting coefficient	0.9	0.9	1.0	1.0	1.0	1.1	1.1

Note: the bonus is determined based on a straight-line calculation for achievement rates between two thresholds.

4.2.2.3. Performance shares

The Chief Executive Officer is eligible to participate in the performance share plans decided by the Board of Directors.

4.2.2.4. Company car

The Chief Executive Officer is provided with a company car for both business and personal use.

Personal use of the car constitutes a benefit in kind calculated according to the rules in force within the Company.

4.2.2.5. Other benefits

The Chief Executive Officer is covered by private unemployment insurance (*Garantie Sociale des Chefs et dirigeants d'entreprise* – GSC) paid for by the Company, that provides benefits equal to 70% of his net taxable income from his professional activities for a period of 12 months.

Each year, the Chief Executive Officer may elect to have a full medical check-up, paid for by the Company up to a maximum of €2,000 per year, excluding tax.

These Company-paid expenses constitute benefits in kind calculated according to the rules in force within the Company.

4.2.2.6. Other benefits

The Chief Executive Officer participates in the Group's discretionary profit-sharing scheme and is entitled to matching employer payments on his voluntary contributions to the SFL Group Pension Savings Plan (PERECO).

4.2.2.7. Compensation for loss of office

Compensation for loss of office equal to two years' salary and bonus would be payable to the Chief Executive Officer in the event that his departure was (i) imposed, (ii) linked to a change of control or strategy and (iii) decided for reasons other than gross or wilful misconduct. It would be calculated by reference to the Chief Executive Officer's current salary applicable at the time of his departure.

Compensation for loss of office would also be due in the event that the Chief Executive Officer was removed from office for a reason other than gross or wilful misconduct, even in the absence of a possible change of control or strategy.

Until 31 December 2024, the bonus taken into account in the compensation calculation would be the last annual bonus paid to the Chief Executive Officer prior to his termination.

As from 1 January 2025, the variable component would be based on the average of the bonuses paid for the three years preceding his termination.

No special bonuses or other components of the Chief Executive Officer's remuneration package would be taken into account in the calculation.

The compensation amount would also depend on the growth in the previous year's EPRA earnings per share compared with the average increase for the two previous years, as follows:

Current year EPRA EPS vs average for previous two years	Compensation for loss of office
100% or more	100%
Between 90% and 100%	80%
Between 75% and 90%	50%
Less than 75%	0%

In effecting the comparison, changes in the property portfolio in the years concerned would be taken into account.

4.2.3. Remuneration policy applicable to the Managing Director and Chief Operating Officer

The Managing Director and Chief Operating Officer does not receive any remuneration in her capacity as Managing Director.

Her duties as Chief Operating Officer are covered by her permanent employment contract with the Company which dates back prior to her appointment as Managing Director. As an employee of SFL, she is paid a salary, participates in long-term incentive schemes and receives benefits in kind in the same way as other senior executives of the Company.

4.2.4. Remuneration policy applicable to the members of the Board of Directors

The remuneration policy for 2023 applicable to the members of the Board of Directors is described below. It is unchanged from 2022.

At the Annual General Meeting on 28 April 2017, shareholders decided to increase the total amount awarded to the Board of Directors to €800,000 (sixteenth resolution).

At its meeting held immediately after the Annual General Meeting, the Board of Directors confirmed the allocation of directors' remuneration decided at its meeting on 3 March 2017 based on the Remuneration and Selection Committee's recommendation of 2 March 2017. Consequently, as from 1 January 2017 and until a new decision is made, directors' remuneration is allocated as follows:

Fixed annual remuneration:	Director:	€20,000
	Member of a Board Committee:	€30,000
	Chairman of the Board and/or of a Board Committee:	€40,000
Variable remuneration:		
	Per meeting of the Board:	€3,000
	Per meeting of a Board Committee:	€2,000

As shown above, the Company complies with the recommendation in the AFEP-MEDEF Code (Article 22.1) that directors' remuneration should comprise a significant variable portion that takes into account each director's attendance rate at Board meetings and meetings of Board Committees.

This remuneration is paid to directors on a half-yearly basis in arrears.

There are no agreements providing for the payment of compensation for loss of office to directors in any circumstances.

4.3. Service contracts with members of the administrative, management or supervisory bodies

There are no service contracts between members of the administrative, management or supervisory bodies and SFL or any of its subsidiaries providing for benefits upon termination of employment.

5. Remuneration and benefits paid or awarded to the Chairman of the Board of Directors, the Chief Executive Officer, the Managing Director and other members of executive management for 2022

5.1. Ratios disclosed in accordance with Article L.22-10-9 I, 6° and 7°, of the French Commercial Code

The following tables present the ratio between (i) the pay of the Chairman of the Board of Directors, the Chief Executive Officer and the Managing Director and (ii) the average and median full-time equivalent pay of employees of the Société Foncière Lyonnaise economic and social unit (ESU)[1] (other than the persons in (i)) for each of the years presented. The data presented below are based on the gross remuneration and benefits paid to corporate officers and employees during the reporting year.

In accordance with AFEP guidelines, the ratios and remunerations presented in this section 5.1 concern the function and not the individual. Thus, when a function has been held by more than one person during the year, the reported amounts correspond to the cumulative remuneration over twelve months of the holders of that function.

(1) The Société Foncière Lyonnaise ESU (the "SFL ESU") comprises the Group's two employer companies, SFL and Locaparis.

Data concerning the SFL ESU presented in line with the guidelines on remuneration multiples published by AFEP on 28 January 2020, as updated in February 2021:

	Executive-to-average employee remuneration ratio (employees of the SFL ESU)	Change in ratios over the past five years				
	2022	2021	2020	2019	2018	2017
Chairman of the Board[a]	**N/A**	2.91	3.27	3.13	2.78	3.03
Chief Executive Officer[b]	**11.71**	12.76	12.16	11.01	9.59	11.04
Managing Director[c]	**8.80**	9.75	9.30	8.38	7.17	7.48

	Executive-to-median employee remuneration ratio (employees of the SFL ESU)	Change in ratios over the past five years				
	2022	2021	2020	2019	2018	2017
Chairman of the Board[a]	**N/A**	3.87	4.71	4.22	3.48	4.00
Chief Executive Officer[b]	**14.71**	16.97	17.52	14.83	12.02	14.55
Managing Director[c]	**11.05**	12.97	13.40	11.30	8.98	9.86

Chairman of the Board[a]	**2022**	2021	2020	2019	2018	2017
Annual remuneration	**0**	€308,270	€413,149	€370,000	€355,914	€301,546
Company performance						
• Rental income	**€204,517k**	€174,634k	€182,424k	€198,710k	€193,509k	€195,780k
• EPRA earnings	**€108,039k**	€92,390k	€100,794k	€119,236k	€106,651k	€102,419k
• Growth in EPRA earnings	**+16.9%**	-8.3%	-15.47%	11.7%	4.2%	1.5%
• Growth in NNNAV (EPRA NDV)	**+6.1%**	-4.8%	3.1%	11.1%	7.7%	21.0%
Average remuneration	**€147,104**	€105,840	€126,502	€118,182	€128,138	€99,463
Ratios	**N/A**	2.91	3.27	3.13	2.78	3.03

Chief Executive Officer[b]	**2022**	2021	2020	2019	2018	2017
Annual remuneration	**€1,722,047**	€1,351,007	€1,537,994	€1,300,738	€1,229,361	€1,097,904
Company performance						
• Rental income	**€204,517k**	€174,634k	€182,424k	€198,710k	€193,509k	€195,780k
• EPRA earnings	**€108,039k**	€92,390k	€100,794k	€119,236k	€106,651k	€102,419k
• Growth in EPRA earnings	**+16.9%**	-8.3%	-15.47%	11.7%	4.2%	1.5%
• Growth in NNNAV (EPRA NDV)	**+6.1%**	-4.8%	3.1%	11.1%	7.7%	21.0%
Average remuneration	**€147,104**	€105,840	€126,502	€118,182	€128,138	€99,463
Ratios	**11.71**	12.76	12.16	11.01	9.59	11.04

Managing Director[c]	**2022**	2021	2020	2019	2018	2017
Annual remuneration	**€1,293,894**	€1,032,373	€1,176,618	€990,678	€919,072	€743,926
Company performance						
• Rental income	**€204,517k**	€174,634k	€182,424k	€198,710k	€193,509k	€195,780k
• EPRA earnings	**€108,039k**	€92,390k	€100,794k	€119,236k	€106,651k	€102,419k
• Growth in EPRA earnings	**+16.9%**	-8.3%	-15.47%	11.7%	4.2%	1.5%
• Growth in NNNAV (EPRA NDV)	**+6.1%**	-4.8%	3.1%	11.1%	7.7%	21.0%
Average remuneration	**€147,104**	€105,840	€126,502	€118,182	€128,138	€99,463
Ratios	**8.80**	9.75	9.30	8.38	7.17	7.48

Data concerning the Company only, in accordance with Article L.22-10-9, 6° and 7°, of the French Commercial Code:

	Executive-to-average employee remuneration ratio	Change in ratios over the past five years				
	2022	2021	2020	2019	2018	2017
Chairman of the Board[a]	**N/A**	2.82	3.14	3.07	2.71	2.90
Chief Executive Officer[b]	**13.38**	12.37	11.70	10.81	9.35	10.55
Managing Director[c]	**10.05**	9.45	8.95	8.23	6.99	7.15

Chairman of the Board[(a)]	2022	2021	2020	2019	2018	2017
Annual remuneration	**0**	€308,270	€413,149	€370,000	€355,914	€301,546
Company performance						
• Rental income	**€204,517k**	€174,634k	€182,424k	€198,710k	€193,509k	€195,780k
• EPRA earnings	**€108,039k**	€92,390k	€100,794k	€119,236k	€106,651k	€102,419k
• Growth in EPRA earnings	**+16.9%**	-8.3%	-15.47%	11.7%	4.2%	1.5%
• Growth in NNNAV (EPRA NDV)	**+6.1%**	-4.8%	3.1%	11.1%	7.7%	21.0%
Average remuneration	**€128,698**	€109,210	€131,435	€120,345	€131,446	€104,044
Ratios	**N/A**	2.82	3.14	3.07	2.71	2.90

Chief Executive Officer[(b)]	2022	2021	2020	2019	2018	2017
Annual remuneration	**€1,722,047**	€1,351,007	€1,537,994	€1,300,738	€1,229,361	€1,097,904
Company performance						
• Rental income	**€204,517k**	€174,634k	€182,424k	€198,710k	€193,509k	€195,780k
• EPRA earnings	**€108,039k**	€92,390k	€100,794k	€119,236k	€106,651k	€102,419k
• Growth in EPRA earnings	**+16.9%**	-8.3%	-15.47%	11.7%	4.2%	1.5%
• Growth in NNNAV (EPRA NDV)	**+6.1%**	-4.8%	3.1%	11.1%	7.7%	21.0%
Average remuneration	**€128,698**	€109,210	€131,435	€120,345	€131,446	€104,044
Ratios	**13.38**	12.37	11.70	10.81	9.35	10.55

Managing Director[(c)]	2022	2021	2020	2019	2018	2017
Annual remuneration	**€1,293,894**	€1,032,373	€1,176,618	€990,678	€919,072	€743,926
Company performance						
• Rental income	**€204,517k**	€174,634k	€182,424k	€198,710k	€193,509k	€195,780k
• EPRA earnings	**€108,039k**	€92,390k	€100,794k	€119,236k	€106,651k	€102,419k
• Growth in EPRA earnings	**+16.9%**	-8.3%	-15.47%	11.7%	4.2%	1.5%
• Growth in NNNAV (EPRA NDV)	**+6.1%**	-4.8%	3.1%	11.1%	7.7%	21.0%
Average remuneration	**€128,698**	€109,2010	€131,435	€120,345	€131,446	€104,044
Ratios	**10.05**	9.45	8.95	8.23	6.99	7.15

(a) In 2022, the position of Chairman of the Board of Directors was held by Juan José Brugera Clavero from 1 January to 7 April and then by Pere Viñolas Serra. The two successive Chairmen waived payment of their remuneration for 2022, including any new performance share grants.
(b) In 2022, the position of Chief Executive Officer was held by Nicolas Reynaud from 1 January to 30 June 2022 and by Dimitri Boulte from 1 July.
(c) In 2022, the position of Managing Director was held by Dimitri Boulte from 1 January to 30 June 2022 and by Aude Grant from 1 July 2022.

5.2. Remuneration and benefits paid or awarded to the Chairman of the Board of Directors, the Chief Executive Officer and the Managing Director for 2022

This section 5.2 describes the remuneration and benefits paid or granted in respect of 2022 to the Company's corporate officers, namely:
– Juan José Brugera Clavero, Chairman of the Board of Directors from 1 January to 7 April 2022
– Pere Viñolas Serra, Chairman of the Board of Directors from 7 April to 31 December 2022
– Nicolas Reynaud, Chief Executive Officer from 1 January to 30 June 2022
– Dimitri Boulte, Managing Director from 1 January to 30 June 2022 and Chief Executive Officer from 1 July to 31 December 2022,
– Aude Grant, Managing Director from 1 July to 31 December 2022.

The tables presented in section 5.2.7 below have been prepared in accordance with the AMF's position paper/recommendation 2021-02 and the AFEP-MEDEF Corporate Governance Code for Listed Companies.

The components of the 2022 remuneration and benefits payable to Juan José Brugera Clavero, Chairman of the Board of Directors from 1 January to 7 April 2022, Nicolas Reynaud, Chief Executive Officer from 1 January to 30 June 2022 and Dimitri Boulte, Chief Executive Officer from 1 July to 31 December 2022, in application of the remuneration policy approved by shareholders at the Annual General Meeting of 7 April 2022 (eighth ordinary resolution) are subject to shareholder approval at the Annual General Meeting of 13 April 2023 in accordance with Article L.22-10-34 of the French Commercial Code. See below for details.

As Pere Viñolas Serra, Chairman of the Board of Directors from 7 April to 31 December 2022, has waived payment of his remuneration, no resolution concerning his remuneration as Chairman will be submitted to the vote of shareholders at the Annual General Meeting of 13 April 2023.

5.2.1. Remuneration and benefits paid or granted to Juan José Brugera Clavero, Chairman of the Board of Directors, for the period from 1 January to 7 April 2022

Juan José Brugera Clavero waived payment of his remuneration for 2022.

Accordingly, no remuneration was awarded to him for that year.

However, the 6,000 performance shares awarded to him by the Board of Directors on 15 February 2019 vested during the year.

5.2.2. Remuneration and benefits paid or granted to Pere Viñolas Serra, Chairman of the Board of Directors, for the period from 7 April to 31 December 2022

Pere Viñolas Serra waived payment of his remuneration for 2022.

Accordingly, no compensation was paid or awarded to him in 2022.

5.2.3. Remuneration and benefits paid or granted to Nicolas Reynaud, Chief Executive Officer for the period from 1 January to 30 June 2022

5.2.3.1. Fixed remuneration

On the recommendation of the Remuneration and Selection Committee made at its meeting on 8 February 2022, the Board of Directors, meeting on 18 February 2022, set the gross annual remuneration of Nicolas Reynaud for 2022 at €415,500. For the period served as Chief Executive Officer, from 1 January to 30 June 2022, Nicolas Reynaud was paid €207,619, calculated on an accruals basis.

5.2.3.2. Bonus

The method for calculating Nicolas Reynaud's 2022 bonus was decided by the Board of Directors on 19 November 2021 and approved by the Annual General Meeting of 7 April 2022 as part of the vote on the 2022 remuneration policy.

At the Board meeting on 15 June 2022, at which Nicolas Reynaud's appointment as Chief Executive Officer was terminated with effect from 30 June 2022, the Board of Directors decided to award him a bonus calculated on an accruals basis for the period from 1 January to 30 June 2022. At that meeting, the Board of Directors also noted that (i) Nicolas Reynaud's qualitative bonus objectives had been 100%-met, and that (ii) his final 2022 bonus would be fixed in early 2023 once the achievement rate of the quantitative objective had been determined. This rate was determined to be 113.47% by the Board of Directors at its meeting on 14 February 2023.

Consequently, Nicolas Reynaud's bonus for the period from 1 January to 30 June 2022 amounts to €260,017, breaking down as follows:
– A quantitative bonus of €132,504, based on growth in the Group's EPRA earnings and rental income (achievement rate of 113.47%); and
– a qualitative bonus of €103,875 based on the achievement of his annual objectives (100% achievement rate) across six categories: general attitude, contribution to defining the Company's strategy, CSR policy (improvement in CSR performance over time, integration of the CSR dimension in the Company's development plans, relevance of CSR performance targets), portfolio management, financial policy and corporate criteria.

The 2022/2021 EPRA earnings ratio was 116.9%. Consequently, the coefficient applied to the above two amounts for the determination of the qualitative and quantitative bonuses is 110%.

Payment of the bonus is subject to shareholder approval at the Annual General Meeting on 13 April 2023 (Say-on-Pay resolution).

5.2.3.3. Performance shares

On 18 February 2022, the Board of Directors decided to grant 20,000 Plan 6 performance shares to Nicolas Reynaud. The rules of Plan 6 are presented in Appendix 15.2 of the Management Report (pages 90 to 92).

At its meeting on 15 June 2022, the Board of Directors decided that the performance share rights granted to Nicolas Reynaud by the Board of Directors on 6 February 2020 and 11 February 2021 under Plan 5 and on 18 February 2022 under Plan 6, would not be forfeited due to his departure from the Group.

5.2.3.4. Compensation for loss of office

At its meeting on 15 June 2022, the Board of Directors decided to pay Nicolas Reynaud compensation for loss of office in the amount of €1,638,376 (representing 24 months' remuneration), as calculated in accordance with the remuneration policy for corporate officers approved by the Annual General Meeting of 7 April 2022 (eighth ordinary resolution). Based on the Remuneration and Selection Committee's review of the matter, the Board of Directors observed that the conditions for the payment of compensation were met and noted that the performance conditions attached to the payment of the severance package had been fulfilled.

5.2.3.5. Benefits in kind

Nicolas Reynaud had the use of a company car and is covered by private unemployment insurance (Garantie Sociale des Chefs et Dirigeants d'Entreprise – GSC). The use of a company car and the payment by the Company of private unemployment insurance premiums ended on 30 June 2022, when his appointment as Chief Executive Officer was terminated.

5.2.3.6. The following table presents the components of the remuneration and benefits due or awarded to Nicolas Reynaud in his capacity as Chief Executive Officer from 1 January to 30 June 2022:

Components of remuneration due or awarded for the period from 1 January to 30 June 2022	Amount or accounting value	Comments
Fixed remuneration	€207,619	Nicolas Reynaud's annual salary for 2022 was set at €415,500. In 2022, his salary was paid for the period served.
Annual bonus	€260,017 (payment of this bonus is subject to shareholder approval at the Annual General Meeting on 13 April 2023)	Nicolas Reynaud's target bonus was determined based on quantitative and qualitative criteria decided each year by the Board of Directors on the recommendation of the Remuneration and Selection Committee, and was subject to approval by the Annual General Meeting (Say-on-Pay resolution).
Long-term incentive bonus	N/A	Nicolas Reynaud was not entitled to any long-term incentive bonus.
Special bonus	€0	Nicolas Reynaud did not receive any special bonus in 2022.
Stock options, performance shares and other deferred remuneration	€733,710	Nicolas Reynaud was granted 20,000 performance shares by the Board on 18 February 2022.
Remuneration as member of the Board of Directors	N/A	Nicolas Reynaud was not a member of the Board of Directors and did not therefore receive any remuneration in this respect.
Benefits in kind	€9,367	Nicolas Reynaud has the use of a company car and is covered by private unemployment insurance (*Garantie Sociale des Chefs et Dirigeants d'Entreprise* – GSC).
Other	€30,813	Matching employer payments to the SFL Group Pension Savings Plan (PERECO), entitlements under the discretionary profit-sharing plan for 2021, paid in 2022 (entitlements for 2022 had not been determined as of the date this document was published).
Compensation for loss of office	€1,638,376	This compensation represented the equivalent of two years' fixed annual remuneration and bonuses, based on Nicolas Reynaud's 2022 annual salary and his achievement rates in relation to his bonus objectives. This compensation for loss of office was approved by the Annual General Meeting of 22 April 2015.
Non-compete indemnity	N/A	Nicolas Reynaud was not be entitled to any non-compete indemnity.
Supplementary pension benefits	N/A	Nicolas Reynaud did not participate in any supplementary pension plan set up by the Group.

5.2.4. Remuneration and benefits paid or awarded to Dimitri Boulte, Managing Director for the period from 1 January to 30 June 2022

Throughout his term as Managing Director and Chief Operating Officer, from 27 January 2015 to 30 June 2022, Dimitri Boulte retained his employment contract and did not receive any remuneration in his capacity as Managing Director (*mandataire social*) during this period.

The amounts reported below correspond to his remuneration as Chief Operating Officer from 1 January to 30 June 2022.

5.2.4.1. Fixed remuneration

Dimitri Boulte received a gross salary of €177,248 for the period from 1 January to 30 June 2022.

5.2.4.2. Bonus

See section 5.2.5.2 below.

5.2.4.3. Performance shares

On 18 February 2022, the Board of Directors decided to grant 16,000 Plan 6 performance shares to Dimitri Boulte. The rules of Plan 6 are presented in Appendix 15.2 of the Management Report (pages 90 and 92).

5.2.4.4. Benefits in kind

Dimitri Boulte has the use of a company car.

5.2.4.5. Compensation for loss of office

None.

5.2.5. Remuneration and benefits of Dimitri Boulte, Chief Executive Officer, for the period from 1 July to 31 December 2022

Dimitri Boulte was appointed Chief Executive Officer by the Board of Directors on 15 June 2022, with effect from 1 July 2022.

The amounts reported below correspond to his remuneration in his capacity as Chief Executive Officer.

5.2.5.1. Fixed remuneration

Dimitri Boulte's gross annual salary as Chief Executive Officer was set by the Board of Directors on 15 June 2022. His salary for the period from 1 July to 31 December 2022 amounted to €207,881.

5.2.5.2. Bonus

The method for calculating the Managing Director's 2022 bonus was decided by the Board of Directors on 19 November 2021.

The method for calculating the Chief Executive Officer's 2022 bonus was approved by the Board of Directors on 19 November 2021 and reiterated at the Board meeting of 15 June 2022 when Dimitri Boulte was appointed as Chief Executive Officer with effect from 1 July 2022. At that meeting, the Board decided that Dimitri Boulte's 2022 bonus would be calculated as if he had been Chief Executive Officer throughout the year.

The Board meeting on 14 February 2023 noted that his qualitative bonus objectives had been 100%-met and that the achievement rate for his quantitative objectives was 113.47%.

Based on these achievement rates, Dimitri Boulte's bonus as Chief Executive Officer for the whole of 2022 amounted to €520,034, breaking down as follows:
– a quantitative bonus of €265,008, based on growth in the Group's EPRA earnings and rental income (achievement rate of 113.47%); and
– a qualitative bonus of €207,750 based on the achievement of his annual objectives (100% achievement rate) across six categories: general attitude, contribution to defining the Company's strategy, CSR policy (improvement in CSR performance over time, integration of the CSR dimension in the Company's development plans, relevance of CSR performance targets), portfolio management, financial policy and corporate criteria.

The 2022/2021 EPRA earnings ratio was 116.9%. Consequently, the coefficient applied to the above two amounts for the determination of the qualitative and quantitative bonuses is 110%.

Payment of the bonus is subject to shareholder approval at the Annual General Meeting on 13 April 2023 (Say-on-Pay resolution).

5.2.5.3. Performance shares

As explained in section 5.2.4.3, the performance shares granted to Dimitri Boulte by the Board of Directors on 18 February 2022 were granted in his capacity as Managing Director. No performance shares were granted to Dimitri Boulte in his capacity as Chief Executive Officer in 2022.

5.2.5.4. Benefits in kind

As explained in section 5.2.4.4, Dimitri Boulte has the use of a company car.

In his capacity as Chief Executive Officer, he is also covered by private unemployment insurance (*Garantie Sociale des Chefs et Dirigeants d'Entreprise* – GSC).

5.2.5.5. Compensation for loss of office

None.

5.2.5.6. The following table presents the components of the remuneration and benefits due or awarded to Dimitri Boulte for 2022:

Components of remuneration due or awarded to Dimitri Boulte	Amount or accounting value		Comments
	Managing Director (from 1 January to 30 June 2022)	Chief Executive Officer (from 1 July 2022)	
Fixed remuneration	€177,248(1)	€207,881(2)	(1) Dimitri Boulte's annual salary as Chief Operating Officer under his employment contract was set at €353,000 for 2022. In 2022, he served as Managing Director and Chief Operating Officer from 1 January to 30 June, and his salary as Chief Operating Officer was therefore calculated on an accruals basis over this period. (2) At its meeting on 15 June 2022, the Board of Directors awarded Dimitri Boulte a gross annual salary of €415,500 for his services as Chief Executive Officer. For 2022, this salary was calculated on an accruals basis over the period served (from 1 July to 31 December).
Annual bonus	N/A	€520,034 (payment of this bonus is subject to approval by the Annual General Meeting of 13 April 2023)	Dimitri Boulte's target bonus is determined based on quantitative and qualitative criteria decided by the Board of Directors on the recommendation of the Remuneration and Selection Committee. At its meeting on 15 June 2022, the Board of Directors decided that his 2022 bonus would be calculated as if he had been Chief Executive Officer throughout the year.
Long-term incentive bonus	N/A	N/A	Dimitri Boulte is not entitled to any long-term incentive bonus.
Special bonus	€0	€0	Dimitri Boulte did not receive any special bonus in 2022.
Stock options, performance shares and other deferred remuneration	€586,968(3)	N/A (4)	(3) Dimitri Boulte was awarded 16,000 performance shares by the Board on 18 February 2022. (4) Dimitri Boulte was not awarded any performance shares or any other long-term compensation in his capacity as Chief Executive Officer.
Remuneration as member of the Board of Directors	N/A	N/A	Dimitri Boulte is not a member of the Board of Directors and does not therefore receive any remuneration in this respect.
Benefits in kind	€4,332(5)	€10,991(6)	(5) Company car. (6) Use of a company car and private unemployment insurance (*Garantie Sociale des Chefs et Dirigeants d'Entreprise* – GSC).
Other	€146,802(7)	N/A	(7) Matching employer payments to the SFL Group Pension Savings Plan (PERECO), entitlements under the statutory and discretionary profit-sharing plans for 2021, paid in 2022 (entitlements for 2022 had not been determined as of the date this document was published), cash payment for cumulative paid leave entitlement as of the date of termination of his employment contract on 30 June 2022.
Compensation for loss of office	No benefit paid(8)	No compensation paid(9)	(8) Under his employment contract, Dimitri Boulte was entitled to a termination benefit if he were to leave the Company following a change of control, equal to double the total gross remuneration due for the calendar year preceding the change of control. (9) Compensation for loss of office equal to two years' salary (based on current salary) and bonus would be payable to Dimitri Boulte in his capacity as Chief Executive Officer in the event that his departure was (i) imposed, (ii) linked to a change of control or strategy and (iii) decided for reasons other than gross or wilful misconduct.
Non-compete indemnity	N/A	N/A	Dimitri Boulte would not be entitled to any non-compete indemnity.
Supplementary pension benefits	N/A	N/A	Dimitri Boulte does not participate in any supplementary pension plan set up by the Group.

5.2.6. Remuneration and benefits paid or granted to Aude Grant, Managing Director from 1 July 2022

Aude Grant was appointed Managing Director and Chief Operating Officer by the Board of Directors on 15 June 2022, with effect from 1 July 2022. Her permanent employment contract in force before her appointment as Managing Director has remained in force (with an addendum), covering her position as Chief Operating Officer. She does not receive any remuneration as Managing Director *(mandataire social)*.

The amounts reported below therefore correspond to her salary as Chief Operating Officer for the period from 1 July to 31 December 2022.

5.2.6.1. Fixed remuneration

Aude Grant's salary for the period from 1 July to 31 December 2022 amounted to €101,802.

5.2.6.2. Bonus

Aude Grant's 2022 bonus, calculated by the method decided by the Board of Directors on 19 November 2021 and 15 June 2022, amounted to €100,127 for the period from 1 July to 31 December 2022.

5.2.6.3. Performance shares

On 18 February 2022, the Board of Directors decided to grant 2,800 Plan 6 performance shares to Aude Grant. The rules of Plan 6 are presented in Appendix 15.2 of the Management Report (pages 90 to 92).

Aude Grant did not receive any other performance share grants in her capacity as Managing Director for the period from 1 July to 31 December 2022.

5.2.6.4. Benefits in kind

Aude Grant has the use of a company car.

5.2.6.5. Compensation for loss of office

None.

5.2.6.6. The following table presents the components of the remuneration and benefits due or awarded to Aude Grant in her capacity as Managing Director for the period from 1 July to 31 December 2022:

Components of remuneration due or awarded for the period from 1 July to 31 December 2022	Amount or accounting value for the period from 1 July to 31 December 2022	Comments
Fixed remuneration	€101,802	Aude Grant's annual salary under the employment contract covering her position as Chief Operating Officer was set at €200,000 for 2022. Her salary for the period served in this position, from 1 July to 31 December 2022, was calculated on an accruals basis.
Annual bonus	€100,127	Aude Grant's target bonus is determined based on quantitative and qualitative criteria decided each year by the Board of Directors on the recommendation of the Remuneration and Selection Committee. The reported amount corresponds to 50% of the annual variable bonus received in 2023 for 2022.
Long-term incentive bonus	N/A	Aude Grant is not entitled to any long-term incentive bonus.
Special bonus	€0	Aude Grant did not receive any special bonus in 2022.
Stock options, performance shares and other deferred remuneration	€0	Aude Grant was not awarded any performance shares or any other long-term compensation for the period from 1 July to 31 December 2022.
Remuneration as member of the Board of Directors	N/A	Aude Grant is not a member of the Board of Directors and does not therefore receive any remuneration in this respect.
Benefits in kind	€2,538	Company car.
Other	€0	Matching employer payments to the SFL Group Pension Savings Plan (PERECO), entitlements under the statutory and discretionary profit-sharing plans for 2021, paid in 2022 (entitlements for 2022 had not been determined as of the date this document was published). Aude Grant did not receive any such benefits for the period between 1 July and 31 December 2022.
Termination benefit	N/A	Aude Grant would not be entitled to any termination benefit under her employment contract if she were to leave following a change of control of the Company.
Non-compete indemnity	N/A	Aude Grant would not be entitled to any non-compete indemnity.
Supplementary pension benefits	N/A	Aude Grant does not participate in any Group supplementary pension plan under her employment contract.

5.2.7. Remuneration summaries

The following tables have been prepared in accordance with the AMF's position paper/recommendation no. 2021-02 and the AFEP-MEDEF Corporate Governance Code for Listed Companies.

TABLE 1 – SUMMARY OF REMUNERATION PAID AND STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO THE CHAIRMAN, THE CHIEF EXECUTIVE OFFICER AND THE MANAGING DIRECTOR

Juan José Brugera Clavero **Chairman of the Board** **• in 2021** **• from 1 January to 7 April 2022**	2021	2022(1)
Remuneration awarded for the year (see Table 2, page 121, for details)	€144,500	€0
Fair value of stock options granted during the year	N/A	N/A
Fair value of performance shares granted during the year(2) (see Table 6, page 126, for details)	€163,770	€0
Other deferred remuneration	N/A	N/A
Total	**€308,270**	**€0**

(1) Juan José Brugera Clavero waived payment of his remuneration for 2022.
(2) 6,000 Plan 5 performance shares were awarded to Juan José Brugera Clavero at the Board Meeting of 11 February 2021. The performance share grant and vesting conditions and values are presented in section 5.5 (page 129 and 130). Juan José Brugera Clavero was not granted any performance shares in 2022.

Pere Viñolas Serra **Chairman of the Board of Directors from 7 April to 31 December 2022**	2021	2022(1)
Remuneration due for the year	N/A	€0
Fair value of stock options granted during the year	N/A	N/A
Fair value of performance shares granted during the year	N/A	N/A
Other deferred remuneration	N/A	N/A
Total	**N/A**	**€0**

(1) Pere Viñolas Serra has waived payment of his remuneration for 2022.

Nicolas Reynaud **Chief Executive Officer** **• in 2021** **• 1 January to 30 June 2022**	2021	2022(2)
Remuneration awarded for the year (see Table 2, page 121, for details)	€962,271	€2,146,192
Fair value of stock options granted during the year	N/A	N/A
Fair value of performance shares granted during the year(1) (see Table 6, page 126, for details)	€545,900	€733,710
Other deferred remuneration	N/A	N/A
Total	**€1,508,171**	**€2,879,902**

(1) 20,000 Plan 5 performance shares were granted to Nicolas Reynaud at the Board Meeting of 11 February 2021 and 20,000 Plan 6 performance shares were granted to him at the Board Meeting of 18 February 2022.
The Plan 5 performance share grant and vesting conditions and values are presented in section 5.5 (pages 129 and 130).
The Plan 6 performance share grant and vesting conditions and values are presented in Appendix 15-2 (pages 90 to 92).
(2) The reported amounts concern the period served by Nicolas Reynaud as Chief Executive Officer, from 1 January to 30 June 2022.

Dimitri Boulte **Managing Director in 2021 and until 30 June 2022** **Chief Executive Officer from 1 July to 31 December 2022**	2021	2022 1 January to 30 June 2022	2022 1 July to 31 December 2022
Remuneration awarded for the year(1) (see Table 2, pages 123 and 124, for details)	€717,845	€584,067	€478,889
Fair value of stock options granted during the year	N/A	N/A	N/A
Fair value of performance shares granted during the year(2) (see Table 6, page 126, for details)	€436,720	€586,968	N/A
Other deferred remuneration	€0	N/A	N/A
Total	**€1,154,565**	**€1,171,035**	**€478,889**

(1) Dimitri Boulte's remuneration presented above corresponds to the amounts paid to him under his employment contract as Chief Operating Officer for 2021 and from 1 January to 30 June 2022. He was not paid any additional remuneration as Managing Director, a position held since 27 January 2015.
(2) 16,000 performance shares were awarded to Dimitri Boulte at the Board Meeting of 11 February 2021 and a further 16,000 at the Board Meeting of 18 February 2022.
The Plan 5 performance share grant and vesting conditions and values are presented in section 5.5 (page 129 and 130).
The Plan 6 performance share grant and vesting conditions and values are presented in Appendix 15-2 (pages 90 to 92).

Aude Grant **Managing Director,** **from 1 July to 31 December 2022**	2022 (1 July to 31 December)
Remuneration awarded for the year(1) (see Table 2, page 125, for details)	204,467
Fair value of stock options granted during the year	N/A
Fair value of performance shares granted during the year(2) (see Table 6, page 126, for details)	N/A
Other deferred remuneration	N/A
Total	**204,467**

Aude Grant was appointed Managing Director with effect from 1 July 2022 and no remuneration components are disclosed for the period prior to this date.

(1) Aude Grant does not receive any remuneration in her capacity as Managing Director. The reported amount corresponds to her salary as Chief Operating Officer paid under her employment contract for the period from 1 July to 31 December 2022.
(2) Aude Grant did not receive any other performance share grants in her capacity as Managing Director for the period from 1 July to 31 December 2022.

The following tables provide summary information about the remuneration paid to Juan José Brugera Clavero, Nicolas Reynaud and Dimitri Boulte for 2019 and 2020. They do not include disclosures for Pere Viñolas Serra, current Chairman of the Board of Directors, and Aude Grant, current Managing Director, who did not hold these positions in 2019 and 2020.

Juan José Brugera Clavero **Chairman of the Board**	2019	2020
Remuneration due for the year	€208,000	€217,00
Long-term incentive bonus	€0	€0
Fair value of stock options granted during the year	€0	€0
Fair value of performance shares granted during the year	€162,000	€196,149
Other deferred remuneration	€0	€0
Total	**€370,000**	**€413,149**

Nicolas Reynaud **Chief Executive Officer**	2019	2020
Remuneration due for the year	€824,490	€823,772
Long-term incentive bonus	€0	€0
Fair value of stock options granted during the year	€0	€0
Fair value of performance shares granted during the year	€540,000	€653,830
Other deferred remuneration	€0	€0
Total	**€1,364,490**	**€1,477,602**

Dimitri Boulte Managing Director	2019	2020
Remuneration due for the year	€611,923	€614,583
Long-term incentive bonus	€0	€0
Fair value of stock options granted during the year	€0	€0
Fair value of performance shares granted during the year	€432,000	€523,064
Other deferred remuneration	€0	€0
Total	**€1,043,923**	**€1,137,647**

TABLE 2 – BREAKDOWN OF REMUNERATION PAID TO THE CHAIRMAN, THE CHIEF EXECUTIVE OFFICER AND THE MANAGING DIRECTOR

Pere Viñolas Serra(1) Chairman of the Board from 7 April to 31 December 2022	2022
Total	**€0**

(1) Pere Viñolas Serra has waived payment of his remuneration as from 1 January 2022.

Juan José Brugera Clavero(1) Chairman of the Board of Directors from 1 January to 7 April 2022	2021		2022	
	Due for the year	Paid during the year	Due for the year	Paid(3) during the year
Fixed remuneration(2)	€112,500	€112,500		
Annual bonus	€0	€0		
Special bonus	€0	€0		
Remuneration as member of the Board of Directors(3)	€32,000	€32,000	**€0**	**€0**
Benefits in kind	€0	€0		
Other	€0	€0		
Total	**€144,500**	**€144,500**		

(1) Juan José Brugera Clavero waived payment of his fixed remuneration as Chairman from the fourth quarter of 2021 and the payment of his remuneration as director from the second half of 2021. This waiver also applied for his 2022 remuneration.
As a result:
(2) The amount disclosed above for his remuneration as Chairman of the Board of Directors covers the period from 1 January to 30 September 2021.
(3) The amount disclosed for his remuneration as a director covers the period from 1 July to 31 December 2021, calculated on an annual basis and allocated by the Board of Directors on 3 March 2017.

Nicolas Reynaud Chief Executive Officer 1 January to 30 June 2022	2021		2022	
	Due for the year	Paid during the year	Due for the year	Paid(3) during the year
Fixed remuneration(1)	€407,000	€407,000	€207,619(a)	€207,619(a)
Annual bonus(2)	€421,667(b)	€364,503(c)	€260,017(d)	€421,667(b)
Special bonus	€100,000(e)	€0	€0	€100,000(e)
Remuneration as member of the Board of Directors	N/A	N/A	N/A	N/A
Benefits in kind(3)	€18,909	€18,909	€9,367	€9,367
Other(4)	€14,695	€14,695	€1,669,189	€1,669,189
Total	**€962,271**	**€805,107**	**€2,146,192**	**€2,407,842***

* Not including the compensation for loss of office of €1,638,376 described in section 5.2.3.4 above.

(a) Amount covering the period from 1 January to 30 June 2022.
(b) Amount due for 2021, paid in 2022 after approval by the Annual General Meeting of 7 April 2022.
(c) Amount due for 2020, paid in 2021 after approval by the Annual General Meeting of 15 April 2021.
(d) Amount due for the period from 1 January to 30 June 2022, subject to approval by the Annual General Meeting of 13 April 2023.
(e) Special bonus for 2021 decided by the Board of Directors on 18 February 2022 and paid following its approval by the Annual General Meeting of 7 April 2022.

(1) Salary

The salaries of the Chief Executive Officer and the Managing Director are reviewed annually and may be adjusted depending on the Company's business and financial results for the previous year.

At its meeting on 18 February 2022, the Board of Directors decided to raise Nicolas Reynaud's fixed remuneration from €407,000 to €415,500 for 2022. This decision was based on the recommendation of the Remuneration and Selection Committee dated 8 February 2022, that was made after considering the Company's results, P&L indicators and balance sheet indicators. His 2022 salary as Chief Executive Officer, calculated on an accruals basis for the period served, i.e. from 1 January to 31 July 2022, amounted to €207,619.

(2) Bonus

The method for calculating Nicolas Reynaud's bonus (and the bonus of the Managing Director) was decided by the Board of Directors on 13 November 2020 for the 2021 bonus and on 19 November 2021 for the 2022 bonus.

– **For 2021**, the bonus was based on a mix of quantitative and qualitative criteria, as follows:
- 50% based on the Company's performance in relation to two criteria – EPRA earnings and rental income (quantitative bonus); and
- 50% based on personal performance targets (qualitative bonus).

To determine the 2021 quantitative bonus, the Board of Directors decided to set the following objectives for the two performance criteria:
- an EPRA earnings objective of €89.6 million;
- a rental income objective of €170.9 million.

