Paris, 19 October 2023

SFL – Third-Quarter 2023 Financial Information

Robust business performance

"SFL's high-quality portfolio, 99% of which is located within Paris including 77% in the CBD, is a guarantee of resilience in a tight and highly selective market driven by demand, among companies and their employees, for centrally located, modern buildings meeting the highest environmental standards. The growth in our rental income and our robust operating ratios are proof of this."
Dimitri Boulte, Chief Executive Officer of SFL

<u>Rental income up by a sharp 13.1% to €171.6 million</u>

Consolidated revenue by business segment (€000's)

Rental income:	**2023 (9 months)**	**2022 (9 months)**	**Change**
Paris CBD	129,235	116,743	+10.7%
Paris Other	40,056	32,825	+22.0%
Western Crescent	2,335	2,163	+7.9%
Total rental income	**171,626**	**151,731**	**+13.1%**

Consolidated rental income for the first nine months of 2023 totalled €171.6 million, up by a strong €19.9 million (up 13.1%) versus the year-earlier period:

- On a like-for-like basis (excluding all changes in the portfolio affecting period-on-period comparisons), rental income was €10.8 million higher (up 8.3%), reflecting:
    - application of rent escalation clauses (€6.4 million impact);
    - the gradual recovery in occupancy of the hotel located in the Edouard VII complex following the end of Covid-19 restrictions in February 2022 (€1.2 million impact);
    - the improved occupancy rate for the Group's revenue-generating units, thanks to the signature of new leases in 2022 and 2023 (with long-standing tenants or new clients such as Promontoria, Atalante and Fabrique de Styles);

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- the effective rent uplifts negotiated for new leases, addenda or protocols on occupied space.

In particular, a significant increase in rental income was observed from the Edouard VII, #cloud.paris, Louvre Saint-Honoré, Washington Plaza and 103 Grenelle buildings.

- Rental income from spaces being redeveloped rose by a net €4.3 million versus the first nine months of 2022, reflecting:

  - An increase of €13.3 million, due in particular to:
    - the contribution over the entire nine-month period of revenues from the Biome building (delivered in July 2022 following its complete restructuring and fully let to La Banque Postale and SFIL);
    - the delivery in July 2023 of the retail area of the Louvre Saint-Honoré complex redeveloped for the Cartier Foundation, whose lease took effect immediately;
    - new leases signed on several floors renovated in 2022 and/or 2023, mainly in the Cézanne Saint-Honoré building (Wendel, Lacourte Raquin Tatar, Lincoln International and Jouin Manku).

  - A decrease of €9.1 million, mainly due to:
    - part of the retail space in the Galerie des Champs-Elysées building (former H&M store) becoming vacant in 2022; following restructuring and delivery in August 2023, this space is now set to become the Paris flagship for its new tenant, Adidas;
    - the Scope building (formerly Rives de Seine) previously let to Natixis being vacated at the end of September 2022 in preparation for its redevelopment.

- The acquisition of the Pasteur building in April 2022 generated a significant increase in rental income, partly offset by the impact of Pretty Simple's October 2022 departure from the 6 Hanovre building, which was sold in April 2023. Together, these movements had a positive net impact on rental income of €4.1 million.

- Lastly, rental income for the first nine months was boosted by €0.7 million in penalties received from tenants for breaking their leases.

Sustained business volumes in an uncertain environment

- Leases

In the first nine months of 2023, the Group signed leases on over 30,000 sq.m. of mainly office space.

The average nominal rent for the new office leases was significantly higher, at €845 per sq.m., corresponding to an effective rent of €695 per sq.m., for an average non-cancellable period of 8.5 years. These lease terms attest to the resilience of the Paris office property market and the attractiveness of the Group's properties.

The physical occupancy rate for revenue-generating properties at 30 September 2023 was a record 99.7% (compared with 99.5% at 31 December 2022). The EPRA vacancy rate was 0.3% (versus 0.6% at 31 December 2022).

- Portfolio rotation

On 11 April 2023, SFL sold the 6 rue de Hanovre building in Paris (2nd *arrondissement*) to the GCI/Eternam joint venture for a net selling price of €58.3 million. The building's tenant moved out in October 2022 and the 4,600 sq.m. complex was sold untenanted in its condition on the transaction date.

No properties were purchased during the first nine months of 2023.

Financing: increased liquidity and sound debt ratios

SFL's consolidated net debt at 30 September 2023 amounted to €2,570 million, compared with €2,438 million at 31 December 2022, representing a loan-to-value ratio of 30.4% based on the portfolio's appraisal value (including transfer costs) at 30 June 2023. The average cost of debt after hedging was 2.0% and the average maturity was 3.8 years. At end-September 2023, the interest coverage ratio stood at 3.7x.

The Company's liquidity position at 30 September 2023 was excellent, with €1,600 million in undrawn confirmed lines of credit

#cloud.paris (Paris 2) - SFL

Ⓒ Clément Guillaume

About SFL

Leader in the prime segment of the Parisian commercial real estate market, Société Foncière Lyonnaise stands out for the quality of its property portfolio, which is valued at €7.9 billion and is focused on the Central Business District of Paris (#cloud.paris, Edouard VII, Washington Plaza, etc.), and for the quality of its client portfolio, which is composed of prestigious companies. As France's oldest property company, SFL demonstrates year after year an unwavering commitment to its strategy focused on creating a high value in use for users and, ultimately, substantial appraisal values for its properties. With its sights firmly set on the future, SFL is committed to sustainable real estate with the aim of building the city of tomorrow and helping to reduce carbon emissions in its sector.

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

S&P rating: BBB+ stable outlook