THE ART OF PRIME PARISIAN *PROPERTY*

Integrated Report
Universal Registration Document
SFL 2023

The art of beauty and sustainable transformation, a passion for architecture and innovation, service excellence and technical prowess...
SFL embodies an innovative vision of the office experience.
As a leading player in prime tertiary property, SFL designs bold redevelopments with distinctive character in the heart of Paris.

INTRODUCTION

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THE ART OF *EXCELLENCE*

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THE STATE OF *THE ART*

“PRIME” IS *INTRINSICALLY TIED TO* “SUSTAINABLE”

2023 results and the outlook for the Paris prime property market, as seen by Pere Viñolas Serra, Chairman, and Dimitri Boulte, Chief Executive Officer.

SFL delivered exceptional results in 2023. To what do you attribute such a successful year?

PERE VIÑOLAS SERRA Without hesitation, I'd say that SFL's key success factor is its long-term vision. All our assets are carefully selected and developed to be the best located, the most accessible, the most technically advanced, the best equipped... and all these attributes are clearly tied to sustainability. It's fairly obvious, for example, that a central location is directly correlated with a smaller carbon footprint for a company's business. Well ahead of other property companies, SFL has been able to craft a holistic vision for a building, encompassing both its social aspects (comfort, premium amenities to make life easier, etc.) and its environmental performance. This is why we can now offer assets seamlessly aligned with the needs and expectations of our tenants.

DIMITRI BOULTE “Prime” is already intrinsically tied to “sustainable” and will be even more so in the future. At SFL, our environmental objectives have been integrated into every project for around fifteen years now, not out of compliance, but out of commitment. By increasingly positioning ourselves in the super prime segment, we are naturally staking out a place in the super sustainable field as well. We firmly believe in the possibility of creating premium offices that are decarbonisation-ready. The long-term vision that Pere mentioned nurtures our business model, which has been based on resilience and stability since we were founded 145 years ago. And we're continuing to choose Paris, a stunning world-class city, as the place to practice our art and expertise.

What were the underlying trends observed in the commercial property market in 2023?

PERE VIÑOLAS SERRA In the past, office building needs were pretty straightforward. They just had to offer everybody a functional office, at the lowest cost. Today, the thinking is much more sophisticated. Companies are expressing increasingly complex, diverse, sophisticated needs and expectations. We're no longer talking about use, but about experience. This is a trend I'm seeing all over Europe, and one where SFL has been remarkably ahead of the curve. The richness of our architectural heritage, in the heart of Paris, is precisely what enables us today to provide unparalleled working experiences in the finest locations.

DIMITRI BOULTE The return of inflation in 2023, particularly in construction costs, dampened growth in the property market as a whole. But our portfolio's specific features - prime, Parisian and central - shield us from these risks, as does the resilience of our business model and the proactive management of our assets.

99.7%
occupied in 2023

100%
of assets certified

“SFL SUCCESSFULLY FORESAW THE GROWING SOPHISTICATION OF TENANT DEMANDS AND EXPECTATIONS FOR AMENITIES.”

PERE VIÑOLAS SERRA
Chairman

In our segment, demand remains very strong, as evidenced by our occupancy rates, which can be described as historically high.

A word about your projects in 2023 and 2024?

PERE VIÑOLAS SERRA Colonial and SFL are going to step up the pace of their synergies, particularly as part of our joint decarbonisation strategy. 2024 is when the Corporate Sustainability Reporting Directive (CSRD) comes into force, marking the first time that all large corporations will have to disclose the overall impact of their operations on society and the environment, with the inclusion of Scope 3 emissions. We know that redevelopments worsen Scope 3 performance in the year concerned, but they allow us to start afresh with a clean, energy efficient building for the next 50 to 100 years. From an environmental point of view, that's extremely positive. The CSRD is new and very exciting.

DIMITRI BOULTE Without a doubt, 2023 was a year that saw a "flight to quality", which greatly benefited us. It was also a year when we enhanced our business centre offering, to provide an experience that is both upscale and convivial on a day-to-day basis. Not to mention the delivery of the Cartier Foundation's premises, representing almost 16,000 sq.m. of retail space in our Louvre Saint-Honoré complex. That huge project attests to the remarkable expertise of SFL's teams in executing outstanding transformation projects in partly occupied properties in Paris. Let's not forget that our business is above all technical in nature, and that it's our technical capabilities that add value to every square metre. All that to say that we are confidently looking forward to 2024, the year of our 145th anniversary and the celebration of a model that, more than ever, is demonstrating its relevance every day. ◇

“WE ARE CRAFTSMEN, WHO LOVE ARCHITECTURE. TODAY, THIS POSITIONING IS ATTRACTING THE MARKET'S BEST PERFORMING COMPANIES.”

DIMITRI BOULTE
Chief Executive Officer

April 2023

Sale of the 6 rue de Hanovre building

Owned by SFL since 1958, the 6 rue de Hanovre building was sold to Générale Continentale Investissements (GCI) and Eternam for a net price of €58.3 million (or a weighted €16,300/sq.m.), in line with the latest appraisal value.

July 2023

Delivery of the premises for the future Cartier Foundation for Contemporary Art

The transformation of the Louvre Saint-Honoré building is a colossal undertaking, bringing together all the complexities of a typical real estate project and demonstrating the remarkable expertise of SFL's teams in executing outstanding transformation projects in partly occupied properties in Paris. This is why SFL was able to successfully deliver, on-time, the premises for the future Cartier Foundation for Contemporary Art.

16,000 SQ.M.
of retail space

20-YEAR
turnkey lease, with a 20-year extension option

June 2023

New syndicated, five-year €835 million RCF arranged

SFL has improved its liquidity with the signing of an €835 million revolving credit facility. The five-year facility, which offers two one-year extension options, attests to the robustness of SFL's balance sheet and the confidence of a high-quality banking pool. This new credit line will enable SFL to seize emerging growth opportunities while spurring its ESG performance with a margin adjustment mechanism based on three ESG indicators tracking carbon emissions reductions, asset certifications and GRESB* ratings.

* The Global Real Estate Sustainability Benchmark analyses and compares the ESG performance and best practices of companies active in the sector.

€835M
revolving credit facility

79%
of debt subject to environmental performance criteria

2023 AT A GLANCE

41,200 SQ.M.
let during the year

99.7%
occupancy rate

€856/SQ.M.
average nominal rent

Very strong letting momentum, with record high occupancy rates

Letting activity was very brisk in 2023, with 41,200 sq.m. let during the year, despite the already high occupancy rate at 31 December 2022, demonstrating SFL's ability to generate value even in almost fully-let, stabilised properties.
The year also saw the signing of the largest rental transaction on the Champs-Élysées, with sports retailer Adidas choosing the Galerie des Champs-Élysées to house its new flagship store on the avenue before the opening of the Paris 2024 Olympic and Paralympic Games.

An eventful year in development projects

In 2023, SFL continued to upgrade its assets with bold transformation programmes, with such important milestones as (i) the issuance of the building permit for the Scope complex on the banks of the Seine in the 12th arrondissement, which is scheduled for completion in 2026; (ii) the remarkable renovation of the Galerie des Champs-Élysées with architect Dominique Perrault, integrating outstanding resource sufficiency; and (iii) the filing of the building permit application for the refurbishment of the rue Condorcet building, led by architect Franklin Azzi.

SFL's low-carbon strategy is going from strength to strength

Reducing our carbon footprint is a project that engages everyone at SFL, with every expertise group and every team contributing cross-functionally. This intense engagement, supported by regular in-house training, has made SFL one of the top ESG-rated property companies. At the 2023 SIBCA low carbon building fair, for example, it received the Low Carbon Building Award in recognition of its teams' commitment to decarbonising the property business, which has been certified to BBCA low-carbon standards. Our GRESB rating rose by two points over the year and once again ranked SFL among the Green Stars. ◇

GRESB RATING:
93/100
in the Standing Investments Benchmark

New SBTi-consistent decarbonisation target of
42% REDUCTION BY 2030
vs. 2021 (Scopes 1+2+3), with
28% REDUCTION
already achieved by end-2023

100%
of revenue-generating buildings eco-certified, with 95% rated at least Very Good

SUSTAINABLE, COMMITTED GOVERNANCE

Management Committee

1. DIMITRI BOULTE
   Chief Executive Officer
2. AUDE GRANT
   Managing Director and Chief Operating Officer
3. JÉRÔME LACOMBE
   Deputy Managing Director and Chief Resources Officer
4. FABIENNE BOILEAU
   Chief Financial Officer
5. PIERRE-YVES BONNAUD
   Asset Management and Client Management Director
6. FRANÇOIS DERRIAN
   Human Resources Director
7. ÉMILIE GERMANE
   General Secretary and Secretary to the Board
8. ÉRIC OUDARD
   Technical and Development Director

Board of Directors

Chairman of the Board of Directors
PERE VIÑOLAS SERRA

Directors
JUAN JOSÉ BRUGERA CLAVERO
ALI BIN JASSIM AL THANI
CARMINA GANYET I CIRERA
ARIELLE MALARD DE ROTHSCHILD
ALEXANDRA ROCCA