The average of the achievement rates for these two criteria was taken as the overall achievement rate used to determine the quantitative bonuses for 2021, applying the following correspondence table:

Overall target achievement rate	Quantitative bonus as a % of salary*	
	Chief Executive Officer	Managing Director/Chief Operating Officer
A. 122% and over	145%	116%
B. 100%	100%	80%
C. 70% and over	60%	48%
D. Less than 70%	0	0

* Before weighting for the portion of the total bonus represented by the quantitative bonus.
- Less than 70%: 0
- Between 70% and 100%: linear calculation between rates C and B
- 100%: rate B
- Between 100% and 122%: linear calculation between rates B and A
- Above 122%: rate A

The amount obtained by the above calculation was multiplied by a coefficient based on the following ratio:

Current year EPRA earnings/Prior year EPRA earnings	Coefficient
Less than 90%	90%
90% to 95%	90% to 100% (linear)
95% to 105%	100% (constant)
105% to 110%	100% to 110% (linear)
More than 110%	110%

The criteria used to determine the qualitative bonus for 2021 were grouped into six categories (general attitude, contribution to defining the Company's strategy, CSR policy, portfolio management, financial policy and corporate criteria), each of which was assigned a weighting of between 30% and 10%.

– **The 2022 bonus** was based on an unchanged mix of quantitative and qualitative criteria, as follows:
- 50% based on the Company's performance in relation to two criteria – EPRA earnings and rental income (quantitative bonus); and
- 50% based on personal performance targets (qualitative bonus).

To determine the 2022 quantitative bonuses, the Board of Directors decided to set the following objectives for the two performance criteria:
- an EPRA earnings objective of €95.6 million;
- a rental income objective of €179.5 million.

The average of the achievement rates for these two criteria has been taken as the overall achievement rate used to determine the quantitative bonus for 2022, applying the above correspondence table, which is unchanged from 2021.

The amount obtained by the above calculation has been multiplied by a coefficient based on the following ratio:
Current year EPRA earnings/Prior year EPRA earnings

The coefficient was determined as shown in the following table and is unchanged:

Current year EPRA earnings/Prior year EPRA earnings	Coefficient
Less than 90%	90%
90% to 95%	90% to 100% (linear)
95% to 105%	100% (constant)
105% to 110%	100% to 110% (linear)
More than 110%	110%

The criteria used to determine the qualitative bonus for 2022 were grouped into the same six categories as in 2021 (general attitude, contribution to defining the Company's strategy, CSR policy, portfolio management, financial policy and corporate criteria), each of which was assigned a weighting of between 10% and 30%.

Payment of the 2022 bonus due in 2023 is subject to shareholder approval at the Annual General Meeting on 13 April 2023.

(3) Benefits in kind

Use of a company car and private unemployment insurance (*Garantie Sociale des Chefs et Dirigeants d'Entreprise* – GSC).

(4) Other

– Matching employer payments on voluntary contributions for 2021 and 2022 to the SFL Group Pension Savings Plan (PERECO), entitlements under the discretionary profit-sharing plan for 2020 and 2021, paid in 2021 and 2022 respectively (entitlements payable in respect of 2022 had not been determined as of the date this document was published).
– Compensation for loss of office (€1,638,376) as described in section 5.2.3.4 above, following the termination of his appointment as Chief Executive Officer on 30 June 2022. The commitment to pay compensation for loss of office was approved by the Annual General Meeting held on 22 April 2015.

In 2022, Dimitri Boulte served successively as Managing Director (from 1 January to 30 June) and Chief Executive Officer (from 1 July to 31 December), and his remuneration for that year is therefore presented below in three separate tables:

Dimitri Boulte Managing Director 1 January to 30 June 2022	2021		2022 (1 January to 30 June)	
	Due for the year	Paid during the year	Due for the year	Paid[3] during the year
Fixed remuneration[1]	€333,023	€333,023	€177,248[a]	€177,248[a]
Bonus[2]	€274,342[b]	€237,151[c]	€260,017[d]	€274,342[b]
Special bonus	€85,000[e]	€0	€0	€85,000[e]
Remuneration as member of the Board of Directors	N/A	N/A	N/A	N/A
Other[3]	€17,067	€17,067	€146,802	€146,802
Total	**€709,432**	**€587,241**	**€584,067**	**€683,392**

(a) Amount covering the period from 1 January to 30 June 2022.
(b) Amount due for 2021, paid in 2022 after approval by the Annual General Meeting of 7 April 2022.
(c) Amount due for 2020, paid in 2021 after approval by the Annual General Meeting of 15 April 2021.
(d) Amount due for the period from 1 January to 30 June 2022.
(e) Special bonus due for 2021, decided by the Board of Directors on 18 February 2022.

Dimitri Boulte **Chief Executive Officer** **from 1 July to 31 December 2022**	2022 (1 July to 31 December)	
	Due	Paid
Fixed remuneration(1)	€207,881(a)	€207,881(a)
Bonus(2)	€260,017 (b)	€0
Special bonus	€0	€0
Remuneration as member of the Board of Directors	N/A	N/A
Total	**€467,898**	**€207,881**

(a) Amount covering the period from 1 July to 31 December 2022.
(b) Amount due for the period from 1 July to 31 December 2022 subject to approval by the Annual General Meeting of 13 April 2023.

Dimitri Boulte **Managing Director from 1 January to 30 June and Chief Executive Officer from 1 July to 31 December 2022**	2021		2022	
	Due	Paid	Due(c)	Paid(c)
Benefits in kind(4)	€8,413	€8,413	€10,991	€10,991
Total	**€8,413**	**€8,413**	**€10,991**	**€10,991**

(c) Amounts due and paid to Dimitri Boulte in his capacity as either Managing Director or Chief Executive Officer in 2022.

(1) Salary

The salaries of the Chief Executive Officer and the Managing Director are reviewed annually and may be adjusted depending on the Company's business and financial results for the previous year.

At its meeting on 18 February 2022, the Board of Directors decided to increase Dimitri Boulte's salary to €353,000 for 2022 from €331,000 in 2021. The increase was decided based on the recommendation of the Remuneration and Selection Committee, made following its meeting of 8 February 2022 after considering the growth in the Company's results, P&L indicators and balance sheet indicators.

At its meeting on 15 June 2022, the Board of Directors appointed Dimitri Boulte as Chief Executive Officer with effect from 1 July and decided to increase his annual salary from €353,000 to €415,000 as of that date.

(2) Bonus

The bonus paid to Dimitri Boulte in his capacity as Chief Operating Officer was determined by the method applied to the bonuses of Management Committee members (other than the Chief Executive Officer and Managing Director), as decided by the Board of Directors on 11 February 2021 for the 2021 bonus. At its meeting on 15 June 2022, the Board of Directors decided that Dimitri Boulte's 2022 bonus would be calculated as if he had been Chief Executive Officer throughout the year.

The criteria and method applied to determine the bonus are described in footnote (2) to the above table concerning Nicolas Reynaud.

(3) Other

– Matching employer payments on voluntary contributions for 2021 and 2022 to the SFL Group Pension Savings Plan (PERECO), entitlements under the statutory and discretionary profit-sharing plans for 2020 and 2021, paid in 2021 and 2022 respectively (entitlements payable in respect of 2022 had not been determined as of the date this document was published). Since his appointment as Chief Executive Officer on 1 July 2022, Dimitri Boulte is no longer entitled to participate in the statutory profit-sharing plan but continues to participate in the discretionary plan.
– Cash payment for cumulative paid leave entitlement as of the date of termination of his employment contract on 30 June 2022, in the amount of €85,137.

(4) Benefits in kind

Use of a company car and private unemployment insurance (*Garantie Sociale des Chefs et Dirigeants d'Entreprise* – GSC).

Aude Grant was appointed Managing Director on 1 July 2022. Amounts due or paid prior to this date are not disclosed below.

Aude Grant **Managing Director,** **from 1 July to 31 December 2022**	2022 (1 July to 31 December)	
	Due for the period	Paid in the period
Fixed remuneration[(1)]	€101,802	€101,802
Bonus[(2)]	€100,127	€0
Remuneration as member of the Board of Directors	N/A	N/A
Benefits in kind[(3)]	€2,538	€2,538
Other[(4)]	N/A	N/A
Total	**€204,467**	**€104,340**

(1) Salary

The salaries of the Chief Executive Officer and the Managing Director are reviewed annually and may be adjusted depending on the Company's business and financial results for the previous year.

Aude Grant's annual salary was decided by the Board of Directors on 18 February 2022 based on the recommendation of the Remuneration and Selection Committee on 8 February 2022.

(2) Bonus

The bonus paid to Aude Grant in her capacity as Chief Operating Officer was determined by the method applied to the bonuses of Management Committee members (other than the Chief Executive Officer and Managing Director), as decided by the Board of Directors on 18 February 2022 for the 2022 bonus.

(3) Benefits in kind

Company car.

(4) Other

Matching employer payments on voluntary contributions for 2022 to the SFL Group Pension Savings Plan (PERECO), and 2021 entitlements under the statutory and discretionary profit-sharing plans were paid before 1 July 2022.
Entitlements for 2022 had not been determined as of the date this document was published and will be paid in 2023.

TABLE 10 – LONG-TERM INCENTIVE BONUSES AWARDED TO THE CHAIRMAN, THE CHIEF EXECUTIVE OFFICER AND THE MANAGING DIRECTOR

Name	2020	2021	2022
Juan José Brugera Clavero	No long-term incentive bonus was awarded during the period		
Pere Viñolas Serra	No long-term incentive bonus was awarded during the period		
Nicolas Reynaud	No long-term incentive bonus was awarded during the period		
Dimitri Boulte	No long-term incentive bonus was awarded during the period		
Aude Grant	No long-term incentive bonus was awarded during the period		

TABLE 4 – STOCK OPTIONS GRANTED DURING THE YEAR TO THE CHAIRMAN, THE CHIEF EXECUTIVE OFFICER AND THE MANAGING DIRECTOR BY SFL OR OTHER GROUP COMPANIES

Name	Plan no. and date	Type of stock options (purchase or subscription)	Fair value of stock options as calculated in the consolidated financial statements	Number of stock options granted during the year	Exercise price	Exercise period
Juan José Brugera Clavero	No stock options were granted during the year					
Pere Viñolas Serra	No stock options were granted during the year					
Nicolas Reynaud	No stock options were granted during the year					
Dimitri Boulte	No stock options were granted during the year					
Aude Grant	No stock options were granted during the year					

TABLE 5 – STOCK OPTIONS EXERCISED DURING THE YEAR BY THE CHAIRMAN, THE CHIEF EXECUTIVE OFFICER AND THE MANAGING DIRECTOR

Name	Plan no. and date	Number of stock options exercised during the year	Exercise price
Juan José Brugera Clavero		No stock options were exercised during the year	
Pere Viñolas Serra		No stock options were exercised during the year	
Nicolas Reynaud		No stock options were exercised during the year	
Dimitri Boulte		No stock options were exercised during the year	
Aude Grant		No stock options were exercised during the year	

TABLE 6 – PERFORMANCE SHARES GRANTED DURING THE YEAR TO THE CHAIRMAN, THE CHIEF EXECUTIVE OFFICER AND THE MANAGING DIRECTOR BY SFL OR OTHER GROUP COMPANIES

Name	Plan no. and date	Number of performance shares granted during the year(1)	Fair value of performance shares as calculated in the consolidated financial statements(2)	Vesting date(3)	End of lock-up period(4)	Performance conditions(5)
Juan José Brugera Clavero	Plan 6 18 February 2022	0	€0	–	–	–
Pere Viñolas Serra	Plan 6 18 February 2022	0	€0	–	–	–
Nicolas Reynaud	Plan 6 18 February 2022	20,000	€733,710	18 February 2025	18 February 2027	(5)
Dimitri Boulte	Plan 6 18 February 2022	16,000	€586,968	18 February 2025	18 February 2027	(5)
Aude Grant	Plan 6 18 February 2022	2,800	€102,719	18 February 2025	18 February 2027	(5)
Directors		No performance shares were granted during the year				

(1) At its meeting on 18 February 2022, the Board of Directors decided to use the authorisation given at the Annual General Meeting of 15 April 2021 to grant performance shares.
The reported number corresponds for each recipient to the maximum number of shares that may vest under the plan approved by the Board of Directors on 19 November 2021 (Plan 6), provided that they remain with the Group until the end of the vesting period and the performance conditions are met. Details of the performance conditions are provided in Appendix 15.2, pages 90 to 92.

At its meeting on 15 June 2022, the Board of Directors decided that the Plan 6 performance share rights granted to Nicolas Reynaud would not be forfeited due to his departure from the Group.
The Plan 6 performance share grant to Aude Grant was decided on prior to her appointment as Managing Director with effect on 1 July 2022.

(2) The value of the performance shares has been calculated using the binomial model and corresponds to the number of shares expected to vest multiplied by the fair value per share. The binomial model uses the following main parameters: price of the underlying shares, expected dividend on the shares, dilution of equity, earnings objectives and lock-up discount. Based on the model assumptions, the fair value of the performance shares granted on 18 February 2022 is €73.371.
This value is calculated based on the target number of shares, corresponding to 50% of the maximum performance share rights.

(3) Date when the performance shares will vest, provided that the grantee remains with the Group until that date and the performance conditions are met. The vesting date is timed to fall 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 following the grant date and not less than three years after the grant date (i.e., 18 February 2025 at the earliest).

(4) Performance shares may not be sold or otherwise transferred for two years after the vesting date, with certain exceptions such as in the case of disability or death. In addition, 10% of the shares must be retained beyond the two-year lock-up period.

(5) The number of shares that vest depends on SFL's ranking in a group of six listed property companies including SFL (the "Reference Companies"). The ranking is established based on growth in each of the Reference Companies' consolidated Net Tangible Assets per share plus paid dividends over the vesting period. The performance criteria are presented in Appendix 15.2, on pages 90 to 92.

To the best of the Company's knowledge, no hedging instruments have been acquired to cover the equity risk associated with the performance shares.

TABLE 7 – PERFORMANCE SHARES GRANTED TO THE CHAIRMAN, THE CHIEF EXECUTIVE OFFICER AND THE MANAGING DIRECTOR THAT BECAME AVAILABLE DURING THE YEAR

Name	Plan no. and date	Number of performance shares that became available during the year
Juan José Brugera Clavero	Plan 4 3 March 2017	4,500
Pere Viñolas Serra	Not applicable	0
Nicolas Reynaud	Plan 4 3 March 2017	15,000
Dimitri Boulte	Plan 4 3 March 2017	12,000
Aude Grant	Plan 4 3 March 2017	1,800

TABLE 11 – INFORMATION ABOUT EMPLOYMENT CONTRACTS, SUPPLEMENTARY PENSION SCHEMES, TERMINATION BENEFITS PAID OR PAYABLE AND NON-COMPETE INDEMNITIES PAID OR PAYABLE

Name	Employment contract		Supplementary pension benefits		Termination benefits payable or likely to be payable		Non-compete indemnities	
	Yes	No	Yes	No	Yes	No	Yes	No
Juan José Brugera Clavero Chairman of the Board of Directors - Appointed: 14 April 2010 - Term expired: 2022 AGM		X		X		X		X
Pere Viñolas Serra Chairman of the Board - Appointed: 7 April 2022 - Term expires: 2025 AGM		X		X		X		X
Nicolas Reynaud Chief Executive Officer - Appointed: 27 January 2015 - Term expired: 30 June 2022		X		X	X(1)			X
Dimitri Boulte Managing Director - Appointed: 27 January 2015 - Term expired: 30 June 2022	X(2)			X	X(3)			X
Dimitri Boulte Chief Executive Officer - Appointed: 1 July 2022 - Term expires: unlimited		X(2)		X	X(3)			X
Aude Grant Managing Director - Appointed: 1 July 2022 - Term expires: unlimited	X(4)			X		X		X

(1) The terms and conditions governing the compensation for loss of office as Chief Executive Officer that would be payable to Nicolas Reynaud were decided by the Board of Directors at its meeting on 27 January 2015 (see section 5.2.3.4 above for details). The amount of compensation paid to him in 2022 is set out in sections 5.2.3.4 and 5.2.3.6.

(2) Until 30 June 2022, Dimitri Boulte had an employment contract covering his position as Chief Operating Officer held since 21 February 2011. His employment contract was terminated upon his appointment as Chief Executive Officer on 1 July 2022.

(3) Dimitri Boulte would not have been entitled to any compensation for loss of office in the event that his appointment as Managing Director had been terminated prior to 30 June 2022. However, under his employment contract, Dimitri Boulte was entitled to a termination benefit if he were to leave the Company following a change of control, equal to double the total gross remuneration due for the calendar year preceding the change of control.
Since 1 July 2022, the date of his appointment as Chief Executive Officer and the termination of his employment contract, Dimitri Boulte has been entitled to compensation for loss of office. The calculation and payment terms of this compensation were decided by the Board of Directors on 15 June 2022; they are described in section 4.2.2.7.

(4) In 2022, Aude Grant had an employment contract covering her positions as Deputy Managing Director – Asset Management and Investments from 1 January 2016 and then Chief Operating Officer from 1 July 2022.

The position of Managing Director, to which she was appointed by the Board on 15 June 2022 with effect from 1 July 2022, is not covered by the AFEP-MEDEF Corporate Governance Code, according to which, in a company with a Board of Directors, the Chairman of the Board and/or the Chief Executive Officer should not have an employment contract with the company.

5.3. Remuneration and benefits paid or awarded to the directors for 2022

The remuneration paid or awarded to the directors for 2022 was determined in accordance with the policy set out in section 4.2.4.

TABLE 3 – REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS (Gross amounts)

Name	Amounts paid in 2021	Amounts paid in 2022
Najat Aasqui(1)		
Remuneration (fixed, variable)	€0	€0
Other remuneration	€0	€0
Ali Bin Jassim Al Thani		
Remuneration (fixed, variable)	€41,000	€38,000
Other remuneration	€0	€0
Angels Arderiu Ibars(2)(3)		
Remuneration (fixed, variable)	€44,000	€0(3)
Other remuneration	€0	€0(3)
Jean-Jacques Duchamp(1)		
Remuneration (fixed, variable)	€0	€0
Other remuneration	€0	€0
Carlos Fernandez-Lerga Garralda(2)(4)		
Remuneration (fixed, variable)	€76,000	€23,718,23
Other remuneration	€0	€0
Carmina Ganyet i Cirera(5)		
Remuneration (fixed, variable)	€66,000	€38,348,07
Other remuneration	€0	€0
Carlos Krohmer(2)(3)		
Remuneration (fixed, variable)	€41,000	€0(3)
Other remuneration	€0	€0(3)
Arielle Malard de Rothschild		
Remuneration (fixed, variable)	€68,000	€76,000
Other remuneration(8)	€54,000	€14,000
Luis Maluquer Trepat(2)		
Remuneration (fixed, variable)	€44,000	€14,359,12
Other remuneration	€0	€0
Nuria Oferil Coll(2)(3)		
Remuneration (fixed, variable)	€44,000	€0(3)
Other remuneration	€0	€0(3)
Alexandra Rocca(6)		
Remuneration (fixed, variable)	€44,000	€67,348,07
Other remuneration(8)	€54,000	€14,000
Anthony Wyand(2)(7)		
Remuneration (fixed, variable)	€74,000	€21,718,23
Other remuneration(8)	€54,000	€14,000
Total	**€768,000**	**€321,491,72**

(1) Director until 4 August 2021.
(2) Director until 7 April 2022.
(3) All remuneration payments waived in 2022
(4) Position as Chairman and member of the Audit Committee ended on 7 April 2022.
(5) All remuneration payments waived from 1 July 2022; Chair of the Audit Committee from 7 April 2022.
(6) Member of the Audit Committee, member of the Remuneration and Selection Committee from 7 April 2022:
(7) Position as Chairman and member of the Remuneration and Selection Committee ended on 7 April 2022.
(8) Compensation paid to the independent directors for their work as members of the Committee of Independent Directors acting as the special committee that was required to be set up in 2021 connection with the Colonial Transaction involving SFL shares.

Information on the remuneration received by Juan José Brugera Clavero (Chairman of the Board of Directors until the end of the Annual General Meeting on 7 April 2022) and Pere Viñolas Serra (appointed Chairman of the Board of Directors on 7 April 2022), is presented on page 114.

5.4. Remuneration and benefits paid or awarded to executive management other than the Chief Executive Officer and the Managing Director for 2022

The following table presents the total gross remuneration for 2022 paid by SFL to the persons who were members of the Management Committee at 31 December 2022 other than the Chief Executive Officer and the Managing Director:

	2022
Salary	€731,770
Bonus(1)	€313,209
Benefits in kind	€22,213
Special bonuses	€0
Non-discretionary/discretionary profit-sharing(2)	€222,789
Matching payments to the Group Pension Savings Plan (PERECO)	€25,650

(1) With the same 50/50 split between quantitative and qualitative targets as for the bonuses awarded to the Chief Executive Officer and the Managing Director by the Board of Directors on 18 February 2022.
(2) Entitlements under the non-discretionary and discretionary profit-sharing plans for 2021, paid in 2022 (profit shares in respect of 2022 had not been determined as of the date this document was published).

Amendment to employment contracts concerning payment of a termination benefit in the event of a change of control of the Company

At its meeting on 9 February 2004, the Board of Directors decided to insert a change of control clause in the employment contracts of the members of the Company's Management Committee.

The clause, which was updated in 2006, provided for the payment of compensation in addition to the termination benefit due by law or under the collective bargaining agreement in the case of (i) dismissal or (ii) resignation as a result of a significant change in responsibilities following a material direct or indirect change in the reference shareholders of the Company or of its controlling shareholder. The amount of said compensation was set at double the individual's 2006 remuneration in euros.

On 4 April 2008, the Board approved a proposal to set the gross benefit payable under the change of control clause at double the executive's total remuneration for the calendar year preceding the significant direct or indirect change in the reference shareholders of the Company or of its controlling shareholder.

At the same meeting, the Board also approved a proposal to reduce the time limit for claiming compensation from two years to 18 months, as from the next direct or indirect change in the ownership structure.

Note: Dimitri Boulte has not been covered by this change of control clause since his employment contract was terminated following his appointment as Chief Executive Officer with effect on 1 July 2022.

At 31 December 2022, no employment contracts in force in the Company contained a change of control clause.

5.5. Information about stock options and performance shares

TABLE 8 – SUMMARY OF STOCK OPTIONS GRANTED IN PREVIOUS YEARS

None.

TABLE 9 – SUMMARY OF PERFORMANCE SHARE RIGHTS GRANTED IN PREVIOUS YEARS

	Plan 4		Plan 5				Plan 6
Date of Annual General Meeting	13 November 2015		20 Apr. 2018				15 Apr. 2021
Date of Board meeting	26 Apr. 2016	3 Mar. 2017	20 Apr. 2018	15 Feb.2019	6 Feb. 2020	11 Feb. 2021	18 Feb. 2022
Total performance share rights granted,	**48,054**	**50,064**	**67,184**	**65,896**	**68,952**	**66,920**	**61,248**
of which rights granted to:	31,500	31,500	42,000	42,000	42,000	42,000	36,000
• Juan José Brugera Clavero	4,500	4,500	6,000	6,000	6,000	6,000	0
• Nicolas Reynaud	15,000	15,000	20,000	20,000	20,000	20,000	20,000
• Dimitri Boulte	12,000	12,000	16,000	16,000	16,000	16,000	16,000
Vesting date	3 Apr. 2019	27 Mar. 2020	6 Apr. 2021	31 Mar. 2022	6 Feb. 2023	11 Feb. 2024	18 Feb. 2025
End of lock-up period	2 Apr. 2021	26 Mar. 2022	5 Apr. 2023	30 Mar. 2024	5 Feb. 2025	10 Feb. 2026	17 Feb. 2027
Performance criteria	(1)		(2)	(2)	(2)	(2)	(3)
Number of vested performance shares as of 31 Dec. 2022	46,302	46,494	63,648	64,992	–	–	-
Cumulative number of performance share rights cancelled or forfeited	–	–	–	–	1,192	936	256
Number of performance share rights outstanding at 31 Dec. 2022	–	–	–	–	67,760	65,984	60,992

The above table does not include the performance shares granted to Aude Grant, which were granted prior to her appointment as Managing Director with effect on 1 July 2022.
(1) The performance criteria are described in "Plan 4 Rules" below.
(2) The performance criteria are described in "Plan 5 Rules" below.
(3) The performance criteria are described in "Plan 6 Rules" below.

The following are the rules for Plans 4, 5 and 6.

Plan 4 Rules

Vesting date

Provided that the recipient has not left the Group and the performance targets are met (see below), the performance shares vest 15 business days after the publication by the last of the Reference Companies (see definition below) to do so, of a press release announcing its results for the third financial year following the award date.

Continuing presence within the Group

The performance shares will vest only if, at the end of the three-year vesting period, the grantee is still an employee or corporate officer of the Company or another Group entity, as applicable. However, this rule is waived if the grantee's separation is due to certain events that are beyond his or her control.

Performance targets

The number of performance shares that vest depends on SFL's ranking in a group of six listed property companies including SFL (the "Reference Companies"). The ranking is established based on growth in each of the Reference Companies' consolidated net asset value (NAV) per share over the Vesting Period, as calculated by adding back dividends paid in each year of said period.

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. In addition, for performance shares granted to the Chairman, the Chief Executive Officer, the Managing Director and certain senior executives, after the end of this statutory two-year lock-up period, 40% of the shares must be kept for the remainder of their period of service with the Company or another Group entity, as applicable, reduced to 20% once the value of the shares exceeds a certain percentage of their annual remuneration.

Plan 5 rules as amended by the Board of Directors on 19 November 2021.

Vesting date

Provided that the grantee has not left the Group and the performance targets are met (see below), the performance shares will vest 15 business days after the publication by the last of the Reference Companies (see definition below) to do so, of a press release announcing its results for the third financial year following the grant date (i.e., for the 11 February 2021 grant, the year ending 31 December 2023).

Continuing presence within the Group

The performance shares will vest only if, at the end of the three-year vesting period, the grantee is still an employee or corporate officer of the Company or another Group entity, as applicable. However, this rule is waived if the grantee's separation is due to certain events that are beyond his or her control.

Performance targets

The number of performance shares that vest will depend on SFL's ranking in a group of six listed property companies including SFL (the "Reference Companies"). The ranking will be established based on growth in each of the Reference Companies' consolidated net tangible assets (NTA)* per share over the vesting period, as calculated by adding back dividends paid in each year of said period.

* At its meeting on 19 November 2021, the Board of Directors, on the recommendation of the Remuneration and Selection Committee, approved a first amendment to Plan 5 due to the change in EPRA indicators. Following this amendment, from 1 January 2021, the ANAV performance indicator has been replaced by Net Tangible Assets (NTA), which is the closest EPRA indicator to the traditional NAV.
In addition, in light of (i) the change of control of the Company resulting from the Colonial transaction which led to Colonial's interest in SFL being increased to 98.33% as of 30 August 2021, and (ii) the fact that the Company is currently in a transition period, at its meeting on 19 November 2021, the Board of Directors approved a second amendment to Plan 5 allowing the plan's performance objectives to be adjusted in the event of developments at Colonial that have an adverse effect on the Company or on the achievement of its performance objectives.

Lock-up period

Under Plan 5, the performance shares may not be sold or otherwise transferred before the end of a period of two years as from the vesting date. In addition, after the end of this statutory two-year lock-up period, the Chairman, the Chief Executive Officer and the Managing Director will be required to keep 10%* of the shares for the remainder of their period of service with the Company or another Group entity, as applicable.

* A third amendment to the rules of Plan 5 approved by the Board of Directors on 19 November 2021 reduced from 40% to 10% the proportion of shares to be retained by the Chairman, the Chief Executive Officer and the Managing Director beyond the lock-up period.

All the amendments to Plan 5 adopted by the Board of Directors on 19 November 2021 are applicable to performance share rights that have not yet vested, corresponding to performance share grants voted on 6 February 2020 and 11 February 2021.

Plan 6 Rules

The Plan 6 rules are presented in Appendix 15.2 of the Management Report (pages 90 to 92).

6. Agreements between a corporate officer or material shareholder of SFL and one of its subsidiaries

In accordance with the disclosure requirements of Article L.225-37-4, 2°, of the French Commercial Code, shareholders are informed that no agreements have been entered into, directly or through a third party, between the Chairman, the Chief Executive Officer, the Managing Director, a member of the Board of Directors or a shareholder that holds over 10% of SFL's voting rights and a company controlled by SFL, within the meaning of Article L.233-3, other than agreements entered into in the normal course of business on arm's length terms.

7. Related party agreements (routine and regulated agreements)

7.1. Annual assessment of related party agreements (routine agreements entered into on arm's length terms and regulated agreements)

At its meeting on 23 June 2020, in accordance with Article L.22-10-12 of the French Commercial Code, the Board of Directors set up a procedure to regularly assess whether agreements qualified as concerning routine transactions and as having been entered into on arm's length terms effectively fulfil these conditions.

During the same meeting, the Board of Directors decided to include the review of regulated related party agreements in this procedure, in order to comply with the AMF's recommendation 2012-05 inviting companies to set up an internal charter to qualify agreements concerned by the regulated related party agreements procedure.

The procedure adopted by the Board at its meeting on 23 June 2020 is available on the Company's website.

It is summarised below:

Procedure concerning regulated related party agreements:

All regulated related party agreements must be submitted to the Board of Directors for ex-ante authorisation and to the Annual General Meeting for ex-post approval. The Board of Directors shall justify its decision by explaining the ways in which the agreement is in the Company's interests, and shall disclose details of its financial terms. The person(s) directly or indirectly concerned by the agreement shall not take part in the deliberations or vote of the Board of Directors on the authorisation concerned. Furthermore, the shares held by said person(s) shall not be taken into account for the purpose of determining whether the agreement is approved by a majority vote of the Annual General Meeting.

The Board of Directors shall review each year the regulated related party agreements authorised and signed during the last financial year or previous financial years, that continued to be implemented during the last financial year, or that had not been executed at the time of the review. Said review shall cover:

– for each of the agreements authorised during a previous financial year that continued to be implemented during the last financial year or is likely to continue to be implemented or will be executed in a future financial year, an examination of the rules for calculating the agreement's financial terms and adjusting them over time;
– specific information for each agreement that has undergone a substantial change in its amount or financial terms, due for example to the application of an indexation clause;
– agreements that the Board has determined no longer qualify as regulated related party agreements in light of changing circumstances.

At its meeting on 18 November 2022, the Board of Directors reviewed the regulated related party agreements authorised and signed in 2021 or previous years that continued to be implemented during 2021.

Procedure concerning routine agreements with related parties entered into on arm's length terms

Routine related party agreements entered into on arm's length terms shall be assessed by the Company's internal teams and their assessment shall be reviewed annually by the Audit Committee, to ensure that the following conditions continue to be met:

– Routine transactions are regular transactions carried out by the Company in the normal course of business and in line with its corporate purpose. Account is also taken of the usual practices of companies operating in the same sector as the Company.
– Arm's length terms are terms that are comparable to those applied by companies in the same sector or that are usually applied by the Company in its dealings with third parties. "Routine transactions" and "arm's length terms" are cumulative criteria: in the absence of one or the other, the agreement will be subject to the procedure for regulated related party agreements.

If recommended by the Audit Committee, the Board of Directors may re-qualify routine agreements as regulated related party agreements.

The persons directly or indirectly concerned by any of these agreements do not take part in their assessment, in accordance with Article L.22-10-12 of the French Commercial Code created by Government Order 2020-1142 dated 16 September 2020 (Article 6).

At its meeting on 18 November 2022, the Audit Committee assessed the routine related party agreements entered into on arm's length terms and concluded that this classification continued to be appropriate.

7.2. Regulated related party agreements authorised in 2022 and submitted to the Annual General Meeting for approval

At its meeting of 15 June 2022, in accordance with Article L.225-38 of the French Commercial Code, the Board of Directors authorised the signature of a mandate (*contrat de mandat*) between SFL and Dimitri Boulte, appointed Chief Executive Officer with effect from 1 July 2022.

At the same meeting, the Board of Directors also authorised the continued execution of Aude Grant's employment contract following her appointment as Managing Director with effect from 1 July 2022, as the contract dated back prior to her appointment.

Pursuant to Article L. 225-40 of the French Commercial Code, which states that any person directly or indirectly concerned by a regulated agreement must abstain from taking part in the deliberations or voting on the requested authorisation of that agreement, and in accordance with the AFEP-MEDEF Corporate Governance Code, to which SFL refers for matters concerning potential conflicts of interest, Dimitri Boulte and Aude Grant did not take part in the discussions.

In accordance with Article L.225-40 of the French Commercial Code, the Sale and Exchange Agreements, signed following the meeting of the Board of Directors on 15 June 2022, are described in the Statutory Auditors' special report (pages 226 and 227 of this Universal Registration Document) and will be submitted to the shareholders for approval at the Annual General Meeting of 13 April 2023 (4th ordinary resolution).

7.3. Regulated related party agreements authorised in 2023 and submitted to the Annual General Meeting for approval

At its meeting of 14 February 2023, in accordance with Article L.225-38 of the French Commercial Code, the Board of Directors authorised the signature of a loan agreement between Inmobiliaria Colonial Socimi SA (lender), the Spanish company that owns 98.33% of SFL and SFL (borrower)

Pursuant to Article L.225-40 of the French Commercial Code, which states that any person directly or indirectly concerned by a regulated agreement must abstain from taking part in the deliberations or voting on the requested authorisation of that agreement, and in accordance with the AFEP-MEDEF Corporate Governance Code, to which SFL refers for matters concerning potential conflicts of interest, Pere Viñolas Serra, Juan Jose Brugera Clavero and Carmina Ganyet, elected as directors on the recommendation of Inmobiliaria Colonial Socimi SA, did not take part in the discussions, nor in the vote on the requested authorisation.

In accordance with Article L.225-40 of the French Commercial Code, the agreement, signed on 28 February 2023, is described in the Statutory Auditors' special report (page 227 of this Universal Registration Document) that will be submitted to the shareholders for approval at the Annual General Meeting of 13 April 2023 (5th ordinary resolution).

8. Summary of financial authorisations

In accordance with the disclosure requirements of Article L.225-37-4, 3°, of the French Commercial Code, the table below provides a summary of the currently valid authorisations to increase the capital given to the Board of Directors by shareholders pursuant to Articles L.225-129-1 and L.225-129-2 of said Code. The table also provides information on the use of these authorisations during 2022.

Date of AGM	Authorisation or delegation of competence	Used/ unused in 2022	Duration of authorisation
15 April 2021	Delegation of competence to the Board of Directors to issue ordinary shares or securities with immediate or deferred rights to ordinary shares, with pre-emptive subscription rights for existing shareholders, duration of the delegation, maximum aggregate par value of resulting share issue(s), option to offer any shares or securities not taken up by existing shareholders for subscription by the public.	Unused	26 months
15 April 2021	Delegation of competence to the Board of Directors to issue ordinary shares or securities with immediate or deferred rights to ordinary shares, without pre-emptive subscription rights for existing shareholders, through a public offer other than an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Monetary and Financial Code (*Code monétaire et financier*), duration of the delegation, maximum aggregate nominal amount of the resulting share issue(s), issue price.	Unused	26 months
15 April 2021	Delegation of competence to the Board of Directors to issue ordinary shares or securities with immediate or deferred rights to ordinary shares, without pre-emptive subscription rights for existing shareholders, through an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Monetary and Financial Code, duration of the delegation, maximum aggregate nominal amount of the resulting share issue(s), issue price.	Unused	26 months
15 April 2021	Authorisation given to the Board of Directors to set the issue price, by the method decided by the shareholders at Annual General Meetings, for issues of ordinary shares or securities with rights to shares, without pre-emptive subscription rights for existing shareholders, through (i) a public offer other than an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Commercial Code, or (ii) an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Monetary and Financial Code.	Unused	26 months
15 April 2021	Authorisation given to the Board of Directors, for share issues with or without pre-emptive subscription rights for existing shareholders, to increase the number of shares issued.	Unused	26 months
15 April 2021	Delegation of competence to the Board of Directors to issue ordinary shares or securities with rights to ordinary shares in connection with a public exchange offer made by the Company, duration of the delegation.	Unused	26 months
15 April 2021	Delegation of powers to the Board of Directors to issue ordinary shares or securities with rights to ordinary shares in payment for contributed shares or securities with rights to shares of another company, other than in connection with a public exchange offer made by the Company, duration of the delegation, maximum aggregate amount of the capital increase(s), procedure for dealing with rights to fractions of shares.	Unused	26 months
15 April 2021	Delegation of competence to the Board of Directors to increase the Company's capital by capitalising reserves, profits or share premiums, duration of the delegation, maximum aggregate amount of the capital increase(s), issue price.	Unused	26 months
15 April 2021	Delegation of competence to the Board of Directors to issue shares to employees who are members of an Employee Share Ownership Plan, without pre-emptive subscription rights for existing shareholders, duration of the authorisation, purposes, terms and conditions, and ceiling.	Unused	26 months
3 April 2020	Authorisation to be given to the Board of Directors to grant stock options to employees and to the Chairman, the Chief Executive Officer and the Managing Director of the Company, waiver of shareholders' pre-emptive subscription rights for the shares issued on exercise of the options, duration of the authorisation, ceiling, exercise price, maximum life of the options.	Unused	38 months
15 April 2021	Authorisation given to the Board of Directors to grant performance shares to eligible employees and corporate officers of SFL and/or its subsidiaries, without pre-emptive subscription rights for existing shareholders.	Used(1)	38 months

(1) At its meeting on 18 February 2022, the Board of Directors decided to grant up to 61,248 performance share rights (corresponding to a target of 30,624 shares) to the corporate officers and certain senior executives as a long-term incentive bonus, and to certain other categories of employees of the Company or of related entities within the meaning of Article L.225-197-2 of the French Commercial Code. Details of the performance share plan are provided in Appendix 15.2 of the Management Report (pages 90 to 92).

9. Shareholder participation in General Meetings (extracts from Articles 23, 24 and 28 of the Articles of Association)

(Article L.22-10-10-5° of the French Commercial Code)

Article 23

General Meetings are called in accordance with the applicable laws and regulations.

They are held at the Company's registered office or at the venue selected by the Board of Directors, as specified in the notice of meeting.

The Board of Directors sends or makes available to shareholders the documents required to enable them to make informed decisions about which way to vote on proposed resolutions and an informed judgement about the management of the Company's business.

Following communication of the above information, shareholders may submit written questions to the Board of Directors to be answered during the General Meeting by the Board or, with the latter's authorisation, one of its members, the Chief Executive Officer or the Managing Director. If several questions are submitted on the same subject, the Board may issue a single statement in reply to all the questions.

A written question is considered as having been answered when the reply is posted on the FAQs page of the Company's website.

Article 24

I – General Meetings may be attended by all holders of fully paid up shares that have been recorded in the shareholder's account prior to the date of the Meeting as follows:

- Holders of bearer shares and holders of registered shares recorded in an account not kept by the Company may vote at General Meetings in person, by proxy or by post provided that their shares are recorded in an account kept by an accredited intermediary as of the record date.
- Holders of registered shares recorded in an account kept by the Company may vote at General Meetings in person, by proxy or by post provided that their shares are recorded as of the record date.

These formalities must be completed no later than midnight Paris time on the second business day preceding the date of the Meeting (the record date).

Shareholders, proxy holders and accredited intermediaries are entitled to attend General Meetings on presentation of proof of their identity and eligibility to attend. The Board of Directors may provide shareholders with personal admission cards for General Meetings and, if it thinks fit, require that they be shown prior to admittance.

II – Any shareholder may, on the basis stipulated in the applicable laws and regulations, vote by post, or give proxy to his or her spouse or civil partner or to another shareholder or to any other person or legal entity in order to be represented at General Meetings, by writing to the Company to request a postal voting/proxy form. Written requests for a postal voting/proxy form must be received at the Company's registered office at least six days before the Meeting.

If a shareholder gives proxy to a person other than his or her spouse or civil partner, the proxyholder must notify the shareholder of any situation that could give rise to a conflict of interest so that the shareholder can assess the risk of the proxyholder not voting in accordance with his or her wishes.

If any such situation arises, the proxyholder must notify the shareholder without delay and the shareholder will then be required to formally confirm the proxy. Failing that, the proxy will not be valid and the proxyholder must notify the Company.

Any individuals or entities other than a shareholder's spouse or civil partner that actively solicit proxies (for example, a minority shareholder or an organisation set up to defend shareholders' interests) by offering, directly or indirectly and by any method, to represent one or several shareholders, must disclose their voting policy. Said individuals or entities may also disclose their voting intentions with regard to the resolutions tabled at the Meeting. In this case, they will be required to vote in accordance with their stated intentions for all undirected proxies given to them.

If a proxyholder fails to comply with any of the above obligations, the represented shareholder may ask the commercial court in the jurisdiction where the Company has its registered office to ban the proxyholder from acting in this capacity at all General Meetings of the Company for a period of up to three years. The Company may file a similar application but only if the proxyholder has breached the rules governing the active solicitation of proxies.

The Company must receive the postal voting/proxy form at least three days before the Meeting date.

The procedure for returning these forms is specified by the Board of Directors in the notice of meeting.

Shareholders domiciled outside France may give proxy to an intermediary registered in accordance with the applicable legal conditions, provided the Company is informed of the proxy in writing at least five days before the date of the Meeting.

The Board of Directors may reduce or waive the time periods specified in this section II.