COMMITTEES

Audit Committee

Chair
CARMINA GANYET I CIRERA

Members
ARIELLE MALARD DE ROTHSCHILD
ALEXANDRA ROCCA

Remuneration and Selection Committee

Chair
PERE VIÑOLAS SERRA

Members
ARIELLE MALARD DE ROTHSCHILD
ALEXANDRA ROCCA

Executive and Strategy Committee

Chair
PERE VIÑOLAS SERRA

Members
JUAN JOSÉ BRUGERA CLAVERO
CARMINA GANYET I CIRERA

Committee of Independent Directors

Members
ARIELLE MALARD DE ROTHSCHILD
ALEXANDRA ROCCA

2023 IN FIGURES

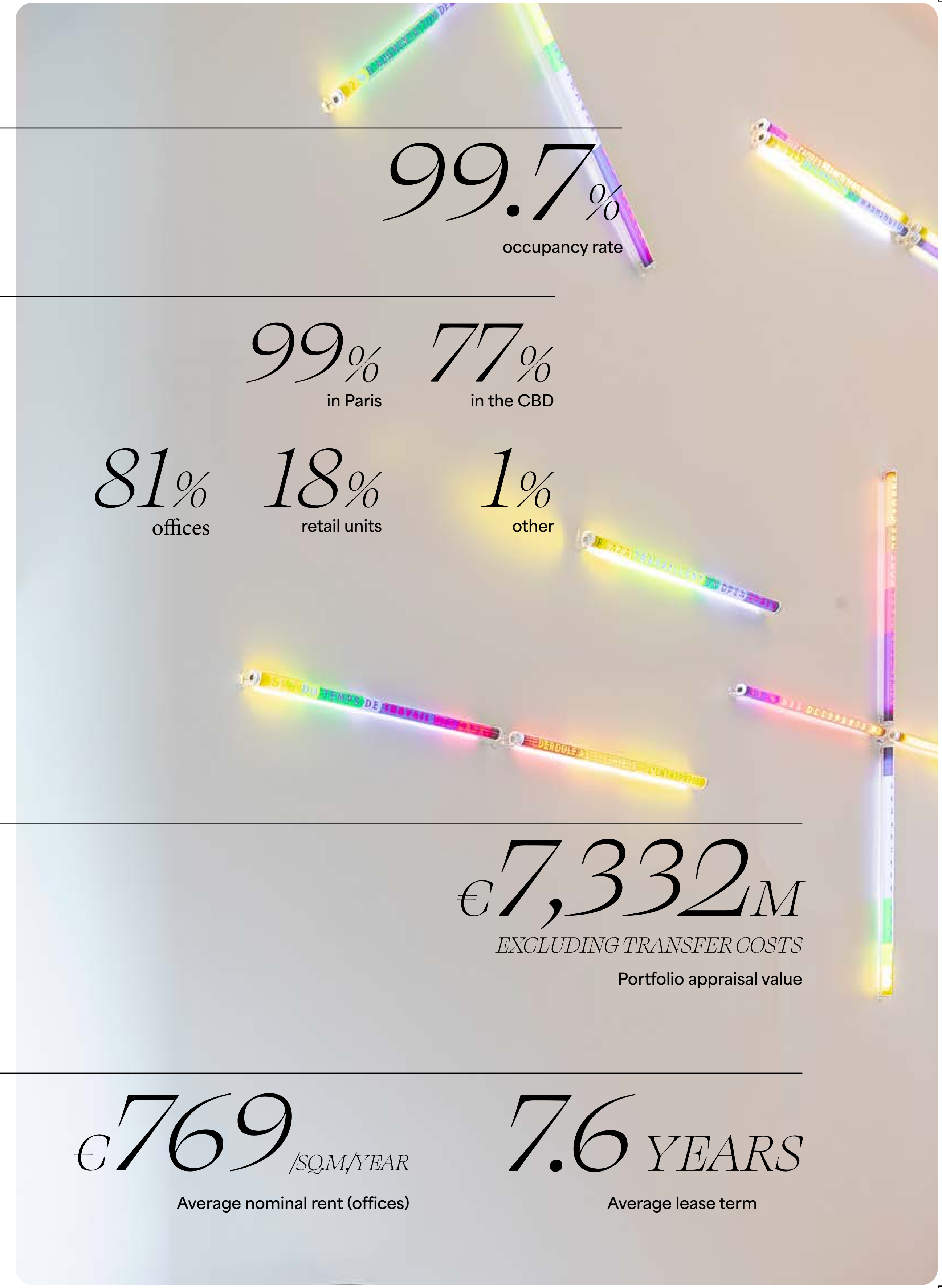
410,000 SQ.M.
in property assets

17 assets

100%
of assets certified

€234.4M
in rental income

up
14.6%
since January 2023



99.7%
occupancy rate

99%
in Paris

77%
in the CBD

81%
offices

18%
retail units

1%
other

€7,332M
EXCLUDING TRANSFER COSTS
Portfolio appraisal value

€769/SQ.M./YEAR
Average nominal rent (offices)

7.6 YEARS
Average lease term

THE ART OF *PRIME*

01

SFL, THE EXPERT IN PRIME *PARIS OFFICES*

Our value creation model

OUR *VISION*

DESIGNING PRIME, SUSTAINABLE PROPERTIES TO OFFER TENANTS A ONE-OF-A-KIND OFFICE EXPERIENCE

OUR *AMBITION*

REVEALING ALL THE ARCHITECTURAL, AMENITY AND TECHNICAL POTENTIAL OF OUR ASSETS IN THE HEART OF PARIS, IN A LOW-CARBON FUTURE

OUR *VALUES*

CLOSE DIALOGUE with the City of Paris and our stakeholders

A COMMITTED, INNOVATIVE approach to our large-scale projects

A DAILY COMMITMENT to delighting our tenants

A CREATIVE, COLLABORATIVE WORKING ENVIRONMENT for our employees

OUR *STRATEGY*

PRIME
Positioned exclusively in the prime Parisian property market

PARIS
99% of our assets are located in the heart of the capital's finest business districts

SUSTAINABLE
Certified, scalable, energy-sufficient and operationally efficient properties, harmoniously integrated into the cityscape and nature

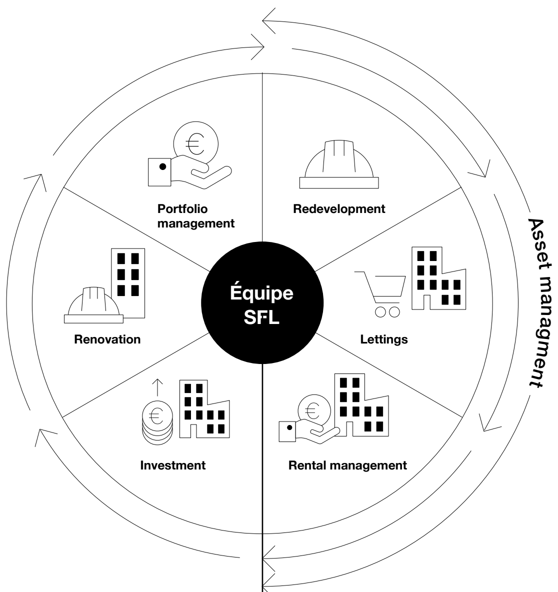
OUR *RESOURCES*

A PASSIONATE, IN-HOUSE TEAM of more than 70 employees

BOLD PARTNERS, renowned architects, designers and landscape architects, biophilia experts, etc.

A TRENDS OBSERVATORY
Paris Workplace – in partnership with Ifop since 2014

CORE *COMPETENCIES*



Redevelopment
Technical and development team

Lettings
Lettings and asset management teams

Rental management
Rental management and technical teams

Investment
Financial team

Renovation
Technical and development team

Portfolio management
Strategy and portfolio management team

Asset management

OUR *ADDED VALUE*

A GRANULAR UNDERSTANDING of urban and architectural challenges

THOROUGH KNOWLEDGE of Paris, our home

A SENSITIVITY TO AMENITIES, inspired by hospitality industry design practices

EXTENSIVE EXPERTISE in large property complexes in Paris (nine Paris business centres)

A CONSTANT QUEST FOR OPTIMISATION in each of our assets to meet tenant expectations

LONG-TERM TENANT SUPPORT SERVICES, grounded in trust and attentive care

OUR *ENVIRONMENTAL IMPACT*

1st
property company to earn certification for all its assets

0 SQ.M.
of land taken in the past ten years

10%
of the portfolio's footprint is planted and landscaped (equivalent)

93/100
GRESB* score in the Standing Investments Benchmark, up two points on 2022

42%
reduction
New SBTi-consistent decarbonisation target for 2030 vs. 2021 (Scopes 1+2+3)

Resource-sufficiency built into every asset

98%
of redevelopment project waste recovered and reused

*91%*** of tenant employees are satisfied with their offices

* Global Real Estate Sustainability Benchmark.
** 2023 SFL survey of 1,000 employees working in an SFL asset.

PARIS, THE *CITY OF LIGHT* AT THE HEART OF THE SFL MODEL

Paris is a city unlike any other, known around the world for its monumental heritage, architectural masterpieces and sublime beauty, as well as for its charming neighbourhoods, central location, infrastructure and lively spirit. The capital accounts for around 30% of GDP, making it the hub of France's business activity. By concentrating 99% of its assets in the city, SFL has opted for excellence and central locations to offer its tenants premium offices extremely well served by public transport and unique prime amenities.

99%

of SFL assets are located in Paris proper

€7,332 M

appraisal value, excluding transfer costs

100%

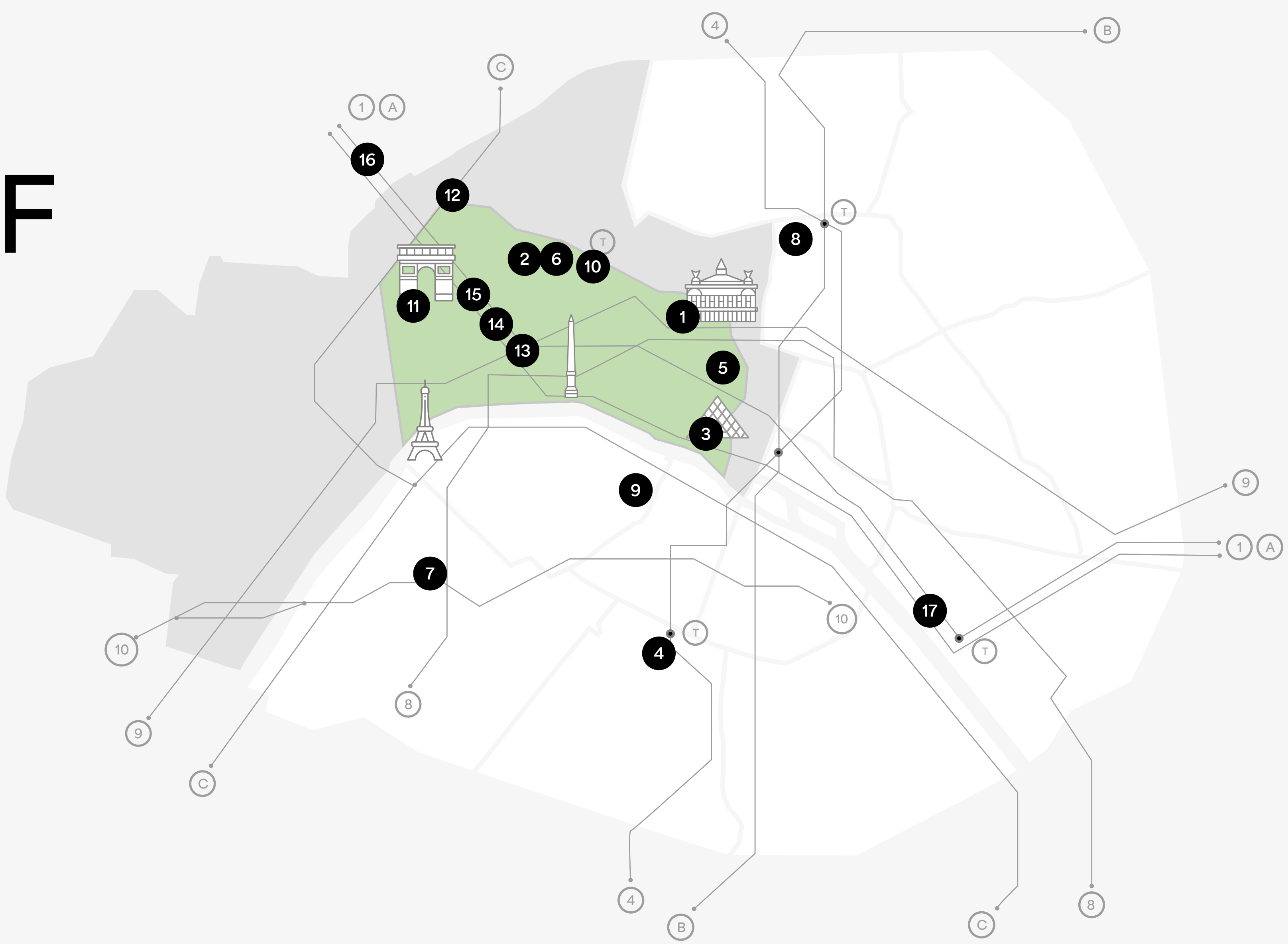
of assets are located less than a four-minute walk from public transport

"

AS ARCHITECTURE LOVERS, WE HAVE DEVELOPED A PORTFOLIO OF PREMIUM QUALITY PROPERTIES IN PARIS, WHERE EACH ONE STANDS OUT FOR ITS UNIQUE HISTORY, AESTHETIC APPEARANCE AND BOLD SFL TRANSFORMATION.

As safe, highly sought-after properties, Parisian prime offices have been our domain of expertise for years and are now our hallmark.
For us, Paris is the right place to show our expertise in terms of architecture and amenities, to offer our tenants the finest, most beautiful offices."

AUDE GRANT
Managing Director/Chief Operating Officer



- Our assets
- Public transport: RER/metro lines
- Train stations
- Central Business District
- Paris Centre West

BUSINESS CENTRES

1 Édouard VII
2 Washington Plaza
3 Louvre Saint-Honoré
4 Pasteur
5 #cloud.paris
6 Cézanne Saint-Honoré
7 Biome
8 Condorcet
9 103 Grenelle

BUILDINGS WITH A DISTINCTIVE CHARACTER

10 106 Haussmann
11 83 Marceau
12 131 Wagram
13 90 Champs-Élysées
14 Galerie Champs-Élysées
15 92 Champs-Élysées
16 176 Charles de Gaulle

PROJECTS

17 Scope

A BEDROCK *OF EXCELLENCE*

SFL reveals the full potential of its assets by seeking excellence in every sphere, from architecture and amenities to environmental and technical performance. Each one is built on a superior quality frame capable of supporting upgrades and scalability over the long term, with innovative structures to deliver maximum usability and adaptability, as well as bold, in-depth transformations to create prestigious, green, contemporary statement offices.

91%

of tenants were satisfied in 2023

"THE OCCUPANCY RATE OF OUR SURFACE AREAS, WHICH THIS YEAR ROSE TO AN EXCEPTIONALLY HIGH 99.7%, ATTESTS TO THE ALIGNMENT BETWEEN EXCELLENT ASSETS AND A GROWING FLIGHT TO QUALITY."

JÉRÔME LACOMBE
Deputy Managing Director, Chief Resources Officer

◆ **Architecture is a creative force** that is today being brought to bear on all the challenges that converge in an office property, including technological efficiency and technical quality, comfort and convivial sociability, nature and biodiversity, work-life interfaces, energy performance and soft mobility. To meet them, SFL works with leading partners - architects, designers, landscape architects and experts in environmental engineering and low-carbon strategies - and realigns its processes as necessary. This recurring collaboration ensures that our office designs are constantly being upgraded to deliver greener, more sustainable performance.

◆ **Our assets and development projects are one-of-a-kind.** At SFL, the only thing we standardise is a steadfast commitment to the environment. Otherwise, each of our offices is a unique, bespoke development, offering tenants their own space to express their vision and affirm their identity. In harmony with the original structure, SFL reinvents the premises by using the finest materials and fittings, with a constant focus on environmental performance and premium amenities.

◆ **SFL's offices push the envelope, ahead of trends and developments** emerging in society (work/life balance, growing demand for personalised services, etc.), the city (biodiversity, soft mobility, etc.) and the workplace (work-from-home and the need for social connections at work, etc.). Positioned in the Paris prime segment where demand remains very high, our teams are constantly aligning this vision with the expectations of our tenants. That's why our premium properties have become "super prime" offices. ◇

NATURE AND ARCHITECTURE, THE SOURCES OF ALL OUR INSPIRATION

At SFL, CSR strategy is not about reporting and compliance; it is a mature commitment, embedded in our DNA and manifested in long-term initiatives. Since our first plan to reduce the carbon footprint of our operations in 2010, we have continued to revolutionise the way we design and refurbish our buildings to make them ever more energy and environmentally efficient. Our ambition is to set the standard in Paris for low-carbon strategies and resource-sufficiency.

◆ **Nature is a living heritage that is one of our assets.** Integrated into our prime office concepts, the natural environment attests to our long-term commitment to enhancing our land and property footprints.

- **Biome and Marceau #** Expanding the amount of planted, landscaped spaces: a sustained commitment for a sustainable transformation.
- **Washington Plaza #** Following its green wall, which was the first of its size in Paris, a planted courtyard and landscaped garden were laid out with Modulo Green.
- **Cézanne Saint-Honoré #** Extensive landscaping between two buildings with architects BSTLL and landscape gardeners Rooftop.
- **Charles de Gaulle #** A utilities deck is being transformed into a landscaped terrace.