Article 28

Resolutions are adopted by the number of votes prescribed in the corresponding legislation in force on the date of the Meeting.

Shareholders are entitled to one vote per share.

The Company's shares (including any bonus shares that may be allocated in connection with a share issue paid up by capitalising reserves, profits or share premiums) do not qualify for double voting rights, as allowed under Article L.22-10-46 (final paragraph) of the French Commercial Code.

10. Items that could affect a public offer for the Company's shares

The following information about items that could affect a public offer for the Company's shares is presented in accordance with Article L.22-10-11 of the French Commercial Code:

1. Details about the Company's ownership structure are provided in section 10.1.2 of the Management Report.

2. The Articles of Association do not impose any restrictions on the exercise of voting rights, except that in the event of failure to disclose any increase in a shareholder's interest to above one of the disclosure thresholds specified in the Articles of Association, the undisclosed shares may be stripped of voting rights at the request of one or several shareholders together holding at least 2% of the capital (Article 10 IV of the Articles of Association). The Articles of Association do not impose any restrictions on the transfer of shares.

3. The direct or indirect interests of which the Company is aware are presented in section 10.1.2 of the Management Report.

4. The Company has not issued any securities comprising any special rights of control.

5. To the best of the Company's knowledge, there are no shareholders' agreements in force between the shareholders (see section 12 of the Management Report) that could have the effect of restricting share transfers or the exercise of voting rights.

6. The rules governing the election and removal from office of members of the Board of Directors result from French law and the Company's Articles of Association. Changes to the Company's Articles of Association are governed by the applicable French laws and regulations.

7. The delegations of authority to the Board of Directors are described in section 10.6.3 (page 38) of the Management Report on the share buyback programme and in the financial authorisations table (page 133).

8. Contracts entered into by the Company that would be affected or terminated by a change of control are described in section 11 of the Management Report (page 40). As of 31 December 2022, with the exception of the compensation for loss of office that may be paid to the Chief Executive Officer, as described in section 4.2.2.7, there are no agreements providing for the payment of compensation to any members of the Board of Directors, corporate officers or employees in the event of termination of their appointment or employment contract for any reason whatsoever.

The Board of Directors

Appendix 15.5 – Report of the Board of Directors to the Extraordinary General Meeting

We invite shareholders to adopt the resolutions presented below, based on the quorum and majority voting rules applicable to extraordinary resolutions, with the exception of the ninth extraordinary resolution (authorisation for the Board of Directors to increase the capital by capitalising reserves, profits or share premiums) for which the quorum corresponds to one-fifth of the shares making up the issued capital and a simple majority vote by the shareholders present and represented is required.

Shareholders are asked to grant delegations of competence to the Board to issue shares and securities with rights to ordinary shares, with or without pre-emptive subscription rights for existing shareholders, in order to enable the Company to swiftly take advantage of market opportunities. In light of the wide variety of financial instruments currently available and the rapidly changing market conditions, it is important for the Board to have the greatest possible flexibility in choosing the best type of issue.

The delegations of competence will give the Board ample scope to act in all circumstances in the best interests of the Company, by deciding to issue ordinary shares and securities with rights to ordinary shares in France or abroad.

They are being sought for a period of 26 months from the date of this Meeting, and would replace the unused portion of earlier delegations to the same effect.

Specifically, shareholders are invited to grant delegations of competence or powers to the Board of Directors to issue ordinary shares and/or securities with rights to ordinary shares, with or without pre-emptive subscription rights for existing shareholders, in order to enable the Board to take up opportunities – especially by cancelling shareholders' pre-emptive rights – to carry out public offers and private placements in France, abroad and/or on international markets, based on the interests of the Company and shareholders. Depending on the type of securities, the issues could be denominated in euros or in foreign currency or in any monetary unit determined by reference to a basket of currencies.

In three other extraordinary resolutions, shareholders are invited to (i) authorise the Board of Directors to cancel shares acquired under the share buyback programme, (ii) grant a delegation of competence to the Board of Directors to issue shares to employees who are members of an Employee Share Ownership Plan, and (iii) authorise the Board of Directors to grant stock options.

Shareholders are invited to adopt the thirteenth extraordinary resolution giving full powers to the Board of Directors to align the Articles of Association with new legislative and regulatory provisions, subject to the changes being ratified at the next Extraordinary General Meeting.

1. Delegations of competence to issue ordinary shares and securities with immediate or deferred rights to ordinary shares

In the first, second and third extraordinary resolutions, shareholders are asked to grant the Board of Directors a 26-month delegation of competence to issue, with or without pre-emptive subscription rights for existing shareholders, ordinary shares or securities with immediate or deferred rights to ordinary shares, in accordance with Articles L.225-129 *et seq.* of the French Commercial Code, particularly Articles L.225-135, L.22-10-51 and L.22-10-52. The non-cumulative aggregate par value of ordinary shares issued under these three delegations of competence and those sought in the first to seventh extraordinary resolutions of this Meeting of 13 April 2023 would not exceed €100,000,000.

The Board considers it appropriate to exclude from these delegations of competence:
– Preference share issues.
– Issues of securities with immediate or deferred rights to preference shares.

Shareholders are therefore asked to specifically rule out preference share issues and issues of securities with immediate or deferred rights to preference shares.

1.1. Issues with pre-emptive subscription rights (first extraordinary resolution)

a) The first extraordinary resolution concerns a delegation of competence to issue ordinary shares and securities with immediate or deferred rights to ordinary shares, with pre-emptive subscription rights for existing shareholders.

A decision to delegate competence to the Board to issue securities with deferred rights to ordinary shares, whatever the form of said rights, would automatically entail or could entail, depending on the case, the waiver by shareholders of their pre-emptive right to subscribe for the ordinary shares issued on exercise of the rights attached to the securities (although shareholders would have a pre-emptive right to subscribe for the securities).

The aggregate amount by which the capital could be increased during the 26-month period covered by the delegation of competence would be capped at €100 million.

This ceiling does not take into account the effect on the amount of the capital increase of any adjustments that may be made to protect the rights of holders of securities with rights to ordinary shares.

The aggregate nominal value of dated or undated, subordinated or unsubordinated debt securities that may be issued under the first extraordinary resolution – including securities associated with the issue of debt securities or securities allowing the issue of intermediate debt securities – would not exceed €2 billion or the equivalent (on the date the issue is decided) in foreign currency or in a monetary unit determined by reference to a basket of currencies. This ceiling does not include any redemption premiums that may be payable on the securities.

This ceiling applies to the cumulative amount of all debt securities that may be issued under the second, third, sixth and seventh extraordinary resolutions tabled at this Meeting of 13 April 2023, but is independent and separate from the ceiling on the issue of debt securities that may be decided or authorised by the Board of Directors in application of Article L.228-40 of the French Commercial Code.

The life of debt securities with rights to ordinary shares would not exceed 50 years, although the delegation of competence could also be used to issue undated subordinated or unsubordinated notes. It could be used to issue fixed and/or floating rate or zero coupon debt securities. The securities could be redeemable in advance at par or at a premium, or repayable in instalments. In addition, they could be bought back on the market or through a cash or exchange offer made by the Company.

In accordance with Article L.228-97 of the French Commercial Code, the issue agreement could stipulate that the securities would be redeemable only after all of the Company's other creditors had been paid, including or excluding holders of participating securities; it could also stipulate a creditor ranking.

b) The issue price of securities with rights to ordinary shares will be set in such a way that the amount received immediately by the Company plus any amount to be received at a future date for each ordinary share issued as a result of the issue of these securities, is at least equal to the shares' par value.

c) The terms and conditions under which shareholders' pre-emptive subscription rights may be exercised pro rata to their existing shareholding will be set by the Board of Directors in accordance with the applicable laws. The Board of Directors may also give shareholders a pre-emptive right to subscribe for ordinary shares or securities with rights to ordinary shares not taken up by other shareholders; in this case, if the issue is oversubscribed this secondary pre-emptive right will also be exercisable pro rata to the existing shareholdings of the shareholders concerned. If the entire issue was not taken up by shareholders exercising their pre-emptive subscription rights as provided for above, the Board of Directors could take any or all of the following courses of action provided for in Article L.225-134 of the French Commercial Code, in the order of its choice: (i) limit the amount of the issue to the subscriptions received, provided that at least three-quarters of the planned issue was taken up; or (ii) freely allocate all or some of the unsubscribed shares or securities; or (iii) offer all or some of the unsubscribed shares or securities for subscription by the public, through a public placement in France and/or, if appropriate, abroad and/or on the international market.

d) On these bases, the Board of Directors will have the broadest powers to carry out the above issues, on one or several occasions and on all markets, in the best interests of the Company and its shareholders, to place the issue(s) on record and to amend the Articles of Association to reflect the new capital, to charge the issue costs against the premiums on the issued shares and deduct from said premiums the amount necessary to raise the legal reserve to one-tenth of the new capital, and to carry out any and all filing and other formalities and obtain any and all authorisations that may be necessary to carry out and complete the issues.

The Board of Directors would decide the characteristics, terms and conditions of each issue, set the subscription price of the shares or other securities, which may or may not include a premium, the future or retroactive date from which the shares or securities have coupon rights and, in the case of securities with rights to ordinary shares, the terms on which the rights are exercisable for ordinary shares.

In accordance with the law, the Board of Directors could delegate the powers granted by shareholders under the first extraordinary resolution to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to limits to be set by the Board.

1.2. Issues without pre-emptive subscription rights in connection with a public offer other than an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Monetary and Financial Code (second extraordinary resolution)

a) In the interests of the Company and shareholders, the Board of Directors could, in certain circumstances, want to take up opportunities offered by the financial markets, by carrying out issues without existing shareholders having pre-emptive subscription rights. For this reason, the Board of Directors is asking shareholders in the second extraordinary resolution for a 26-month delegation of competence to issue ordinary shares and securities with rights to shares without pre-emptive subscription rights for existing shareholders.

The aggregate nominal amount of ordinary shares issued under this delegation, either directly or at a future date on exercise of the rights attached to securities with deferred rights to ordinary shares, would not exceed €100,000,000. This ceiling would not, however, include the nominal amount of any ordinary shares to be issued to protect the rights of holders of securities with rights to ordinary shares pursuant to the law or the applicable contractual terms.

This delegation would be used to issue ordinary shares or securities with rights to ordinary shares through a public offer, other than an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Monetary and Financial Code.

Any such public offers (other than offers governed by Article L.411-2, 1° of the French Monetary and Financial Code) decided pursuant to the second extraordinary resolution could be linked – in a single issue or several simultaneous issues – to offers to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Monetary and Financial Code that may be decided pursuant to the third extraordinary resolution of this Meeting of 13 April 2023.

The aggregate nominal amount of debt securities issued pursuant to the second extraordinary resolution would not exceed €2,000,000,000, or the equivalent in foreign currency or monetary units at the date the issue is decided. This ceiling (i) would not include any redemption premiums that may be payable on the securities, (ii) would apply to all debt securities that may be issued under this resolution and the first, third, sixth and seventh extraordinary resolutions of this Meeting of 13 April 2023, (iii) is independent and separate from the ceiling on issues of debt securities that may be decided or authorised by the Board of Directors in application of Article L.228-40 of the French Commercial Code.

b) If shareholders grant this delegation of competence to the Board of Directors and, accordingly, waive their pre-emptive subscription rights, the issue price of any ordinary shares issued under the resolution would be at least equal to the minimum amount provided for in the laws and regulations in force at the time of issue, adjusted as necessary to take into account differences in cum dividend dates.

This amount would also be the reference price for determining the issue price of securities with deferred rights to ordinary shares: said issue price would be set in such a way that the amount received immediately by the Company plus the amount to be received at a future date for each ordinary share issued as a result of the issue of these securities, would be at least equal to the above amount, adjusted as necessary to take into account differences in cum dividend dates.

On these bases, the Board of Directors would set the issue price of the securities and, in the case of debt securities, the interest terms, in the best interests of the Company and shareholders, taking into account all relevant factors. These would include the type of securities issued, stock market trends and the market for SFL shares, any priority subscription right granted to existing shareholders, market interest rates (in the case of an issue of debt securities), the number of ordinary shares represented by the rights and, generally, all the characteristics of the issued securities. In accordance with Article R.22-10-32 of the French Commercial Code (adopted in application of Article L.22-10-52 of said Code), the new ordinary shares would not be issued at a discount of more than 10% to the weighted average share price for the three trading sessions immediately preceding the opening date of the public offer within the meaning of Regulation (EU) 2017/1129 dated 14 June 2017.

However, if shareholders adopt the fourth extraordinary resolution of this Meeting, for ordinary share issues representing no more than 10% of the capital carried out in any 12-month period, the Board could choose not to apply the legal pricing rules and to set the issue price by the method stipulated in the fourth extraordinary resolution (see section 1.4 below).

c) On these bases, the Board would have the broadest powers to issue ordinary shares and securities with rights to ordinary shares, on one or several occasions without pre-emptive subscription rights, and to set the terms and conditions of each issue, place the share issues on record and amend the Articles of Association to reflect the new capital.

The securities would be placed in accordance with market practices on the issue date. The Board is nevertheless asking shareholders for an authorisation to grant shareholders a non-transferable priority subscription right – if circumstances permit – possibly including a priority right to subscribe for securities not taken up by other shareholders. The conditions of exercise of this right would be determined by the Board in accordance with the law.

If the issue were not taken up in full, including by shareholders, the Board of Directors could (i) limit the amount of the issue to the subscriptions received, provided that the legal conditions were fulfilled, or (ii) freely allocate all or some of the unsubscribed shares or securities with rights to shares.

d) In accordance with the law, the Board of Directors could delegate the powers granted by shareholders under the second extraordinary resolution to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to limits to be set by the Board.

1.3 Issues without pre-emptive subscription rights in connection with an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Monetary and Financial Code (third extraordinary resolution)

a) In the interests of the Company and shareholders, the Board of Directors could, in certain circumstances, want to take up opportunities offered by the financial markets, by carrying out issues without existing shareholders having pre-emptive subscription rights.

For this reason, the Board of Directors is asking shareholders in the third extraordinary resolution for a 26-month delegation of competence to issue ordinary shares and securities with rights to shares without pre-emptive subscription rights for existing shareholders.

The aggregate nominal amount of ordinary shares issued under this delegation, either directly or at a future date on exercise of the rights attached to securities with deferred rights to ordinary shares, would not exceed €100,000,000. This ceiling would not, however, include the nominal amount of any ordinary shares to be issued to protect the rights of holders of securities with rights to ordinary shares pursuant to the law or the applicable contractual terms.

The ordinary shares or securities with immediate and/or deferred rights to ordinary shares would be issued through an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Monetary and Financial Code and would be limited to the equivalent of 20% of the issued capital per 12-month period, as calculated from the date of each successive issue. The Board of Directors would check that the 20% limit had not been reached during the 12 months preceding a planned issue, taking into account changes in the Company's issued capital affecting the denominator.

Any such offers governed by Article L.411-2, 1° of the French Monetary and Financial Code that may be decided pursuant to the third extraordinary resolution could be linked – in a single issue or several simultaneous issues – to any public offers decided pursuant to the second extraordinary resolution of this Meeting of 13 April 2023.

The aggregate nominal amount of debt securities issued pursuant to the third extraordinary resolution would not exceed €2,000,000,000, or the equivalent in foreign currency or monetary units at the date the issue is decided. This ceiling (i) would not include any redemption premiums that may be payable on the securities, (ii) would apply to all debt securities that may be issued under this resolution and the first, second, sixth and seventh extraordinary resolutions of this Meeting of 13 April 2023, (iii) is independent and separate from the ceiling on issues of debt securities that may be decided or authorised by the Board of Directors in application of Article L.228-40 of the French Commercial Code.

b) The issue price of ordinary shares would be at least equal to the minimum amount provided for in the laws and regulations in force at the time of issue, adjusted as necessary to take into account differences in cum dividend dates.

This amount would also be the reference price for determining the issue price of securities with deferred rights to ordinary shares: said issue price would be set in such a way that the amount received immediately by the Company plus the amount to be received at a future date for each ordinary share issued as a result of the issue of these securities, would be at least equal to the above amount, adjusted as necessary to take into account differences in cum dividend dates.

On these bases, the Board of Directors would set the issue price of the securities and, in the case of debt securities, the interest terms, in the best interests of the Company and shareholders, taking into account all relevant factors. These would include the type of securities issued, stock market trends and the market for SFL shares, any priority subscription right granted to existing shareholders, market interest rates (in the case of an issue of debt securities), the number of ordinary shares represented by the rights and, generally, all the characteristics of the issued securities.

In accordance with Article R.22-10-32 of the French Commercial Code (adopted in application of Article L.22-10-52 of said Code), the new ordinary shares would not be issued at a discount of more than 10% to the weighted average share price for the three trading sessions immediately preceding the opening date of the public offer within the meaning of Regulation (EU) 2017/1129 dated 14 June 2017.

However, if shareholders adopt the fourth extraordinary resolution of this Meeting, for ordinary share issues representing no more than 10% of the capital carried out in any 12-month period, the Board could choose not to apply the legal pricing rules and to set the issue price by the method stipulated in the fourth extraordinary resolution (see section 1.4 below).

c) On these bases, the Board would have the broadest powers to issue ordinary shares and securities with rights to ordinary shares, on one or several occasions without pre-emptive subscription rights, and to set the terms and conditions of each issue, place the share issues on record and amend the Articles of Association to reflect the new capital.

The securities would be placed in accordance with market practices on the issue date.

If the issue were not taken up in full by investors and shareholders, the Board of Directors could (i) limit the amount of the issue to the subscriptions received, provided that the legal conditions were fulfilled, (ii) place the shares or securities with rights to shares on the market in France and/or abroad and/or on the international market, or (iii) freely allocate all or some of the unsubscribed shares or securities with rights to shares.

d) Shareholders should note that under this delegation, the Board would be authorised to take all other necessary measures in connection with or as a result of the issues.

e) In accordance with the law, the Board of Directors could delegate the powers granted by shareholders under the third extraordinary resolution to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to limits to be set by the Board.

1.4 Issues without pre-emptive subscription rights: determination of the issue price by the Board of Directors by the method decided by shareholders (fourth extraordinary resolution)

In accordance with the alternative rules introduced in Article L.22-10-52 of the French Commercial Code, in the fourth extraordinary resolution the Board of Directors is seeking a 26-month authorisation (i) to decide not to apply the pricing rules specified by law, as described above, and (ii) to set the price of ordinary shares and securities with rights to ordinary shares issued through a public offer other than an offer governed by Article 411-2, 1° of the French Financial and Monetary Code or through an offer to a restricted group of investors or to qualified investors governed by Article 411-2, 1° of the French Financial and Monetary Code, by the method described below. This exception would apply only to ordinary share issues representing no more than 10% of the capital (at the date of this Meeting) carried out in any 12-month period under the delegations of competence given in the second and third extraordinary resolutions. For these issues, the following pricing rules would apply:

i) Ordinary shares would be issued at a discount of no more than 10% to the weighted average SFL share price for the three trading sessions immediately preceding the pricing date.

ii) The issue price of securities with rights to ordinary shares would be set in such a way that the amount received immediately by the Company plus any amount to be received at a future date for each ordinary share issued as a result of the issue of these securities, was at least equal to the amount defined in i), adjusted as necessary to take into account differences in cum dividend dates.

This authorisation would give the Board of Directors greater flexibility in pricing public offers of ordinary shares issued without pre-emptive subscription rights and thereby increase the chances of the issue being a success.

The aggregate nominal amount of shares issued directly or indirectly under this authorisation would be deducted from the amount by which the capital could be increased under the second and third extraordinary resolutions.

The Board would be authorised to delegate its powers to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to the limits to be set by the Board.

If and when the authorisation given in the fourth extraordinary resolution was used, the Board and the Statutory Auditors would report to shareholders on the final terms of the issue and on the estimated impact on the situation of existing shareholders.

1.5. Share issue with or without pre-emptive subscription rights: authorisation to be given to the Board to increase the number of shares offered (fifth extraordinary resolution)

In accordance with the rules introduced in Article L.225-135-1 of the French Commercial Code, in the fifth extraordinary resolution, the Board of Directors is seeking an authorisation to decide, for all issues carried out pursuant to the first extraordinary resolution (delegation of competence to issue shares and securities with rights to shares with pre-emptive subscription rights) and the second and third extraordinary resolutions (delegations of competence to issue shares and securities with rights to shares without pre-emptive subscription rights through a public offer) tabled at this Meeting of 13 April 2023, to increase the number of securities offered for subscription, on the basis allowed under Article L.225-135-1, provided that the ceiling specified in the related resolution is not exceeded.

This authorisation would enable the Board to offer additional shares on the same terms as for the original offer, by permitting the exercise of a greenshoe option in the event that an offer is over-subscribed.

In accordance with Article R.225-118 of the French Commercial Code, the Board of Directors would be authorised to decide, within 30 days of the close of the original subscription period for each issue decided pursuant to the first, second and third extraordinary resolutions tabled at this Meeting of 13 April 2023, to increase the number of shares offered by up to 15% compared to the original offer, provided that this does not result in the ceiling set in the relevant resolution being exceeded.

The Board would be authorised to delegate its powers to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to the limits to be set by the Board.

1.6. Issue of securities in connection with a public exchange offer made by the Company (sixth extraordinary resolution)

A delegation of competence is being sought in accordance with Articles L.225-129-2, L.22-10-54 and L.228-92 of the French Commercial Code to allow the Board to use the authorisation given in the second extraordinary resolution to issue ordinary shares and securities with immediate or deferred rights to ordinary shares in payment for shares tendered to a public exchange offer by SFL for the shares of another company traded on a regulated market in a country that is a member of the European Economic Area or of the OECD.

The procedure allows shares to be exchanged without SFL being required to implement the procedures applicable to contributions of shares or other securities.

The rules described in the above section on the second extraordinary resolution would also apply to issues carried out under the sixth extraordinary resolution, except those concerning the issue price of ordinary shares or securities with rights to ordinary shares, and the priority subscription right for existing shareholders.

Existing shareholders would not have a pre-emptive right to subscribe for the new shares and shareholders are therefore asked to waive this right, on the same basis as under the second extraordinary resolution.

For each issue, the Board would be authorised to decide the type and characteristics of the ordinary shares or securities with rights to ordinary shares, the exchange ratio and the amount of any cash payment that would be due if application of the exchange ratio resulted in rights to fractions of shares. The amount of the capital increase would depend on the number of shares of the target tendered to the offer, taking into account the number of ordinary shares and securities with rights to ordinary shares issued and the exchange ratio.

The aggregate par value of ordinary shares issued under this delegation, which is the subject of a special resolution, would be capped at €100 million. This amount represents the ceiling for cumulative share issues carried out under the first, second, third and seventh extraordinary resolutions tabled at this Meeting of 13 April 2023. It does not take into account the effect on the amount of the capital increase of any adjustments that may be made to protect the rights of holders of securities with rights to ordinary shares.

The delegation is being sought for a period of 26 months from the date of this Meeting.

1.7. Issues in payment for contributed shares or securities with rights to shares or securities (seventh extraordinary resolution)

In accordance with the rules introduced in Articles L.225-147 and L.22-10-53 of the French Commercial Code, the seventh extraordinary resolution concerns a 26-month delegation of powers sought by the Board of Directors to issue ordinary shares and securities with rights to ordinary shares in payment for shares or securities with rights to shares contributed to the Company under transactions that are not governed by Article L.22-10-54 of the French Commercial Code. Issues under this authorisation would be capped at 10% of the Company's capital at the issue date, taking into account any adjustments made after this Meeting of 13 April 2023.

Shareholders would be required to waive their pre-emptive right to subscribe for the new shares or securities, in favour of the holders of the contributed shares or securities.

In addition, if the delegation of powers was used to issue securities with rights to ordinary shares, shareholders would automatically be considered as having waived their pre-emptive right to subscribe for the shares issued on exercise of said rights.

Issues under this delegation would be deducted from the amount available under the blanket ceiling set in the eighth extraordinary resolution for issues carried out under the first to seventh extraordinary resolutions.

If the seventh extraordinary resolution was used, the Board would be authorised to approve the value attributed to the contributed shares or securities and to the benefits granted, based on the valuation report issued by the expert appraiser of capital contributions, in the same way as if the transaction had been presented to shareholders for approval (paragraphs 1 and 2 of Article L.225-147 of the French Commercial Code), and to place on record the capital increases carried out under the resolution. The Board could also reduce the value attributed to the contributed shares or securities or the remuneration of any benefits granted, with the agreement of the parties making the contribution.

The Board would be given the necessary powers to act on this authorisation and to amend the Articles of Association to reflect the resulting capital increase(s).

The Board would be authorised to delegate its powers to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to the limits to be set by the Board.

1.8. Blanket ceiling on the authorisations (eighth extraordinary resolution)

Shareholders are asked to set at €100,000,000 the aggregate par value of ordinary shares issued directly and/or at a future date on exercise of the rights attached to securities with deferred rights to ordinary shares under the authorisations sought in the first to seventh extraordinary resolutions tabled at this Meeting of 13 April 2023. The par value of any ordinary shares to be issued to protect the rights of holders of securities with rights to ordinary shares pursuant to the law or the applicable contractual terms would be in addition to this ceiling.

1.9. Capital increase to be paid up by capitalising reserves, profits or share premiums (ninth extraordinary resolution)

The ninth extraordinary resolution concerns a delegation of competence sought by the Board of Directors to increase the capital by capitalising reserves, profits or share premiums. This type of transaction, which does not necessarily lead to the issue of new ordinary shares, is governed by specific legal provisions contained in Article L.225-130 of the French Commercial Code. The delegation of competence is subject to the quorum and majority voting rules applicable to Ordinary General Meetings, which is why a separate resolution is being tabled.

The 26-month delegation of competence would enable the Board of Directors to decide to increase the capital by up to €25 million through one or several transactions. This ceiling does not include the par value of any ordinary shares to be issued to protect the rights of holders of securities with rights to ordinary shares. In addition, it is independent and separate from the ceilings set in the first to seventh extraordinary resolutions.

The Board of Directors would have full powers to decide the items and amounts to be capitalised, as well as the method to be used to carry out the capital increase (increase in the par value of shares and/or bonus share issue), to place on record each capital increase and amend the Articles of Association to reflect the new capital, and to make any and all adjustments required by law.

If the capital increase was carried out by issuing bonus shares, with future or retroactive dividend rights, the Board could decide that rights to fractions of shares would be non-transferable, and that the corresponding shares would be sold, in which case the sale proceeds would be allocated among holders of rights to fractions of shares within the period stipulated in the applicable regulations.

The Board would be authorised to delegate its powers to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to the limits to be set by the Board.

2. Specific authorisations

2.1. Authorisation to cancel SFL shares acquired under a share buyback programme (tenth extraordinary resolution)

In relation to the fifteenth ordinary resolution of this Meeting (share buyback programme) and in accordance with Article L.22-10-62 of the French Commercial Code, shareholders are asked to give the Board of Directors an 18-month authorisation to cancel all or some of the SFL shares bought back under the share buyback programme authorised in the fifteenth ordinary resolution or any other share buyback programme and therefore reduce the share capital.

According to the applicable legislation, the Company could only cancel shares representing up to 10% of its issued capital in any 24-month period.

2.2. Share issues to employees who are members of an SFL Employee Share Ownership plan (eleventh extraordinary resolution)

Article L.225-129-6 of the French Commercial Code stipulates that when companies seek shareholder authorisation to issue shares for cash, they must also table a resolution authorising an employee share issue governed by Articles L.3332-18 *et seq.* of the French Labour Code.

The Board of Directors is therefore seeking a delegation of competence to issue ordinary shares or securities with rights to ordinary shares to employees and retired employees who are members of a Employee Share Ownership Plan set up by the SFL Group, or to make grants of ordinary shares or securities with rights to ordinary shares, to be paid up by capitalising reserves, profits, share premiums or other items. These issues would be governed by the employee share ownership provisions of the French Commercial Code (Articles L.22-10-49, L.225-129-6, L.225-138 I and II and L.225-138-1) and the French Labour Code (Articles L.3332-18 *et seq.*).

This delegation of competence is being sought for a period of 26 months. The aggregate nominal amount of ordinary shares that could be issued under the authorisation, either directly or at a future date on exercise of rights attached to securities with deferred rights to ordinary shares would be capped at €500,000. This ceiling (i) does not include the nominal amount of any ordinary shares to be issued to protect the rights of holders of securities with rights to ordinary shares, and (ii) is independent and separate from all other ceilings on issues of ordinary shares.

The shares would be offered at a discount of 30% or, if the lock-up period provided for in the plan in accordance with Article L.3332-25 of the French Labour Code was ten years or more, 40% of the average of the opening prices quoted for SFL shares on Euronext Paris over the 20 trading days immediately preceding the date on which the opening date of the subscription period was decided. However, shareholders could decide to authorise the Board to reduce the discount in the case of an offer to members of a Group Employee Share Ownership Plan of shares or securities on the international market and/or outside France, to comply with any local laws.

The Board would also be authorised to replace all or part of the discount with a free grant of ordinary shares or securities with rights to ordinary shares. The terms of any such grant of ordinary shares or securities with rights to ordinary shares would have to comply with Article L.3332-26 of the French Labour Code.

If shareholders adopt this resolution, they would be required to waive their pre-emptive subscription rights to the ordinary shares or securities with rights to ordinary shares in favour of the employees and retired employees who are members of the Employee Share Ownership Plan. They would also be considered as having automatically waived their pre-emptive right to subscribe for shares issued to these employees and retired employees on exercise of the rights attached to securities with rights to ordinary shares.

The Board would be authorised to delegate its powers to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to the limits to be set by the Board.

2.3. Authorisation to grant stock options to employees and the Chairman, the Chief Executive Officer and the Managing Director of the Company (twelfth extraordinary resolution)

The Board is seeking an authorisation – which could be sub-delegated to any person to whom the powers may be delegated pursuant to the law – to grant stock options to the Chairman, the Chief Executive Officer and the Managing Director of the Company and all or selected employees of the Company or of related companies. Each option would be exercisable for one new or existing ordinary share.

This authorisation would enable the Board to reward grantees for their commitment to the Company, by enabling them to become shareholders and thus give them a stake in the Company's development.

If the authorisation was used to grant options on new shares, shareholders would be asked to waive, in favour of the option holders, their pre-emptive right to subscribe for the shares to be issued on exercise of the options.

If the authorisation was used to grant options exercisable for existing shares, these shares would be purchased by the Company under the share buyback programme to be authorised in the fifteenth ordinary resolution of this Meeting of 13 April 2023 or any past or future buyback programme.

The option exercise price would represent at least 95% of the average of the prices quoted for SFL shares on Euronext Paris over the 20 trading days immediately preceding the option grant date. No options would be granted in the 20 trading days that follow the dividend payment date in cash or in shares.

In addition, if the authorisation was used to grant options on existing shares, the option exercise price would not represent less than 80% of the average price paid for the shares held by the Company under the share buyback programme to be authorised in the fifteenth ordinary resolution of this Meeting or any past or future buyback programme.

The exercise price will not be adjusted during the life of the options, except in the case of any financial transactions or corporate actions for which the Company is required by law to take the necessary measures to protect option holders' interests. In any such case, the Board of Directors would implement the necessary measures to take into account the effect of the corporate action(s), in accordance with the applicable regulations. In particular, the decision could be made to temporarily suspend the right to exercise the options following a corporate action that gave rise to an adjustment in accordance with Article 225-181.2 of the French Commercial Code or any other financial transaction where the Board considered that it was appropriate to suspend option exercise rights.

The authorisation is being sought for a period of 38 months from the date of this Meeting of 13 April 2023. The total number of options granted would not be exercisable for a number of ordinary shares representing, on the grant date, more than 3% of the Company's share capital as of the date of this Meeting and, within this limit, the number of options granted to the Chairman, the Chief Executive Officer and the Managing Director would not be exercisable for a number of ordinary shares representing more than 0.2% of the Company's share capital as of the date of this Meeting. Any shares to be issued to protect the rights of holders of securities carrying rights to shares would not be taken into account for the purpose of determining if these ceilings were met.

Cancellation of authorisations and delegations of competence given at the Extraordinary Meetings of 3 April 2020 and 15 April 2021.

If the extraordinary resolutions tabled at this Meeting are adopted by shareholders, the unused portions of the authorisations and delegations of competence to the same effect given to the Board of Directors by the Extraordinary General Meetings of 3 April 2020 and 15 April 2021 will be automatically cancelled.

3. Alignments and amendments of the Articles of Association

3.1. Delegation of authority to the Board of Directors to make the necessary changes to the Articles of Association to comply with new legislative and regulatory provisions, subject to the changes being ratified at the next Extraordinary General Meeting (thirteenth extraordinary resolution)

Shareholders are invited to adopt the thirteenth extraordinary resolution giving full powers to the Board of Directors to align the Articles of Association with new legislative and regulatory provisions, subject to the changes being ratified at the next Extraordinary General Meeting.

The Board of Directors

Appendix 15.6 – Agenda and proposed resolutions for the Annual General Meeting of 13 April 2023

Agenda

Ordinary Meeting

1. Approval of the Company financial statements for the year ended 31 December 2022.

2. Approval of the consolidated financial statements for the year ended 31 December 2022.

3. Appropriation of profit for the year ended 31 December 2022 and dividend.

4. Special report of the Statutory Auditors on the agreements referred to in Articles L.225-38 *et seq.* of the French Commercial Code, signed in 2022, and approval of these agreements.

5. Special report of the Statutory Auditors on the agreements referred to in Articles L.225-38 *et seq.* of the French Commercial Code, signed in 2023, and approval of these agreements.

6. Re-election as a director of Carmina Ganyet i Cirera.

7. Re-election as a director of Alexandra Rocca.

8. Re-election as a director of Juan José Brugera Clavero.

9. Re-appointment as Statutory Auditor of Deloitte & Associés.

10. Approval of the remuneration policy applicable to the Chairman of the Board of Directors, the Chief Executive Officer, the Managing Director and the members of the Board of Directors in accordance with Article L.22-10-8 II of the French Commercial Code.

11. Approval of the remuneration paid or awarded to the Chairman of the Board of Directors, the Chief Executive Officer, the Managing Director and the members of the Board of Directors for the year ended 31 December 2022, in accordance with Article L.22-10-34 I of the French Commercial Code.

12. Approval of the components of the remuneration paid or awarded to Juan José Brugera Clavero, Chairman of the Board of Directors from 1 January to 7 April 2022, for the year ended 31 December 2022.

13. Approval of the components of the remuneration paid or awarded to Nicolas Reynaud, Chief Executive Officer from 1 January to 30 June 2022, for the year ended 31 December 2022.

14. Approval of the components of the remuneration paid or awarded to Dimitri Boulte, Chief Executive Officer, for the period from 1 July to 31 December 2022.

15. Authorisation to be given to the Board of Directors to carry out a share buyback programme governed by Article L.22-10-62 of the French Commercial Code, duration of the authorisation, purposes, terms and conditions, and ceiling.

16. Powers to carry out formalities.

Extraordinary Meeting

1. Delegation of competence to the Board of Directors to issue ordinary shares or securities with immediate or deferred rights to ordinary shares, with pre-emptive subscription rights for existing shareholders, duration of the delegation, maximum aggregate par value of resulting share issue(s), option to offer any shares or securities not taken up by existing shareholders for subscription by the public.

2. Delegation of competence to the Board of Directors to issue ordinary shares or securities with immediate or deferred rights to ordinary shares, without pre-emptive subscription rights for existing shareholders, through a public offer other than an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Monetary and Financial Code (*Code monétaire et financier*), duration of the delegation, maximum aggregate nominal amount of the resulting share issue(s), issue price.

3. Delegation of competence to the Board of Directors to issue ordinary shares or securities with immediate or deferred rights to ordinary shares, without pre-emptive subscription rights for existing shareholders, through an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Monetary and Financial Code, duration of the delegation, maximum aggregate nominal amount of the resulting share issue(s), issue price.

4. Authorisation given to the Board of Directors to set the issue price, by the method decided by the shareholders at Annual General Meetings, for issues of ordinary shares or securities with rights to shares, without pre-emptive subscription rights for existing shareholders, through (i) a public offer other than an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Commercial Code, or (ii) an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Monetary and Financial Code.

5. Authorisation given to the Board of Directors, for share issues with or without pre-emptive subscription rights for existing shareholders, to increase the number of shares issued.

6. Delegation of competence to the Board of Directors to issue ordinary shares or securities with rights to ordinary shares in connection with a public exchange offer made by the Company, duration of the delegation.

7. Delegation of powers to the Board of Directors to issue ordinary shares or securities with rights to ordinary shares in payment for contributed shares or securities with rights to shares of another company, other than in connection with a public exchange offer made by the Company, duration of the delegation, maximum aggregate amount of the capital increase(s), procedure for dealing with rights to fractions of shares.

8. Blanket ceiling on financial authorisations.

9. Delegation of competence to the Board of Directors to increase the Company's capital by capitalising reserves, profits or share premiums, duration of the delegation, maximum aggregate amount of the capital increase(s), issue price.

10. Authorisation to be given to the Board of Directors to cancel shares held in treasury stock pursuant to Article L.22-10-62 of the French Commercial Code, duration of the authorisation, and ceiling.

11. Delegation of competence to the Board of Directors to issue shares to employees who are members of an Employee Share Ownership Plan, without pre-emptive subscription rights for existing shareholders, duration of the authorisation, purposes, terms and conditions, and ceiling.

12. Authorisation to be given to the Board of Directors to grant stock options to employees and to the Chairman, the Chief Executive Officer and the Managing Director of the Company, waiver of shareholders' pre-emptive subscription rights for the shares issued on exercise of the options, duration of the authorisation, ceiling, exercise price, maximum life of the options.

13. Delegation of authority to the Board of Directors to make the necessary changes to the Articles of Association to comply with new legislative and regulatory provisions, subject to the changes being ratified at the next Extraordinary General Meeting.

14. Powers to carry out formalities.

Ordinary resolutions

FIRST ORDINARY RESOLUTION (Approval of the Company financial statements for the year ended 31 December 2022)

The Ordinary General Meeting, having considered the Board of Directors' Corporate Governance Report, the Board of Directors' Management Report and the Statutory Auditors' report on the Company financial statements, and acting under the quorum and majority voting rules applicable to Ordinary General Meetings, approves the Company financial statements for the year ended 31 December 2022 as presented, showing a profit of €58,233,160.84, together with the transactions reflected in these financial statements or described in these reports.

SECOND ORDINARY RESOLUTION (Approval of the consolidated financial statements for the year ended 31 December 2022)

The Ordinary General Meeting, having considered the Board of Directors' Corporate Governance Report, the Group Management Report included in the Board of Directors' Management Report, and the Statutory Auditors' report on the consolidated financial statements, and acting under the quorum and majority voting rules applicable to Ordinary General Meetings, approves the consolidated financial statements for the year ended 31 December 2022 as presented, showing profit attributable to owners of the parent of €143,430 thousand, as well as the transactions reflected in these financial statements or described in these reports.

THIRD ORDINARY RESOLUTION (Appropriation of profit for the year ended 31 December 2022 and dividend)

The Ordinary General Meeting, having considered the Board of Directors' Management Report and the Statutory Auditors' report on the Company financial statements, and acting under the quorum and majority voting rules applicable to Ordinary General Meetings:

1. Notes that profit for the year ended 31 December 2022, after tax and additions to provisions, amounts to €58,233,160.84.

2. Notes that profit available for distribution, including retained earnings brought forward from the prior year, is as follows:

Net profit for the year ended 31 December 2022	€58,233,160.84
Retained earnings brought forward from the prior year	€913,557,734.35
Profit available for distribution	€971,790,895.19

3. Approves the recommendation of the Board of Directors and resolves to pay shareholders a dividend per share of €4.20, representing a total payout of €180,031,803 based on the 42,864,715 shares outstanding at 31 December 2022.

4. Approves the recommendation of the Board of Directors and resolves to deduct the total dividend from profit for the year for €58,233,160.84 and from retained earnings for €121,798,642.16, after which retained earnings will amount to €791,759,092.19.

Dividends not payable on shares held in treasury stock on the dividend payment date and any dividends waived by shareholders will be credited to retained earnings. The total dividend will be adjusted accordingly.

SFL shares will trade ex-dividend from 17 April 2023.

The dividend will be paid in cash as from 19 April 2023.

The Annual General Meeting gives the Board of Directors full powers, which may be delegated to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director, to implement this resolution, and to place on record the actual amount of dividends distributed and the amount credited to retained earnings.

The Annual General Meetings notes that the dividend of €180,031,803 (€4.20 per share) will qualify as securities revenue *(revenu de capitaux mobiliers)* as defined in Article 158, 3-1°, of the French Tax Code (*Code général des impôts*). The total amount will be paid out of profit that was previously exempt from corporate income tax under the tax rules applicable to French real estate investment trusts ("SIICs"), as set out in Article 208 C of the French Tax Code.

Consequently, shareholders will not be entitled to the 40% tax relief provided for in Article 158, 3-2°, of the French Tax Code, even if they have made a general election to pay tax at the graduated rate (Article 158, 3-3°b *bis* of the Code).

The dividend will be subject to the flat tax (*prélèvement forfaitaire non libératoire*) provided for in Article 117 *quater* of the French Tax Code and the withholding tax (*retenue à la source*) provided for in Article 119 *bis* of said Code, as follows:

In the case of individual shareholders who are resident in France for tax purposes and whose SFL shares are not held in a "PEA" personal equity plan, the dividend will be subject to a flat tax of 12.8% in accordance with Article 117 *quater* of the French Tax Code.

Dividends will be subject to withholding tax at the rate of 12.8% if they are paid to individual shareholders who are not resident in France for tax purposes. This rate will be increased to:
– 15% if the dividends are paid to (i) non-profit organisations that have their headquarters in a member state of the European Union, Iceland, Norway or Liechtenstein and would be taxed in accordance with Article 206-5 of the French Tax Code if they had their headquarters in France, or (ii) to French OPCVMs, OPCIs, SICAFs or other equivalent French or foreign investment funds;
– 75% if the dividends are paid outside France, in an "uncooperative" country or jurisdiction within the meaning of Article 238-0 A 1 and 2 *bis* -1° of the French Tax Code; or
– 25% in all other cases (Articles 119 *bis* and 187 of the French Tax Code).

However, a lower withholding tax rate may apply to residents of countries that have signed a double tax treaty with France. Shareholders resident in such countries will be required to provide a certificate of residence to benefit from the treaty rate.

If a corporate shareholder owns, directly or indirectly, at least 10% of the dividend rights and if the dividends received by that shareholder are exempt from French corporate income tax or an equivalent foreign tax, SFL will have to pay a 20% tax on the dividends paid to the shareholder concerned out of profits generated by "SIIC" activities, provided that the shareholder fulfils the above-mentioned conditions. To avoid the 20% tax, the non-resident shareholder would have to provide a certificate stating that the dividends paid out of the "SIIC" profits would be subject to an amount of foreign tax that is no more than two-thirds less than the corporate income tax that would have been paid in France if the profits had not qualified for the "SIIC" regime (Article 208 C II *ter* of the French Tax Code).

In accordance with Article 243 *bis* of the French Tax Code, information on dividends paid in the last three years is provided below:

Year	Dividend per share	Portion of the dividend qualifying for the 40% tax allowance	Portion of the dividend not qualifying for the 40% tax allowance for shareholders resident in France	Portion of the dividend classified as a return of capital	Total dividend(1)
2019	€2.65	€0.28	€2.37	–	€123,301,781.10
2020	€2.10	€0.0582	€0.8929	€1.1489	€97,710,845.40
2021	€4.20	€0.00	€4.20	€0.00	€180,031,803.00

(1) Not including dividends not paid on shares held in treasury.

FOURTH ORDINARY RESOLUTION (Special report of the Statutory Auditors on the agreements referred to in Articles L. 225-38 *et seq.* of the French Commercial Code, signed in 2022, and approval of these agreements)

The Ordinary General Meeting, having considered the Board of Directors' report on corporate governance and the Statutory Auditors' special report on agreements governed by Articles L.225-38 *et seq.* of the French Commercial Code, and acting under the quorum and majority voting rules applicable to Ordinary General Meetings, resolves to approve the new agreements signed in 2022 that are mentioned therein.

FIFTH ORDINARY RESOLUTION (Special report of the Statutory Auditors on the agreements referred to in Articles L. 225--38 *et seq.* of the French Commercial Code, signed in 2023, and approval of these agreements)

The Ordinary General Meeting, having considered the Board of Directors' report on corporate governance and the Statutory Auditors' special report on agreements governed by Articles L.225-38 *et seq.* of the French Commercial Code, and acting under the quorum and majority voting rules applicable to Ordinary General Meetings, resolves to approve the new agreement signed in 2023 that is mentioned therein.

SIXTH ORDINARY RESOLUTION (Re-election as a director of Carmina Ganyet i Cirera)

The Ordinary General Meeting, having noted that Carmina Ganyet i Cirera's term of office as a director expires at the close of the Meeting, and acting under the quorum and majority voting rules applicable to Ordinary General Meetings, resolves to re-elect her for a three-year term expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2025.

SEVENTH ORDINARY RESOLUTION (Re-election as a director of Alexandra Rocca)

The Ordinary General Meeting, having noted that Alexandra Rocca's term of office as a director expires at the close of the Meeting, and acting under the quorum and majority voting rules applicable to Ordinary General Meetings, resolves to re-elect her for a three-year term expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2025.

EIGHTH ORDINARY RESOLUTION (Re-election as a director of Juan José Brugera Clavero)

The Ordinary General Meeting, having noted that Juan José Brugera Clavero's term of office as a director expires at the close of the Meeting, and acting under the quorum and majority voting rules applicable to Ordinary General Meetings, resolves to re-elect him for a one-year term expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2023.

NINTH ORDINARY RESOLUTION (Re-appointment as Statutory Auditor of Deloitte & Associés)

The Ordinary General Meeting, having considered the report of the Board of Directors and noted that the appointment of Deloitte & Associés as Statutory Auditor expires at the close of the Meeting, and acting under the quorum and majority voting rules applicable to Ordinary General Meetings, resolves to re-appoint Deloitte & Associés as Statutory Auditor for a period of six years expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2028.

TENTH ORDINARY RESOLUTION (Approval of the remuneration policy applicable to the Chairman of the Board of Directors, the Chief Executive Officer, the Managing Director and the members of the Board of Directors in accordance with Article L.22-10-8 II of the French Commercial Code)

The Ordinary General Meeting, having considered the Board of Directors' Corporate Governance Report, and acting under the quorum and majority voting rules applicable to Ordinary General Meetings, resolves, in accordance with Articles L.22-10-8 II and R.22-10-14 of the French Commercial Code, to approve the 2023 remuneration policy applicable to the Chairman of the Board of Directors, the Chief Executive Officer, the Managing Director and the members of the Board of Directors, as described in section 4 of the Corporate Governance Report presented by the Board of Directors for the year ended 31 December 2022.

ELEVENTH ORDINARY RESOLUTION (Approval of the remuneration paid or awarded to the Chairman of the Board of Directors, the Chief Executive Officer, the Managing Director and the members of the Board of Directors for the year ended 31 December 2022, in accordance with Article L.22-10-34 I of the French Commercial Code)

The Ordinary General Meeting, having considered the Board of Directors' Corporate Governance Report, and acting under the quorum and majority voting rules applicable to Ordinary General Meetings, resolves, in accordance with Article L.22-10-34 I of the French Commercial Code, to approve the disclosures made in accordance with said Article concerning the remuneration paid or awarded to the Chairman of the Board of Directors, the Chief Executive Officer, the Managing Director and the members of the Board of Directors for the year ended 31 December 2022, as described in section 5 of the Corporate Governance Report presented by the Board of Directors for the year ended 31 December 2022.

TWELFTH ORDINARY RESOLUTION (Approval of the components of the remuneration paid or awarded to Juan José Brugera Clavero, Chairman of the Board of Directors from 1 January to 7 April 2022, for the year ended 31 December 2022)

The Ordinary General Meeting, having considered the Board of Directors' Corporate Governance Report, and acting under the quorum and majority voting rules applicable to Ordinary General Meetings, resolves, in accordance with Article L.22-10-34 II of the French Commercial Code, to approve the fixed, variable and special components of the total remuneration and benefits paid or awarded for the year ended 31 December 2021 to Juan José Brugera Clavero in his capacity as Chairman of the Board of Directors from 1 January to 7 April 2022, as described in section 5.2.1 of the Board of Directors' Corporate Governance Report for the year ended 31 December 2022.

THIRTENTH ORDINARY RESOLUTION (Approval of the components of the 2022 remuneration paid or awarded to Nicolas Reynaud, Chief Executive Officer from 1 January to 30 June 2022)

The Ordinary General Meeting, having considered the Board of Directors' Corporate Governance Report, and acting under the quorum and majority voting rules applicable to Ordinary General Meetings, resolves, in accordance with Article L.22-10-34 II of the French Commercial Code, to approve the fixed, variable and special components of the total remuneration and benefits paid or awarded for the year ended 31 December 2021 to Nicolas Reynaud in his capacity as Chief Executive Officer from 1 January to 30 June 2022, as described in section 5.2.3 of the Board of Directors' Corporate Governance Report for the year ended 31 December 2022.

FOURTEENTH ORDINARY RESOLUTION (Approval of the components of the 2022 remuneration paid or awarded to Dimitri Boulte, Chief Executive Officer from 1 July to 31 December 2022)

The Ordinary General Meeting, having considered the Board of Directors' Corporate Governance Report, and acting under the quorum and majority voting rules applicable to Ordinary General Meetings, resolves, in accordance with Article L.22-10-34 II of the French Commercial Code, to approve the fixed, variable and special components of the total remuneration and benefits paid or awarded for the year ended 31 December 2021 to Dimitri Boulte in his capacity as Chief Executive Officer from 1 July to 31 December 2022, as described in section 5.2.5 of the Board of Directors' Corporate Governance Report for the year ended 31 December 2022.

FIFTEENTH ORDINARY RESOLUTION (Authorisation to be given to the Board of Directors to carry out a share buyback programme governed by Article L.22-10-62 of the French Commercial Code, duration of the authorisation, purposes, terms and conditions, and ceiling)

The Ordinary General Meeting, having considered the Board of Directors' report, and acting under the quorum and majority voting rules applicable to Ordinary General Meetings, resolves:

1. To cancel, with immediate effect, the unused portion of the authorisation given in the twelfth ordinary resolution of the Annual General Meeting of 7 April 2022 to buy back the Company's shares.

2. To authorise the Board of Directors, in accordance with Articles L.22-10-62 *et seq*. and L.225-210 *et seq.* of the French Commercial Code, to buy back, hold or transfer, in one or several transactions, shares representing up to 10% of the Company's issued capital at the date of this Meeting, as adjusted if applicable to take into account any capital increases or reductions that may take place after this Meeting, subject to the following restrictions:
- The shares may not be bought back at a price in excess of €110 per share, excluding transaction costs, as adjusted if appropriate for the effects of any corporate actions, including any bonus share issue paid up by capitalising reserves and/or any share split or reverse share split.
- Consequently, based on the number of shares outstanding at 31 December 2022, the total amount invested in the share buyback programme will represent a maximum of €471,511,810 corresponding to 4,286,471 ordinary shares. This maximum will be adjusted, if necessary, to reflect the number of shares outstanding at the date of this Meeting and the effects of any future corporate actions.

3. That this authorisation is given for a period of 18 months from the date of this Meeting.

4. That the share buybacks carried out under this authorisation may not under any circumstances result in the Company holding, directly or indirectly, more than 10% of the shares making up its issued capital.

The authorisation may be used at any time, including while a public offer is in progress provided that said offer is for cash only, on the basis and subject to the restrictions – particularly in terms of volumes and price – specified in the laws and regulations applicable on the transaction date. The transactions may be carried out by any appropriate method, including on the market, through a multilateral trading facility, through a "systematic internaliser" (as defined by the Markets in Financial Instruments Directive) or over-the-counter, through block purchases or sales or otherwise, or through the use of options or warrants, or through the remittance of shares following the issue of securities carrying rights to shares or the loan or temporary transfer of securities on the basis approved by the securities regulator. The timing of such transactions will be decided by the Board of Directors or by any person duly authorised by the Board. The entire programme may be carried out through a block purchase.

The shares may be bought back for any purpose allowed by law. The objectives of the share buyback programme shall notably be as follows:
- To purchase shares for allocation to all or selected employees and corporate officers of the Company, and/or related companies and economic interest groupings in accordance with the terms and conditions provided for in the applicable laws, including in connection with (i) the non-discretionary profit-sharing scheme, (ii) any employee share purchase or share grant plan governed by Articles L.3332-1 et seq. of the French Labour Code or other legal provisions or (iii) any stock option plan or share grant plan for all or selected employees and officers of the Company in accordance with Articles L.225-177 *et seq.*, L.22-10-56 *et seq.*, L. 225-197-1 *et seq.*, L. 22-10-59 and L. 22-10-60 *et seq.* of the French Commercial Code.
- To buy and sell shares under a liquidity contract with an investment firm in compliance with the practices allowed under French securities regulations.
- To purchase shares for delivery on exercise of rights attached to securities exercisable, redeemable, convertible or exchangeable, upon presentation of a warrant or otherwise, immediately or at a future date on exercise of the rights attached to securities with deferred rights to shares, for shares of the Company and to cover the Company's obligations towards the holders of these securities.
- To cancel all or some of the shares bought back, in accordance with Article L.22-10-62 of the French Commercial Code, subject to adoption of the tenth extraordinary resolution of this Meeting authorising the Board of Directors to reduce the capital.
- And, more generally, to carry out any transaction leading to an obligation to deliver shares that is permitted or that may be authorized by the applicable regulations.

When shares are bought back under a liquidity contract in accordance with the AMF's General Regulations, the number of shares used to calculate the limit of 10% of the issued capital will correspond to the number of shares purchased minus the number of shares sold during the authorised period.

The Board of Directors shall report to shareholders at each Annual General Meeting on the transactions carried out under this resolution, in accordance with Article L.22-10-62 of the French Commercial Code.

5. That the Board of Directors shall have full powers, including the power of delegation, to implement this authorisation, clarify its terms if necessary, and decide on the method of implementation in accordance with the law and this resolution. Specifically, the Board of Directors is authorised to place buy and sell orders, enter into any and all agreements for the keeping of registers of purchases and sales or other registers, draw up any and all information and other documents, allocate or re-allocate the shares bought back to any of the above purposes, carry out any and all filing and other formalities with the AMF and all other organisations, and generally do whatever is necessary.

SIXTEENTH ORDINARY RESOLUTION (Powers to carry out formalities)

The Ordinary General Meeting, acting under the quorum and majority voting rules applicable to Ordinary General Meetings, gives full powers to the bearer of an extract or copy of the minutes of the Meeting to carry out all necessary formalities.

Extraordinary Resolutions

FIRST EXTRAORDINARY RESOLUTION (Delegation of competence to the Board of Directors to issue ordinary shares or securities with immediate or deferred rights to ordinary shares, with pre-emptive subscription rights for existing shareholders, duration of the delegation, maximum aggregate par value of resulting share issue(s), option to offer any shares or securities not taken up by existing shareholders for subscription by the public)

The Extraordinary General Meeting, having considered the Board of Directors' report and the Statutory Auditors' special report and noted that the Company's issued capital is fully paid up, and acting under the quorum and majority voting rules applicable to Extraordinary General Meetings, resolves, in accordance with Articles L.225-129 *et seq.* and L.22-10-49 *et seq.* of the French Commercial Code, particularly Articles L.225-129-2, L.225-135 and L.22-10-51, and Articles L.228-91 *et seq.* of said Code:

1. To cancel, with immediate effect, the unused portion of the delegation given in the first extraordinary resolution of the Annual General Meeting of 15 April 2021.

2. To grant the Board of Directors a 26-month delegation of competence, from the date of this Meeting, to decide the issue of ordinary shares and/or securities with immediate or deferred rights to ordinary shares, with pre-emptive subscription rights for existing shareholders, to be paid up in cash or by capitalising debt. The Board of Directors shall not use this delegation of competence to issue preference shares or securities with immediate or deferred rights to preference shares.

3. That the aggregate par value of ordinary shares issued under this delegation, either directly or at a future date on exercise of the rights attached to securities with deferred rights to ordinary shares, shall not exceed €100,000,000. This ceiling does not include the nominal amount of any ordinary shares to be issued to protect the rights of holders of securities with rights to ordinary shares pursuant to the law or the applicable contractual terms.

4. That the securities with rights to ordinary shares issued under this delegation may consist of debt securities or securities associated with the issue of debt securities or securities allowing the issue of intermediate debt securities. They may be dated or undated, and subordinated or unsubordinated, and may be denominated in euros, in foreign currency or in any monetary unit determined by reference to a basket of currencies. The aggregate nominal value of said debt securities shall not exceed €2,000,000,000, or the equivalent in foreign currency or monetary units at the date the issue is decided. This ceiling does not include any redemption premiums that may be payable on the securities. This non-cumulative ceiling shall apply to all debt securities that may be issued under this resolution and the second, third, sixth and seventh extraordinary resolutions tabled at this Meeting, but is independent and separate from the ceiling on issues of debt securities that may be decided or authorised by the Board of Directors in application of Article L.228-40 of the French Commercial Code.
   The life of debt securities with rights to ordinary shares of the Company shall not exceed 50 years, although this delegation of confidence may also be used to issue undated debt securities. It may be used to issue fixed and/or floating rate or zero coupon debt securities. The securities may be redeemable in advance at par or at a premium, or repayable in instalments. In addition, they may be bought back on the market or through a cash or exchange offer made by the Company.

5. That this delegation automatically entails the waiver by shareholders of their pre-emptive right to subscribe for any ordinary shares issued on exercise of the rights attached to securities with rights to ordinary shares issued under this delegation.

6. That shareholders shall have a pre-emptive right to subscribe for the ordinary shares or securities with rights to ordinary shares issued under this resolution, pro rata to their existing shareholdings. The terms and conditions under which this pre-emptive right may be exercised will be set by the Board of Directors in accordance with the applicable laws. The Board of Directors may also give shareholders a pre-emptive right to subscribe for ordinary shares or securities with rights to ordinary shares not taken up by other shareholders; in this case, if the issue is oversubscribed, this secondary pre-emptive right will also be exercisable pro rata to the existing shareholdings of the shareholders concerned. If the entire issue is not taken up by shareholders exercising their pre-emptive subscription rights as provided for above, the Board of Directors may take any or all of the following courses of action provided for in Article L.225-134 of the French Commercial Code, in the order of its choice: (i) limit the amount of the issue to the subscriptions received, provided that at least three-quarters of the planned issue is taken up; and/or (ii) freely allocate all or some of the unsubscribed shares or securities, and/or (iii) offer all or some of the unsubscribed shares or securities for subscription by the public, through a public placement in France and/or abroad and/or on the international market.

7. That the Board of Directors shall have full powers to use this delegation of competence and to:

- Determine the characteristics, amounts and terms of the issues and the securities, the category of securities to be issued and, based on the information given in its report, set the subscription price of the shares or other securities, which may or may not include a premium, the method of payment of the subscription price, the future or retroactive date from which the shares or securities have coupon rights and, in the case of securities with rights to ordinary shares, the terms on which the rights are exercisable for ordinary shares.
- Enter into any and all underwriting or other agreements necessary to the issues' success and issue the securities defined above, on one or several occasions on dates and for amounts to be decided by the Board, in France and/or abroad and/or on the international market, and if appropriate, decide to abandon any such issue; place the issues on record; amend the Articles of Association to reflect any resulting increase in capital; carry out any and all filing and other formalities; and obtain any and all authorisations that may be necessary to implement and complete the issues.
- Take any and all necessary measures to protect the rights of holders of rights or of securities with rights to ordinary shares in accordance with the applicable laws and regulations and with any contractual terms providing for adjustments to be made in any other cases.
- At the Board's sole discretion, charge the share issuance costs against the related premium and deduct from the premium the amount necessary to increase the legal reserve to one-tenth of the new capital after each issue.
- If applicable, have the ordinary shares, the securities with rights to ordinary shares, or the ordinary shares issued upon exercise of the rights attached to the securities with rights to ordinary shares, admitted to trading on a regulated market.

The Board may delegate its powers under this resolution to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to the limits to be set by the Board.

SECOND EXTRAORDINARY RESOLUTION (Delegation of competence to the Board of Directors to issue ordinary shares or securities with immediate or deferred rights to ordinary shares, without pre-emptive subscription rights for existing shareholders, through a public offer other than an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Monetary and Financial Code *(Code monétaire et financier),* duration of the delegation, maximum aggregate nominal amount of the resulting share issue(s), issue price)

The Extraordinary General Meeting, having considered the Board of Directors' report and the Statutory Auditors' special report and noted that the Company's issued capital is fully paid up, and acting under the quorum and majority voting rules applicable to Extraordinary General Meetings, resolves, in accordance with Articles L.225-129 *et seq.* and L.22-10-49 *et seq.* of the French Commercial Code, particularly Articles L.225-129-2, L.225-135 and L.22-10-52, and Articles L.228-91 *et seq.* of said Code:

1. To cancel, with immediate effect, the unused portion of the delegation of competence given in the second extraordinary resolution of the Annual General Meeting of 15 April 2021.

2. To grant the Board of Directors a 26-month delegation of competence, from the date of this Meeting, to decide to issue ordinary shares and/or securities with immediate or deferred rights to ordinary shares, on one or several occasions, for the amounts and during the periods of its choice, in France or abroad by means of a public offer other than an offer governed by Article L.411-2, 1° of the French Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders, to be paid up in cash or by capitalising debt. The Board of Directors shall not use this delegation of competence to issue preference shares or securities with immediate and/or deferred rights to preference shares. Any public offers decided pursuant to this resolution may be linked – in a single issue or several simultaneous issues – to offers governed by Article L.411-2, 1° of the French Monetary and Financial Code.

3. That the aggregate nominal amount of ordinary shares issued under this delegation, either directly or at a future date on exercise of the rights attached to securities with deferred rights to ordinary shares, shall not exceed €100,000,000. This ceiling does not include the nominal amount of any ordinary shares to be issued to protect the rights of holders of securities with rights to ordinary shares pursuant to the law or the applicable contractual terms.

4. That the securities with rights to ordinary shares issued under this delegation may consist of debt securities or securities associated with the issue of debt securities or securities allowing the issue of intermediate debt securities. They may be dated or undated, and subordinated or unsubordinated, and may be denominated in euros, in foreign currency or in any monetary unit determined by reference to a basket of currencies.

   The aggregate nominal value of said debt securities shall not exceed €2,000,000,000, or the equivalent in foreign currency or monetary units at the date the issue is decided. This ceiling does not include any redemption premiums that may be payable on the securities. This non-cumulative ceiling shall apply to all debt securities that may be issued under this resolution and the first, third, sixth and seventh extraordinary resolutions tabled at this Meeting, but is independent and separate from the ceiling on issues of debt securities that may be decided or authorised by the Board of Directors in application of Article L.228-40 of the French Commercial Code.

5. That this delegation automatically entails the waiver by shareholders of their pre-emptive right to subscribe for any ordinary shares issued on exercise of the rights attached to securities with rights to ordinary shares issued under this delegation.

6. That shareholders shall not have a pre-emptive right to subscribe for the shares or securities with rights to shares issued under this resolution. However, the Board of Directors may grant shareholders a non-transferable priority subscription right, exercisable pro rata to their existing shareholdings. In addition, shareholders may be given a non-transferable priority right to subscribe for ordinary shares or securities with rights to ordinary shares not taken up by other shareholders; in this case, if the issue is oversubscribed, this secondary pre-emptive right will also be exercisable pro rata to the existing shareholdings of the shareholders concerned. The terms and conditions under which these priority rights may be exercised for all or part of the issue will be set by the Board of Directors in accordance with the applicable laws. Ordinary shares and securities with rights to ordinary shares not taken up by shareholders exercising their priority right will be placed on the market in France and/or abroad and/or on the international market.

7. That if the issue is not taken up in full by investors and shareholders, the Board of Directors may take either or both of the following courses of action provided for in Article L.225-134 of the French Commercial Code, in the order of its choice:
   - Limit the amount of the issue to the subscriptions received, provided that at least three-quarters of the planned issue is taken up; and/or
   - Freely allocate all or some of the unsubscribed shares and/or securities with rights to shares.

8. That the amount received or to be received by the Company for each of the shares and securities with rights to shares issued or to be issued under this delegation – in the case of equity warrant issues, after taking into account the warrants' issue price – shall be at least equal to the minimum price provided for in the laws and/or regulations in force on the issue date, whether or not the securities to be issued immediately or on a deferred basis are fungible with existing equity instruments.

9. That:
   a) The issue price of ordinary shares shall be at least equal to the minimum amount provided for in the laws and regulations in force at the time of issue, adjusted as necessary to take into account differences in cum dividend dates.
   b) The issue price of securities with deferred rights to ordinary shares will be set in such a way that the amount received immediately by the Company plus any amount to be received at a future date for each ordinary share issued as a result of the issue of these securities, is at least equal to the amount defined in a), adjusted as necessary to take into account differences in cum dividend dates.

10. That the Board of Directors shall have full powers to use this delegation of competence and to:
    – Determine the characteristics, amounts and terms of the issues and the securities, the category of securities to be issued and, based on the information given in its report, set the subscription price of the shares or other securities, which may or may not include a premium, the method of payment of the subscription price, the future or retroactive date from which the shares or securities have coupon rights and, in the case of securities with rights to ordinary shares, the terms on which the rights are exercisable for ordinary shares.
    – Enter into any and all underwriting or other agreements necessary to the issues' success and issue the securities defined above, on one or several occasions on dates and for amounts to be decided by the Board, in France and/or abroad and/or on the international market, and if appropriate, decide to abandon any such issue; place the issues on record; amend the Articles of Association to reflect any resulting increase in capital; carry out any and all filing and other formalities; and obtain any and all authorisations that may be necessary to implement and complete the issues.
    – Take any and all necessary measures to protect the rights of holders of rights or of securities with rights to ordinary shares in accordance with the applicable laws and regulations and with any contractual terms providing for adjustments to be made in any other cases.
    – At the Board's sole discretion, charge the share issuance costs against the related premium and deduct from the premium the amount necessary to increase the legal reserve to one-tenth of the new capital after each issue.
    – If applicable, have the ordinary shares, the securities with rights to ordinary shares, or the ordinary shares issued upon exercise of the rights attached to the securities with rights to ordinary shares, admitted to trading on a regulated market.

The Board may delegate its powers under this resolution to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to the limits to be set by the Board.

THIRD EXTRAORDINARY RESOLUTION (Delegation of competence to the Board of Directors to issue ordinary shares or securities with immediate or deferred rights to ordinary shares, without pre-emptive subscription rights for existing shareholders, through an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Monetary and Financial Code, duration of the delegation, maximum aggregate nominal amount of the resulting share issue(s), issue price)

The Extraordinary General Meeting, having considered the Board of Directors' report and the Statutory Auditors' special report and noted that the Company's issued capital is fully paid up, and acting under the quorum and majority voting rules applicable to Extraordinary General Meetings, resolves, in accordance with Articles L.225-129 *et seq.* and L.22-10-49 *et seq.* of the French Commercial Code, particularly Articles L.225-129-2, L.225-135 and L.22-10-52, and Articles L.228-91 *et seq.* of said Code, as well as Article L.411-2, 1° of the French Monetary and Financial Code:

1. To cancel, with immediate effect, the unused portion of the delegation of competence given in the third extraordinary resolution of the Annual General Meeting of 15 April 2021.

2. To grant the Board of Directors a 26-month delegation of competence, from the date of this Meeting, to decide to issue ordinary shares and/or securities with immediate or deferred rights to ordinary shares, on one or several occasions, for the amounts and during the periods of its choice, in France or abroad by means of an offer governed by Article L.411-2, 1° of the French Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders, to be paid up in cash or by capitalising debt. The Board of Directors shall not use this delegation of competence to issue preference shares or securities with immediate and/or deferred rights to preference shares.

3. That the aggregate nominal amount of ordinary shares issued under this delegation, either directly or at a future date on exercise of the rights attached to securities with deferred rights to ordinary shares, shall not exceed €100,000,000. This ceiling does not include the nominal amount of any ordinary shares to be issued to protect the rights of holders of securities with rights to ordinary shares pursuant to the law or the applicable contractual terms.

4. That the number of shares issued in any 12-month period shall not represent more than 20% of the Company's issued capital, said period being calculated from the date of each successive issue. The Board of Directors would check that the 20% limit had not been reached during the 12 months preceding a planned issue, taking into account changes in the Company's issued capital affecting the denominator.

5. That the securities with rights to ordinary shares issued under this delegation may consist of debt securities or securities associated with the issue of debt securities or securities allowing the issue of intermediate debt securities. They may be dated or undated, and subordinated or unsubordinated, and may be denominated in euros, in foreign currency or in any monetary unit determined by reference to a basket of currencies. The aggregate nominal value of said debt securities shall not exceed €2,000,000,000, or the equivalent in foreign currency or monetary units at the date the issue is decided. This ceiling does not include any redemption premiums that may be payable on the securities. This non-cumulative ceiling shall apply to all debt securities that may be issued under this resolution and the first, second, sixth and seventh extraordinary resolutions tabled at this Meeting, but is independent and separate from the ceiling on issues of debt securities that may be decided or authorised by the Board of Directors in application of Article L.228-40 of the French Commercial Code.

6. That this delegation automatically entails the waiver by shareholders of their pre-emptive right to subscribe for any ordinary shares issued on exercise of the rights attached to securities with rights to ordinary shares issued under this delegation.

7. That shareholders shall not have a pre-emptive right to subscribe for the ordinary shares or securities with rights to ordinary shares issued under this delegation.

8. That if the issue is not taken up in full by investors and shareholders, the Board of Directors may take any or all of the following courses of action provided for in Article L.225-134 of the French Commercial Code, in the order of its choice:
   - Limit the amount of the issue to the subscriptions received, provided that at least three-quarters of the planned issue is taken up; and/or
   - Offer all or some of the unsubscribed shares or securities for subscription by the public, through a public placement in France or abroad; and/or
   - Freely allocate all or some of the unsubscribed securities.

9. That:
   a) The issue price of ordinary shares shall be at least equal to the minimum amount provided for in the laws and regulations in force at the time of issue, adjusted as necessary to take into account differences in cum dividend dates.
   b) The issue price of any securities with deferred rights to ordinary shares shall be set in such a way that the amount received immediately by the Company plus any amount to be received at a future date for each ordinary share issued as a result of the issue of these securities, is at least equal to the amount defined in a) above, adjusted as necessary to take into account differences in cum dividend dates.

10. That the Board of Directors shall have full powers to use this delegation of competence and to:
   - Determine the characteristics, amounts and terms of the issues and the securities, the category of securities to be issued and, based on the information given in its report, set the subscription price of the shares or other securities, which may or may not include a premium, the method of payment of the subscription price, the future or retroactive date from which the shares or securities have coupon rights and, in the case of securities with rights to ordinary shares, the terms on which the rights are exercisable for ordinary shares.
   - Enter into any and all underwriting or other agreements necessary to the issues' success and issue the securities defined above, on one or several occasions on dates and for amounts to be decided by the Board, in France and/or abroad and/or on the international market, and if appropriate, decide to abandon any such issue; place the issues on record; amend the Articles of Association to reflect any resulting increase in capital; carry out any and all filing and other formalities; and obtain any and all authorisations that may be necessary to implement and complete the issues.
   - Take any and all necessary measures to protect the rights of holders of rights or of securities with rights to ordinary shares in accordance with the applicable laws and regulations and with any contractual terms providing for adjustments to be made in any other cases.
   - At the Board's sole discretion, charge the share issuance costs against the related premium and deduct from the premium the amount necessary to increase the legal reserve to one-tenth of the new capital after each issue.
   - If applicable, have the ordinary shares, the securities with rights to ordinary shares, or the ordinary shares issued upon exercise of the rights attached to the securities with rights to ordinary shares, admitted to trading on a regulated market.

The Board may delegate its powers under this resolution to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to the limits to be set by the Board.

FOURTH EXTRAORDINARY RESOLUTION (Authorisation given to the Board of Directors to set the issue price, by the method decided by the shareholders at Annual General Meetings, for issues of ordinary shares or securities with rights to shares, without pre-emptive subscription rights for existing shareholders, through (i) a public offer other than an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Commercial Code, or (ii) an offer to a restricted group of investors or to qualified investors governed by Article L.411-2, 1° of the French Monetary and Financial Code.)

The Extraordinary General Meeting, having considered the Board of Directors' report and the Statutory Auditors' special report, and acting under the quorum and majority voting rules applicable to Extraordinary General Meetings, resolves, in accordance with Article L.22-10-52 of the French Commercial Code:

1. To cancel, with immediate effect, the unused portion of the delegation of competence given in the fourth extraordinary resolution of the Annual General Meeting of 15 April 2021.

2. To grant the Board of Directors a 26-month authorisation, from the date of this Meeting, for each issue decided pursuant to the second and third extraordinary resolutions, provided that the number of shares issued in any given 12-month period does not exceed 10% of the Company's issued capital at the date of this Meeting, to depart from the pricing rules stipulated in those resolutions and to set the issue price of the ordinary shares and/or securities with rights to ordinary shares issued through (i) a public offer other than an offer governed by Article L.411-2, 1° of the French Monetary and Financial Code or (ii) an offer governed by Article L.411-2, 1° of the French Monetary and Financial Code, on the basis stipulated below:

a) Ordinary shares may be issued at a discount of no more than 10% to the weighted average SFL share price for the three trading sessions immediately preceding the opening date of the public offer.
b) The issue price of securities with rights to ordinary shares shall be set in such a way that the amount received immediately by the Company plus any amount to be received at a future date for each ordinary share issued as a result of the issue of these securities, is at least equal to the amount defined in a), adjusted as necessary to take into account differences in cum dividend dates.

The aggregate nominal amount of shares issued directly or indirectly under this authorisation will be deducted from the amount by which the capital may be increased under the second and third extraordinary resolutions.

The Board may delegate its powers under this resolution to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to the limits to be set by the Board.

FIFTH EXTRAORDINARY RESOLUTION (Authorisation given to the Board of Directors, for share issues with or without pre-emptive subscription rights for existing shareholders, to increase the number of shares issued)

The Extraordinary General Meeting, having considered the Board of Directors' report and the Statutory Auditors' special report, and acting under the quorum and majority voting rules applicable to Extraordinary General Meetings, resolves, in accordance with Article L.225-135-1 of the French Commercial Code:

1. To cancel, with immediate effect, the unused portion of the authorisation given in the fifth extraordinary resolution of the Annual General Meeting of 15 April 2021.

2. To grant the Board of Directors a 26-month authorisation, from the date of this Meeting, to decide, for any issue carried out pursuant to the first, second and third extraordinary resolutions of this Meeting that is over-subscribed, to increase the number of securities to be issued in order to grant a greenshoe option in line with market practice, in accordance with the above Article L.225-135-1, provided that the ceiling specified in the related resolution is not exceeded.

The Board may delegate its powers under this resolution to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to the limits to be set by the Board.

SIXTH EXTRAORDINARY RESOLUTION (Delegation of competence to the Board of Directors to issue ordinary shares or securities with rights to ordinary shares in connection with a public exchange offer made by the Company, duration of the delegation)

The Extraordinary General Meeting, having considered the Board of Directors' report and the Statutory Auditors' special report, and acting under the quorum and majority voting rules applicable to Extraordinary General Meetings, resolves, in accordance with Articles L.225-129-2, L.22-10-54 and L.228-92 of the French Commercial Code:

1. To cancel, with immediate effect, the unused portion of the authorisation given in the sixth extraordinary resolution of the Annual General Meeting of 15 April 2021.

2. To grant the Board of Directors a 26-month delegation of competence, from the date of this Meeting, to decide to use the second extraordinary resolution to issue – without pre-emptive subscription rights for existing shareholders – ordinary shares or securities with immediate and/or deferred rights to ordinary shares in payment for shares tendered to a public exchange offer or an alternative cash or exchange offer for the shares of another company traded on one of the regulated markets referred to in the above Article L.22-10-54 made by SFL in France or in another country under local rules.

The aggregate par value of ordinary shares issued under this delegation, either directly or at a future date on exercise of the rights attached to securities with deferred rights to ordinary shares, shall not exceed €100,000,000 and shall be deducted from the ceiling set in the second and third extraordinary resolutions of this Meeting. This ceiling does not include the nominal amount of any ordinary shares to be issued to protect the rights of holders of securities with rights to ordinary shares pursuant to the law or the applicable contractual terms.

3. That the securities with rights to ordinary shares issued under this delegation may consist of debt securities or securities associated with the issue of debt securities or securities allowing the issue of intermediate debt securities. They may be dated or undated, and subordinated or unsubordinated, and may be denominated in euros, in foreign currency or in any monetary unit determined by reference to a basket of currencies.

The aggregate nominal value of said debt securities shall not exceed €2,000,000,000, or the equivalent in foreign currency or monetary units at the date the issue is decided. This ceiling does not include any redemption premiums that may be payable on the securities. This non-cumulative ceiling shall apply to all debt securities that may be issued under this resolution and the first, second, third and seventh extraordinary resolutions tabled at this Meeting, but is independent and separate from the ceiling on issues of debt securities that may be decided or authorised by the Board of Directors in application of Article L.228-40 of the French Commercial Code.

4. That this delegation automatically entails the waiver by shareholders of their pre-emptive right to subscribe for any ordinary shares issued on exercise of the rights attached to securities with rights to ordinary shares issued under this delegation.

5. That the Board of Directors shall have full powers to carry out public exchange offers under this delegation and to:
– Set the exchange ratio and any cash payment to be made if application of the exchange ratio results in rights to fractions of shares.
– Set the terms and conditions of issue and the characteristics of securities issued under this delegation.
– Place on record the number of securities tendered to the offer.
– Determine the date and terms of issue, including the price and cum dividend date, of the new ordinary shares or, if applicable, the securities with immediate and/or deferred rights to ordinary shares.
– Take any and all necessary measures to protect the rights of holders of rights or of securities with rights to ordinary shares in accordance with the applicable laws and regulations.
– Record in a "share premium" account in equity, to which all shareholders shall have rights, the difference between the issue price of the new shares and their par value.
– Charge against said premium all costs and fees incurred in connection with the offer.
– If applicable, have the ordinary shares, the securities with rights to ordinary shares, or the ordinary shares issued upon exercise of the rights attached to the securities with rights to ordinary shares, admitted to trading on a regulated market.
– Generally, take any and all appropriate measures and enter into any and all agreements to complete the authorised transaction, place on record the resulting capital increase(s) and amend the Articles of Association to reflect the new capital.

The Board may delegate its powers under this resolution to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to the limits to be set by the Board.

SEVENTH EXTRAORDINARY RESOLUTION (Delegation of powers to the Board of Directors to issue ordinary shares or securities with rights to ordinary shares in payment for contributed shares or securities with rights to shares of another company, other than in connection with a public exchange offer made by the Company, duration of the delegation, maximum aggregate amount of the capital increase(s), procedure for dealing with rights to fractions of shares)

The Extraordinary General Meeting, having considered the Board of Directors' report and the Statutory Auditors' special report, and acting under the quorum and majority voting rules applicable to Extraordinary General Meetings, resolves, in accordance with Articles L.225-147 and L.22-10-53 of the French Commercial Code:

1. To cancel, with immediate effect, the unused portion of the authorisation given in the seventh extraordinary resolution of the Annual General Meeting of 15 April 2021.

2. To grant to the Board of Directors a 26-month delegation of powers, from the date of this Meeting, to issue ordinary shares or securities with immediate and/or deferred rights to ordinary shares, based on the report of the expert appraiser(s) of capital contributions referred to in the first and second paragraphs of the above-mentioned Article L.225-147, in payment for shares or securities with rights to shares of another company that are contributed to the Company under a transaction not governed by Article L.22-10-54 of the French Commercial Code. To this end, the Extraordinary General Meeting resolves to waive, in favour of the contributing parties, the pre-emptive right of existing shareholders to subscribe for these ordinary shares or securities with rights to ordinary shares.

The aggregate par value of ordinary shares issued under this delegation, either directly or at a future date on exercise of the rights attached to securities with rights to ordinary shares, shall not exceed 10% of the Company's issued capital at the issue date. Said 10% limit shall apply to an adjusted number of shares, if necessary, to take into account any corporate actions carried out after this Meeting.

3. That the securities with rights to ordinary shares issued under this delegation may consist of debt securities or securities associated with the issue of debt securities or securities allowing the issue of intermediate debt securities. They may be dated or undated, and subordinated or unsubordinated, and may be denominated in euros, in foreign currency or in any monetary unit determined by reference to a basket of currencies.

The aggregate nominal value of said debt securities shall not exceed €2,000,000,000, or the equivalent in foreign currency or monetary units at the date the issue is decided. This ceiling does not include any redemption premiums that may be payable on the securities. This non-cumulative ceiling shall apply to all debt securities that may be issued under this resolution and the first, second, third and sixth extraordinary resolutions tabled at this Meeting, but is independent and separate from the ceiling on issues of debt securities that may be decided or authorised by the Board of Directors in application of Article L.228-40 of the French Commercial Code.

4. That this delegation automatically entails the waiver by shareholders of their pre-emptive right to subscribe for any ordinary shares issued on exercise of the rights attached to securities with rights to ordinary shares issued under this delegation.

5. That the Board of Directors shall have full powers to use this delegation of powers and to:
– Approve the value attributed to the contributed shares or securities and to the benefits granted, based on the valuation report issued by the expert appraiser(s) of capital contributions referred to in the first and second paragraphs of the above-mentioned Article L.225-147.
– Determine the date and terms of issue, including the price and cum dividend date, of the new ordinary shares and/or, if applicable, the securities with immediate and/or deferred rights to ordinary shares.