176 Charles de Gaulle

100%

of SFL assets are certified

0 SQ.M.

of land taken in the past 10 years

10%

of our footprint is planted and landscaped

◆ **Safeguarding urban biodiversity is a sustainable, cross-functional project** that is being deployed across the SFL portfolio. Mitigating the heat island effect, diversifying plant species, creating cooling islands and reclaiming open ground are all long-term projects whose benefits are expected to be felt between 2030 and 2050. The future is being prepared now, with SFL teams all being trained and deeply engaged in addressing this major challenge.

◆ **Decarbonising our asset transformation projects is a major leap forward for SFL.** With the Carbone 4 consultancy, we are deploying a Net Zero Initiative strategy designed to make SFL the benchmark for low-carbon office buildings in Paris. Here too, this is a long-term strategy that has guided all our architectural projects since 2010. In 2023, we defined a new carbon target that from 2024 will cover all our Scopes 1, 2 and 3 emissions, from the project/procurement/design phase onwards (i.e., no longer just the in-use phase). ◇

Washington Plaza

“WE HAVE HALVED THE CARBON IMPACT OF COMMUTING BY USERS OF SFL ASSETS COMPARED TO THE AVERAGE OFFICE BUILDING IN THE PARIS REGION.”

ÉRIC OUDARD
Technical and Development Director

SCIENCE BASED TARGETS

Scopes 1 and 2:
a carbon reduction strategy approved by the Science-Based Targets initiative (2021)

EPRA

EPRA Sustainability Gold Award (2023)

GRESB

GRESB Green StarAward
with a score of 93/100 (2023)

BBCA

Low Carbon Building Award
at the SIBCA low carbon building fair (2023)

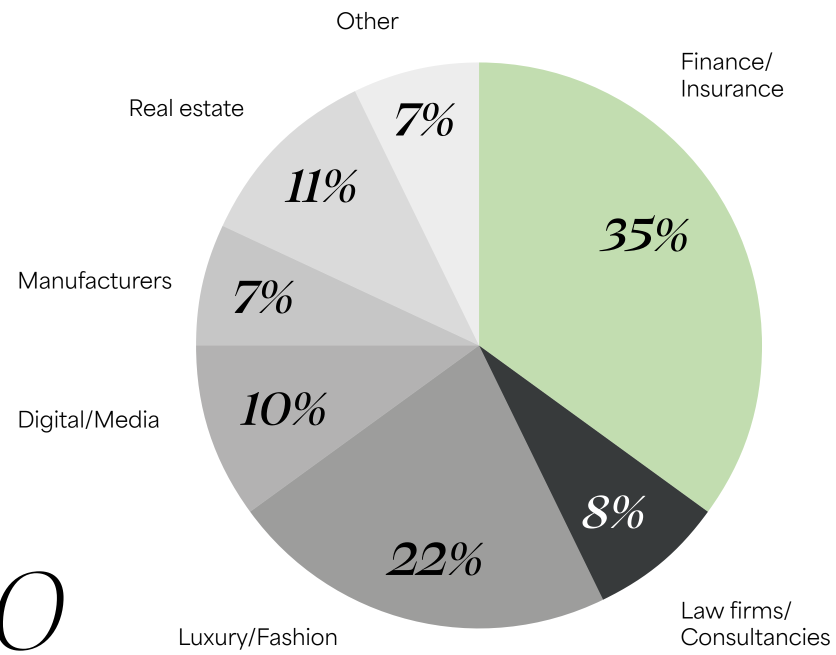
THE ART OF *EXCEL-LENCE*

02

OUTSTANDING OFFICES *FOR PEERLESS TENANTS*

Headline names in finance, luxury goods and fashion, management consulting, digital tech and more - our tenants are all major players or leaders in their markets. For each one, SFL creates living, sociable environments in remarkable, highly sought-after buildings aligned with the sophistication of their needs.
Our tenants are truly exceptional and we design offices in their image.

Breakdown by tenant business at 31 December 2023 (by value)



More than 250

tenants

91%

of users are satisfied with their premises (2023 SFL survey)

7.6 years

Average period to lease expiry

6.0 years

Average period to next potential exit date

“IN PARIS, AS ACROSS EUROPE, THE MOST PRESTIGIOUS COMPANIES ARE EXPRESSING INCREASINGLY SOPHISTICATED NEEDS. THE PRIME OR SUPER-PRIME SEGMENTS ARE THE PERFECT RESPONSE TO THESE EXPECTATIONS.”

DIMITRI BOULTE
Chief Executive Officer

TOP 10 TENANTS (BY RENT)		BUSINESS	S&P* RATING
1	Amundi	Insurance	A+
2	Cartier	Luxury	A+
3	GRDF	Industry	BBB+
4	Meta	Digital	A+
5	La Banque Postale	Finance	A+
6	we	Real estate	Unrated
7	Goldman Sachs	Finance	BBB+
8	Leading luxury goods company	Luxury	AA-
9	adidas	Fashion	A-
10	ZARA	Fashion	Unrated

* Or Moody's/Fitch equivalent.

LOOKING AHEAD, ALWAYS, ALL THE TIME

Ten years ago, SFL partnered with Ifop Paris WorkPlace to launch the first survey of trends and employee perceptions with regard to their working environment.
The findings, which every year reveal employee usage patterns and expectations, are a source of inspiration and fresh thinking for SFL. By exploring today's expectations, we can foresee tomorrow's trends as they emerge, enabling us to design offices that increasingly resonate with user aspirations.

Auditorium - Washington Plaza

> PARIS WORKPLACE - 10 YEARS OF PROACTIVE RESEARCH, CURIOSITY AND FRESH THINKING!"

AUDE GRANT
Managing Director/Chief Operating Officer

Five trends that have become more prominent over time

1. **The office is a place for socialising and interaction.** Respondents say they come to the office primarily to see their co-workers. This was the case before the lockdowns, and is even more so today.

2. **Work-life boundaries are blurring,** and employees are looking for greater flexibility and day-to-day amenities to enable both spheres to coexist.

3. **"Working where I want, when I want"** does not necessarily mean working from home. The office remains the preferred workplace.

4. **Year after year, offices are becoming an increasingly critical factor in the decision to join a company** (quality, central location, comfort, amenities, etc.), especially for the under-35 demographic.

5. **Well-being at work improves with the amount of nearby green space.** Today, the working environment is understood as a holistic experience, comprised of nearby shopping and service opportunities, high-quality outdoor spaces and surroundings, light, landscaping, etc. ◇

What will work be like 10 years from now?

How is work going to change over the next decade, under the impetus of technological acceleration, artificial intelligence, carbon-free travel and the ecological transition? Find out by looking at the results of the Paris Workplace 2023 survey.

Read the 2023 study, the magazine and the articles.

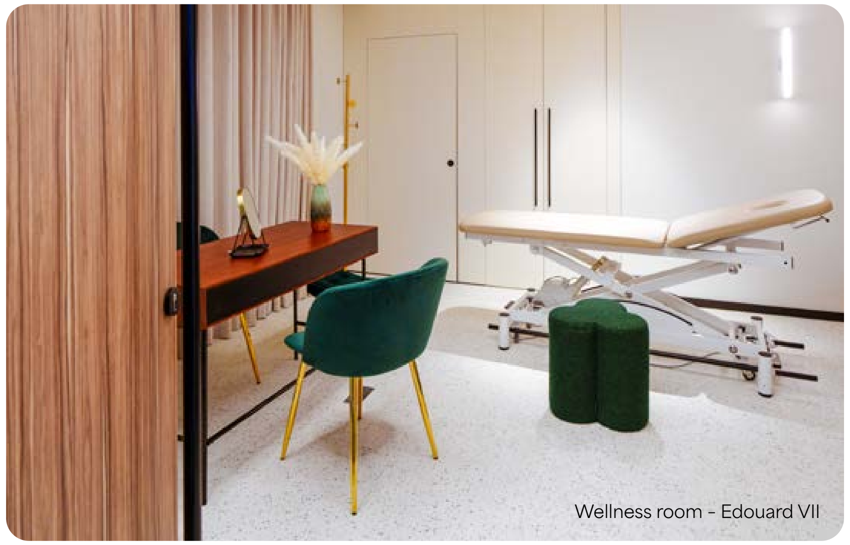
10
years of research

21,500
employees surveyed

99
experts interviewed

AGILE FLOOR PLATES, SCALABILITY *AND A MIX OF AMENITIES*

SFL offers premium amenities for both small and large areas, with the same attention to detail and high standards. This fosters a matchless office experience that makes life easier for users and facilitates every aspect of contemporary worklife with a quality and mix of amenities not found in any other offices.



Wellness room – Edouard VII

◆ **Service club.** The sheer volume and size of our business centres make them powerful idea incubators, where the amenities of tomorrow are conceived before being deployed across the portfolio.

The Washington Plaza, for example, serves as an effective laboratory for trends and innovation, with a diverse array of excellence-inducing amenities. Today, it is trialling the presence of a Community Manager, a premium concierge service, an auditorium, a relaxation room, a wellness area with an osteopath, a hairdresser and a beautician, and a dedicated magazine, *Le 42*.