– At the Board's sole discretion, charge the share issuance costs against the related premium and deduct from the premium the amount necessary to increase the legal reserve to one-tenth of the new capital after each issue.
– Take any and all necessary measures to protect the rights of holders of rights or of securities with rights to ordinary shares in accordance with the applicable laws and regulations and with any contractual terms providing for adjustments to be made in any other cases.
– If applicable, have the ordinary shares, the securities with rights to ordinary shares, or the ordinary shares issued upon exercise of the rights attached to the securities with rights to ordinary shares, admitted to trading on a regulated market.
– Place on record the capital increases carried out under this delegation, amend the Articles of Association to reflect the new capital, carry out any and all filing and other formalities and obtain any and all authorisations that are necessary to carry out the contributions.

The Board may delegate its powers under this resolution to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to the limits to be set by the Board.

EIGHTH EXTRAORDINARY RESOLUTION (Blanket ceiling on financial authorisations)

The Extraordinary General Meeting, having considered the Board of Directors' report, and acting under the quorum and majority voting rules applicable to Extraordinary General Meetings, resolves to set at €100,000,000 the maximum aggregate nominal amount of ordinary shares that may be issued directly or on exercise of the rights attached to securities with rights to ordinary shares issued under the authorisations given in the first, second, third, fourth, fifth, sixth and seventh extraordinary resolutions of this Meeting. This ceiling shall not include the nominal amount of ordinary shares to be issued to protect the rights of holders of securities with rights to ordinary shares.

NINTH EXTRAORDINARY RESOLUTION (Delegation of competence to the Board of Directors to increase the Company's capital by capitalising reserves, profits or share premiums, duration of the delegation, maximum aggregate amount of the capital increase(s), issue price)

The Ordinary General Meeting, having considered the Board of Directors' report, resolves, in accordance with Articles L.225-129-2, L.225-130 and L.22-10-50 of the French Commercial Code and under the quorum and majority voting rules applicable to Ordinary General Meetings:

1. To cancel, with immediate effect, the unused portion of the delegation of competence given in the ninth extraordinary resolution of the Annual General Meeting of 15 April 2021.

2. To grant to the Board of Directors a 26-month delegation of competence from the date of this Meeting, to increase the capital on one or several occasions, in periods and under the terms and conditions of its choice, to be paid up by capitalising reserves, profits, share premiums or any other capitalisable amounts and issuing bonus shares or raising the par value of existing shares or both.

3. To give full powers to the Board of Directors to decide that rights to fractions of shares shall be non-transferable and that the corresponding shares will be sold, with the proceeds from the sale allocated among the holders of rights to fractions of shares within the period specified in the applicable regulations.

4. That the aggregate amount by which the capital may be increased under this delegation shall not exceed €25,000,000. This ceiling does not include the par value of any ordinary shares to be issued to protect the rights of holders of securities with rights to ordinary shares. In addition, it is independent and separate from the ceilings on issues of ordinary shares – directly or at a future date on exercise of rights attached to securities with rights to ordinary shares – carried out under the first, second, third, fourth, fifth, sixth and seventh extraordinary resolutions.

5. That the Board of Directors shall have full powers to use this delegation of powers and to:

– Set the amounts to be capitalised and decide on the accounts from which the funds will be transferred.
– Set the number of ordinary shares to be issued and/or the amount by which the par value of existing shares will be increased.
– Decide the future or retroactive date from which the new shares will carry rights or the increase in par value will be effective.
– Decide that any rights to fractions of shares shall be non-transferable and that the corresponding shares will be sold, with the proceeds from the sale allocated among the holders of rights to fractions of shares within the period specified in the applicable regulations.
– Take any and all necessary measures to protect the rights of holders of rights or of securities with rights to ordinary shares in accordance with the applicable laws and regulations and with any contractual terms providing for adjustments to be made in any other cases.
– At the Board's sole discretion, charge the share issuance costs against one or several reserve accounts and deduct from said account(s) the amount necessary to increase the legal reserve to one-tenth of the new capital after each issue.
– If applicable, have the new shares admitted to trading on a regulated market.
– Place on record the capital increases carried out under this delegation, amend the Articles of Association to reflect the new capital, carry out any and all filing and other formalities and obtain any and all authorisations that are necessary to complete the capital increase.

The Board may delegate its powers under this resolution to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to the limits to be set by the Board.

TENTH EXTRAORDINARY RESOLUTION (Authorisation to be given to the Board of Directors to cancel shares held in treasury stock pursuant to Article L.22-10-62 of the French Commercial Code, duration of the authorisation, and ceiling)

The Extraordinary General Meeting, having considered the Board of Directors' report and the Statutory Auditors' special report, and acting under the quorum and majority voting rules applicable to Extraordinary General Meetings, resolves, in accordance with Article L.22-10-62 of the French Commercial Code:

1. To authorise the Board of Directors to cancel, on one or several occasions, all or some of the shares held by the Company or that may be held in the future following utilisation of the various buyback authorisations given by the Annual General Meeting to the Board of Directors, provided that the number of shares cancelled in any 24-month period does not exceed 10% of the total shares outstanding on the transaction date. Said 10% limit shall apply to an adjusted number of shares, if necessary, to take into account any corporate actions carried out after this Meeting.

2. To authorise the Board of Directors to charge the difference between the cost of the cancelled shares and their par value to any available premium or reserve account.

3. To give full powers to the Board of Directors – directly or through a representative appointed in accordance with the applicable laws and regulations – to carry out the capital reduction(s) resulting from the share cancellations authorised by this resolution, determine and place on record the final amount of the capital reduction(s), record the corresponding accounting entries, amend the Articles of Association to reflect the new capital and generally carry out any and all necessary formalities.

4. To set at 18 months from the date of this Meeting the period of validity of this authorisation, which cancels and replaces all previous authorisations with the same purpose.

ELEVENTH EXTRAORDINARY RESOLUTION (Delegation of competence to the Board of Directors to issue shares to employees who are members of an Employee Share Ownership Plan, without pre-emptive subscription rights for existing shareholders, duration of the authorisation, purposes, terms and conditions, and ceiling)

The Extraordinary General Meeting, having considered the Board of Directors' report and the Statutory Auditors' special report, and acting under the quorum and majority voting rules applicable to Extraordinary General Meetings, resolves, in accordance with Articles L.22-10-49, L.225-129-6, L.225-138 I and II and L.225-138-1 of the French Commercial Code and Articles L.3332-18 *et seq.* of the French Labour Code:

1. To cancel, with immediate effect, the unused portion of the delegation of competence given in the twelfth extraordinary resolution of the Annual General Meeting of 15 April 2021.

2. To grant to the Board of Directors a 26-month delegation of competence, from the date of this Meeting, to decide to increase the capital on one or several occasions, in the periods and under the terms and conditions of its choice, by issuing ordinary shares or securities with rights to ordinary shares to employees and retired employees who are members of an SFL Group Employee Share Ownership Plan or by making grants of shares or securities with rights to shares paid up by capitalising reserves, profits or share premiums, within the limits set in the applicable laws and regulations.

3. The aggregate nominal amount of ordinary shares issued under this delegation, either directly or at a future date, shall not exceed €500,000. This ceiling (i) does not include the nominal amount of any ordinary shares to be issued in respect of adjustments made to protect the rights of holders of securities with rights to ordinary shares and (ii) is independent and separate from all other ceilings on issues of ordinary shares.

If an issue is not taken up in full, the amount of the issue shall be reduced based on the number of shares or securities effectively subscribed.

4. To waive, in favour of Employee Share Ownership Plan members, the pre-emptive right of existing shareholders to subscribe for the ordinary shares or securities with rights to ordinary shares. In addition, this delegation automatically entails the waiver by shareholders of their pre-emptive right to subscribe for any ordinary shares issued on exercise of the rights attached to securities with rights to ordinary shares issued under this delegation.

5. That:

– The discount offered under the Employee Share Ownership Plan shall be set at 30% of the average of the opening prices quoted for SFL shares on NYSE Euronext Paris over the 20 trading days immediately preceding the date on which the opening date of the subscription period is decided, or 40% of said average if the Plan's lock-up period, as set in accordance with Article L.3332-25 of the French Labour Code, is at least ten years. The Board of Directors may reduce this discount, at its discretion, in the case of an offer to members of a Group Employee Share Ownership Plan of shares or securities on the international market and/or outside France, to comply with any local laws. It may also replace all or part of the discount with a grant of ordinary shares or securities with rights to ordinary shares on the basis stipulated below.
– The Board of Directors may make grants of ordinary shares or securities with rights to ordinary shares, provided that the aggregate amount of the benefit resulting from these grants and the discount referred to above, if any, does not exceed the benefit that the Employee Share Ownership Plan members would have received if the shares or securities had been offered to them at a discount of 30%, or 40% if the Plan's lock-up period, as set in accordance with Article L.3332-26 of the French Labour Code, is at least ten years. In addition, the total benefit including the financial value of the ordinary shares granted without consideration, determined based on the subscription price, must not exceed the legal limits.

6. That the Board of Directors shall have full powers to use this delegation of competence and to:
– Decide the characteristics, amount and terms of each issue of ordinary shares or securities with rights to ordinary shares and each grant of ordinary shares or other securities.
– Decide that the ordinary shares or securities will be offered for subscription either directly or through a corporate mutual fund.
– Draw up, in accordance with the law, the list of companies or other entities whose employees and retired employees will be eligible to subscribe for the ordinary shares or securities with rights to ordinary shares and, if applicable, to receive grants of ordinary shares or securities with rights to ordinary shares.
– Decide the nature and terms of the capital increase and the terms and conditions of the issue or share grant.
– Decide the conditions of eligibility in terms of period of service of employees and retired employees to subscribe for the ordinary shares or securities with rights to ordinary shares or to receive grants of ordinary shares or securities with rights to ordinary shares.
– Set the terms and conditions of the issues of ordinary shares or securities with rights to ordinary shares to be carried out under this delegation, including the cum dividend date and the method of payment of the subscription price.
– Decide the opening and closing dates of the subscription periods.
– Place on record the capital increases based on the aggregate nominal amount of the ordinary shares subscribed.
– Decide, if applicable, the type of securities to be granted, as well as the terms and conditions of grant.
– Determine, if applicable, the amounts to be capitalised within the limit specified above, the accounts from which said amounts are to be transferred, and the cum dividend date of the ordinary shares issued without consideration.
– At the Board's sole discretion, charge the share issuance costs against the related premium and deduct from the premium the amount necessary to increase the legal reserve to one-tenth of the new capital after each issue.
– Take all necessary measures to implement the capital increases, carry out any and all related formalities, including listing formalities for the new shares, amend the Articles of Association to reflect the new capital and generally do whatever else is necessary.

The Board may delegate its powers under this resolution to the Chief Executive Officer or – with the Chief Executive Officer's agreement – to the Managing Director(s), subject to the limits to be set by the Board.

TWELFTH EXTRAORDINARY RESOLUTION
(Authorisation to be given to the Board of Directors to grant stock options to employees and to the Chairman, the Chief Executive Officer and the Managing Director of the Company, waiver of shareholders' pre-emptive subscription rights for the shares issued on exercise of the options, duration of the authorisation, ceiling, exercise price, maximum life of the options).

The Extraordinary General Meeting, having considered the Board of Directors' report and the Statutory Auditors' special report, and acting under the quorum and majority voting rules applicable to Extraordinary General Meetings, resolves:

1. To cancel, with immediate effect, the unused portion of the authorisation given in the seventh extraordinary resolution of the Annual General Meeting of 3 April 2020.

2. To authorise the Board of Directors, in accordance with Articles L.225-177 *et seq.* of the French Commercial Code, or any person to whom this authority may be sub-delegated pursuant to the law, to grant stock options on one or several occasions on the basis set out below.

The options may be granted to employees or corporate officers (within the meaning of Article L.225-185.4, of the French Commercial Code) of the Company or of related companies or entities within the meaning of Article L.225-180 of the French Commercial Code. The grants may be made to all such employees and corporate officers or to selected employees and/or officers.

This authorisation is given for a period of 38 months from the date of this Meeting.

Each option shall be exercisable for one new or existing ordinary share. The total number of options granted under this resolution shall not be exercisable for a number of ordinary shares representing, on the grant date, more than 3% of the Company's share capital as of the date of this Meeting and, within this limit, the number of options granted to corporate officers ("*mandataires sociaux*") shall not be exercisable for a number of ordinary shares representing more than 0.2% of the Company's share capital as of the date of this Meeting. Any shares to be issued to protect the rights of holders of securities carrying rights to shares will not be taken into account for the purpose of determining if these ceilings are met.

If the authorisation is used to grant options exercisable for existing shares, these shares will be purchased by the Company under the share buyback programme authorised in the fifteenth ordinary resolution of this Meeting pursuant to Article L.225-209 of the French Commercial Code, or any past or future buyback programme.

The exercise price of stock options granted under this authorisation shall be set by the Board of Directors on the following basis:
– The option exercise price shall represent at least 95% of the average of the prices quoted for SFL shares on NYSE Euronext Paris over the 20 trading days immediately preceding the option grant date. No options may be granted in the 20 trading days that follow the dividend payment date in cash or in shares.
– In addition, if the authorisation is used to grant options exercisable for existing shares, the option exercise price shall not represent less than 80% of the average price paid for the shares held by the Company under the share buyback programme authorised in the fifteenth ordinary resolution of this Meeting pursuant to Article L.225-209 of the French Commercial Code, or any past or future buyback programme.

The exercise price will not be adjusted during the life of the options, except in the case of any financial transactions or corporate actions for which the Company is required by law to take the necessary measures to protect option holders' interests. In any such case, the Board of Directors would implement the necessary measures to take into account the effect of the corporate action(s), in accordance with the applicable regulations. In particular, the decision could be made to temporarily suspend the right to exercise the options following a corporate action that gave rise to an adjustment in accordance with Article 225-181.2 of the French Commercial Code or any other financial transaction where the Board considered that it was appropriate to suspend option exercise rights.

Stock options granted under this authorisation shall be exercisable within ten years of the grant date.

The Extraordinary General Meeting notes and resolves that this authorisation automatically entails the waiver by existing shareholders of their pre-emptive right to subscribe for any shares issued on exercise of the options.

The Extraordinary General Meeting gives full powers to the Board of Directors – which may sub-delegate these powers to any person to whom the powers may be delegated pursuant to the law and may be assisted by a committee made up of persons of its choice – within the limits specified above, to:
– Set the performance conditions and any other conditions governing the granting and exercise of the options.
– Decide the dates of the option grants, on the basis and subject to the restrictions prescribed by law.
– Draw up the list of grantees and set the number of options to be granted to each grantee; decide the terms of grant and exercise of the options; specify the conditions governing the exercise of the options and, in particular, decide to limit, restrict or prohibit (a) the exercise of the options, or (b) the sale of the ordinary shares received on exercise of the options, during certain periods or following certain events, with said decision applying to (i) all or some of the options and (ii) all or some of the grantees.
– In the cases provided for by law, take the necessary measures to protect the interests of option holders on the basis provided for in Article L.228-99 of the French Commercial Code.
– Generally, enter into any and all agreements, draw up any and all documents, place on record the capital increases resulting from the exercise of options, amend the Articles of Association to reflect the new capital, carry out any and all reporting and other formalities with any and all organisations and do whatever else is necessary.

THIRTEENTH EXTRAORDINARY RESOLUTION (Delegation of authority to the Board of Directors to make the necessary changes to the Articles of Association to comply with new legislative and regulatory provisions, subject to the changes being ratified at the next Extraordinary General Meeting)

The Extraordinary General Meeting, having considered the Board of Directors' report, and acting under the quorum and majority voting rules applicable to Extraordinary General Meetings, gives full powers to the Board of Directors to make the necessary changes to the Articles of Association to comply with new legislative and regulatory provisions, subject to the changes being ratified at the next Extraordinary General Meeting.

FOURTEENTH EXTRAORDINARY RESOLUTION (Powers to carry out formalities)

The Extraordinary General Meeting, acting under the quorum and majority voting rules applicable to Extraordinary General Meetings, gives full powers to the bearer of an extract or copy of the minutes of the Meeting to carry out all necessary formalities.

Appendix 15.7 – Portfolio at 31 December 2022

Owned properties at 31 December 2022		Total surface area (sq.m.)	Offices (sq.m.)	Retail (sq.m.)	Hotels (sq.m.)	Cinemas/ theatres (sq.m.)	Residential (sq.m.)	Staff restaurants/ fitness centres (sq.m.)	Basements (sq.m.) (file rooms, stock rooms)	Common areas and other (sq.m.)	Parking spaces (number)
1st *arrondissement*	Louvre Saint-Honoré	**47,674**	25,225	16,276				753	1,363	4,058	193
2nd *arrondissement*	#cloud.paris	**35,004**	29,875					246	1,556	3,327	211
2nd *arrondissement*	6 Hanovre	**4,608**	3,325						1,246	36	
7th *arrondissement*	103 Grenelle	**18,865**	15,585	258				1,011	307	1,704	94
8th arrondissement	Washington Plaza	**48,216**	40,223	406				2,557	2,853	2,177	645
8th *arrondissement*	Haussmann Saint-Augustin	**13,434**	11,683	791					960		104
8th *arrondissement*	Galerie des Champs-Élysées	**8,542**		4,599					1,819	2,124	117
8th *arrondissement*	90 Champs-Élysées	**8,861**	7,912	932						17	
8th *arrondissement*	92 Champs-Élysées	**7,692**	4,343	2,851						497	
8th *arrondissement*	Cézanne Saint-Honoré	**29,056**	24,287	1,849					1,416	1,504	128
9th *arrondissement*	Condorcet	**24,883**	20,376				1,562	1,301	1,644		50
9th *arrondissement*	Édouard VII	**54,598**	30,228	7,326	3,125	5,969	4,509	1,077	2,364		523
12th *arrondissement*	Rives de Seine	**22,671**	20,270					1,760	641		336
15th *arrondissement*	Biome	**25,037**	22,452				719	1,569	297		80
15th *arrondissement*	Pasteur	**39,624**	39,446						178		443
16th *arrondissement*	83 Marceau	**9,734**	8,737	690					307		129
17th *arrondissement*	131 Wagram	**9,185**	7,100					449	1,636		124
Neuilly-sur-Seine	176 Charles de Gaulle	**6,870**	5,546	1,196					128		111
Total		**414,553**	**316,614**	**37,174**	**3,125**	**5,969**	**6,791**	**10,723**	**18,715**	**15,444**	**3,288**

Consolidated Financial Statements for the Year Ended 31 December 2022

The consolidated financial statements were approved for publication by the Board of Directors on 14 February 2023.

A. Consolidated Statement of Financial Position

ASSETS

(in thousands of euros)	Notes Section E	31 Dec. 2022	31 Dec. 2021
Intangible assets	V - 1	1,862	2,237
Property and equipment	V - 2	19,173	19,625
Investment property	V - 4	8,051,948	7,496,094
Non-current financial assets	VII - 5	15,338	4,346
Other non-current assets	VI - 4	71,060	44,712
Total non-current assets		**8,159,380**	**7,567,015**
Investment property held for sale	V - 6	57,100	–
Trade and other receivables	VI - 3	41,222	46,673
Non-current financial assets	VII - 5	13	–
Other current assets	VI - 4	846	2,762
Cash and cash equivalents	VII - 6	69,433	114,881
Total current assets		**168,614**	**164,316**
Total Assets		**8,327,995**	**7,731,331**

EQUITY AND LIABILITIES

(in thousands of euros)	Notes Section E	31 Dec. 2022	31 Dec. 2021
Share capital	VIII - 1	85,729	85,729
Reserves		4,149,844	4,009,052
Profit for the period		143,430	292,041
Equity attributable to owners of the parent		**4,379,003**	**4,386,822**
Non-controlling interests		1,097,432	1,097,177
Total non-controlling interests		**1,097,432**	**1,097,177**
Total equity		**5,476,435**	**5,483,999**
Long-term borrowings and derivative instruments	VII - 1	2,073,914	1,488,742
Long-term provisions	IX - 1	1,535	1,844
Deferred tax liabilities	XI - 2	203,495	210,666
Other non-current liabilities	VI - 6	44,282	28,748
Total non-current liabilities		**2,323,226**	**1,730,000**
Trade and other payables	VI - 5	47,052	45,052
Short-term borrowings and other interest-bearing debt	VII - 1	414,577	413,256
Short-term provisions	IX - 1	1,266	960
Other current liabilities	VI - 6	65,438	58,064
Total current liabilities		**528,333**	**517,332**
Total equity and liabilities		**8,327,995**	**7,731,331**

B. Consolidated Statement of Comprehensive Income

(in thousands of euros)	Notes Section E	2022	2021
Rental income		**204,517**	**174,634**
Gross property expenses		(44,520)	(38,530)
Property expenses recovered from tenants		33,969	29,746
Property expenses, net of recoveries		(10,552)	(8,784)
Net property rentals	**VI - 1**	**193,966**	**165,850**
Other income	VI - 2	8,051	4,086
Depreciation, amortisation and impairment	V - 3	(2,104)	(1,211)
Provision expense, net	IX - 2	(1,037)	(1,766)
Employee benefits expense	X - 1	(18,383)	(22,739)
Other expenses	VI - 7	(8,734)	(9,978)
Profit on disposal of investment property	V - 5	(440)	108
Fair value adjustments to investment property	V - 4	38,636	255,177
Operating profit		**209,955**	**389,528**
Finance costs and other financial expenses	VII - 2	(31,643)	(27,968)
Financial income	VII - 2	19	17
Discounting adjustments to receivables and payables		–	(80)
Other financial income and expenses	VII - 3	–	(2,200)
Profit before income tax		**178,331**	**359,296**
Income tax benefit	XI - 1-2	3,285	2,750
Profit for the period		**181,616**	**362,046**
Attributable to owners of the parent		**143,430**	**292,041**
Attributable to non-controlling interests	VIII - 6	38,186	70,005
Earnings per share	VIII - 4	€3.35	€6.51
Diluted earnings per share	VIII - 4	€3.34	€6.49
Other comprehensive income			
Actuarial gains and losses	IX - 1	383	(36)
Items that will not be reclassified to profit or loss		383	(36)
Valuation gains and losses on financial instruments (cash flow hedges)	VII - 3	24,103	6,751
Items that may be reclassified subsequently to profit or loss		24,103	6,751
Other comprehensive income		**24,485**	**6,715**
Comprehensive income		**206,102**	**368,761**
Attributable to owners of the parent		**167,916**	**298,756**
Attributable to non-controlling interests	VIII - 6	38,186	70,005

C. Consolidated Statement of Changes in Equity

(in thousands of euros)	Share capital	Share premium account[1]	Revaluation reserve	Treasury shares	Cash flow hedging reserve	Other reserves[1]	Profit for the period	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Equity at 31 December 2020	**93,058**	**560,380**	**22,621**	**(17,953)**	**(170)**	**3,701,714**	**286,879**	**4,646,526**	**550,442**	**5,196,968**
Profit for the period	–	–	–	–	–	–	292,041	292,041	70,005	362,046
Other comprehensive income/(expense), net of tax	–	–	–	–	6,751	(36)	–	6,715	–	6,715
Comprehensive income	–	–	–	–	**6,751**	**(36)**	**292,041**	**298,756**	**70,005**	**368,761**
Appropriation of profit	–	–	–	–	–	286,879	(286,879)	–	–	–
Share cancellations	(7,329)	(346,921)	–	–	–	(1,097)	–	(355,347)	–	(355,347)
Treasury share transactions	–	–	–	3,841	–	–	–	3,841	–	3,841
Gains and losses on sales of treasury shares	–	–	–	(3,998)	–	–	–	(3,998)	–	(3,998)
Share-based payments	–	–	–	–	–	3,869	–	3,869	–	3,869
Changes in ownership interests without loss/acquisition of control	–	–	–	–	–	(109,350)	–	(109,350)	486,674	377,324
Dividends paid to owners of the parent	–	(53,456)	–	–	–	(44,020)	–	(97,476)	(9,944)	(107,420)
Equity at 31 December 2021	**85,729**	**160,003**	**22,621**	**(18,110)**	**6,581**	**3,837,960**	**292,041**	**4,386,822**	**1,097,177**	**5,483,999**
Profit for the period	–	–	–	–	–	–	143,430	143,430	38,186	181,616
Other comprehensive income, net of tax	–	–	–	–	24,103	383	–	24,485	–	24,485
Comprehensive income	–	–	–	–	**24,103**	**383**	**143,430**	**167,916**	**38,186**	**206,102**
Appropriation of profit			–	–	–	292,041	(292,041)	–	–	–
Treasury share transactions	–	–	–	4,592	–	–	–	4,592	–	4,592
Gains and losses on sales of treasury shares	–	–	–	(4,800)	–	–	–	(4,800)	–	(4,800)
Share-based payments	–	–	–	–	–	4,301	–	4,301	–	4,301
Dividends paid to owners of the parent	–	–	–	–	–	(179,828)	–	(179,828)	(37,931)	(217,759)
Equity at 31 December 2022	**85,729**	**160,003**	**22,621**	**(18,318)**	**30,684**	**3,954,857**	**143,430**	**4,379,003**	**1,097,432**	**5,476,435**

(1) At 31 December 2020, €4,264 thousand was reclassified from "Other reserves" to "Share premium account" to correct a classification error. This reclassification had no impact on the total equity attributable to owners of the parent, or on the disclosures in the other financial statements or notes.

D. Consolidated Statement of Cash Flows

(in thousands of euros)	Notes Section E	2022	2021
Cash flows from operating activities			
Profit for the period attributable to owners of the parent		143,430	292,041
Fair value adjustments to investment property	V - 4	(38,636)	(255,177)
Depreciation and amortisation expense (excluding impairment)	V - 3	2,104	1,211
Net additions to/(reversals of) provisions	IX - 1	(1,913)	154
Net (gains)/losses from disposals of investment property	V - 6	440	(108)
Discounting adjustments to debt and fair value adjustments to financial instruments		–	80
Other financial income and expenses	VII - 3	–	2,200
Deferral of rent-free periods and key money	VI - 1	(22,192)	5,300
Employee benefits	X - 3	4,301	3,869
Non-controlling interests in profit for the period	VIII - 6	38,186	70,005
Cash flow after finance costs and income tax		**125,721**	**119,575**
Finance costs	VII - 2	31,624	27,951
Income tax	XI - 1-2	(3,285)	(2,750)
Cash flow before finance costs and income tax		**154,061**	**144,776**
Change in working capital		16,513	13
Interest paid		(13,241)	(28,405)
Interest received		19	17
Income tax paid		(4,614)	(6,030)
Net cash provided by operating activities		**152,737**	**110,371**
Cash flows from investing activities			
Acquisitions of and improvements to investment property	XIII - 1	(582,104)	(129,378)
Acquisitions of intangible assets and property and equipment		(1,276)	(1,025)
Amounts due on asset acquisitions		(1,042)	2,049
Proceeds from disposals of investment property, intangible assets and property and equipment	V - 5	26,872	264,000
Investment property disposal costs	V - 5	(277)	(1,279)
Other cash inflows and outflows		(70)	5
Net cash provided by (used in) investing activities		**(557,898)**	**134,372**
Cash flows from financing activities			
Capital increases/(reductions)	VIII - 1	–	(1,097)
Purchases and sales of treasury shares, net		(208)	(157)
Cash inflows/(outflows) from changes in ownership interests without acquisition/loss of control	VIII - 5	–	(38,205)
Dividends paid to owners of the parent	VIII - 3	(179,828)	(97,476)
Dividends paid to non-controlling interests		(37,931)	–
Proceeds from borrowings	XIII - 2	3,369,539	1,338,463
Repayments of borrowings	XIII - 2	(2,791,603)	(1,344,133)
Other movements in financing items		(257)	1,822
Net cash provided by (used in) financing activities		**359,713**	**(140,783)**
Net change in cash and cash equivalents		**(45,448)**	**103,960**
Cash and cash equivalents at beginning of period		114,881	10,921
Cash and cash equivalents at end of period	XIII - 1	69,433	114,881
Net change in cash and cash equivalents		**(45,448)**	**103,960**

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 amendments published by the IASB were adopted by the European Union in 2022:
– Amendments to IAS 1 – Disclosure of Accounting Policies. The purpose of these amendments is to help companies improve accounting policy disclosures so that they provide more useful information to users of the financial statements. They require companies to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.
– Amendments to IAS 8 – Definition of Accounting Estimates. Changes in accounting estimates were previously defined as follows: "A change in accounting estimate is an adjustment to the carrying amount of an asset or liability, or to the amount of the periodic consumption of an asset, resulting from an assessment of the current status of the asset or liability and the expected future benefits and obligations associated with it. Changes in accounting estimates result from new information or new developments and, therefore, are not corrections of errors." This definition has been deleted and replaced by the following definition of accounting estimates: "Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty." The IASB has stipulated that the amendments to IAS 8 are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.
– Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction. Under certain circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after 1 January 2023, for qualifying transactions occurring on or after the opening date of the first comparative period presented. Early application is permitted. The Group's financial statements at 31 December 2022 do not include any assets and liabilities recognised in a single transaction and therefore, the amendment was not early-adopted.
– Amendment to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information. The purpose of these amendments is to help companies implement the standard. The Group is not concerned by these amendments because IFRS 17 only applies to insurance companies. The following amendments published by the IASB had not yet been adopted by the European Union at 31 December 2022:
– 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 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 2024.
– Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback. The purpose of these amendments is to clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in accordance with the current requirements of IFRS 16, but to determine the lease payments in such a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. In other words, the seller-lessee recognises in profit or loss only the gain or loss related to the right of use transferred to the buyer-lessor. The amendments are effective for annual periods beginning on or after 1 January 2024. Early application is permitted.

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 period 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 period 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 V - 4).

I - 3) Critical accounting estimates and judgements

Certain amounts recognised in the consolidated financial statements reflect estimates and assumptions made by management in the context of the current uncertain geopolitical and economic environment, which has led to inflationary pressures, rising interest rates, higher raw materials and energy costs, supply shortages and exchange rate volatility. Assessing the impact of these factors on the future outlook remains difficult. Management has taken these uncertainties into account based on the reliable information available at the date of preparation of the consolidated financial statements, particularly for the fair value measurement of investment property and financial instruments.

Estimates are inherently uncertain and are reviewed by the Group based on regularly updated information. Actual results may ultimately differ from estimates made as of the date of preparation of the consolidated financial statements.

The most significant estimates concern:
– Investment property appraisal values: the property portfolio is valued by independent experts using assumptions concerning future cash flows and interest rates that have a direct impact on appraisal values. A reduction in the value assessed by these experts would lead to a decrease in the Group's earnings (see Note V - 4).
– Fair values of financial instruments: all of the Group's financial instruments are measured at fair value using standard market valuation models (see Note VII - 4).

Impact of the Ukraine crisis on critical accounting estimates and judgements

SFL is not directly affected by the conflict in Ukraine as all of its assets are located in France, as are its customers.

II - Significant Events of the Period

II - 1) Redevelopment and renovation programmes

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. 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 work will start in the first half of 2023, with delivery scheduled for the first half of 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, primarily to La Banque Postale and SFIL.

On 25 April 2022, SFL acquired the Pasteur building from Primonial REIM France for €485 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.

In 2022, leases were signed on around 47,000 sq.m. of mainly office space, including the office space in the Biome complex (see above).

II - 2) Financing

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 with a pool of five banks of a five-year €300 million term loan.

Most of these new banking facilities (for €725 million) are impact loans 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 to green bonds (see Note III - 2).

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.

II - 3) Subsequent events

On 31 January 2023, SFL signed an agreement for the sale of the property located at 6 rue de Hanovre in Paris.

III - Effects of Climate Change

Climate change is bringing about profound changes in the economy, which is why increasing attention needs to be paid to its effects on companies' financial and non-financial performance. To address the major challenges associated with these changes, very ambitious objectives have been set in the European Green Deal, the Glasgow Climate Pact (COP26) and the Paris Agreement (COP21). Meeting these objectives will involve radical transformations.

The purpose of this note is to present the impact of these changes on the Group's business and performance, as well as the main impacts on the consolidated financial statements.

III - 1) Effects of climate change on the Group's financial position

The construction industry accounts for nearly one quarter of all greenhouse gas emissions in France. For this reason, the Group has developed a strategy to monitor the risks and impacts of climate change, supported by measures to address them.

The main effects of changing weather conditions on the consolidated financial statements have been identified. These effects cannot be measured with perfect accuracy, as it is difficult to separate them from other factors that influence developments over the reporting period. However, the main effects on the Group's financial information can be summarised as follows:
– The impact on appraisal values should be positive. The Group's buildings are recognised as being of a high environmental quality (as evidenced by the certifications they have received) and the appraisers have therefore included a 15% average premium in their estimated rental values (ERVs) and capitalisation rates.
– Capital expenditure and building operating costs have increased due to the cost of work needed to anticipate changes in industry regulations and strengthen customer loyalty. For example, the installation of LED lighting, more efficient heating systems, and digital technical systems to track energy use more accurately is required.
– Various other expenditures will be necessary, such as environmental certification costs (mainly Building Research Establishment Environmental Assessment Method (BREEAM), Global Real Estate Sustainability Benchmark (GRESB), and European Public Real Estate Association (EPRA)), ESG data publication costs (data collection, preparation of reports, other internal and external resources), and the cost of bonuses paid to certain employees and/or members of the Management Committee for meeting ESG objectives.

III - 2) Green financing

At the beginning of the year, the Group completed the bondholder-approved reclassification of all its outstanding bonds (representing a total principal amount of €1,790 million) as green bonds. It was able to take this important step thanks to its portfolio of environmentally sustainable assets valued at an amount equal to or greater than the total nominal amount of the outstanding bonds. Conversion of the bond debt into green bonds had no impact on the bonds' other characteristics, such as their terms, interest rates or maturity. The conversion costs totalled €177 thousand. In line with the same policy, the €198 million proceeds from the 2027 and 2028 taps were also allocated by SFL to finance or refinance green assets, defined as assets that have a positive impact on the environment.

Through these operations, the Group further strengthened the alignment between its environmental performance and its financial structure, becoming one of the first French listed companies to have all its bonds designated as green. These bonds are an alternative to traditional corporate financing, responding to growing corporate sensitivity to sustainability issues. Going forward, the Group intends to carry out all bond issues under its Green Financing Framework. Green financing gives the Group a competitive advantage and the bonds are attractive for capital market investors, who are turning more and more frequently to this type of investment.

In addition to these ESG-labelled project financing instruments, SFL has also set up financing instruments indexed to ESG performance objectives. In 2022, interest rates on more than 87% of new bank financing – representing a total of €725 million – were indexed to ESG performance objectives (mainly related to greenhouse gas emissions).

III - 3) Other potential effects on the consolidated financial statements

Other potential climate-related effects, none of which had an impact on the consolidated financial statements, include:

– Provisions for environmental levies (IAS 37): the Group's investment choices have ensured that it is in compliance with climate-related regulations. As a result, the Group has not received any penalties for non-compliance. A regulatory watch system has been set up to anticipate changes in climate-related legal requirements and proactively initiate any necessary compliance measures. For this reason, no provision has been set aside at 31 December 2022 for levies or penalties for non-compliance with emerging regulatory standards.
– Impairment of assets (IAS 36) or adjustment of the useful lives and residual values of plant, property and equipment (IAS 16): the Group's portfolio consists mainly of investment properties measured using the Fair Market Value option; consequently, the application of IAS 36 and IAS 16 has no impact on the consolidated financial statements.

IV - 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	2022
Rental income	**156,887**	**44,639**	**2,992**	–	**204,517**
Gross property expenses	(33,509)	(9,836)	(1,175)	–	(44,520)
Property expenses recovered from tenants	25,138	8,142	689	–	33,969
Property expenses, net of recoveries	(8,371)	(1,694)	(486)	–	(10,552)
Net property rentals	**148,515**	**42,944**	**2,506**	–	**193,966**
Other income	2,620	3,274	170	1,987	8,051
Depreciation, amortisation and impairment	–	–	–	(2,104)	(2,104)
Provision expense, net	120	189	–	(1,346)	(1,037)
Employee benefits expense	–	–	–	(18,383)	(18,383)
Other expenses	–	–	–	(8,734)	(8,734)
Profit/(loss) on disposal of investment properties	–	–	(440)	–	(440)
Fair value adjustments to investment property	16,401	16,563	5,672	–	38,636
Operating profit/(loss)	**167,657**	**62,970**	**7,907**	**(28,579)**	**209,955**
Finance costs and other financial expenses	–	–	–	(31,643)	(31,643)
Financial income	–	–	–	19	19
Profit/(loss) before income tax	**167,657**	**62,970**	**7,907**	**(60,203)**	**178,331**
Income tax benefit	–	–	–	3,285	3,285
Profit/(loss) for the period	**167,657**	**62,970**	**7,907**	**(56,919)**	**181,616**
Attributable to owners of the parent	**138,517**	**53,738**	**7,907**	**(56,731)**	**143,430**
Attributable to non-controlling interests	29,141	9,233	–	(188)	38,186
Other comprehensive income					
Actuarial gains and losses	–	–	–	383	383
Items that will not be reclassified to profit or loss	–	–	–	*383*	*383*
Valuation gains and losses on financial instruments (cash flow hedges)	–	–	–	24,103	24,103
Items that may be reclassified subsequently to profit or loss	–	–	–	*24,103*	*24,103*
Other comprehensive income	–	–	–	**24,485**	**24,485**
Comprehensive income/(expense)	**167,657**	**62,970**	**7,907**	**(32,433)**	**206,102**
Attributable to owners of the parent	**138,517**	**53,738**	**7,907**	**(32,245)**	**167,916**
Attributable to non-controlling interests	29,141	9,233	–	(188)	38,186

(in thousands of euros)	Paris CBD	Other Paris	Western Crescent	Corporate	31 Dec. 2022
Segment assets	6,306,596	1,787,907	96,463	107,272	8,298,238
Unallocated assets	–	–	–	29,757	29,757
Total assets	**6,306,596**	**1,787,907**	**96,463**	**137,028**	**8,327,995**

The segment analysis for 2021 is as follows:

(in thousands of euros)	Paris CBD	Other Paris	Western Crescent	Corporate	2021
Rental income	**142,023**	**30,573**	**2,037**	–	**174,634**
Gross property expenses	(30,136)	(6,477)	(1,917)	–	(38,530)
Property expenses recovered from tenants	24,033	5,199	514	–	29,746
Property expenses, net of recoveries	(6,103)	(1,278)	(1,403)	–	(8,784)
Net property rentals	**135,920**	**29,296**	**634**	–	**165,850**
Other income	2,922	387	93	684	4,086
Depreciation, amortisation and impairment	–	–	–	(1,211)	(1,211)
Provision expense, net	(661)	76	–	(1,181)	(1,766)
Employee benefits expense	–	–	–	(22,739)	(22,739)
Other expenses	–	–	–	(9,978)	(9,978)
Profit on disposal of investment property	108	–	–	–	108
Fair value adjustments to investment property	242,950	13,188	(962)	–	255,177
Operating profit/(loss)	**381,239**	**42,947**	**(235)**	**(34,424)**	**389,528**
Finance costs and other financial expenses	–	–	–	(27,968)	(27,968)
Financial income	–	–	–	17	17
Fair value adjustments to financial instruments	–	–	–	–	–
Discounting adjustments to receivables and payables	–	–	–	(80)	(80)
Other financial income and expenses	–	–	–	(2,200)	(2,200)
Profit/(loss) before income tax	**381,239**	**42,947**	**(235)**	**(64,656)**	**359,296**
Income tax benefit	–	–	–	2,750	2,750
Profit/(loss) for the period	**381,239**	**42,947**	**(235)**	**(61,906)**	**362,046**
Attributable to owners of the parent	**311,345**	**40,300**	**(235)**	**(59,369)**	**292,041**
Attributable to non-controlling interests	69,895	2,647	–	(2,537)	70,005
Other comprehensive income					
Actuarial gains and losses	–	–	–	(36)	(36)
Items that will not be reclassified to profit or loss	–	–	–	*(36)*	*(36)*
Valuation gains and losses on financial instruments (cash flow hedges)	–	–	–	6,751	6,751
Items that may be reclassified subsequently to profit or loss	–	–	–	*6,751*	*6,751*
Other comprehensive income	–	–	–	**6,715**	**6,715**
Comprehensive income/(expense)	**381,239**	**42,947**	**(235)**	**(55,191)**	**(368,761)**
Attributable to owners of the parent	**311,345**	**40,300**	**(235)**	**(52,654)**	**298,756**
Attributable to non-controlling interests	69,895	2,647	–	(2,537)	70,005

(in thousands of euros)	Paris CBD	Other Paris	Western Crescent	Corporate	31 December 2021
Segment assets	6,198,882	1,237,614	116,329	140,969	7,693,794
Unallocated assets	–	–	–	37,537	37,537
Total assets	**6,198,882**	**1,237,614**	**116,329**	**178,505**	**7,731,331**

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.