◆ **The digital transformation.** Following on from the management of energy utilities, digital applications are now being developed for SFL assets, with bespoke apps tailored to each building's specific features and amenities. They enable connected users seeking instant access to book any of a building's amenities, whether business (auditorium, meeting rooms, chef's table or club-restaurant) or personal (osteopath sessions, yoga classes, concierge services).

Fitness room – Washington Plaza

The crowning outcome of SFL's business-centre expertise, the 48,200-sq.m. Washington Plaza serves as an effective laboratory for trends and innovation.

> "THE EDOUARD VII'S UNDENIABLE STRENGTHS – AN IDEAL LOCATION, THE BEAUTY AND INTRINSIC QUALITY OF THE BUILDING, ITS LIGHT-FILLED VOLUMES AND HIGH-QUALITY AMENITIES – ALL PROMPTED US TO EXTEND OUR LEASE."
>
> JULIEN GOUBAULT
> General Secretary, Klépierre

◆ **Low-carbon mobility.** People living in the Greater Paris area feel a strong need and desire for a central location, which is why all our buildings are located an average four-minute walk from a metro station. And because they are connected to the city and resonant with emerging social trends, they also facilitate the use of soft mobility modes. During structural refurbishments, spaces previously allocated to car parks are being reinvented, not only to accommodate electric recharging stations and innovative bike parks, but also to add skylights, meet-up spaces, relaxation rooms, wellness areas, fitness rooms, club-restaurants and other amenities. ◇

Bike park – 103 Grenelle

SFL'S PREMIUM BUSINESS CENTRE MODEL

SFL's steady innovation and expertise drive has culminated in the creation of a prime Parisian business centre model. More contemporary, more cost-effective and equipped with a pool of bespoke amenities, these centres of excellence are constantly being optimised by the asset management teams to offer their occupants an unrivalled office experience. Their flexible, modular layouts mean that each company can incorporate its own design codes and align the offices with its own organisational practices.

9 centres

of excellence >15,000 sq.m.

The advantages

REFURBISHMENT

SFL has acquired wide-ranging expertise in restoring buildings, even while they are partly occupied. Major transformations are undertaken to preserve prime building complexes and ensure that they can support upgrades and scalability over time.

FLEXIBILITY

Each asset is built on a high-performance technical frame capable of being upgraded over the years without having to undergo complex redevelopment. This commitment to performance ensures that the building can be flexibly remodelled and fitted out over time in response to new trends and different types of business organisation.

AGILITY

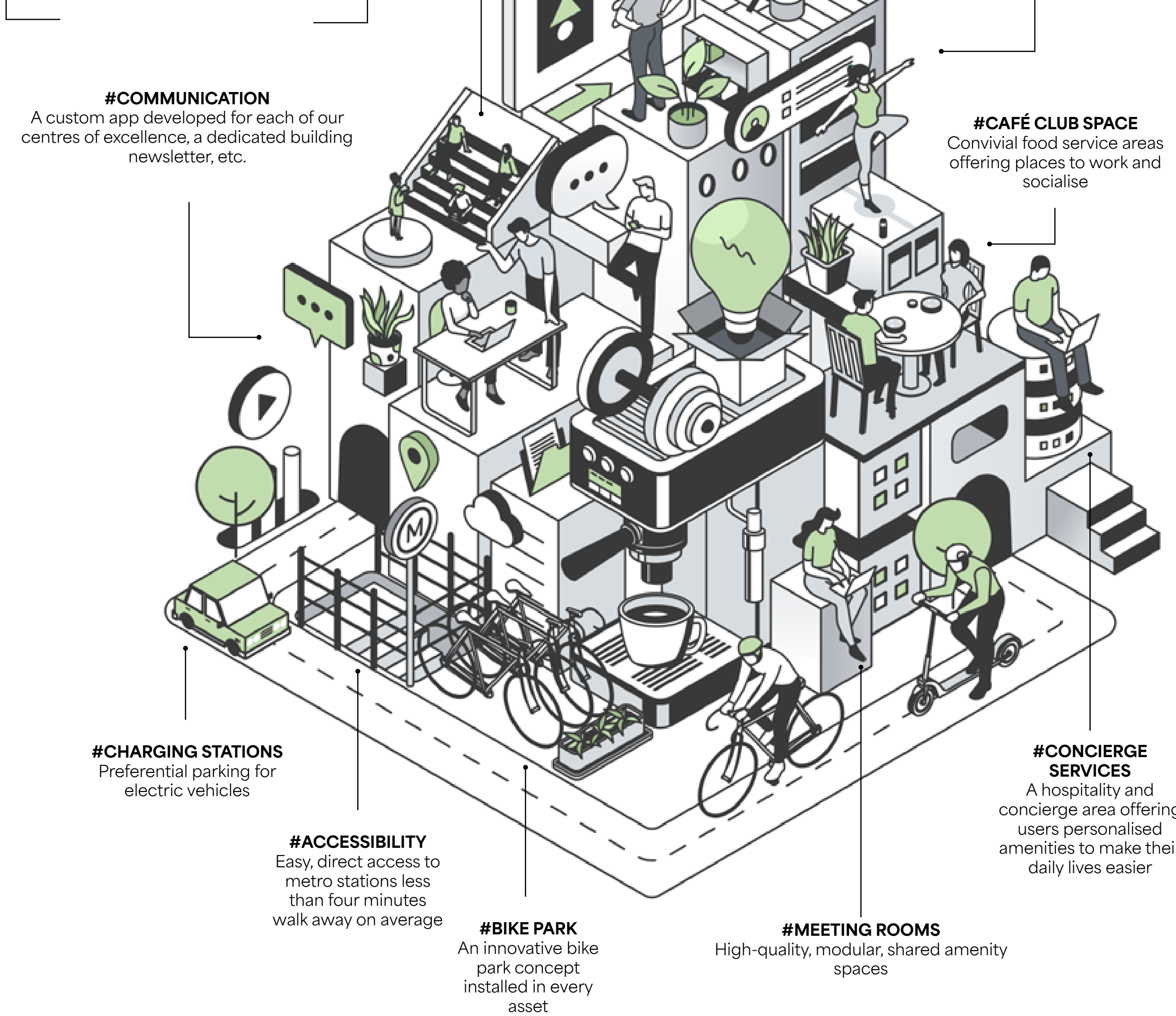
We can support our customers in increasing or reducing their surface area as their organisations evolve.

SUSTAINABILITY

Our business model, which is focused on the long term, encourages us to continuously optimise our portfolio, to enhance the user value of our large complexes and effectively reduce their environmental footprints over time.

BIODIVERSITY

SFL properties are also deeply intertwined with nature, thanks to a biophilic approach that supports biodiversity and personal well-being with landscaped terraces, gardens planted with a wide variety of tree species, landscaped interior courtyards and green walls.



SFL OFFICES ARE A HARMONIOUS BLEND OF CONVIVIAL SOCIABILITY, BIODIVERSITY AND EASE-OF-USE.

EXPERIENCE AS A *LEITMOTIV*

At SFL, spaces are designed to be welcoming, surprising and inspiring, while opening up opportunities and delivering high-quality amenities, so that everyone who uses or visits them can enjoy an incomparable, pleasant, engaging experience. In our offices, but also in all our retail spaces, experience is something that is lived and felt every day.

◆ An unmatched office experience, supporting collective intelligence

Companies have understood the importance of rekindling people's desire to come back into the office, and of restoring the work-life balance that blurred during the pandemic. Today, they are reinventing the work environment as a place for face-to-face interaction and socialising.

The SFL office, with its carefully crafted blend of formal and informal meeting spaces, fully embraces its social role as a focal point of life and community. Our buildings are home to large spaces for activity and emulation, used primarily by groups of people, which offer greater comfort, flexibility and opportunity than at home, as well as more amenities and social ties. This positioning has been confirmed by employees, who rank social interaction as one of their top expectations for an office.

Café Édouard VII

Galerie des Champs-Élysées

> “WHAT EMPLOYEES WANT IS NOT MORE WORKING FROM HOME, BUT MORE FREEDOM!”
>
> FRÉDÉRIC DABI
> Managing Director of Ifop

◆ Retail spaces where outstanding customer journeys flourish

Experience is also enjoyed in the retail outlets that account for 18% of our asset portfolio and offer retailers exceptional premises in the best locations in Paris. SFL's expertise acquired in office buildings is also expressed in their retail spaces, with in-depth display window upgrades, realigned lower building levels and outstanding transformations carried out in a holistic approach combining architecture, environmental performance, quality amenities and the image impact of the city.