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

V - 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. 2021	Increases	Decreases	Reclassifications	31 Dec. 2022
Cost					
Computer software	9,097	–	(1,050)	–	8,047
Other	1,189	378	(786)	–	782
Amortisation and impairment					
Computer software	(7,218)	(754)	1,050	–	(6,922)
Other	(832)	–	786	–	(46)
Carrying amount	**2,237**	**(375)**	–	–	**1,862**

V - 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. 2021	Increases	Decreases	Reclassifications	31 Dec. 2022
Cost					
Owner-occupied property	21,238	–	–	–	21,238
Other property and equipment	6,836	898	(1,696)	–	6,038
Depreciation and impairment					
Owner-occupied property	(4,000)	(150)	–	–	(4,150)
Other property and equipment	(4,449)	(1,200)	1,696	–	(3,953)
Carrying amount	**19,625**	**(452)**	–	–	**19,173**

The fair value excluding transfer costs of owner-occupied property – corresponding to the Company's headquarters – was €51,920 thousand at 31 December 2022 and €51,040 thousand at 31 December 2021.

V - 3) Depreciation, amortisation and impairment

(in thousands of euros)	2022	2021
Amortisation and impairment of intangible assets	(754)	(495)
Depreciation and impairment of property and equipment	(1,350)	(716)
Total	**(2,104)**	**(1,211)**

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.

V - 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.
Investment property is 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 that are included in the fair value calculation, to avoid these effects being taken into account twice.
Investment property is reclassified as held for sale when their sale is considered as highly probable. 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 2022 by independent experts, 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 (in charge of appraisals at SFL since 2017): 56%.
– CBRE (in charge of appraisals at SFL since 2019): 44%.

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 2022 other than for half-yearly and annual appraisals amounted to €31 thousand and mainly concerned market research.

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 period beyond the lease expiry date, 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 period 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, the period needed to complete the renovation work 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 period.

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 period-end.

The appraisal values are quoted both including transfer costs (calculated on the basis of a flat 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.

Assets under redevelopment are measured at their fair value, as determined at half-yearly intervals by independent experts using the discounted cash flows method, which is considered to be reliable.

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. 2021	Acquisitions	Increases	Gains from remeasurement at fair value	Decreases	Losses from remeasurement at fair value	Reclassifications	31 Dec. 2022
Investment property	7,496,094	485,145	116,208	163,160	(27,035)	(124,524)	(57,100)	8,051,948
Total	**7,496,094**	**485,145**	**116,208**	**163,160**	**(27,035)**	**(124,524)**	**(57,100)**	**8,051,948**

The amount reported under «Acquisitions» corresponds to the purchase value of the investment property held by SCI Pasteur 123 (see Note VIII - 7).

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

(in thousands of euros)	31 Dec. 2022	31 Dec. 2021
Appraisal value of investment property, excluding transfer costs	8,245,718	7,606,153
Deduction of owner-occupied property (see Note V - 2)	(51,920)	(51,040)
Adjustments to reflect specific lease terms and other adjustments	(84,750)	(59,019)
Reclassification of investment property held for sale	(57,100)	–
Fair value of investment property in the statement of financial position	**8,051,948**	**7,496,094**

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

Geographic area	Value excluding transfer costs 31 December 2022 (in € millions, on a 100% basis)	Inputs	Range of values(1)	Weighted average(1)
Paris CBD	6,361	ERV(2)	€700 - €975	€826
		Exit yield	3.10% - 3.40%	3.23%
		Discount rate	3.85% - 4.45%	4.17%
Other Paris	1,788	ERV(2)	€548 - €780	€675
		Exit yield	3.00% - 4.10%	3.50%
		Discount rate	4.25% - 5.50%	4.78%
Western Crescent	96	ERV(2)	€540 - €540	€540
		Exit yield	3.55% - 3.55%	3.55%
		Discount rate	4.60% - 4.60%	4.60%
Total	**8,246**			

(1) Offices.
(2) Estimated rental value.

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 €638,144 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 €741,922 thousand.

Investment property valuation inputs used at 31 December 2021 were as follows for each asset class:

Geographic area	Value excluding transfer costs 31 December 2021 (in € millions, on a 100% basis)	Inputs	Range of values[1]	Weighted average[1]
Paris CBD	6,252	ERV[2]	€630 - €940	€797
		Exit yield	2.60 - 3.11%	2.95%
		Discount rate	3.55 - 4.10%	3.76%
Other Paris	1,238	ERV[2]	€548 - €760	€684
		Exit yield	2.75 - 3.25%	2.99%
		Discount rate	3.90 - 5.50%	4.71%
Western Crescent	116	ERV[2]	€310 - €535	€479
		Exit yield	3.41 - 5.00%	3.80%
		Discount rate	4.35 - 6.10%	4.78%
Total	**7,606**			

(1) Offices.
(2) Estimated rental value.

V - 5) Profit on disposal of investment property

During the period, the Group sold the Le Vaisseau investment property. The table below shows the key data relating to the sale of this asset:

(in thousands of euros)	Sale price excl. transfer costs and tax	Carrying amount of the sold properties	Disposal gain or loss	Disposal date
Le Vaisseau	26,872	27,312	(440)	30 May 2022
Total	**26,872**	**27,312**	**(440)**	

The above carrying amount takes into account disposal costs of €277 thousand.

V - 6) Investment property held for sale

Accounting policy

In accordance with IFRS 5, investment property is classified as held for sale if the 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 the sale must be highly probable.

The value of investment properties held for sale is as follows:

(in thousands of euros)	31 Dec. 2021	Increases	Gains from remeasurement at fair value	Decreases	Losses from remeasurement at fair value	Reclassifications	31 Dec. 2022
Investment property held for sale	–	–	–	–	–	57,100	57,100
Total	–	–	–	–	–	57,100	57,100

VI - Operating Activities

VI - 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 economic benefits are transferred on the effective date stipulated in the contract, or the date the tenant moves into the property 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 rental income 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 82.9% of rental income. Rental income includes the €22,192 thousand positive net impact of the deferral over the non-cancellable lease term of rent-free periods, rent step-ups and key money. Revenue from external management contracts amounted to €9,562 thousand.

At 31 December 2022, 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	**1,383,455**	**156,783**	**167,684**	**159,843**	**143,734**	**130,149**	**625,262**

The future minimum lease payments presented above include the impact of rent-free periods, unlike the 31 December 2021 figures, which were determined on the basis of nominal rent. They 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)	**1,174,056**	**187,707**	**171,290**	**143,078**	**105,756**	**90,507**	**475,719**

(1) Nominal rent, without taking into account any rent-free periods.

VI - 2) Other income

(in thousands of euros)	2022	2021
Own-work capitalised	1,980	678
Other income	6,071	3,408
Total	**8,051**	**4,086**

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

VI - 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. 2022			31 Dec. 2021
	Total	Due within 1 year	Due in 1 year or more	
Trade receivables	24,436	19,706	4,731	27,517
Provisions	(3,885)	(814)	(3,071)	(5,139)
Trade receivables	**20,551**	**18,892**	**1,659**	**22,378**
Prepayments to suppliers	79	79	-	83
Employee advances	6	6	-	6
Tax receivables (other than income tax)	17,667	17,667	-	21,810
Other operating receivables	1,526	1,526	-	1,280
Other receivables	1,394	1,394	-	1,116
Other receivables	**20,671**	**20,671**	-	**24,295**
Total	**41,222**	**39,563**	**1,659**	**46,673**

Trade receivables include outstanding receivables, and the short-term portion of receivables relating to the recognition of rent-free periods and rent concessions in accordance with IFRS for €13,690 thousand (31 December 2021: €14,307 thousand). Receivables do not bear interest.

Cost of risk can be analysed as follows:

(in thousands of euros)	2022	2021
Increases in provisions	(493)	(867)
Reversals of provisions	802	225
Bad debt write-offs, net of recoveries	(4)	(27)
Total	**304**	**(670)**
Rental income	204,517	174,634
Cost of risk as a % of rental income	**-0.15%**	**0.38%**

VI - 4) Other current and non-current assets

(in thousands of euros)	31 Dec. 2022	31 Dec. 2021
Other trade receivables	71,060	44,712
Total other non-current assets	**71,060**	**44,712**
Income tax prepayments	121	47
Current prepayments	725	2,715
Total other current assets	**846**	**2,762**

Other trade receivables recorded under “Other non-current assets” correspond to the long-term portion of receivables relating to the recognition of rent-free periods and rent concessions in accordance with IFRS.

Current prepayments correspond mainly to office tax payments.

VI - 5) Trade and other payables

(in thousands of euros)	31 Dec. 2022	31 Dec. 2021
Trade payables	11,589	8,547
Amounts due within one year on asset acquisitions	35,463	36,505
Total	**47,052**	**45,052**

Amounts due within one year on asset acquisitions correspond mainly to the amounts payable to building contractors, most of which in connection with renovation work on the Louvre Saint-Honoré building.

VI - 6) Other current and non-current liabilities

(in thousands of euros)	31 Dec. 2022	31 Dec. 2021
Deposits	44,282	28,748
Total other non-current liabilities	**44,282**	**28,748**
Deposits	4,009	3,438
Customer prepayments	31,660	31,277
Accrued employee benefits expense	11,959	13,487
Accrued taxes	5,011	4,064
Other liabilities	10,522	3,846
Accruals	2,277	1,952
Total other current liabilities	**65,438**	**58,064**

The caption «Deposits» corresponds mainly to security deposits and bonds received from tenants.

Accrued employee benefits expense includes statutory and discretionary profit-sharing and bonus accruals.

The amounts reported under «Accruals» correspond to deferred revenue.

VI - 7) Other expenses

(in thousands of euros)	2022	2021
Fees	(2,243)	(1,769)
Taxes other than on income	(1,747)	(1,764)
Other	(4,744)	(6,445)
Total	**(8,734)**	**(9,978)**

Fees paid to the Auditors and the members of their networks were as follows:

(in thousands of euros)	2022		2021	
	PricewaterhouseCoopers	Deloitte & Associés	PricewaterhouseCoopers	Deloitte & Associés
Statutory and contractual audits	359	307	349	284
Other services	86	24	62	44
Total	**445**	**330**	**411**	**328**

In 2022, fees for other services concerned the review of the translation of financial information, the review, at the Group's request, of CSR information published in the management report, and the issuance of a certificate in connection with share grants.

VII -Financing Activities

VII - 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 must subsequently be measured at amortised cost, using the effective interest method. In principle, 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.

For simplicity, the Group amortises debt issuance costs and premiums on a straight-line basis, as the results obtained using this method are almost identical to those obtained using the effective interest rate method.

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

(in thousands of euros)			31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
	Nominal rate (%)	Expiry date	Short-term portion		Long-term portion	
Bonds						
€500 million bond issue, 2021-2028	0.50%	21 April 2028	2,092	493	599,000	500,000
€500 million bond issue, 2020-2027	1.50%	5 June 2027	5,169	4,315	599,000	500,000
€500 million bond issue, 2018-2025	1.50%	29 May 2025	4,459	4,459	500,000	500,000
€500 million bond issue, 2015-2022	2.25%	16 Nov. 2022	–	290,421	–	–
Bank loans						
BNPP syndicated term loan	3-month Euribor + margin	–	282	–	300,000	–
BNPP syndicated loan	3-month Euribor + margin	–	479	–	100,000	–
Negotiable European commercial paper (NEU-CP)	Fixed rate (payable in advance)	Within 1 year	409,000	117,000	–	–
Interest on derivatives	Other	–	255	–	–	–
Bank overdrafts	Various	–	6	16	–	–
Impact of deferred recognition of debt arranging fees		–	(7,165)	(3,448)	(24,086)	(11,258)
Total			**414,577**	**413,256**	**2,073,914**	**1,488,742**

The following table analyses borrowings by maturity:

(in thousands of euros)	31 Dec. 2022	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	31 Dec. 2021
Bonds	1,709,720	11,720	1,099,000	599,000	1,799,688
BNPP term loan	300,282	282	300,000	–	–
BNPP syndicated loan	100,479	479	100,000	–	–
NEU CP	409,000	409,000	–	–	117,000
Interest on derivatives	255	255	–	–	–
Bank overdrafts	6	6	–	–	16
Deferred debt arranging fees	(31,251)	(7,165)	(23,110)	(976)	(14,706)
Total	**2,488,491**	**414,577**	**1,475,890**	**598,024**	**1,901,998**

Debt covenants and acceleration clauses in force at 31 December 2022 concerned the following lines of credit: Société Générale, BECM, BNP Paribas, Cadif, Intesa Sanpaolo, Caixabank, La Banque Postale and Sabadell. They can be analysed as follows:

Applicable ratios	Actual ratios at 31 Dec. 2022	Actual ratios at 31 Dec. 2021	Main acceleration clauses
Loan-to-value (LTV) <= 50%	27.6%	22.0%	Default Termination of operations
Interest cover >= 2x	5.5	4.9	Bankruptcy proceedings
Secured LTV <= 20%	0.0%	0.0%	Breach of financial covenants
Unrestricted property portfolio value >= €2bn	€8.8bn	€8.1bn	Material adverse event

The Group was not in breach of any of its financial covenants at 31 December 2022.

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

(in thousands of euros)	2022	2021
Interest on bank loans, bonds and commercial paper	(28,642)	(30,312)
Interest on external current account advances	-	(46)
Interest on hedging instruments	(252)	-
Other financial expenses	(6,325)	(3,668)
Capitalised interest expense	3,576	6,058
Finance costs and other financial expenses	**(31,643)**	**(27,968)**
Interest income	19	17
Financial income	**19**	**17**
Finance costs and other financial income and expenses, net	**(31,624)**	**(27,951)**

Capitalised interest expense corresponds to interest capitalised at the rate of 1.13% during the redevelopment of the Louvre Saint-Honoré and Biome buildings.

VII - 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 period-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 the period-end 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 V - 4) – taking into account the risk of non-performance (particularly the Group's own credit risk), in line with IFRS 13.

Fair value of hedging instruments

At 31 December 2022, derivatives held by the Group for hedging purposes included:

– Counterparty: CIC. A 6-month 2% cap vs the 3-month Euribor on a notional amount of €100,000 thousand. Premium: €58 thousand. The cap came into effect on 14 September 2022 and is a cash flow hedge qualifying for hedge accounting. At 31 December 2022, the cap had a positive fair value of €10 thousand (including the borrowing cost).

– Counterparty: CIC. 5-year interest rate swap on a notional amount of €100,000 thousand, whereby CIC pays the 3-month Euribor and SFL pays a fixed rate of 2.6250%. The swap into effect on 14 November 2022 and is a cash flow hedge qualifying for hedge accounting. At 31 December 2022, the swap had a positive fair value of €1,873 thousand (including the borrowing cost).

– Counterparty: Société Générale. 7-year interest rate swap on a notional amount of €100,000, whereby Société Générale pays the 3-month Euribor and SFL pays a fixed rate of 2.4920%. The swap came into effect on 6 December 2022 and is a cash flow hedge qualifying for hedge accounting. At 31 December 2022, the swap had a positive fair value of €3,200 thousand (including the borrowing cost).

– Counterparty: CIC. 7-year interest rate swap on a notional amount of €100,000, whereby CIC pays the 3-month Euribor and SFL pays a fixed rate of 2.4240%. The swap came into effect on 6 December 2022 and is a cash flow hedge qualifying for hedge accounting. At 31 December 2022, the swap had a positive fair value of €3,635 thousand (including the borrowing cost).

– Counterparty: Cadif. 7-year interest rate swap on a notional amount of €200,000, whereby Cadif pays the 3-month Euribor and SFL pays a fixed rate of 2.4925%. The swap came into effect on 6 December 2022 and is a cash flow hedge qualifying for hedge accounting. At 31 December 2022, the swap had a positive fair value of €6,396 thousand (including the borrowing cost).

At the beginning of the year, the Group held two hedging instruments that were unwound in conjunction with a debt issue, in exchange for a balancing payment. These were:

– A 7-year collar set up with Société Générale (the option writer) on a notional amount of €100,000 thousand, with a -0.11% cap and a -0.60% floor. No premium is payable on this collar, which was set up on 4 September 2019 and restructured in May 2021. It is a cash flow hedge qualifying for hedge accounting.

– A 5-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.

The table below summarises the main characteristics and fair values of SFL's hedging instruments:

(in thousands of euros)	Notional amount	Maturity	31 Dec. 2022	31 Dec. 2021
Société Générale collar -0.11%/-0.60%	100,000	Apr. 2022(1)	–	1,671
CIC collar -0.25%/-0.52%	100,000	June 2022(1)	–	2,453
CIC cap at 2%	100,000	Mar. 2023	10	–
CIC swap at 2.6250%	100,000	Nov. 2027	1,873	–
Société Genérale swap at 2.4920%	100,000	Dec. 2029	3,200	–
CIC swap at 2.4240%	100,000	Dec. 2029	3,635	–
Cadif swap at 2.4925%	200,000	Dec. 2029	6,396	–
Total			**15,114**	**4,124**

(1) Date on which the instrument was unwound.

Fair value adjustments to hedging instruments through other comprehensive income

The change in the cash flow hedging reserve corresponding to gains and losses accumulated in equity amounted to €24,103 thousand in 2022 (2021: €6,751 thousand).

(in thousands of euros)	2022	2021
Interest rate hedges	24,103	6,751
Total	**24,103**	**6,751**

The 2022 change includes fair value adjustments to hedging instruments issued during the period and changes in gains and losses maintained in equity in respect of unwound cash flow hedges.

Changes in the fair value of hedging instruments issued during the year can be analysed as follows:

(in thousands of euros)	Notional amount	Maturity	Premium paid on issue	Fair value adjustments	Fair value at 31 December 2022
CIC cap at 2%	100,000	Mar. 2023	58	(48)	10
CIC swap at 2.625%	100,000	Nov. 2027	–	1,873	1,873
Société Générale swap at 2.492%	100,000	Dec. 2029	–	3,200	3,200
CIC swap at 2.4240%	100,000	Dec. 2029	–	3,635	3,635
Cadif swap at 2.4925%	200,000	Dec. 2029	–	6,396	6,396
Total	**600,000**		**58**	**15,056**	**15,114**

The change in gains and losses maintained in equity in respect of unwound hedges breaks down as follows:

(in thousands of euros)	Date on which the instrument was unwound	Gains/losses accumulated in equity 31 Dec. 2021	Instrument balance during the period	Balancing payment received during the period	Gains/losses reclassified to profit for the period	Gains/losses accumulated in equity 31 Dec. 2022
CA-CIB Nov. 2021 swap at -0.3475%	Oct. 2021	975	–	–	(154)	821
CIC Nov. 2021 swap at -0.4525%	Oct. 2021	1,482	–	–	(234)	1,248
CIC collar -0.25% cap/-0.52% floor	Apr. 2022	1,671	(1,671)	8,645	(961)	7,684
Société Générale collar -0.11% cap/-0.60% floor	June 2022	2,453	(2,453)	6,650	(776)	5,874
Total		**6,581**	**(4,124)**	**15,295**	**(2,124)**	**15,628**

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

(in thousands of euros)	2022	2021
Debt retirement costs	–	(2,200)
Total	**–**	**(2,200)**

In 2021, debt retirement costs consisted of early repayment charges on Parholding's mortgage loan.

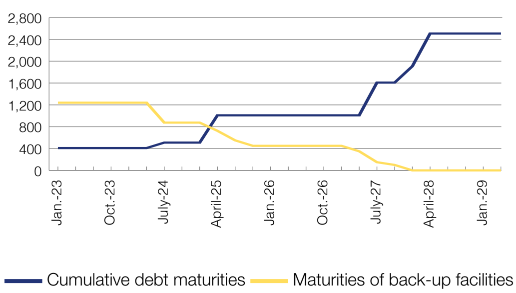
VII - 4) Financial risk management objectives and policy

The Group prudently manages its various financial risks.

1/ Liquidity risk

Liquidity risk is covered by confirmed undrawn lines of credit. At 31 December 2022, SFL had access to confirmed undrawn lines of credit in the amount of €1,240 million, compared with €1,140 million at 31 December 2021. 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 May 2025.

SFL liquidity risk



In addition to its undrawn lines of credit, SFL has diversified sources of financing (comprising bilateral lines of credit, bonds, NEU CP commercial paper programme, etc.) and a portfolio of high quality assets, all of which reduce its exposure to liquidity risk.

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

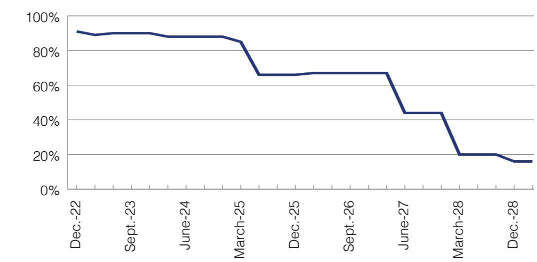
The Group did not have any exposure to currency risk at 31 December 2022. Interest rate risks are prudently and actively managed using an information system that tracks changes in the financial markets and calculates the fair value of hedging instruments in real time, thereby allowing the Group to efficiently 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 2022, 92% of debt was at fixed rates of interest (including variable rate debt swapped for fixed rate).

SFL debt hedging rate 2022 - 2028



b/ Risk assessment

The average spot cost of debt stood at 1.66% at 31 December 2022, *versus* 1.23% at 31 December 2021.

A 25-basis point rise in interest rates across the yield curve would have had the effect of increasing the average cost of debt to 1.69%, driving up finance costs by €752 thousand or 2.38%. A 25-basis point decline in interest rates across the yield curve would have had the effect of decreasing the average cost of debt to 1.63%, reducing finance costs by €752 thousand or 2.38%.

A 25-basis point increase in interest rates would have had the effect of increasing the fair value of hedging instruments by €6,784 thousand at 31 December 2022, while a 25-basis point decrease would have had the effect of reducing their fair value by €6,911 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 2022.

(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)	409,000	–	–	–	–	–	409,000
Total floating rate debt	**409,000**	–	–	–	–	–	**409,000**

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 2022 was €1,470,152 thousand, as follows:

(in thousands of euros)	Notional amount	Maturity	31 Dec. 2022	31 Dec. 2021
November 2015 bonds	289,600	Nov. 2022	–	294,219
May 2018 bonds	500,000	May 2025	465,180	521,590
June 2020 bonds (+ May 2022 tap)	599,000	June 2027	523,232	526,975
Oct. 2021 bonds (+ April 2022 tap)	599,000	April 2028	481,740	494,070
Total			**1,470,152**	**1,836,854**

VII - 5) Financial assets

Accounting policy

Financial assets consist mainly of 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 VII - 3.

(in thousands of euros)	31 Dec. 2022	31 Dec. 2021
Deposits	234	222
Interest rate hedges	15,104	4,124
Total non-current financial assets	**15,338**	**4,346**
Interest rate hedges	10	–
Other	3	–
Total current financial assets	**13**	**–**

Cash flow hedges with a positive fair value of €4,124 thousand at 31 December 2021 were unwound during the year and replaced by new cash flow hedges with a positive fair value of €15,114 thousand at 31 December 2022 (see Note VII - 3).

VII - 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.
Bank overdrafts represent a source of financing for the Group and they are therefore included in cash flows from financing activities in the statement of cash flows.

(in thousands of euros)	31 Dec. 2022	31 Dec. 2021
Cash and cash equivalents	69,433	114,881
Total	**69,433**	**114,881**

VIII - Equity and Earnings Per Share

VIII - 1) Equity

Equity is analysed in the consolidated statement of changes in equity included in the financial statements.

The Company's share capital at 31 December 2022 amounted to €85,729 thousand, represented by 42,864,715 ordinary shares with a par value of €2.

There were no changes in the share capital (amount and number of shares) during the year.

VIII - 2) Treasury shares

Accounting policy

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

	31 Dec. 2021	Increases	Decreases	31 Dec. 2022
Number of treasury shares	114,163	10,884	(73,332)	51,715
Average purchase/sale price, in euros	€79.19	€83.86	€75.06	€86.01
Total (in thousands of euros)	**9,040**	**913**	**(5,505)**	**4,448**

VIII - 3) Dividends

(in thousands of euros)	2022		2021	
	Total payout	Per share	Total payout	Per share
Dividends paid out during the period	179,828	€4.20	97,476	€2.10
Total	**179,828**	**€4.20**	**97,476**	**€2.10**

VIII - 4) Earnings per share

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, i.e., the number of ordinary shares outstanding at the beginning of the period, net of treasury shares, adjusted for the time-weighted number of ordinary shares cancelled or issued during the period.

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

(in thousands of euros)	2022	2021
Profit used to calculate basic earnings per share	143,430	292,041
Average number of ordinary shares	42,864,715	45,002,199
Average number of treasury shares	(65,802)	(128,619)
Average number of ordinary shares excluding treasury shares	**42,798,913**	**44,873,580**
Basic earnings per share	**€3.35**	**€6.51**
Profit used to calculate basic earnings per share	143,430	292,041
Average number of ordinary shares	42,864,715	45,002,199
Average number of treasury shares	(65,802)	(128,619)
Average potential ordinary shares corresponding to dilutive instruments	102,999	102,099
Diluted weighted average number of ordinary shares excluding treasury shares	**42,901,912**	**44,975,679**
Diluted earnings per share	**€3.34**	**€6.49**

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

VIII - 5) Changes in ownership interests

There were no changes in ownership interests during the period.

In the second half of 2021, the Group entered into an asset swap with its minority shareholder Predica, whereby SFL acquired all the minority interests in SCI Washington (34%) and SAS Parholding (50%), and sold its 49% minority interests in SCI Paul Cézanne, SCI 103 Grenelle, SAS 92 Champs-Elysées and SAS Cloud.

VIII - 6) Non-controlling interests in profit

Non-controlling interests in profit for the period break down as follows:

(in thousands of euros)	SCI Washington	Parholding Group	SCI Paul Cézanne	SCI 103 Grenelle	SAS 92 Champs Elysées	SAS Cloud	Total 2022
Rental income	–	–	7,443	5,173	5,562	9,617	27,796
Fair value adjustments to investment property	–	–	3,225	4,048	(10,532)	14,864	11,604
Finance costs and other financial income and expense	–	–	(11)	(12)	(16)	(29)	(68)
Other	–	–	(16)	(28)	(220)	(882)	(1,146)
Total	**–**	**–**	**10,641**	**9,182**	**(5,206)**	**23,570**	**38,186**

The 2021 breakdown was as follows:

(in thousands of euros)	SCI Washington	Parholding Group	SCI Paul Cézanne	SCI 103 Grenelle	SAS 92 Champs Elysées	SAS Cloud	Total 2021
Rental income	4,088	8,164	2,279	1,657	2,229	3,690	22,108
Fair value adjustments to investment property	5,004	(6,108)	23,760	943	3,175	24,605	51,379
Finance costs and other financial income and expense	(18)	(1,160)	(1)	(1)	(1)	(2)	(1,182)
Other	(143)	(753)	(159)	39	(404)	(880)	(2,300)
Total	**8,930**	**144**	**25,878**	**2,639**	**4,999**	**27,414**	**70,005**

VIII - 7) First-time consolidation

Accounting policy

When acquiring an entity, the Group determines whether the entity should be analysed as a 'business' within the meaning of IFRS 3. 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 entity is not a business. The transaction does not therefore meet the definition of a business combination and acquisition accounting is not applicable.

In this case, the acquisition cost of the asset or group of assets is allocated to the identifiable assets and liabilities acquired (no goodwill is recognised). There are two possible methods for this allocation. The one chosen by the Group consists of two steps:

1 - Assets and liabilities that are not measured at cost are measured in accordance with the applicable IFRSs.
2 - The residual unallocated acquisition cost is then allocated to the assets and liabilities measured at cost in proportion to their respective fair values.

In some cases, transaction costs may be included in the initial measurement of the acquired asset or group of assets. This is particularly the case for investment property accounted for in accordance with IAS 40.

On 25 April 2022, SFL acquired all of SCI Pasteur 123's equity from Primonial REIM for €282 million. Based on its analysis of the transaction, the Group concluded that it consisted of an asset acquisition (not a business acquisition), as the investment property held in the balance sheet of the acquired company is a single identifiable asset representing approximately 95% of the company's acquisition-date gross asset value.
The allocation of the acquisition cost to the identifiable assets acquired and liabilities assumed is presented below.

(in thousands of euros)	Amount
Acquisition cost	
Price of the shares	282,175
Transaction costs	14,885
Total acquisition cost of the acquired entity	**297,060**
Acquired identifiable assets not measured at cost	
Financial assets	17
Other assets	11,167
Value of acquired assets measured according to the applicable standards	**11,184**
Assumed identifiable liabilities not measured at cost	
Borrowings and other interest-bearing debt	185,274
Short-term provisions	2,293
Other liabilities	11,702
Value of assumed identifiable liabilities measured according to the applicable standards	**199,269**
Residual unallocated acquisition cost	**485,145**
Identifiable assets measured at cost	
Investment property	485,145
Value of acquired identifiable assets measured at cost	**485,145**

Other assets correspond mainly to trade receivables and cash acquired during the transaction.
Short-term borrowings and other interest-bearing debt correspond to debt carried in the balance sheet of SCI Pasteur 123 prior to the acquisition that was settled immediately post-acquisition using a current account advance granted by the Group to the company. This amount therefore represents an intra-group debt (eliminated in consolidation) in the accounts at 31 December 2022.
Other liabilities correspond mainly to deposits and bonds received.

IX - Provisions

IX - 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 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 almost 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. 2021	Acquisitions	Increases	Decreases	*o/w utilisations*	Actuarial gains and losses	Reclassifications	31 Dec. 2022
Provisions for employee benefits	1,844	–	1,194	(6)	*(6)*	(383)	(1,114)	1,535
Long-term provisions	**1,844**	**–**	**1,194**	**(6)**	***(6)***	**(383)**	**(1,114)**	**1,535**
Provisions for refurbishment work and tenant claims	–	2,293	–	(2,293)	*(2,293)*	–	–	–
Provisions for employee benefits	960	–	–	(960)	*(960)*	–	1,114	1,114
Other provisions	–	–	152	–	–	–	–	152
Short-term provisions	**960**	2,293	152	**(3,253)**	***(3,253)***	–	**1,114**	**1,266**
Total	**2,804**	**2,293**	**1,346**	**(3,259)**	***(3,259)***	**(383)**	–	**2,801**

The provision for refurbishment work concerns repairs to the SCI Pasteur 123 building following an insured event.

Provisions for employee benefits include provisions for length-of-service awards payable to employees on retirement and jubilees for €1,036 thousand. See Note X - 2 for more details.

Short- and long-term provisions covering benefits payable to members of senior management amounted to €21.6 thousand at 31 December 2022 and €72.7 thousand at 31 December 2021.

IX - 2) Net change in provisions and impairment

(in thousands of euros)	2022	2021
Charges to provisions for impairment of current assets	(493)	(867)
Charges to provisions for operating contingencies and charges	(1,268)	(1,065)
Charges to provisions for other contingencies and charges	(78)	(116)
Total charges	**(1,838)**	**(2,048)**
Reversals of provisions for impairment of current assets	802	225
Reversals of provisions for other contingencies and charges	-	57
Total reversals	**802**	**282**
Total	**(1,037)**	**(1,766)**

X - Remuneration and Other Employee Benefits

X - 1) Employee benefits expense

Employee benefits expense breaks down as follows:

(in thousands of euros)	2022	2021
Wages and salaries	(8,767)	(6,758)
Payroll taxes	(4,090)	(4,803)
Other employee benefits	(4,361)	(3,853)
Statutory and discretionary profit-sharing	(1,165)	(7,325)
Total	**(18,383)**	**(22,739)**

The average number of administrative staff breaks down as follows:

	2022	2021
Officers	2	2
Managers	55	56
Supervisors	14	13
Administrative and technical staff	–	–
Total	**71**	**71**

The Group also had two building caretakers at 31 December 2022 and 2021.

X - 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 period. 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.

Long-term employee benefits are allocated to the periods of service in which the obligation arises, in accordance with the 2021 IFRIC decision on this subject.

(in thousands of euros)	2022	2021
Projected benefit obligation at beginning of period	**1,346**	**1,215**
Benefits paid during the period	(6)	(20)
Service cost	68	113
Interest cost	10	3
Actuarial gains and losses	(383)	36
Projected benefit obligation at end of period	**1,036**	**1,346**

The projected benefit obligation is calculated at six-monthly intervals based on actuarial assumptions, including, at 30 June 2022, a discount rate of 3.12% (31 December 2021: 0.78%) and a 2.50% rate of future salary increases (unchanged from 31 December 2021). Actuarial gains and losses are recognised in equity.

A 25-bps reduction in the discount rate at 31 December 2022 would lead to a €19.9 thousand increase in the projected benefit obligation at that date.

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 defined benefit obligations, no sensitivity analyses are presented.

X - 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 2022

	Plan no. 5	Plan no. 5	Plan no. 6
Date of shareholder authorisation	20 April 2018	20 April 2018	19 Nov. 2021
Grant date (date of Board meeting)	6 Feb. 2020	11 Feb. 2021	18 Feb. 2022
Initial target number of shares	34,476	33,460	30,624
Initial expected vesting rate	100.00%	100.00%	100.00%
Initial number of shares expected to vest	34,476	33,460	30,624
Fair value per share	€65.38	€54.59	€73.37
Rights cancelled/forfeited	(596)	(468)	(128)
Expected vesting rate at end of period	200.00%	100.00%	100.00%
Number of shares expected to vest at end of period	**67,760**	**32,992**	**30,496**

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 2022, the rates applied were 200% for the 2020 plan (probable ranking: no. 1) and 100% for the 2021 and 2022 plans (probable ranking: no. 3).

In 2022, a total of of 64,992 performance shares vested under 2019 Plan no. 5.

The cost of performance share plans recognised during the year amounted to €4,301 thousand (excluding specific employer contributions).

X - 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)	2022	2021
Short-term benefits, excluding payroll taxes(1)	4,703	2,730
Payroll taxes on short-term benefits	2,784	2,093
Share-based payments(2)	1,768	1,754
Directors' fees	321	800
Total	**9,576**	**7,377**

(1) Gross salary and other remuneration, bonuses, statutory and discretionary profit-sharing, matching Company payments and termination benefits paid during the period.
(2) Cost recognised in the income statement for stock options and employee rights issues.

XI - Income Taxes

XI - 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 current and deferred taxes are recognised is therefore limited.

Current income tax expense for 2022 amounted to €3,886 thousand (2021: €3,851 thousand) and mainly concerned the Parholding tax group.

XI - 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 period when the asset is realised or the liability is settled, i.e., 25% following enactment of France's 2018 Finance Act.

(in thousands of euros)	31 Dec. 2021	Reclassifications	Equity	Income statement	31 Dec. 2022
Fair value adjustments to investment property	(175,078)	–	–	9,005	(166,073)
Adjustment of depreciation and amortisation	(30,502)	–	–	(1,449)	(31,950)
Adjustment of rental income	(3,339)	–	–	(186)	(3,525)
Capitalisation of interest expense and transaction costs	(521)	–	–	–	(521)
Other	(1,225)	–	–	(199)	(1,426)
Net	**(210,666)**	–	–	**7,171**	**(203,495)**
Of which deferred tax assets	–	–	–	–	–
Of which deferred tax liabilities	(210,666)	–	–	7,171	(203,495)

XI - 3) Consolidated tax proof

(in thousands of euros)	31 Dec. 2022	31 Dec. 2021
Profit after income tax	181,616	362,046
Income tax benefit	3,285	2,750
Profit before income tax	178,331	359,296
Corporate income tax rate applicable in France	**25.83%**	**27.37%**
Theoretical income tax expense	(46,054)	(98,356)
Impact of differences in tax rates	45	(467)
Impact of permanent differences	(928)	(2,064)
Impact of unrecognised tax losses	(1,995)	(940)
Impact of unrecognised deferred tax assets	(715)	(1,456)
Effects of tax credits	80	49
Effects of the SIIC regime	52,847	105,980
Other	4	4
Actual income tax benefit	**3,285**	**2,750**
Effective tax rate	-1.84%	-0.77%

Income tax expense is reconciled to book profit using the tax rate of the country where the parent company is located, i.e., France.

The impact of differences in tax rates results from the recognition during the period of deferred taxes determined at tax rates that are different from the current rate.

Unrecognised deferred tax assets arise from deductible temporary differences for which the recovery of the associated tax benefit is not considered probable.

SIICs are flow-through entities and are exempt from corporate income tax.

XII - Off-Balance Sheet Commitments

XII - 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	–	–
Total commitments given	**110**	**110**	**–**	**–**
Commitments received				
Guarantees received from tenants (including first demand guarantees)	120,067	71,604	23,929	24,534
Guarantees received from suppliers	41,352	41,352	–	–
Total commitments received	**161,419**	**112,956**	**23,929**	**24,534**

Contractual redevelopment and renovation obligations

At 31 December 2022, the Group's contractual commitments relating to investment properties undergoing renovation totalled €53,349 thousand (€98,356 thousand at 31 December 2021), of which €19,787 thousand concerned the Louvre Saint-Honoré property.

XII - 2) Off-balance sheet financing commitments

At 31 December 2022, off-balance sheet financing commitments only concerned unused confirmed credit lines. They can be broken down as follows:

(in thousands of euros)	Total	Within 1 year	In 1 to 5 years	Beyond 5 years
BECM	200,000	–	200,000	–
Caixabank	100,000	–	100,000	–
Banco Sabadell	50,000	–	50,000	–
Cadif	175,000	–	175,000	–
Société Générale	100,000	–	100,000	–
BNP Paribas 2019	290,000	–	290,000	–
Banque Postale	75,000	–	75,000	–
Intesa Sanpaolo	100,000	–	100,000	–
BNP Paribas 2020	150,000	–	150,000	–
Total	**1,240,000**	–	**1,240,000**	–

XII - 3) Employee-related off-balance sheet commitments

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 or her position for reasons other than gross or wilful misconduct.

At 31 December 2022, total commitments for the payment of compensation amounted to €1,379 thousand (€2,710 thousand at 31 December 2021).

The terms and conditions related to this compensation were approved by SFL's Board of Directors on 15 June 2022. No related provisions have been recorded in the financial statements.

XIII - Note to the Statement of Cash Flows

XIII - 1) Acquisitions of and improvements to investment properties and cash and cash equivalents

(in thousands of euros)	2022	2021
Acquisitions of and improvements to investment property		
Acquisitions	(475,470)	–
Work	(106,634)	(129,378)
Total	**(582,104)**	**(129,378)**
Cash and cash equivalents at end of period		
Cash at bank and in hand	69,433	114,881
Total	**69,433**	**114,881**

XIII - 2) Changes in liabilities related to financing activities

Changes in liabilities related to financing activities are as follows:

		Cash flows			Non-cash changes			
(in thousands of euros)	31 Dec. 2021	Proceeds from new borrowings	Repayments of borrowings	Interest paid(1)	Deferred recognition of debt arranging fees	Fair value adjustments	Other	31 Dec. 2022
Borrowings (excluding accrued interest)	1,774,894	1,285,539	(999,603)	–	5,919	–	–	2,066,749
Accrued interest on borrowings and derivatives	10,088	–	–	2,649	–	–	–	12,737
NEU Commercial Paper	117,000	2,084,000	(1,792,000)	–	–	–	–	409,000
Bank overdrafts (including interest)	16	–	–	(10)	–	–	–	6
Total	**1,901,998**	**3,369,539**	**(2,791,603)**	**2,639**	**5,919**	–	–	**2,488,491**

(1) This amount represents the impact of the change in accrued interest in calculating paid interest and not the actual interest payments.

XIV - Scope of Consolidation

The table below summarises the main information concerning the scope of consolidation at 31 December 2022:

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	100	100
SC Parchamps	410 233 498	100	100
SC Pargal	428 113 989	100	100
SC Parhaus	405 052 168	100	100
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	51	51
SCI Paul Cézanne	438 339 327	51	51
SCI Washington	432 513 299	100	100
SNC Condorcet Holding	808 013 890	100	100
SNC Condorcet Propco	537 505 414	100	100
SAS Cloud	899 379 390	51	51
SAS 92 Champs-Elysées	899 324 255	51	51
SCI Pasteur 123	789 738 556	100	100

SCI Pasteur 123 has been included in the scope of consolidation with effect from 25 April 2022. It is 100%-owned by the Group.

Four companies are 51%-owned by SFL. A shareholders' pact gives SFL *de facto* control over these companies (through its ability to control the decisions that have the greatest impact on the yield generated by these investments). The four companies are therefore considered as being controlled exclusively by SFL.

As a result of the control exercised by the Group over all of its investments, all of the companies are fully consolidated.

Société Foncière Lyonnaise is a fully consolidated subsidiary of Spanish company Inmobiliaria Colonial SOCIMI, SA, which owned 98.3% of the capital at 31 December 2022. The Group and all of its subsidiaries have their registered office in the 8th *arrondissement* of Paris.

Company Financial Statements for the Year Ended 31 December 2022

Balance Sheet

ASSETS

(in thousands of euros)	Notes Part C - IV	Total	Depreciation, amortisation and provisions	31 Dec. 2022 Net	31 Dec. 2021 Net
NON-CURRENT ASSETS					
Intangible assets	**A - 1.1**				
Software		8,001	6,922	1,079	1,834
Lease premiums and goodwill(1)				–	–
Other				–	–
Intangible assets in progress		759		759	380
Property and equipment	**A - 1.2**				
Land		551,553		551,553	558,987
Buildings		757,597	247,479	510,118	338,641
Other		3,973	3,413	560	1,584
Assets under construction		232,866		232,866	354,645
Prepayments to suppliers of property and equipment		843		843	–
Non-current financial assets(2)	**A - 1.3**				
Shares in subsidiaries and affiliates		1,789,412	9,443	1,779,969	1,504,787
Advances to subsidiaries and affiliates		36,608		36,608	25,969
Other long-term investments				–	–
Loans				–	–
Other		447		447	421
Total I		**3,382,059**	**267,257**	**3,114,802**	**2,787,248**
CURRENT ASSETS					
Receivables(3)	**A - 2**				
Prepayments to suppliers		56		56	59
Rental receivables		4,726	748	3,978	4,905
Other		710,483	1,265	709,218	559,945
Current financial assets	**A - 3**				
Treasury shares		2,947		2,947	6,942
Other marketable securities				–	–
Treasury instruments	A - 4	19		19	–
Cash at bank and in hand	A - 5	20,796		20,796	22,883
Prepaid expenses(3)		551		551	171
Total II		**739,578**	**2,013**	**737,565**	**594,905**
Deferred debt issuance costs **(III)**	A - 6	9,284		9,284	7,299
Debt redemption premiums **(IV)**	A - 7	21,961		21,961	7,408
Conversion losses **(V)**				–	–
Total assets (I to V)		**4,152,882**	**269,270**	**3,883,612**	**3,396,860**
(1) Of which lease premiums				–	–
(2) Of which due within one year (gross)				*36,608*	*25,969*
(3) Of which due beyond one year (gross)				–	–

EQUITY AND LIABILITIES

(in thousands of euros)	Notes Part C - IV	31 Dec. 2022	31 Dec. 2021
EQUITY			
Share capital		85,729	85,729
Share premium account		160,003	160,003
Revaluation reserve		21,439	21,439
Other reserves			
Legal reserve		9,306	9,306
Statutory reserves		–	–
Untaxed reserves		–	–
Other		–	–
Retained earnings		913,558	235
Profit for the year		58,233	1,093,151
Capital and reserves		**1,248,268**	**1,369,863**
Government grants		–	–
Untaxed provisions		24,858	23,509
Total I	**A - 8.1**	**1,273,126**	**1,393,372**
Participating securities		–	–
Total Ia			
Provisions for contingencies and charges	A - 8.3	9,310	7,997
Total II		**9,310**	**7,997**
LIABILITIES[(1)(2)]			
Convertible bonds		–	–
Other bonds		1,709,721	1,799,688
Bank borrowings[(3)]		400,767	7
Other borrowings		428,397	129,524
Prepaid property rentals		11,310	16,656
Trade payables		7,053	5,364
Accrued taxes and payroll costs		11,136	12,171
Due to suppliers of property and equipment		25,047	28,021
Other liabilities		7,745	4,060
Deferred income		–	–
Total III	**A - 9**	**2,601,176**	**1,995,491**
Total equity and liabilities (I to IV)		**3,883,612**	**3,396,860**
(1) Of which due beyond one year		2,112,803	*1,509,267*
(2) Of which due within one year		*488,373*	*486,224*
(3) Of which short-term bank loans and overdrafts		*6*	7

Profit and Loss Account

(in thousands of euros)	Notes Part C	31 Dec. 2022	31 Dec. 2021
OPERATING INCOME			
Property rentals		63,445	86,226
Service revenue		1,747	1,961
Total revenue	**B - 1**	**65,192**	**88,187**
Own-work capitalised		910	861
Reversals of depreciation, amortisation and provisions, and expense transfers	B - 2	32,998	27,980
Other income		4,823	2,256
Total I		**103,923**	**119,284**
OPERATING EXPENSES			
Other purchases and external charges	B - 3	28,670	24,827
Taxes other than on income	B - 4	8,184	9,229
Payroll costs	B - 5		
Wages and salaries		16,091	12,923
Payroll taxes and other employee benefits expenses		4,044	4,566
Depreciation, amortisation and provision expense			
Depreciation and amortisation expense		23,622	28,152
Impairment losses on current assets		335	1,424
Provision expense		6,443	6,002
Other expenses		377	4,464
Total II		**87,766**	**91,587**
OPERATING PROFIT (I - II)		**16,157**	**27,697**
FINANCIAL INCOME			
From investments in subsidiaries and affiliates		84,197	31,991
From other non-current financial assets		–	–
Other interest income		18,610	3,434
Reversals of provisions and impairment losses, and expense transfers		3,577	6,058
Total III	**B - 7**	**106,384**	**41,483**
FINANCIAL EXPENSES			
Depreciation, amortisation, impairment losses and other provision expense		10,564	1,073
Interest expense		31,537	28,287
Total IV	**B - 7**	**42,101**	**29,360**
NET FINANCIAL INCOME (III - IV)		**64,283**	**12,123**
PROFIT BEFORE TAX AND OTHER INCOME AND EXPENSE (I - II + III - IV)		**80,440**	**39,820**
OTHER INCOME			
From revenue transactions		962	20
From capital transactions		27,671	2,379,530
Reversals of provisions and impairment losses, and expense transfers		973	2,794
Total V		**29,606**	**2,382,344**
OTHER EXPENSES			
On revenue transactions		201	421
On capital transactions		50,181	1,321,221
Amortisation, impairment losses and other provision expense		1,349	1,570
Total VI		**51,731**	**1,323,212**
OTHER INCOME/(EXPENSE), NET (V - VI)	**B - 8**	**(22,125)**	**1,059,132**
Employee profit-sharing (IX)		124	5,850
Income tax expense (X)	B - 9	(42)	(49)
Total income (I + III + V)		**239,913**	**2,543,111**
Total expenses (II + IV + VI + IX + X)		**181,680**	**1,449,960**
Profit for the year		**58,233**	**1,093,151**

I – Accounting Policies

The financial statements are presented in accordance with regulation ANC no. 2014-03 (amended) on the French generally accepted accounting principles (GAAP) applicable to financial years ended 31 December 2022.

The financial year covers a period of 12 months.

The amounts in the notes to the financial statements below are presented in thousands of euros.

The financial statements have been prepared on a going concern basis, in accordance with the principles of prudence and segregation of accounting periods.

The main accounting policies, which have been applied consistently from one year to the next, are as follows:

a) Intangible assets

Intangible assets recognised in the balance sheet mainly consist of software purchased or developed for the Company's ERP system.

They are amortised by the straight-line method over their estimated useful life.

b) Property and equipment

1 – Cost

The property portfolio was revalued in 2003, when the Company elected for SIIC status.

All expenses, including eviction compensation paid to tenants of properties scheduled for large-scale renovation, are considered as an integral part of the renovation cost and are therefore capitalised.

Capitalised renovation costs also include borrowing costs for the period until the property is put back on the rental market, calculated at the average month-end interest rate after hedging.

The cost of properties does not include transaction expenses.

2 – Depreciation and impairment

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 over its useful life. The depreciation method used reflects the pattern in which the asset's future economic benefits are expected to be consumed.

Properties held in the portfolio when the component approach was adopted were analysed by estimating the cost of rebuilding or replacing each part of the property, its degree of wear and tear and its useful life. These technical data were used to determine the proportion of each property's value represented by each component part. This ratio was then applied to the revaluations at 1 January 2005 that were used as deemed cost at that date.

The useful lives of the component parts of investment property are as follows, except for certain specific cases which do not materially affect depreciation expense:

Shell	100 to 125 years
Roof, windows, doors	20 to 125 years
Fixtures and installations	10 to 50 years
Fittings and equipment	5 to 40 years

Depreciation is calculated by the straight-line method, based on:
– The useful lives of the component parts of the property. 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 over its respective useful life.
– The cost of the asset less its residual value.

The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. Accelerated depreciation is calculated for tax purposes on the residual value, in accordance with the tax instruction issued in 2005.

Properties in the portfolio are valued at six-monthly intervals in order to compare their period-end carrying amount to their appraisal value. The appraisals are performed by independent valuers. The carrying amount – corresponding to value in use – may not exceed the properties' appraisal value.

Any impairment loss is determined by comparing their carrying amount to their appraisal value excluding transfer costs.

An impairment provision is recognised for each property whose carrying amount is greater than its appraisal value excluding transfer costs. The impairment provision is allocated to the extent possible to each asset's non-depreciable components and is adjusted each year based on the new appraisal value.

Valuation method

The methods used to value the properties in the portfolio comply with the *Charte de l'Expertise en Evaluation Immobilière* (property valuation charter), the February 2000 report of France's securities regulator (COB, renamed AMF), and 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 valuation of the portfolio at 31 December 2022 was performed by the two independent experts:
– Cushman & Wakefield (in charge of half-yearly appraisals at SFL since 2017),
– CBRE (in charge of half-yearly appraisals at SFL since 2019).

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 years 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 SFL, 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 period 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. Asset valuations include the estimated cost of future repairs and renovations (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 period.

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.

c) Non-current financial assets

Non-current financial assets are stated at cost, and a provision for impairment is recorded if fair value is less than this amount at the balance sheet date.

The fair value of shares in subsidiaries and affiliates corresponds to the investment's fair value to the Company and takes into account unrealised capital losses on the subsidiary's property assets, as determined based on the independent valuations performed at each year end by the method described in paragraph b) 2- above.

An additional provision is recorded when the Company has an obligation to cover losses in excess of the amount of its interest in the subsidiary or affiliate concerned.

The total provision is booked against the following items, in the order listed: shares in subsidiaries and affiliates, long-term receivables and current account advances, with any balance recognised in liabilities under provisions for contingencies.

d) Rental receivables

Rental receivables are measured at the lower of their nominal value and recoverable amount, determined on a case-by-case basis. A provision for doubtful accounts is recorded for rental receivables that present a risk of non-recovery.

Provisions are calculated at the following rates, based on the amount of the receivable excluding tax, net of the guarantee deposit:
– Residential leases: 100%.
– Office and retail leases: 50% when the tenant is still occupying the premises; 100% when they have vacated the premises.

Provisions calculated at the above rates are adjusted where appropriate to take specific situations into account.

e) Current financial assets

Current financial assets are stated at the lower of cost and fair value, with fair value corresponding to the average market price for the last month of the period.

f) Debt issuance costs and redemption premiums

Bond issuance costs, bank loan arranging fees and bond redemption premiums are recognised under deferred charges in assets, and amortised to the profit and loss account on a straight-line basis over the term of the loans to which they relate.

g) Financial instruments

SFL uses financial instruments such as swaps to manage interest rate risk.

The instruments used may consist of interest rate swaps, caps or floors.

Premiums paid when the contracts are signed are recorded under financial instruments on the assets side of the balance sheet and amortised to the profit and loss account on a straight-line basis.

Interest income or expense is recognised in the profit and loss account by the accruals method.

Interest rate differentials on swaps are recognised in financial income or expense over the life of the instruments.

h) Operating income and expenses

Operating income consists mainly of rental income and property expenses recovered from tenants.

Rent and property expenses are invoiced to tenants on a cash basis in accordance with the terms of the lease.

The effect of rent step-up clauses and rent-free periods included in leases in line with market conditions prevailing when the lease is signed is not deferred but is recognised immediately in profit or loss (method adopted by SFL).

Expense transfers correspond mainly to property expenses billed to tenants (including property tax and office tax), and expenses included in the cost of properties undergoing redevelopment.

Lease termination penalties correspond to penalties charged to tenants for terminating their lease before the contractual expiry date. They are recognised in revenue for the period in which they are billed.

Key money paid by tenants is recognised over the non-cancellable lease term.

Marketing, re-marketing and lease renewal costs are recognised as expenses for the year in which they are incurred.

i) Income tax

Since 1 January 2003, SFL has elected to be taxed as an SIIC. Under the SIIC regime:
– the operating profit and capital gains of businesses eligible for the SIIC regime are exempt from corporate income tax;
– the activities that are not eligible for this regime are liable for corporate income tax.

j) Financial income and expense

Balancing payments received or paid on early repayment of loans are reported under other financial income or expenses.

Financial expense transfers correspond to reclassifications of borrowing costs that are recognised on a straight-line basis over the life of the debt. They also include borrowing costs capitalised as part of the redevelopment cost of property assets.

II – Significant Events of the Year

1) Property Transactions

Properties undergoing redevelopment represented roughly 22% of the total portfolio by surface area at 31 December 2022. The two main projects currently in progress concern:
– 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. Work on the project was pursued during the year according to schedule.
– The Rives de Seine office building on Quai de la Rapée in Paris (approximately 23,000 sq.m.), which was vacated by the tenant on 30 September 2022 and will be extensively redeveloped. The application for a building permit has been filed and work is starting in the first half of 2023, with delivery scheduled for the first half of 2026.

The Biome office building on Avenue Émile Zola (approximately 25,000 sq.m.) was delivered on 19 July 2022 following a major redevelopment programme. The building has been fully let, primarily to La Banque Postale and SFIL.

On 25 April 2022, SFL acquired from Primonial REIM France all of the shares of SCI Pasteur 123, owner of the Pasteur building located at 91-93 boulevard Pasteur in the 15th arrondissement of Paris.

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.

In 2022, leases were signed on around 28,000 sq.m. of mainly office space, including the office space in the Biome complex *(see above)*.

2) Financing activities

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 3-year revolving credit line expiring in June 2023 and the BECM €150 million 5-year revolving credit line expiring in July 2023 with an increase in the amount of the facility to €200 million.
– Signature with a pool of five banks of a 5-year €300 million Term Loan.

Most of these new banking facilities (for €725 million) are impact loans 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 to green bonds *(see Note III-2)*.

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.

3) Impact of the Ukraine crisis on the Company's financial statements

The war in Ukraine has had virtually no impact on SFL's business and financial statements for 2022, as all of its assets and customers are located in France and it has no exposure to the countries involved in the conflict.

The indirect consequences (rising interest rates, raw materials cost inflation, etc.) are difficult to assess at this stage, particularly insofar as they are difficult to dissociate from other macroeconomic impacts not linked to the conflict in Ukraine. Rising interest rates could have an impact on financing, but their effect would remain limited due to its debt structure – at 31 December 2022, after hedging, 92% of Group debt was at fixed rates.

To date, the impact of raw materials cost inflation on operations has been contained and SFL has not incurred any additional costs or construction delays. There are likely to be impacts in the future, but operations programmes are already being adapted to minimise these impacts without affecting our products.

4) Subsequent events

On 31 January 2023, SFL signed an agreement for the sale of the property located at 6 rue de Hanovre in Paris.

III – Effects of Climate Change

Climate change is bringing about profound changes in the economy, which is why increasing attention needs to be paid to its effects on companies' financial and non-financial performance. To address the major challenges associated with these changes, very ambitious objectives have been set in the European Green Deal, the Glasgow Climate Pact (COP26) and the Paris Agreement (COP21). Meeting these objectives will involve radical transformations.

The purpose of this note is to present the impact of these changes on the Company's business and performance, as well as the main impacts on the financial statements.

1) Effects of climate change on the Company's financial position

The construction industry accounts for nearly one quarter of all greenhouse gas emissions in France. For this reason, the Company has developed a strategy to monitor the risks and impacts of climate change, supported by measures to address them.

The main effects of changing weather conditions on the financial statements have been identified. These effects cannot be measured with perfect accuracy, as it is difficult to separate them from other factors that influence developments over the reporting period. However, the main effects on the Group's financial information can be summarised as follows:

- The impact on appraisal values should be positive. The Company's buildings are recognised as being of a high environmental quality (as evidenced by the certifications they have received) and the appraisers have therefore included an 18% average premium in their estimates of market rents and capitalisation rates.
- Capital expenditure and building operating costs are likely to increase to cover the cost of work needed to anticipate changes in industry regulations and strengthen customer loyalty. For example, it will be necessary to install LED lighting, more efficient heating systems, and digital technical systems to track energy use more accurately.
- Various other expenditures will be necessary, such as environmental certification costs (mainly Building Research Establishment Environmental Assessment Method (BREEAM), Global Real Estate Sustainability Benchmark (GRESB), and European Public Real Estate Association (EPRA)), ESG data publication costs (data collection, preparation of reports, other internal and external resources), and the cost of bonuses paid to certain employees and/or members of the Management Committee for meeting ESG objectives.

2) Green financing

At the beginning of the year, SFL completed the bondholder-approved reclassification of all its outstanding bonds (representing a total principal amount of €1,790 million) as green bonds. It was able to take this important step thanks to its portfolio of environmentally sustainable assets valued at an amount equal to or greater than the total nominal amount of the outstanding bonds. Conversion of the bond debt into green bonds had no impact on the bonds' other characteristics, such as their terms, interest rates or maturity. The conversion costs totalled €177 thousand. In line with the same policy, the €198 million proceeds from the 2027 and 2028 taps were also used by SFL to finance or refinance green assets, defined as assets that have a positive impact on the environment.

Through these operations, the Group further strengthened the alignment between its environmental performance and its financial structure, becoming one of the first French listed companies to have all its bonds designated as green. These bonds are an alternative to traditional corporate financing, responding to growing corporate sensitivity to sustainability issues. Going forward, the Group intends to carry out all bond issues under its Green Financing Framework. Green financing gives SFL a competitive advantage and the bonds are attractive for capital market investors, who are turning more and more frequently to this type of investment.

In addition to the these ESG-labelled project financing instruments, SFL has also set up financing instruments indexed to ESG performance objectives. In 2022, interest rates on more than 87% of new bank financing – representing a total of €725 million – were indexed to ESG performance objectives (mainly related to greenhouse gas emissions).

3) Other potential effects on the financial statements

Other potential climate-related effects, none of which had an impact on the 2022 financial statements, include:

- Environmental levies: the Company's investment choices have ensured that it is in compliance with climate-related regulations. As a result, the Company has not received any penalties for non-compliance. A regulatory watch system has been set up to anticipate changes in climate-related legal requirements and proactively initiate any necessary compliance measures. No impairment losses were recorded for environmental risks in 2022.

IV – Notes to the Financial Statements

A – Notes to the Balance Sheet

A - 1) Non-current assets

A - 1.1) Intangible assets

(in thousands of euros)	31 Dec. 2021	Additions	Disposals	Reclassifications	31 Dec. 2022
Software	9,051		1,050		8,001
Intangible assets in progress	1,166	379	786		759
Total	**10,217**	**379**	1,836	–	**8,760**

Software includes both software licences and internally-developed software.

The change in accumulated amortisation can be analysed as follows:

(in thousands of euros)	31 Dec. 2021	Amortisation and impairment for the year	Amortisation and impairment written off on disposals and other	31 Dec. 2022
Software	7,217	754	1,049	6,922
Intangible assets in progress	786		786	–
Total	**8,003**	**754**	1,835	**6,922**

Amortisation and impairment of intangible assets relate to computer software.

A - 1.2) Property and equipment

(in thousands of euros)	31 Dec. 2021	Additions	Disposals	Reclassifications	31 Dec. 2022
Land	561,754		14,085	3,884	551,553
Buildings	279,228		14,085	139,575	404,718
Fixtures and fittings	296,741		10,260	66,398	352,879
Furniture and equipment	5,669		1,696		3,973
Assets under construction	354,645	88,409	331	(209,857)	232,866
Prepayments to suppliers of property and equipment	–	843			843
Total	**1,498,037**	**89,252**	**40,457**	–	**1,546,832**

Decreases for the year result from the sale of the Le Vaisseau building located in Issy-les-Moulineaux.

Additions to property and equipment generally correspond to costs accumulated in the “Assets under construction” account that are reclassified on delivery of the property to the appropriate depreciable asset accounts. The reclassification of €209,857 thousand to property, plant and equipment mainly concerns the Biome property.

Redevelopment work on the building was completed during the first half of the year and the property was delivered on 19 July 2022.

The change in accumulated depreciation can be analysed as follows:

(in thousands of euros)	31 Dec. 2021	Depreciation and impairment for the year	Depreciation and impairment written off on disposals and other	Reclassifications	31 Dec. 2022
Buildings	48,521	5,350	3,722		50,149
Fixtures and fittings	188,807	14,146	5,623		197,330
Furniture and equipment	4,085	1,024	1,696		3,413
Total	**241,413**	**20,520**	**11,041**	–	**250,892**

Changes in impairment provisions can be analysed as follows:

(in thousands of euros)	31 Dec. 2021	Increases	Decreases	31 Dec. 2022
Le Vaisseau	2,767		2,767	–
Total	**2,767**	**–**	2,767	**–**

Impairment loss reversed following the disposal of the property on 30 May 2022.

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

Geographic area	Value excluding transfer costs at 31 December 2022 (in millions of euros, on a 100% basis)	Inputs	Range of values(1)	Weighted average(1)
Paris Central Business District	2,545	Market rents Exit yield Discount rate	€725 - €975 3.10% - 3.40% 4.20% - 4.40%	€836 3.26% 4.34%
Other Paris	1,120	Market rents Exit yield Discount rate	€548 - €675 3.25% - 4.10% 4.60% - 5.50%	€585 3.71% 4.89%
Western Crescent	96	Market rents Exit yield Discount rate	€540 - €540 3.55% - 3.55% 4.60% - 4.60%	€479 3.55% 4.60%
Total	**3,761**			

(1) Offices.

A - 1.3) Non-current financial assets

(in thousands of euros)	31 Dec. 2021	Increases	Decreases	31 Dec. 2022
Shares in subsidiaries and affiliates	1,507,237	282,175		1,789,412
Advances to subsidiaries and affiliates	25,969	36,608	25,969	36,608
Deposits	421	26		447
Total	**1,533,627**	**318,809**	**25,969**	**1,826,467**

On 25 April 2022, SFL acquired all the shares in SCI Pasteur from Primonial REIM France for €282,175 thousand.

Changes in impairment provisions can be analysed as follows:

(in thousands of euros)	31 Dec. 2021	Increases	Decreases	31 Dec. 2022
SAS Maud shares	2,450			2,450
SAS SB2 shares	–	29		29
SAS SB3 shares	–	29		29
SCI SB3 shares	–	1		1
SAS 92 Champs-Élysées shares	–	6,934		6,934
Total	**2,450**	**6,993**	**–**	**9,443**

List of subsidiaries and affiliates

Subsidiaries and affiliates	Share capital	Reserves and retained earnings before profit appropriation	% interest	Carrying amount of investment		Outstanding loans and advances granted by SFL	Outstanding guarantees	Last published net revenue	Last published profit	Dividends received during the year	Observations
				Cost	Net						
A – Investments with a gross value in excess of 1% of SFL's capital:											
1. Subsidiaries (at least 50%-owned)											
SCI Paul Cézanne	56,934	86,047	51%	148,842	148,842	–	–	12,606	5,966	–	–
SCI 103 Grenelle	–	165,593	51%	81,861	81,861	–	–	10,308	6,401	–	–
SCI Washington	94,872	21,605	100%	330,533	330,533	151,072	–	22,397	14,212	–	–
SAS Maud	1,480	(2,738)	100%	2,450	0	2,784	–	5,328	(174)	–	–
SAS 92 Champs-Elysées	101,971	290,177	51%	206,929	199,995	–	–	11,495	(2,768)	312	–
SAS Cloud	178,195	510,639	51%	362,609	362,609	–	–	17,983	2,634	909	–
SCI Pasteur 123	14,365	9,141	100%	282,175	282,175	176,140	–	17,360	6,125	–	–
SAS Parholding	15,000	10,495	100%	373,713	373,713	187,173	–	–	7,638	13,115	–
2. Affiliates (10-50%-owned)											
B – Aggregate information about investments not listed in A above:											
Subsidiaries (at least 50%-owned)	–	–	–	300	241	181,463	–	–	10,398	179	–
Affiliates (less than 50%-owned)	–	–	–	–	–	–	–	–	–	–	–

A - 2) Receivables

Receivables can be analysed as follows by maturity:

(in thousands of euros)	Total	*o/w accrued income*	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Prepayments to suppliers	56	–	56	–	–
Trade receivables	4,726	*2,494*	4,726	–	–
Other					
. Employee advances	6	2	6	–	–
. Prepaid and recoverable taxes	9,878	*925*	9,878	–	–
. Current account advances	698,632	*1,980*	698,632	–	–
. Miscellaneous receivables	1,967	*744*	1,967	–	–
Prepaid expenses	551	–	551	–	–

"Current account advances" include dividends receivable from subsidiaries.

Provisions for impairment of receivables (in thousands of euros)	31 Dec. 2021	Increases	Decreases	31 Dec. 2022
Rental receivables	754	154	160	748
SAS Maud current account advance	1,084	174	–	1,258
SCI SB3 current account advance	–	7	–	7
Total	**1,838**	**335**	**160**	**2,013**

A - 3) Current financial assets

Marketable securities consist exclusively of treasury shares.
The carrying amount of treasury shares held by SFL at 31 December 2022 was €2,947 thousand.

Treasury shares	31 Dec. 2021	Increases*	Decreases	31 Dec. 2022
Number of shares	114,163	32,892	95,340	51,715
Average purchase/sale price	€60.81	€85.56	€71.42	€56.98
Total	**6,942**	**2,814**	**6,810**	**2,947**

* Including 22,008 shares allocated to performance share plans.

Treasury shares allocated to performance share plans concern SFL Group companies and are carried at cost.

(in thousands of euros)	Number of shares	Cost	Provisions	Net	Market value	Gross gain or loss
Shares allocated to share-based payment plans						
2020 performance share plan	23,520	1,835	n.a.	1,835		
Sub-total	**23,520**	**1,835**	–	**1,835**		
Available treasury shares						
Shares held for future stock-for-stock acquisitions	–	–	–	–	–	–
Shares held for external growth transactions	23,283	705	–	705	1,960	1,255
Shares held under the liquidity contract	4,912	407	–	407	413	6
Sub-total	**28,195**	**1,112**	–	**1,112**		
Total	**51,715**	**2,947**	–	**2,947**		

Performance share 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.

The expected vesting rate is adjusted to reflect SFL's most probable ranking at the end of the vesting period.

At 31 December 2022, the rates applied were 200% for the 2020 plan (probable ranking: no. 1) and 100% for the 2021 and 2022 plans (probable ranking: no. 3).

Performance share plans for Company employees are as follows:

Details of the performance share plans	Plan no. 5		Plan no. 6
Date of General Meeting	20 Apr. 2018	20 Apr. 2018	15 Apr. 2021
Grant date (date of Board meeting)	6 Feb. 2020	11 Feb. 2021	18 Feb. 2022
End of vesting period	31 Dec. 2022	31 Dec. 2023	31 Dec. 2024
Initial expected vesting rate	100.00%	100.00%	100.00%
Target number of shares	33,164	31,948	29,140
SFL share price on the grant date	€78.00	€63.20	€86.20
SFL share price at 31 December 2022	€84.40	€84.40	€84.40

(number)	Plan no. 5		Plan no. 6
Number of shares expected to vest at beginning of the year	**32,752**	**31,664**	–
Performance share rights granted during the year	32,624		29,140
Performance share rights cancelled during the year (departures/vesting conditions not met)	(128)	(128)	(128)
Expected vesting rate at 31 December 2022	200.00%	100.00%	100.00%
Number of shares expected to vest at 31 December 2022	**65,248**	**31,536**	**29,012**

A - 4) Financial instruments

(in thousands of euros)	Amortisation period	Total	Accumulated amortisation	Disposals	Net
CIC PRIME CAP €100m - Sept. 2022	6 months	58	39	–	19
Total		**58**	**39**	**–**	**19**

A - 5) Cash at bank and in hand

(in thousands of euros)	31 Dec. 2021	31 Dec. 2022
Cash at bank and in hand	22,883	20,796
Total	**22,883**	**20,796**

A - 6) Deferred charges

Loan arranging fees and commissions are amortised on a straight-line basis over the life of the loan and the deferred balance is adjusted in the event of any partial early repayment.

(in thousands of euros)	Amortisation period	Total	Accumulated amortisation at 31 Dec. 2021	Amortisation for the year	Accumulated amortisation at 31 Dec. 2022	Net
2015 bonds	7 years	2,407	2,233	174	2,407	–
2018 bonds	7 years	1,946	996	278	1,274	672
2020 bonds	7 years	2,277	515	325	840	1,437
2020 bonds – 2022 tap	5 years	215	–	25	25	190
2021 bonds	6.5 years	2,275	58	350	408	1,867
2021 bonds – 2022 tap	6 years	285	–	32	32	253
2017 CADIF loan	6 years	320	242	78	320	–
2017 CADIF loan, addendum 1	5.5 years	230	169	61	230	–
2017 Banque Postale loan	7 years	263	169	38	207	56
2018 BECM loan	5 years	525	359	166	525	–
2018 Société Générale loan	5 years	450	208	63	271	179
2019 BNP Paribas loan	5 years	1,478	739	296	1,035	443
2020 BNP Paribas loan	7 years	620	196	124	320	300
2022 CADIF loan	3 years	468	–	91	91	377
2022 BECM loan	5 years	800	–	67	67	733
2021 Intesa Sanpaolo loan	6 years	392	–	79	79	313
Intesa Sanpaolo loan, 2022 extension	6 years	100	–	–	–	100
Caixa Bank, 2022 loan	5 years	400	–	67	67	333
Sabadell, 2022 loan	5 years	178	–	3	3	175
2022 loan from the 5-member banking pool	5 years	1,887	–	31	31	1,856
Total		**17,516**	**5,884**	**2,348**	**8,232**	**9,284**

A - 7) Redemption premiums

Redemption premiums are amortised on a straight-line basis over the life of the bonds and the deferred balance is adjusted in the event of any partial early repayment.

(in thousands of euros)	Amortisation period	Total	Amortisation for the year	Accumulated amortisation	Net
2015 bonds	7 years	735	53	735	–
2018 bonds	7 years	4,005	572	2,622	1,383
2020 bonds	7 years	2,105	301	777	1,328
2020 bonds – 2022 tap	5 years	6,512	760	760	5,752
2021 bonds	6.5 years	3,870	595	695	3,175
2021 bonds – 2022 tap	6 years	11,613	1,290	1,290	10,323
Total		**28,840**	**3,571**	**6,879**	**21,961**

A - 8) Equity

A - 8.1) Changes in equity

A. Equity at 31 December 2021 before appropriation of profit for the year	**1,393,372**
Dividend decided by the Annual General Meeting of 7 April 2022	(179,828)
B. Contributions received with retroactive effect to the beginning of the reporting period	**–**
C. Equity at 1 January 2022 after appropriation of 2021 profit	**1,213,544**
D. Movements for the year:	
1. Reduction in capital	–
2. Changes in share premium account, reserves, retained earnings	–
3. Changes in untaxed reserves	–
4. Changes in revaluation reserve	–
5. Changes in untaxed provisions and government grants	1,349
6. Other movements	–
7. Profit for the year	58,233
E. Equity at 31 December 2022 before appropriation of profit for the year	**1,273,126**
F. Change in equity during the year	**(120,246)**
G. of which: changes due to changes in structure during the year	**–**
I. Other changes in equity during the year	**(120,246)**

At 31 December 2022, the Company's share capital comprised 42,864,715 ordinary shares with a par value of €2. The number of voting rights at that date was 42,812,937.

Société Foncière Lyonnaise is a subsidiary of Spanish company Inmobiliaria Colonial SA, which owned 98.33% of the capital at 31 December 2022.

Untaxed provisions correspond exclusively to accelerated capital allowances, representing excess tax depreciation calculated on the residual value of certain properties.

(in thousands of euros)	31 Dec. 2021	Increases	Decreases	31 Dec. 2022
Excess tax depreciation	23,509	1,349	–	24,858
Total	**23,509**	**1,349**	**–**	**24,858**

A - 8.2) Dividends

(in thousands of euros)	2021		2022	
	Paid	Per share	Paid	Per share
Dividend paid in the reporting year	97,476	€2.10	179,828	€4.20
Total	**97,476**	**€2.10**	**179,828**	**€4.20**

A - 8.3) Provisions for contingencies and charges

(in thousands of euros)	31 Dec. 2021	Increases	Decreases	31 Dec. 2022
Provisions for employee benefits	7,997	6,291	5,130	9,158
Short-term provisions for contingencies	–	152	–	152
Total	**7,997**	**6,443**	**5,130**	**9,310**

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 Management's judgement.

Provisions for employee benefits include performance share plan costs deferred over three years from the grant date. Delivery of shares awarded under the 2019 plan led to the reversal of €5,130 thousand from the provision (including the specific employer contribution).

A - 9) Liabilities

Liabilities can be analysed as follows by maturity:

(in thousands of euros)	Total	*o/w accrued expenses*	Due within 1 year	In 1 to 5 years	Due beyond 5 years
Bonds	1,709,721	*11,721*	11,721	1,099,000	599,000
Bank borrowings	400,767	*767*	767	400,000	–
Other borrowings and financial liabilities					
. Tenant deposits	16,329	–	1,526	1,460	13,343
. Negotiable European commercial paper (NEU CP)	409,000	–	409,000	–	–
. Current account advances	3,068	–	3,068	–	–
Prepaid property rentals	11,310	–	11,310	–	–
Trade payables	7,053	*6,855*	7,053	–	–
Accrued payroll costs	10,679	*10,139*	10,679	–	–
Accrued taxes	457	–	457	–	–
Due to suppliers of property	25,047	*23,966*	25,047	–	–
Other liabilities	7,745	538	7,745	–	–
Total	**2,601,176**	***53,986***	**488,373**	**1,500,460**	**612,343**

Prepaid property rentals correspond to rent and property expenses for the first quarter of 2023 payable in advance.

The amounts reported under "Due to suppliers of property" correspond mainly to invoices for redevelopment work on the Louvre Saint-Honoré, Biome and Rives de Seine buildings.

Accrued payroll costs include statutory and discretionary profit-sharing and bonus accruals.

(in thousands of euros)	31 Dec. 2022	31 Dec. 2021	Year-on-year change
2015 bonds	–	290,421	(290,421)
2018 bonds	504,459	504,459	–
2020 bonds	604,170	504,315	99,855
2021 bonds	601,092	500,493	100,599
BNP loan	400,761	–	400,761
Bank overdrafts	6	7	(1)
Negotiable European commercial paper (NEU CP)	409,000	117,000	292,000
Total	**2,519,488**	**1,916,695**	**602,793**

B – Notes to the Profit and Loss Account

B - 1) Net revenue

(in thousands of euros)	2022	2021
Property rentals	61,180	84,612
Property and facility management fees	2,265	1,614
Sub-total	**63,445**	**86,226**
Payments received for seconded employees	1,563	1,801
Other service revenue	184	160
Sub-total	**1,747**	**1,961**
Total	**65,192**	**88,187**

The Company reported revenue of €65,192 thousand in 2022 compared with €88,187 thousand in 2021. The decrease of €22,757 thousand (down 26.1%) was mainly due to:

– the transfer of two properties to the subsidiaries SAS Cloud and SAS 92 Champs-Élysées in 2021 (for €20,141 thousand),
– the departure of the sole tenant of the Rives de Seine building (for €3,128 thousand).

B - 2) Reversals of provisions and impairment losses, and expense transfers

(in thousands of euros)	2022	2021
Reversals of provisions for doubtful receivables	160	49
Reversals of provisions for contingencies and charges	5,130	4,540
Impairment loss reversed on the sale of a building	2,767	–
Sub-total	**8,057**	**4,589**
Costs and taxes recovered from tenants	14,084	15,005
Other expense transfers	10,857	8,386
Sub-total	**24,941**	**23,391**
Total	**32,998**	**27,980**

B - 3) Other purchases and external charges

(in thousands of euros)	2022	2021
Reinvoiced costs	8,372	9,423
Other purchased services and expenses	20,298	15,404
Total	**28,670**	**24,827**

B - 4) Taxes other than on income

(in thousands of euros)	2022	2021
Recoverable taxes	5,432	5,894
Other taxes	2,752	3,335
Total	**8,184**	**9,229**

B - 5) Payroll costs

(in thousands of euros)	Administrative staff	Building staff	2022 total	2021 total
Wages and salaries				
Wages and salaries	16,012	79	16,091	12,923
Sub-total	**16,012**	**79**	**16,091**	**12,923**
Payroll taxes and other employee benefits expenses				
Social security taxes and disability/health insurance premiums	3,451	22	3,473	3,994
Other employee benefits expenses	559	12	571	572
Sub-total	**4,010**	**34**	**4,044**	**4,566**
Total	**20,022**	**113**	**20,135**	**17,489**

The remuneration awarded to senior management (including bonuses, benefits in kind, corporate savings plan rights, termination benefits, etc.) amounted to €4,764 thousand in 2022 (2021: €3,321 thousand).

Directors' fees for the year awarded to the members of the Board of Directors represented a total of €321 thousand in 2022.

B - 6) Number of employees

(number)	2022	2021
Building caretakers	2	2
Supervisors	8	7
Managers	51	51
Total	**61**	**60**

B - 7) Net financial expense

(in thousands of euros)	2022	2021
Dividends from SAS Parholding	13,115	4,242
Dividends from SA Segpim	179	1,779
Dividends from SAS 92 Champs-Élysées	5,855	–
Dividends from SAS Cloud	13,650	–
Revenue from SCI Paul Cézanne	15,282	3,105
Revenue from SNC Condorcet Holding	9,964	8,634
Revenue from SCI Washington	14,212	12,152
Revenue from SCI 103 Grenelle	5,815	2,079
Revenue from SCI Pasteur 123	6,125	–
Sub-total	**84,197**	**31,991**
Interest income from current account advances to subsidiaries	3,311	905
Other financial income (a)	15,300	2,529
Sub-total	**18,611**	**3,434**
Capitalised interest expense (b)	3,576	6,058
Sub-total	**3,576**	**6,058**
Financial income	**106,384**	**41,483**
Change in provisions for bond redemption premiums	3,571	1,073
Impairment of shares in subsidiaries and affiliates	6,993	–
Sub-total	**10,564**	**1,073**
Interest expense on bonds and bank loans	25,655	25,125
Interest expense on current account advances from subsidiaries	475	69
Interest expense on bank overdrafts	19	102
Interest on negotiable European commercial paper (NEU CP)	1,145	(793)
Bank loan arranging fees	3,950	3,784
Expenses on financial instruments	293	–
Sub-total	**31,537**	**28,287**
Financial expenses	**42,101**	**29,360**

(a) A balancing payment of €15,295 thousand was received on the two hedging instruments unwound in 2022.
(b) Capitalised interest expense corresponds to interest capitalised during the redevelopment of the Louvre Saint-Honoré, Biome and Rives de Seine buildings in 2022.
(c) Impairment losses on shares in subsidiaries and affiliates are analysed in A - 1.3).

B - 8) Other income and expenses

(in thousands of euros)	2022	2021
Capital losses on disposals of assets (a)	(2,822)	144,681
Gains on exchanges and sales of properties and financial assets	–	917,459
Value of shares allocated to holders of vested performance share rights	(4,030)	(3,837)
Transaction costs on purchases of shares in subsidiaries and affiliates (b)	(14,885)	–
Capital gains and losses on share buybacks	13	6
Charges to/(reversals from) depreciation, amortisation and untaxed provisions	(1,349)	944
Other operating income and expenses, net	(3)	(397)
Tax rebates received	951	–
Charges to provisions related to departing tenants, net of reversals	–	276
Total	**(22,125)**	**1,059,132**

(a) The capital loss of €2,822 thousand corresponds to the disposal of the Le Vaisseau building.
(b) Transaction costs of €14,885 thousand relate to the purchase of shares in SCI Pasteur 123.

B - 9) Income tax expense

(in thousands of euros)	2022	2021
Corporate income tax expense	(42)	(49)
Total	**(42)**	**(49)**

C – Related party transactions

Related party transactions (other than transactions with subsidiaries) are routine transactions carried out on arm's length terms. Transactions not fulfilling this criterion are not material.

The Company has no off-balance sheet commitments with related parties.