SFL had a record year in retail lettings in 2023, with a large number of new leases signed, particularly in the Galerie des Champs-Élysées. ◇

18%

of assets are let to retailers (by value)

Rental news

Galerie Champs-Élysées: Adidas flagship store and Basic-Fit gym

◆

Edouard VII: Ekosport, a new outdoor sports chain • Fabrique de Styles

◆

176 Charles de Gaulle: Ovelo, an innovative bicycle retailer

◆

106 Haussmann: Renault electric car showroom

◆

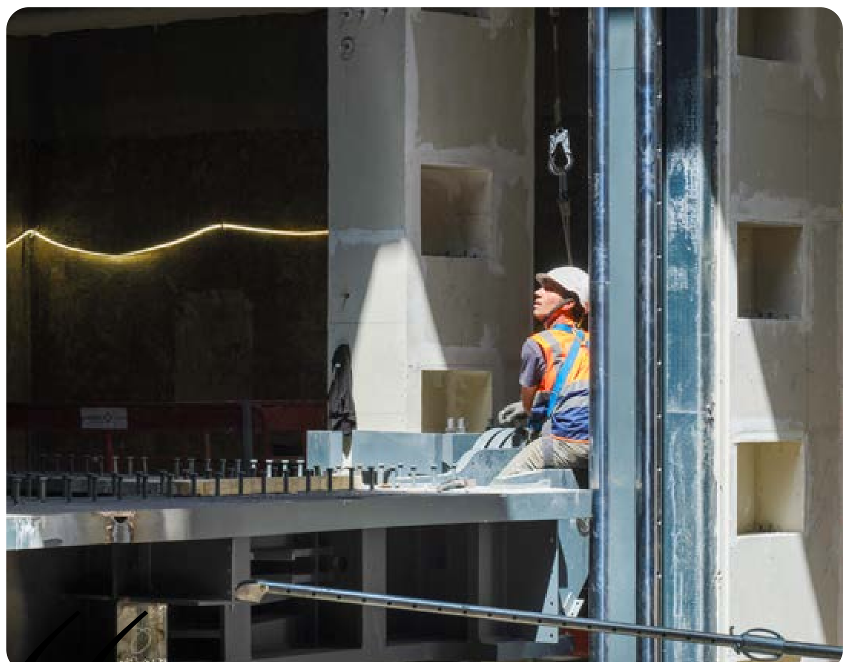
Cézanne Saint-Honoré: opening of a Café Joyeux

UNPARALLELED PROJECTS *AND BOLD TRANSFORMATIONS*

The capabilities and expertise of SFL's teams in transforming assets and increasing their value is reflected in the success of our exceptionally large-scale redevelopment programmes.

THE CARTIER FOUNDATION FOR CONTEMPORARY ART

A large-scale, world-class project



Property complex:
Louvre Saint-Honoré

16,000 sq.m. of retail space

March 2019: building permit issued

July 2023: shell delivered to the Foundation

20-year non-cancellable lease with two ten-year extension options

Design: Atelier Jean Nouvel

Construction: Petit, a Vinci Construction France subsidiary

Upgrading office entrances and creating a prestigious services space: Atelier Jean Nouvel

Designing a new food service area bathed in natural light:
Ana Moussinet

"IN PARIS, THERE'S STILL POTENTIAL FOR BOLD NEW PROJECTS. WE'RE VERY PROUD OF THIS ONE.

It expresses all the complexities that can shape a property project, and demonstrates the remarkable skills of our teams. With this type of project, we're making it possible to implement extraordinary concepts in heritage buildings to enhance the city's image and reputation."

DIMITRI BOULTE, Chief Executive Officer of SFL

GALERIE DES CHAMPS-ÉLYSÉES

An outstanding upgrade

The recent redevelopment of Galerie des Champs-Élysées, orchestrated by architect Dominique Perrault, marks the complex's complete repositioning to revitalise its appeal.

"THIS NEW LEASE ATTESTS TO THE UNDISPUTED APPEAL OF THE CHAMPS-ELYSÉES.

The area's prime commercial properties, particularly the large retail spaces capable of housing international flagship stores, are also keeping pace with the evolving trends along the avenue, which is now home to some of the world's leading sporting and luxury goods retailers."

PIERRE-YVES BONNAUD, SFL Asset Management and Client Management Director

Refurbishment of the lower levels:
Dominique Perrault Architecture

It will be home to the new Adidas flagship store, which will open before the Paris 2024 Olympics, and to a new Basic-Fit gym.

THE ART OF *PERFOR-MANCE*

03

2023, A YEAR
SHAPED BY
OUTSTANDING RESULTS

LETTINGS *AND SALES*

The commercial property market had a mixed year in 2023, when the polarisation of demand on central, well established yet already under-supplied locations continued apace, in both the rental and investment segments.

Hard hit by the upturn in financing rates, the greater Paris **investment market** contracted by a sharp 57% to €4.7 billion, well below the ten-year average of around €15.7 billion. Demand was nevertheless buoyed by a large number of transactions by owner-users, representing an additional volume of €5.5 billion, 84% of which was in Paris.

Prime rate

4-4.25%

at 31 December 2023

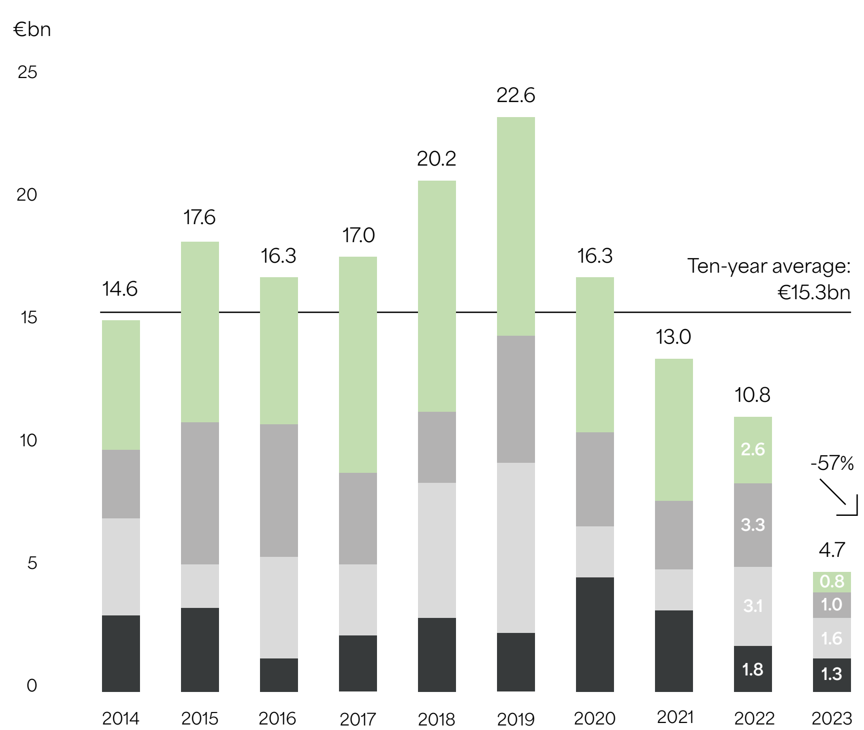
56%

of transactions were in Paris

€1,100/SQ.M.

average prime rent

Paris region commercial property investment market - excluding sales to owner-users

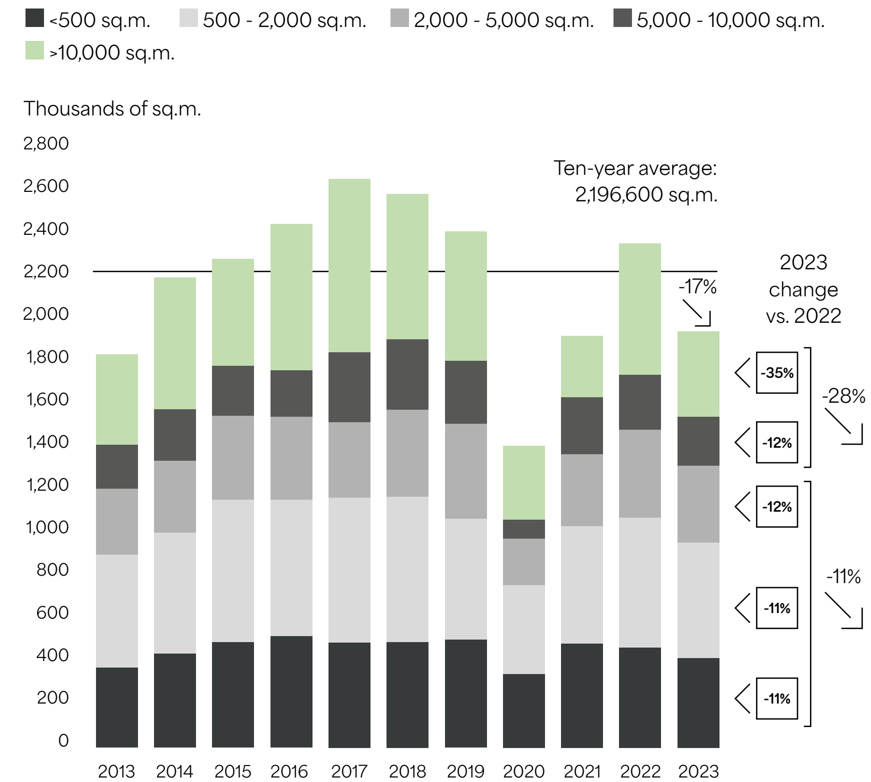


Source: BNP Paribas Real Estate

In this environment, SFL pursued its commitment to refocusing on its strategic Parisian assets by selling its building on rue de Hanovre in the 2nd *arrondissement* on 11 April 2023 to the GCI/Eternam joint venture for a net sale price of €58.3 million.
The 4,600 sq.m. complex had been vacant since October 2022 and was sold as is.

Completed lettings in the greater Paris region tracked the same pattern of polarisation. Post-Covid-19, companies have adjusted their specifications and are becoming more selective, with a greater focus on prime assets.
With its many advantages, Paris is very attractive and was once again at full capacity, with 46% of completed lettings, or almost 900,000 sq.m., led by the CBD at 23% of the total, above the ten-year average.

Paris region completed office lettings



◆ **With quality office stock already in short supply, (0.4% vacancy rate for new buildings in the CBD) and city planning regulations becoming stricter, rents are rising, led by prime rents that ended the year at an average €1,100/sq.m.**

46%

of completed lettings were in Paris

23%

of completed lettings were in the CBD

The capital benefited from polarised demand (combining attractiveness, selectivity and accessibility)

8.5%

vacancy rate in the Paris region

4%

vacancy rate in Paris

0.4%

vacancy rate in new properties in the CBD

This buoyant demand helped to further improve SFL's physical occupancy rate for in-use properties, which rose to a historically high 99.7% at 31 December 2023 from 99.5% a year earlier, with an average non-cancellable lease period of six years across the portfolio.

Letting activity was robust throughout the year, with leases signed on around 41,000 sq.m.:

- ◆ **Édouard VII**, with new leases signed on a total of 10,600 sq.m., including the partial rollover of an existing lease with Klépierre and 2,500 sq.m. of retail space;
- ◆ **131 Wagram,** with the TV5 Monde lease on 7,200 sq.m. of office space rolled over for 12 years;
- ◆ **#cloud.paris,** with a new lease signed with a luxury goods company on some 9,500 sq.m. of office space and a lease extension signed with an existing tenant on an additonal 900 sq.m.;
- ◆ new leases on space in the Washington Plaza, Cézanne Saint-Honoré and Louvre Saint-Honoré buildings.

The average nominal rent on these leases increased to €856 per sq.m., corresponding to an effective rent of €715 per sq.m., for an average non-cancellable term of 7.7 years. These lease terms attest to the attractiveness of the Group's properties. ◇

RESILIENT *RESULTS*

In 2023, SFL saw strong growth in adjusted operating profit, resilient EPRA earnings and a 99.7% occupancy rate attesting to the attractiveness of prime Paris office properties and the quality of SFL's business model.

Adjusted operating profit (i.e., operating profit before disposal gains and losses and fair value adjustments to investment property) rose by a strong 17.4% to €201.6 million in 2023 from €171.8 million in 2022.

Net finance costs amounted to €56.0 million in 2023 compared to €31.6 million the previous year, an increase of €24.4 million that primarily reflected the higher interest rates, as well as the increase in the Group's debt.

After taking account of these key items, EPRA earnings came in at €109.9 million in 2023 versus €108.0 million in 2022.
EPRA earnings per share stood at €2.56 in 2023, up by 1.7% from €2.52 in 2022.

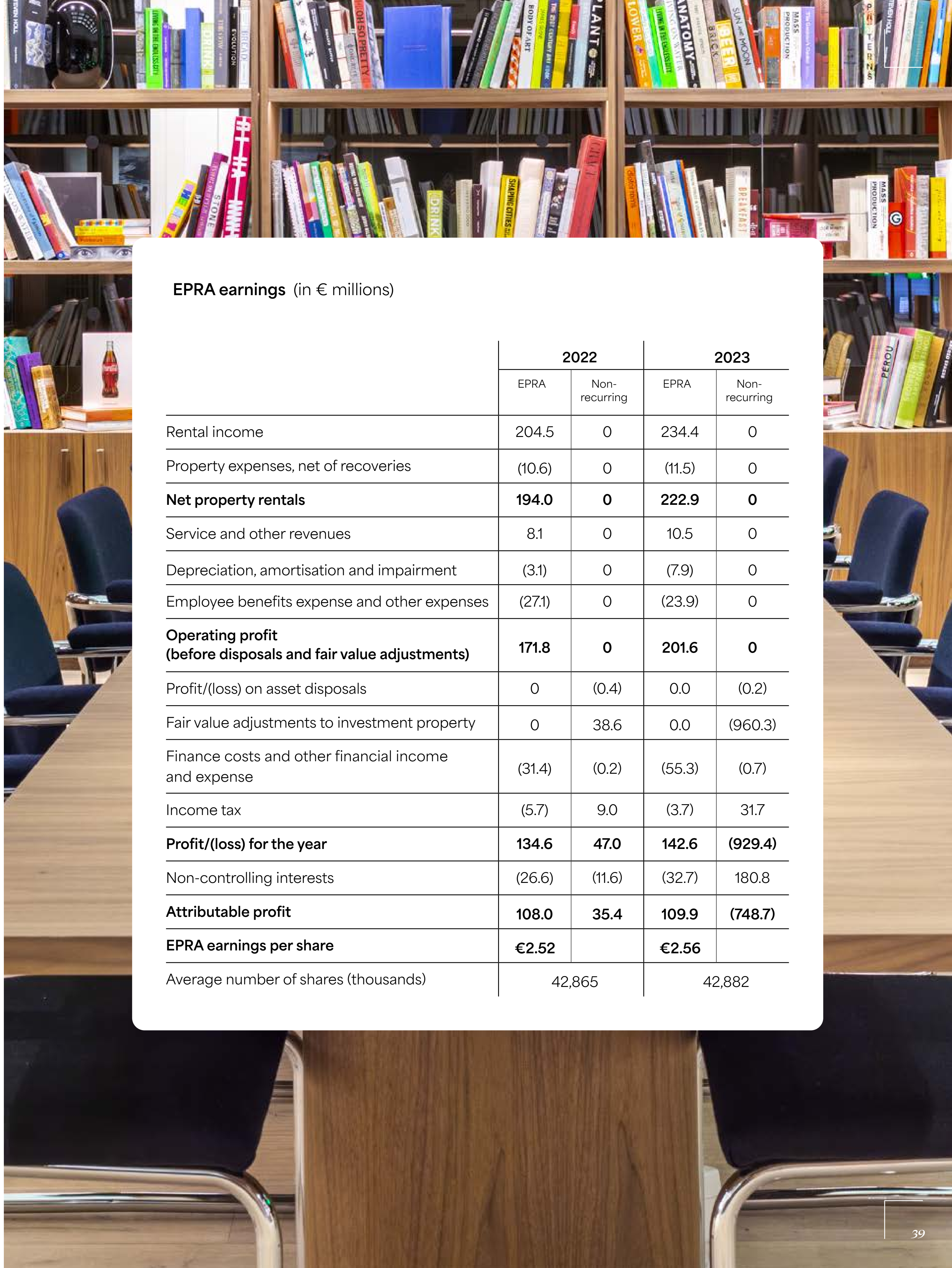
The Group ended the year with an attributable net loss of €638.8 million, versus a profit of €143.4 million in 2022. ◇

€109.9M

EPRA earnings

€2.56

EPRA earnings per share



EPRA earnings (in € millions)

	2022		2023	
	EPRA	Non-recurring	EPRA	Non-recurring
Rental income	204.5	0	234.4	0
Property expenses, net of recoveries	(10.6)	0	(11.5)	0
Net property rentals	**194.0**	**0**	**222.9**	**0**
Service and other revenues	8.1	0	10.5	0
Depreciation, amortisation and impairment	(3.1)	0	(7.9)	0
Employee benefits expense and other expenses	(27.1)	0	(23.9)	0
Operating profit (before disposals and fair value adjustments)	**171.8**	**0**	**201.6**	**0**
Profit/(loss) on asset disposals	0	(0.4)	0.0	(0.2)
Fair value adjustments to investment property	0	38.6	0.0	(960.3)
Finance costs and other financial income and expense	(31.4)	(0.2)	(55.3)	(0.7)
Income tax	(5.7)	9.0	(3.7)	31.7
Profit/(loss) for the year	**134.6**	**47.0**	**142.6**	**(929.4)**
Non-controlling interests	(26.6)	(11.6)	(32.7)	180.8
Attributable profit	**108.0**	**35.4**	**109.9**	**(748.7)**
EPRA earnings per share	**€2.52**		**€2.56**	
Average number of shares (thousands)	42,865		42,882	

HIGHER RENTAL *INCOME*

Rental income rose by a robust €29.9 million or 14.6% to €234.4 million in 2023 from €204.5 million the year before, led by the largest buildings and rent escalation clauses.

On a like-for-like basis (revenue-generating properties, excluding all changes in the portfolio affecting period-on-period comparisons), rental income was €14.9 million higher (up 8.5%), including the €9.0 million impact of rent escalation clauses. The increase also reflected the improved occupancy rate for revenue-generating properties, with the signature of new leases in 2023 (with longstanding tenants or new clients such as Proparco, Fast Retailing, TV5 and a leading luxury goods company) driving significant growth in rental income from several properties, including the Edouard VII, Louvre Saint-Honoré, Washington Plaza, #cloud.paris and 103 Grenelle complexes.