D – Off-balance sheet commitments

Guarantees and other commitments

(in thousands of euros)	Total	Within 1 year	In 1 to 5 years	Beyond 5 years
Commitments given				
Locaparis real estate guarantees	110	110		
Commitments received				
Guarantees received from tenants	66,044	56,655	6,446	2,943
Guarantees received from suppliers	37,269	37,269		
Undrawn confirmed lines of credit				
BECM loan	200,000		200,000	
Caixabank	100,000		100,000	
Banco Sabadell	50,000		50,000	
Cadif loan	175,000		175,000	
Société Générale loan	100,000		100,000	
2019 BNP Paribas loan	290,000		290,000	
Banque Postale loan	75,000		75,000	
Intesa Sanpaolo loan	100,000		100,000	
2020 BNP Paribas loan	150,000		150,000	

Hedging portfolio

At 31 December 2022, derivatives held by the Company included:

– Counterparty: CIC. 6-month 2% cap vs the 3-month Euribor on a notional amount of €100,000 thousand. Premium: €58 thousand. The cap came into effect on 14 September 2022 and is a cash flow hedge qualifying for hedge accounting. At 31 December 2022, the swap had a positive fair value of €10 thousand (including the borrowing cost).
– Counterparty: CIC. 5-year interest rate swap on a notional amount of €100,000 thousand, whereby CIC pays the 3-month Euribor and SFL pays a fixed rate of 2.6250%. The swap came into effect on 14 November 2022 and is a cash flow hedge qualifying for hedge accounting. At 31 December 2022, the swap had a positive fair value of €1,873 thousand (including the borrowing cost).
– Counterparty: Société Générale. 7-year interest rate swap on a notional amount of €100,000 thousand, whereby Société Générale pays the 3-month Euribor and SFL pays a fixed rate of 2.4920%. The swap came into effect on 6 December 2022 and is a cash flow hedge qualifying for hedge accounting. At 31 December 2022, the swap had a positive fair value of €3,200 thousand (including the borrowing cost).
– Counterparty: CIC. 7-year interest rate swap on a notional amount of €100,000 thousand, whereby CIC pays the 3-month Euribor and SFL pays a fixed rate of 2.4240%. The swap came into effect on 6 December 2022 and is a cash flow hedge qualifying for hedge accounting. At 31 December 2022, the swap had a positive fair value of €3,635 thousand (including the borrowing cost).
– Counterparty: Cadif. 7-year interest rate swap on a notional amount of €200,000 thousand, whereby Cadif pays the 3-month Euribor and SFL pays a fixed rate of 2.4925%. The swap came into effect on 6 December 2022 and is a cash flow hedge qualifying for hedge accounting. At 31 December 2022, the swap had a positive fair value of €6,396 thousand (including the borrowing cost).

At the beginning of the year, SFL held two hedging instruments that were unwound in conjunction with a debt issue, in exchange for a balancing payment. These were:

– a 7-year collar set up with Société Générale (the option writer) on a notional amount of €100,000 thousand, with a -0.11% cap and a -0.60% floor. No premium was payable on this collar, which came into effect on 4 September 2019 and was restructured in May 2021; and
– a 5-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 was payable on this collar, which came into effect on 16 November 2022.

Fair value of hedging instruments	Notional amount	Maturity	31 Dec. 2022	31 Dec. 2021
Société Générale collar -0.11%/-0.60%	100,000	April 2022(1)	–	1,671
CIC collar -0.25%/-0.52%	100,000	June 2022(1)	–	2,453
CIC cap at 2%	100,000	March 2023	10	–
CIC swap at 2.625%	100,000	Nov. 2027	1,873	–
Soc. Gen swap at 2.492%	100,000	Dec. 2029	3,200	–
CIC swap at 2.4240%	100,000	Dec. 2029	3,635	–
Cadif 2.4925% swap	200,000	Dec. 2029	6,396	–
Total			**15,114**	**4,124**

(1) Date on which the instrument was unwound.

Contractual redevelopment and renovation obligations

At 31 December 2022, the Company's contractual commitments relating to investment property undergoing redevelopment or renovation totalled €38,522 thousand (31 December 2021: €78,224 thousand), of which €19,787 thousand concerned the Louvre Saint-Honoré and Rives de Seine properties.

Employee benefits

SFL has elected not to use the recommended method for recognising pension and other post-employment benefit obligations.

The amount of these obligations, for which no provision has been set aside, stood at €931 thousand at 31 December 2022.

The benefit cost is determined based on employee service rendered up to the measurement date, assuming employees retire at their own initiative and that, consequently, the benefits are subject to payroll taxes.

The calculation parameters are determined on a historical basis. The projected benefit obligation is calculated annually based on actuarial assumptions, including a discount rate of 3.12% at 31 December 2022 (31 December 2021: 0.78%) and a 2.50% rate of future salary increases (unchanged from 31 December 2021).

SFL'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 Company provide for the payment of one month's salary to:
- administrative staff who complete 20, 30, 35 and 40 years of service, and
- 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 SFL does not have any such defined benefit obligations, no sensitivity analyses are presented.

E - Consolidation

Société Foncière Lyonnaise is included in the consolidated financial statements of Inmobiliaria Colonial SA, a company governed by Spanish law and listed on the Madrid stock exchange (ISIN: ES0139140018).

Statutory Auditors' Reports for the Year Ended 31 December 2022

Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2022

This is a free translation into English of the Statutory Auditors' Report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Société Foncière Lyonnaise for the year ended 31 December 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules set out in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from 1 January 2022 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were of most significance in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Fair value measurement of investment property
Notes I-3) and V-4) to the consolidated financial statements.

Description of risk	How our audit addressed this matter
The Group owns investment property that is measured at fair value as permitted under IAS 40. Gains and losses arising from changes in fair value from the previous year are recognised in profit. The carrying amount of investment property in the consolidated statement of financial position at 31 December 2022 is €8,052 million, representing an increase over the year of €556 million, of which €39 million was recorded through profit. The property portfolio is valued by independent property valuers every six months using a set of assumptions to determine future discounted cash flows with a direct impact on the fair value of the property and therefore on profit. Given that the value of the investment property portfolio is material in relation to the consolidated financial statements taken as a whole and considering the significant use of judgement to determine the main assumptions used in the appraisal process – relating to exit yields, discount rates, market rental values, estimated future repair and renovation costs, and any rent step-ups and rent-free periods – as well as the sensitivity of fair values to changes in these assumptions, the measurement of investment property is considered to be a key audit matter.	We verified the existence and quality of the processes implemented by management to check the data used by the independent valuers for their appraisals and the review of their appraisal values. We assessed the competence and independence of the property valuers used by the Company and obtained copies of the engagement letters. We obtained copies of the appraisal reports and, with the assistance of our property valuation specialists, compared the valuation methods used with standard industry practices. We performed a critical review of the market inputs (exit yield, discount rate, market rental values) used by the valuers based on available market data and information about recent leases signed by the Company. Based on a sample that we selected, we reconciled and assessed the consistency of the information provided by the Company to the independent valuers and used by them for their appraisals, with appropriate documentation such as leases, future repair and renovation cost estimates and any rent step-ups and rent-free periods. Accompanied by our own specialists, we met with the independent valuers and the Company’s management to rationalise the overall portfolio appraisal. We also performed more detailed work on the appraisal values of a sample of assets, with the assistance of our property valuation specialists. We assessed how the independent valuers had reflected the higher inflation and interest rates and climate issues in their appraisal values. We verified that the appraisal values were properly accounted for and checked that the information disclosed in the notes to the consolidated financial statements was appropriate.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we also verified the information pertaining to the Group presented in the Board of Directors’ management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Other verifications or information required by legal and regulatory provisions

Reporting format of the consolidated financial statements prepared for inclusion in the annual financial report

In accordance with the professional standards applicable to the Statutory Auditors’ procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the responsibility of the Chief Executive Officer, complies with this format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018. As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements in accordance with the European single electronic reporting format, the content of certain tags in the notes to the financial statements may not be rendered identically to the consolidated financial statements attached to this report.

In addition, it is not our responsibility to ensure that the financial statements to be included by the Company in the consolidated financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Société Foncière Lyonnaise by the Annual General Meetings of 20 June 1995 for PricewaterhouseCoopers Audit and 21 April 2005 for Deloitte & Associés.

At 31 December 2022, PricewaterhouseCoopers Audit and Deloitte & Associés were in the 28th and 18th consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

– identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
– obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
– evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
– assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
– evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
– obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, 23 February 2023
The Statutory Auditors

PricewaterhouseCoopers Audit
Laurent Daniel

Deloitte & Associés
Sylvain Durafour

Statutory Auditors' report on the Company financial statements Year ended 31 December 2022

This is a free translation into English of the Statutory Auditors' Report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Société Foncière Lyonnaise for the year ended 31 December 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules set out in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from 1 January 2022 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were of most significance in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement and risk of impairment of property and equipment

Notes I - b) and IV - A - 1.2) to the Company financial statements.

Description of risk	How our audit addressed this matter
Property and equipment, consisting almost exclusively of property assets, are carried in the Company's balance sheet at 31 December 2022 for an amount of €1,296 million. Property is stated at cost less accumulated depreciation and any accumulated impairment losses. Impairment is determined by comparing the carrying amount to market value. The Company works with independent property valuers to determine the market value of its property portfolio every six months. Appraisal of a property asset's market value requires significant judgement to determine the appropriate assumptions. Given that the value of the property portfolio is material in relation to the Company financial statements taken as a whole and considering the significant use of judgement to determine the main assumptions used in the appraisal process – relating to exit yields and discount rates, market rental values, estimated future repair and renovation costs, and any rent step-ups and rent-free periods – the measurement of property assets and assessing the related impairment risk are considered to be a key audit matter.	We verified the existence and quality of the processes implemented by management to check the data used by the independent valuers for their appraisals and the review of their appraisal values. We assessed the competence and independence of the property valuers used by the Company and obtained copies of the engagement letters. We obtained copies of the appraisal reports and, with the assistance of our property valuation specialists, compared the valuation methods used with standard industry practices. We performed a critical review of the market inputs (exit yield, discount rate, market rental values) used by the valuers based on available market data and information about recent leases signed by the Company. Based on a sample that we selected, we reconciled and assessed the consistency of the information provided by the Company to the independent valuers and used by them for their appraisals, with appropriate documentation such as leases, future repair and renovation cost estimates and any rent step-ups and rent-free periods. Accompanied by our own specialists, we met with the independent valuers and the Company's management to rationalise the overall portfolio appraisal. We also performed more detailed work on the appraisal values of a sample of assets, with the assistance of our property valuation specialists. We assessed how the independent valuers had reflected the higher inflation and interest rates and climate issues in their appraisal values. We verified that each property's market value was at least equal to the property's net book value. Where this was not the case, we obtained assurance that an impairment loss had been recorded in the accounts. We verified the appropriateness of the disclosures provided in the notes to the financial statements.

Measurement of shares in subsidiaries and affiliates and related advances and assessment of impairment risk
Notes I - c) and IV - A - 1.3) to the Company financial statements.

Description of risk	How our audit addressed this matter
Shares in subsidiaries and affiliates and related advances are carried in the Company’s balance sheet for a net amount of €1,817 million. Certain properties are owned by subsidiaries of the Company. Shares in subsidiaries and affiliates and related advances are initially recognised at cost and an impairment loss is recorded if their value in use falls below this amount. The determination of value in use takes into account the market value of the investee’s property assets, based on the reports of independent valuers. Value in use assessments require significant judgement to determine the appropriate assumptions. The value of shares in subsidiaries and affiliates and related advances is material in relation to the Company financial statements taken as a whole. For this reason and in light of the significant use of judgement to determine the main assumptions underpinning value in use estimates, measuring shares in subsidiaries and affiliates and related advances and assessing the related impairment risk are considered to be a key audit matter.	Our procedures to assess whether the estimates of the value in use of shares in subsidiaries and affiliates and related advances were reasonable consisted mainly of verifying that the valuation methods were appropriate. In the same way as for assets owned directly, we performed a critical review of the methods used to value the assets held by the subsidiaries. We verified that these assets’ market values had been properly taken into account for the purpose of determining the value in use of shares in subsidiaries and affiliates and related advances. We also verified that the value in use of the shares and related advances was at least equal to their historical cost. If not, we verified that a provision for impairment had been recognised for the difference.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company’s financial position and the parent company financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors’ management report and in the other documents provided to the shareholders with respect to the Company’s financial position and the financial statements.

We attest to the fair presentation and the consistency with the Company financial statements of the information given with respect to payment terms as referred to in Article D.441-6 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors’ report on corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to remuneration and benefits received by or allocated to corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from entities controlled by it that are included in its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L.22-10-11 of the French Commercial Code relating to items that the Company considers liable to have an impact in the event of a public cash or exchange offer, we verified the consistency of said information with the underlying documents provided to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning acquisitions of shares and the identity of the shareholders and holders of voting rights is disclosed in the management report.

Other verifications or information required by legal and regulatory provisions

Reporting format of the Company financial statements prepared for inclusion in the annual financial report

In accordance with the professional standards applicable to the Statutory Auditors’ procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the Company financial statements to be included in the annual financial report referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the responsibility of the Chief Executive Officer, complies with this format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the presentation of the Company financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Société Foncière Lyonnaise by the Annual General Meetings of 20 June 1995 for PricewaterhouseCoopers Audit and 21 April 2005 for Deloitte & Associés.

At 31 December 2022, PricewaterhouseCoopers Audit and Deloitte & Associés were in the 28th and 18th consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements presenting a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements free of material misstatement, whether due to fraud or error.

In preparing the Company financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The Company financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

– identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
– obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
– evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the Company financial statements;
– assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
– evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the Company's financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, 23 February 2023
The Statutory Auditors

PricewaterhouseCoopers Audit
Laurent Daniel

Deloitte & Associés
Sylvain Durafour

Statutory Auditors' report on related party agreements

Annual General Meeting held to approve the financial statements for the year ended 31 December 2022

This is a free translation into English of the Statutory Auditors' special report on related-party agreements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Société Foncière Lyonnaise, we hereby present our report on regulated agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of, and the reasons for, the agreements that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of shareholders to determine whether the agreements are appropriate and should be approved.

We are also required to disclose the information provided for under Article R.225-31 of the French Commercial Code concerning the implementation in 2022 of any related party agreements approved by shareholders in prior years.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. These standards require us to perform procedures to verify that the information given to us agrees with the underlying documents.

Commitments subject to approval by shareholders

Agreements authorised and entered into during 2022

In accordance with Article L.225-40 of the French Commercial Code (*Code de commerce*), we were advised of the following agreements entered into during the year that were authorised in advance by your Board of Directors.

Agreement with Dimitri Boulte, Chief Executive Officer

Authorised at the Board of Directors' meeting of 15 June 2022

Agreement signed on 1 July 2022

Person concerned: Dimitri Boulte, Chief Executive Officer since 1 July 2022.

Nature, purpose and terms of the agreement: Chief Executive Officer mandate setting out Dimitri Boulte's remuneration and including:

- A no-poaching clause applicable if he leaves the Company, whereby Dimitri Boulte undertakes not to directly or indirectly solicit any of the officers, directors or executives of the SFL Group companies in the 12 months following his departure, with the aim of offering them a job, a directorship or a consultancy contract in any capacity whatsoever and/or persuading them to give up their position within these companies and/or hiring them, except where the persons concerned would submit an unsolicited application for the position in a recruitment campaign not targeted specifically at them. Dimitri Boulte also undertakes to ensure that any company he may manage complies with this no-poaching clause.
- A confidentiality clause applicable if he leaves the Company, whereby Dimitri Boulte undertakes – for a period expiring (i) 5 years after his departure or (ii) on the date on which the information is no longer confidential, whichever is later – not to disclose to third parties any information directly and/or indirectly concerning the Company and/or its Group that may have come to his attention in his capacity as Chief Executive Officer (or in his prior positions within the Group), with the exception of information that is or becomes public (through no fault of his own).
- A clause providing for the payment of compensation for loss of office as Chief Executive Officer, as described in the Remuneration Policy section of the Corporate Governance Report.

Dimitri Boulte's gross annual salary as Managing Director for the 2022 financial year

- amounted to €353,000. The gross salary paid to him for the period served in this position in 2022 (from 1 January to 30 June) amounted to €177,248.
- Dimitri Boulte's gross annual salary as Chief Executive Officer amounts to €415,500. The gross salary paid to him for the period served in this position in 2022 (from 1 July to 31 December) amounted to €207,881.

Dimitri Boulte's 2021 bonus paid in 2022, as calculated by the method decided by the Board of Directors on 18 February 2022, amounted to €274,342.

In 2022, he also received a special bonus of €85,000 related to the 2021 financial year.

On 18 February 2022, the Board of Directors decided to award 16,000 Plan 6 performance shares to Dimitri Boulte. The Plan 6 rules are presented in Appendix 15.2 of the Management Report.

In addition, he was paid €85,137 corresponding to his cumulative paid leave entitlement as of the date of termination of his employment contract on 30 June 2022.

Lastly, he has the use of a company car and, as from 1 July 2022, is covered by private unemployment insurance (*Garantie Sociale des Chefs et Dirigeants d'Entreprise* – GSC).

Benefits of the agreement for the Company: This agreement strengthens Dimitri Boulte's commitment and engagement as Chief Executive Officer of the Company, and will further build his loyalty so that he continues to contribute his skills and expertise.

Agreement with Aude Grant, Managing Director

Authorised at the Board of Directors' meeting of 15 June 2022

Agreement signed on 1 July 2022

Person concerned: Aude Grant, Managing Director since 1 July 2022.

Nature and purpose of the agreement: continuation of the employment contract signed prior to the appointment of Aude Grant who, under this contract, receives remuneration in her capacity as an employee and is entitled to long-term incentive bonus plans and benefits in kind in her capacity as a senior executive of the Company.

An addendum to her employment contract has been signed, giving her the title of Chief Operating Office from 1 July 2022.

In 2022, Aude Grant received a gross annual salary of €200,000 under her employment contract.

On 18 February 2022, the Board of Directors decided to award 2,800 Plan 6 performance shares to Aude Grant. The Plan 6 rules are presented in Appendix 15.2 of the Management Report. She also has the use of a company car (benefit in kind).

Benefits of the agreement for the Company: This agreement strengthens Aude Grant's commitment and engagement as Managing Director of the Company, and will further build her loyalty so that she continues to contribute her skills and expertise.

Agreements authorised and entered into since 31 December 2022

We have been advised of the following agreement, authorised and entered into since the end of the last financial year, which was authorised in advance by your Board of Directors.

Agreement with Inmobiliaria Colonial Socimi SA, shareholder of the Company with 98.33% of the capital

Authorised at the Board of Directors' meeting of 14 February 2023

Agreement signed on 28 February 2023

Persons concerned: Pere Viñolas Serra, Juan José Brugera Clavero and Carmina Ganyet i Cirera, directors representing Inmobiliaria Colonial Socimi SA

Nature, purpose and terms of the agreement: Facility Agreement

This agreement sets out the terms of the loan between Inmobiliaria Colonial Socimi SA (lender) and SFL (borrower).

This intra-group financing facility of up to €250 million has been granted by Inmobiliaria Colonial Socimi SA to SFL on financial terms equivalent to those offered on the French NEU CP commercial paper market, and with similar drawdown and repayment terms.

The facility will be used by SFL to gradually replace its NEU CP debt with refinancing at equivalent rates, i.e. 1-to-3 month Euribor plus a spread of 15 to 20 bps. It will be available until 31 December 2024.

Benefits of the agreement for the Company: The facility would allow SFL to avoid drawing down its back-up lines in 2023 and 2024, and to reduce its borrowing costs. It would also reduce SFL's NEU CP issuance, without affecting its future access to the NEU CP market.

Agreements already approved by the Annual General Meeting

Agreements approved in prior years that remained in force in 2022

None.

Agreements approved in prior years that expired in 2022

We were also informed that the following agreement approved in a prior year by shareholders expired in 2022:

Agreement with Dimitri Boulte, Managing Director

Authorised at the Board of Directors' meeting of 27 January 2015.

Person concerned: Dimitri Boulte, Managing Director from 27 January 2015 to 30 June 2022.

Nature and purpose of the agreement: continuation of the employment contract signed prior to the appointment as Managing Director of Dimitri Boulte, who, under this contract, received remuneration in his capacity as an employee and was entitled to long-term incentive bonus plans and benefits in kind in his capacity as a senior executive of the Company.

Dimitri Boulte's employment contract ended on 1 July 2022, the date on which he took up his position as Chief Executive Officer pursuant to the decision of the Board of Directors on 15 June 2022.

Neuilly-sur-Seine and Paris-La Défense, 6 March 2023
The Statutory Auditors

PricewaterhouseCoopers Audit
Laurent Daniel

Deloitte & Associés
Sylvain Durafour

Additional Information

1. Persons Responsible for the Universal Registration Document and the Audit of the Accounts

1.1. Statement by the person responsible for the Universal Registration Document

Person responsible for the Universal Registration Document

Dimitri Boulte, Chief Executive Officer

Statement by the person responsible for the Universal Registration Document

I hereby declare that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and the entities included in the scope of consolidation, and the report of the Board of Directors on pages 4 *et seq.* presents fairly the changes in business, results and financial position of the Company and the entities included in the scope of consolidation and describes their principal risks and contingencies.

Paris, 20 March 2023

Dimitri Boulte
Chief Executive Officer

1.2. Statutory Auditors

Auditors

	First appointed	Term renewed	Term expires*
Deloitte & Associés Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles 6, Place de la Pyramide – 92908 Paris La Défense – France represented by Sylvain Durafour	21 April 2005	28 April 2017	2022**
PRICEWATERHOUSECOOPERS AUDIT Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles 63, rue de Villiers – 92200 Neuilly-sur-Seine – France represented by Laurent Daniel	20 June 1995	5 April 2019	2024

*At the close of the Annual General Meeting to be called to approve the financial statements for the year indicated.
** The re-appointment of Deloitte & Associés will be submitted to the Annual General Meeting to be called to approve the financial statements for the year ended 31 December 2022.

2. Additional Legal Information

Corporate name and registered office

– Corporate name: Société Foncière Lyonnaise
– Registered office: 42, rue Washington, 75008 Paris, France
– Phone: +33 (0)1 42 97 27 00

Legal form

Société anonyme (public limited company) governed by the French Commercial Code

Governing Law

French law

Date of incorporation and term

– Incorporated on: 9 October 1879
– Term: 8 October 2064

Corporate purpose (Article 3 of the Articles of Association)

The Company's purpose is to:
– Acquire, by way of purchase or absorption or under a 99-year lease or a shorter lease, any and all real property located in France, the French overseas territories or abroad, and to extend any such properties; conduct any industrial, rental or management activities and generally enhance the value of the properties.
– Sell or exchange such properties, for cash or for shares.
– Manage properties on behalf of third parties.
– Participate by any method in any and all existing or future companies or business ventures related to the corporate purpose, including by means of the formation of new companies, the sale of assets in exchange for shares, membership of a general partnership, subscription or purchase of shares or other rights.
– Conduct any and all transactions related directly or indirectly to the corporate purpose or which are likely to facilitate the fulfilment of said purpose.

Registration particulars

Paris Companies Registry: 552 040 982 – NAF Code: 6820 B

LEI (Legal Entity Identifier)

969500B0S40FTUKD182

Financial year

1 January to 31 December

Market for the Company's shares

SFL shares are quoted on Euronext Paris, compartment A.
ISIN: FR0000033409
Reuters: FLYP PA
Bloomberg: FLY FP

3. Additional Information about the Company's Capital and Share Ownership

3.1. Excerpts from the Articles of Association concerning the Company's capital and share ownership

Disclosure thresholds

Pursuant to the Articles of Association, shareholders are required to inform the Company in the event of an increase or decrease in their interest above or below certain disclosure thresholds relating to capital and voting rights (see summary on page 39 of the Management Report).

Rights attached to shares
(Articles 11, 12, 13 and 14 of the Articles of Association)

Shares are indivisible vis-à-vis the Company, meaning that one share confers only one right. This does not, however, apply to the right to receive information prior to General Meetings as such entitlement applies both to the bare owners (*nu-propriétaires*) and the beneficial owners (*usufruitiers*) of any jointly held shares.

If several persons own the same share, they are required to elect one representative to act on behalf of that share. If no agreement can be reached on the appointment of such a representative, he or she shall be named by a Commercial Court judge in summary proceedings following an application by the first joint shareholder to take action.

Voting rights attached to the Company's shares shall be exercised by the beneficial owner in Ordinary General Meetings and by the bare owner in Extraordinary General Meetings. Voting rights attached to pledged shares are retained by the pledger.

In the event of a capital increase, any pre-emptive subscription or allocation rights attached to shares that have both legal and beneficial owners shall be exercised in accordance with the applicable law.

Shares are freely transferable, subject to the applicable legal and regulatory limits.

The Company's bearer shares may be traded on the stock market in accordance with the applicable laws. Shares may also be purchased or sold through off-market account transfers, subject to the conditions set down by the applicable laws and regulations.

All rights and obligations attached to shares are transferred with title thereto. Share ownership automatically requires shareholders to comply with the Company's Articles of Association and the decisions made by General Meetings.

The heirs or creditors of a shareholder may not under any circumstances apply for the Company's assets to be placed under seal or to be sold or divided, and may not interfere in any way whatsoever with the running of the Company. All rights of said persons are governed by the Company's applicable rules and regulations and decisions of General Meetings.

In accordance with Article 32 below, each share entitles its holder to a proportion of profits and net assets based on the proportion of capital represented by the share. All tax exemptions, as well as any tax payable by the Company, shall be applied to all of the Company's shares equally prior to any allocation or redemption, throughout the term of the Company or upon its liquidation, in order to ensure that all shares receive the same net amount.

Where a shareholder must own a specific number of shares to exercise a particular right relating to the exchange or allocation of shares, a reverse stock-split, a capital increase or reduction, a merger or other corporate action, shareholders owning fewer than the number of shares required to exercise the rights concerned will be personally responsible for obtaining said number, through share purchases or sales if necessary.

Appropriation of profits
(Article 32 of the Articles of Association)

The profit or loss for the year represents the difference between total income and total expenses, including charges to and reversals from depreciation, amortisation and provisions, shown in the profit and loss account.

At least 5% of net profit for the year, less any losses brought forward from prior years, is transferred to the legal reserve, until such time as the legal reserve represents one tenth of the share capital.

Profit available for distribution consists of profit for the year, less any losses carried forward from prior years and any amounts transferred to the legal reserve as provided for above, plus retained profits carried forward from prior years.

Total profit available for distribution is appropriated as follows:
– to provident reserves or any other reserves, by decision of the Annual General Meeting;
– to dividends payable to shareholders.

Any unappropriated balance is carried forward to the next year.

3.2. Share capital

As of 31 December 2022, the Company's issued share capital amounted to €85,729,430 divided into 42,864,715 ordinary shares with a par value of €2, all fully paid up.

3.3. Ownership structure

The Company's ownership structure is presented on page 35 of the Management Report.

To the best of the Company's knowledge, no arrangements exist whose implementation may result in a change in control in the future.

3.4. Shareholders' pacts

As stated on page 41 of the Management Report, the Company is not aware of the existence of any shareholders' pact concerning it.

3.5. Corporate governance

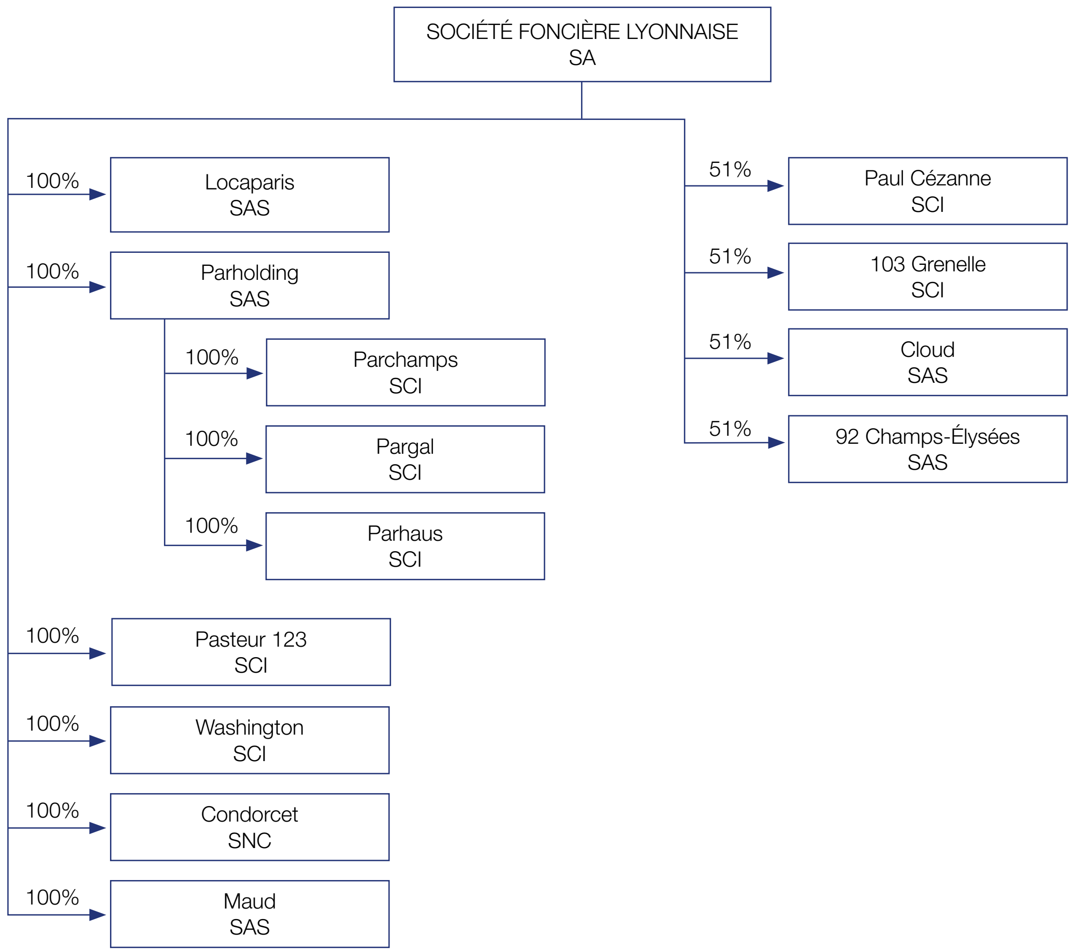
In application of Article 20 of the Articles of Association, the functions of Chairman and Chief Executive Officer were separated by decision of the Board of Directors on 27 January 2015.

The Board of Directors' corporate governance report is presented on pages 90 *et seq.* of this document.

The Company's Articles of Association can be found on the website (in French only):
http://www.fonciere-lyonnaise.com/societe/informations-juridiques/

4. Additional Information about the Group's Operations and Organisational Structure

4.1. Organisation chart



At 31 December 2022, SFL directly or indirectly owned:

– 100% of the capital of nine of its active subsidiaries; and
– 51% of the capital of its other active subsidiaries, for each of which the Company has entered into a shareholders' agreement with the Crédit Agricole Assurances group.

Executive management positions (Chairman, Chief Executive Officer or Legal Manager) in these subsidiaries are held either by SFL or by a member of SFL's executive management.

SFL's Board of Directors examines the parent company and consolidated financial statements presented by the Audit Committee.

SFL and all of its subsidiaries have their registered office at 42, rue Washington in the 8th *arrondissement* of Paris.

SFL conducts arm's length transactions with its subsidiaries, as follows:

SFL entered into a cash management agreement with its wholly owned subsidiaries. Under the agreement, SFL lends at €ster + 0.60% with the coupon (€ster + spread) floored at zero, and borrows at €ster + 0% floored at zero.

From time to time, SFL may issue guarantees on behalf of subsidiaries, on arm's length terms.

4.2. Material contracts

No company within the SFL Group is party to an agreement that would entail a material obligation or commitment for the Group, other than contracts entered into in the ordinary scope of business.

4.3. Dependence on patents or licences

The Group is not dependent on any patents or licences for the conduct of its business.

4.4. Third party information, statement by experts and declarations of any interests

The firms mentioned below have declared themselves to be independent.

All properties owned by SFL have been valued and visited by experts over the last three years.

Statement by experts

SFL's entire property portfolio was valued at 31 December 2022 by two firms, CBRE and Cushman & Wakefield Valuation France.

The valuations were performed in accordance with the *Charte de l'expertise en évaluation immobilière* (property valuation charter) included in the February 2000 report of France's securities regulator (COB, renamed AMF in 2004). They also complied with the standards issued by the European Group of Valuers' Associations (TEGoVA) and with Royal Institution of Chartered Surveyors (RICS) standards.

Method

The properties were valued primarily by the discounted cash flow method, which consists of discounting projected net future cash flows and the resale value of the property at the end of the projection period.

Each property is analysed in detail, based on the type of use and the surface area of each unit, lease by lease.

The valuers noted that, based on second-half 2022 rent-rolls, rents on certain units were above or below observed market rents for the second half of 2022 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 and service charges for the period until the units are re-let.

The cost of scheduled renovation work – based on information supplied by the Group – was taken into account over the cash flow projection period.

The results of the valuation were checked by applying the capitalised net rental revenue method, and based on direct comparisons with the observed price per square metre of recent buy-to-let transactions involving occupied and vacant properties.

The appraisal values were determined including transfer costs (calculated at a standard 7.5% or 1.8% for all properties subject to registration duty) and also excluding transfer costs.

Each of the two firms provided an individual appraisal value and is not responsible for the valuations performed by other firms.

On the above basis, the appraisal value of the Group's portfolio at 31 December 2022 was:
- €7,156,884,590 excluding transfer costs and €7,652,628,033 including transfer costs for the Group's share;
- €8,245,718,000 excluding transfer costs and €8,823,123,949 including transfer costs on a 100% basis.

Appendix: Cross-Reference Table for the 2022 Universal Registration Document

The cross-reference table below has been prepared for the convenience of readers of this Universal Registration Document, to help them find the main information required by Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129.

Annex 1 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019		
Information	Integrated Report	Universal Registration Document
1. Persons responsible, third party information, experts' reports and competent authority approval		
1.1. Name and position of persons responsible		230
1.2. Statement by persons responsible		230
1.3. Statement by an expert		233-234
1.4. Third party information, statement by experts and declarations of any interests		233-234
1.5. Competent authority approval (statement without approval)		1
2. Statutory Auditors		
2.1. Names and addresses		231
2.2. Changes		30
3. Risk factors		
3.A Macroeconomic risks		
3.A-1 Risk of a change in the economic environment and the office property market		18
3.A-2 Riskof a global economic and health crisis		19
3.B Risks that are specific to the property sector		
3.B-3 Asset valuation risks		19
3.B-4 Strategic risks		20
3.B-5 Tenant risks		21
3.B-6 Asset obsolescence and impairment risk		22
3.B-7 Property utilisation and development risks		23
3.C Financial risks		
3.C-8 Interest rate risk		24
3.C-9 Liquidity risk		25
3.C-10 Counterparty risk		25
3.D Environmental, social and governance risks		
3.D-11 Environmental risks		26
3.D-12 Social risks		27
3.D-13 Governance risk		28
3.E Legal and tax risks		
3.E-14 Legal and tax risks related to regulatory compliance		28
3.F Technological risks		
3.F-15 Information system and data protection risks		29
3.F-16 Claims and litigation		29
4. Information about the issuer		
4.1. Corporate name		231
4.2. Incorporation details and LEI code		231
4.3. Date of incorporation and term		231
4.4. Registered office, legal form, governing law, telephone number, website	60	231

Annex 1 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019

Information	Integrated Report	Universal Registration Document
5. Business overview		
5.1. Principal activities		
5.1.1. Operations and principal activities	6, 7	6 to 11
5.1.2. New products		N/A
5.2. Main markets	48	6
5.3. Important events in the development of the business		6
5.4. Strategy and objectives	12, 13	15-16
5.5. Dependence on patents or licences, industrial, commercial or financial contracts or new manufacturing processes		233
5.6. The basis for statements made by the issuer regarding its competitive position		6 to 8
5.7. Investments		
5.7.1. Material investments completed during the year	50	6, 167
5.7.2. Material investments in progress or for which firm commitments have already been made		6, 167
5.7.3. Information on holdings		11
5.7.4. Environmental issues that may affect the issuer's utilisation of the tangible fixed assets		42 to 86
6. Organisational structure		
6.1. Brief description of the Group		233
6.2. List of significant subsidiaries		10
7. Operating and financial review		
7.1. Financial condition		
7.1.1. Development and performance of the issuer's business	52, 53	6 to 11, 12 to 14
7.1.2. Other information		15
7.2. Operating results		
7.2.1. Significant factors		N/A
7.2.2. Material changes in net sales or revenues		N/A
8. Capital resources		
8.1. Short and long-term capital resources	56, 57	13, 162, 164, 185, 198, 209
8.2. Sources and amounts of cash flows		165, 193
8.3. Borrowing requirements and funding structure	54, 55	6, 14, 167, 179 to 182
8.4. Restrictions on the use of capital resources that have materially affected or could materially affect the issuer's business		24, 25
8.5. Anticipated sources of funds		7, 8, 167, 179
9. Regulatory environment		
9.1. External influences		18, 19, 28
10. Trend information		
10.1. The most significant recent trends in production, sales and inventory, and costs and selling prices		6 to 8
10.2. Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects		15, 16, 18, 19, 24

Annex 1 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019		
Information	**Integrated Report**	**Universal Registration Document**
11. Profit forecasts or estimates		
11.1. Statement about any profit forecast or profit estimate that has been published and is still outstanding but no longer valid		N/A
11.2. Principal assumptions		N/A
11.3. Statement of compliance		N/A
12. Administrative, management and supervisory bodies and senior management		
12.1. Information about members of the Board of Directors and senior managers	8, 9	97 to 103
12.2. Conflicts of interest		104, 108
13. Remuneration and benefits		
13.1. Remuneration and benefits in kind		111 to 129
13.2. Total amounts set aside or accrued to provide pension, retirement or similar benefits		189, 192
14. Board practices		
14.1. Date of expiration of current terms of office		101
14.2. Service contracts with members of the administrative, management or supervisory bodies providing for benefits upon termination of employment, or appropriate negative statement		111
14.3. Information about the audit committee and remuneration committee		34, 35, 106, 107
14.4. Statement of compliance with France's corporate governance regime		94, 105
14.5. Potential material impacts on corporate governance		N/A
15. Employees		
15.1. Number of employees		47, 67, 84, 212
15.2. Shareholdings and stock options		37, 89
15.3. Arrangements for involving employees in the capital of the issuer		90 to 92, 207, 208
16. Major shareholders		
16.1. Shareholders owning over 5% of the capital or voting rights	60	35
16.2. Different voting rights		35
16.3. Control of the issuer		35
16.4. Arrangements which may result in a change in control of the issuer		232
17. Related-party transactions		190, 213
18. Financial information concerning the issuer's assets and liabilities, financial position and profits and losses		
18.1. Historical financial information		
18.1.1. Audited historical financial information and audit report		160 to 225
18.1.2. Change of accounting reference date		N/A
18.1.3. Accounting standards		166, 167, 200 to 202
18.1.4. Change of accounting framework		N/A
18.1.5. Items included in the historical financial information		93
18.1.6. Consolidated financial statements		160 to 194
18.1.7. Age of financial information		160, 195
18.2. Interim and other financial information		N/A
18.3. Auditing of historical annual financial information		
18.3.1. Independent audit		218 to 225
18.3.2. Other audited information		87, 88, 226, 227
18.3.3. Other unaudited information		N/A
18.4. Pro forma financial information		N/A

Annex 1 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019		
Information	**Integrated Report**	**Universal Registration Document**
18.5. Dividend policy		
18.5.1. Description of the policy		39
18.5.2. Dividend per share	60	9, 40
18.6. Legal and arbitration proceedings		29
18.7. Significant change in the issuer's financial position		N/A
19. Additional information		
19.1. Share capital		
19.1.1. Issued and authorised capital		232
19.1.2. Shares not representing capital		N/A
19.1.3. Shares of the issuer held by or on behalf of the issuer		35, 36
19.1.4. Convertible securities, exchangeable securities or securities with warrants		N/A
19.1.5. Acquisition rights		N/A
19.1.6. Capital under option or agreed to be put under option		N/A
19.1.7. History of share capital		35, 36
19.2. Memorandum and Articles of Association		
19.2.1. Register, registration number and issuer's objects and purposes		231
19.2.2. Rights, preferences and restrictions attaching to shares		N/A
19.2.3. Provisions that would have an effect of delaying, deferring or preventing a change in control		N/A
20. Material contracts		
21. Available documents		

Table of the Main Items of the Annual Financial Report

The table below indicates the pages of the Universal Registration Document where readers can find the information making up the annual financial report required to be published by listed companies in accordance with Article L.451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulations.

Information (in accordance with Article 222-3 of the AMF's General Regulations)	Universal Registration Document
1. Financial statements of the Company	195
2. Consolidated financial statements	160
3. Management Report	4
4. Statement by the person responsible for the annual financial report	230
5. Auditors' reports on the financial statements of the Company and the consolidated financial statements	218
6. Board of Directors' report on corporate governance	94

Historical Financial Information

Financial statements and Statutory Auditors' reports for 2022: see table above.

Pursuant to the AMF's General Regulations, the following information is incorporated by reference:

– The consolidated financial statements for the year ended 31 December 2020, prepared in accordance with IFRS, and the related Statutory Auditors' reports, as presented on pages 155 to 183 and 206 to 208 of the 2020 Universal Registration Document (Financial and Legal Report) filed with the AMF on 15 March 2021 under No. D.21-0120.
– The consolidated financial statements for the year ended 31 December 2021, prepared in accordance with IFRS, and the related Statutory Auditors' reports, as presented on pages 140 to 173 and 197 to 199 of the 2021 Universal Registration Document (Financial and Legal Report) filed with the AMF on 14 March 2022 under No. D.22-0094.

SOCIETE FONCIERE LYONNAISE

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