Rental income from spaces being redeveloped rose by a net €10.4 million, reflecting:

◆ An increase of €19.5 million due in particular to (i) the contribution over the whole year of income from the Biome building (delivered in July 2022 following its complete restructuring and fully let from the end of 2022 to La Banque Postale and SFIL), (ii) the delivery in July 2023 of the redeveloped retail area of the Louvre Saint-Honoré complex, which was let with immediate effect to the Richemont Group to house the future Cartier Foundation, and (iii) new leases signed on several floors renovated in 2022, mainly in the Cézanne Saint-Honoré building (Wendel, LRT, Lincoln International and Jouin Manku).

◆ A decrease of €9.1 million, after the Scope building (formerly Rives de Seine) previously let to Natixis was vacated on 30 September 2022.

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 €3.9 million.

Lastly, a penalty received from a tenant in 2023 for breaking the lease added €0.7 million to rental income versus 2022. ◇

€234.4M

in consolidated rental income

UP 8.5%

like-for-like on 2022

DEBT
AND FINANCING

Robust financing with strong and renewed environmental performance commitments

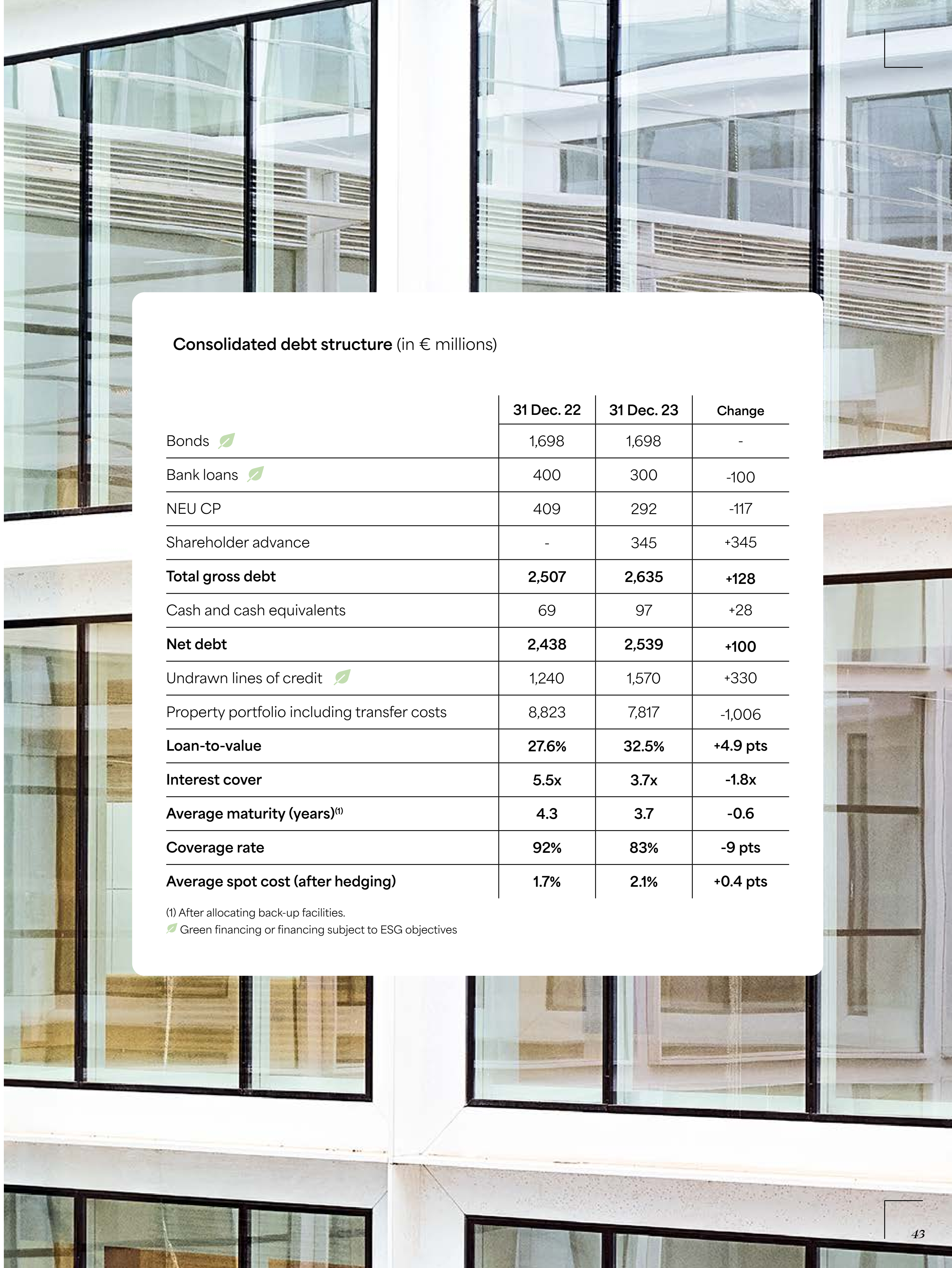
In a more volatile market against a backdrop of steadily rising interest rates, in June 2023 the Group obtained an €835 million revolving credit facility from a pool of ten leading international banks. The facility includes a margin adjustment mechanism based on the achievement of three ambitious targets concerning carbon emissions reduction, environmental certification of assets and Global Real Estate Sustainability Benchmark (GRESB) rating.
The five-year facility (with two one-year extension options) refinanced existing facilities and strengthened SFL's liquidity, while extending the average maturity of debt as part of the Group's proactive balance sheet management strategy.
Net debt at 31 December 2023 amounted to €2,539 million compared to €2,438 million at 31 December 2022, representing a loan-to-value ratio of 32.5%. At that same date, the average cost of debt after hedging was 2.1%, the average maturity was 3.7 years. At 31 December 2023, the interest coverage ratio stood at 3.7x.
Lastly, at 31 December 2023, the Group had access to €1,570 million in undrawn confirmed lines of credit. ◇

3.7 years
average maturity

32.5%
loan-to-value

2.1%
average spot cost (after hedging)

BBB+/A2
stable outlook



Consolidated debt structure (in € millions)

	31 Dec. 22	31 Dec. 23	Change
Bonds 🍃	1,698	1,698	-
Bank loans 🍃	400	300	-100
NEU CP	409	292	-117
Shareholder advance	-	345	+345
Total gross debt	**2,507**	**2,635**	**+128**
Cash and cash equivalents	69	97	+28
Net debt	**2,438**	**2,539**	**+100**
Undrawn lines of credit 🍃	1,240	1,570	+330
Property portfolio including transfer costs	8,823	7,817	-1,006
Loan-to-value	**27.6%**	**32.5%**	**+4.9 pts**
Interest cover	**5.5x**	**3.7x**	**-1.8x**
Average maturity (years)[1]	**4.3**	**3.7**	**-0.6**
Coverage rate	**92%**	**83%**	**-9 pts**
Average spot cost (after hedging)	**1.7%**	**2.1%**	**+0.4 pts**

(1) After allocating back-up facilities.
🍃 Green financing or financing subject to ESG objectives

PROPERTY *PORTFOLIO AND NAV*

Net asset value: EPRA NTA at €87.5 after payment of an exceptionally high dividend of €4.20 in April 2023

The portfolio's consolidated appraisal value at 31 December 2023 was €7,332 million excluding transfer costs, down 11.1% from €8,246 million at 31 December 2022. The like-for-like change was a decrease of 10.5%.

The average EPRA topped-up Net Initial Yield (NIY) was 3.8% at 31 December 2023, up from 3.1% at the previous year end.

At 31 December 2023, EPRA Net Tangible Assets (NTA) stood at €87.5 per share (€3,752 million in total, a decline of 18.5% over the year) and EPRA Net Disposal Value (NDV) was €85.7 per share (€3,673 million in total), after payment of an exceptionally high dividend of €4.20 in April 2023. ◇

€7,332M

portfolio value excluding transfer costs

Net Asset Value (in € millions)

	31 Dec. 22	31 Dec. 23
Equity	4,379	3,540
Dilutive impact of treasury shares and stock options	2	0
Unrealised gains on properties	35	34
Unrealised gains on intangible assets	4	4
Elimination of financial instruments at fair value	(15)	6
Elimination of deferred taxes	203	173
Transfer costs	496	416
EPRA NRV (Net Reinstatement Value)	**5,104**	**4,173**
EPRA NRV/share	**€119.1**	**€97.3**
Elimination of intangible assets	(2)	(1)
Elimination of unrealised gains on intangible assets	(4)	(4)
Elimination of transfer costs[1]	(496)	(416)
EPRA NTA (Net Tangible Assets)	**4,603**	**3,752**
EPRA NTA/share	**€107.4**	**€87.5**
Intangible assets	2	1
Financial instruments at fair value	15	(6)
Fixed-rate debt at fair value	228	98
Deferred taxes	(203)	(173)
Cancellation of transfer costs	0	0
EPRA NDV (Net Disposal Value)	**4,644**	**3,673**
EPRA NDV/share	**€108.3**	**€85.7**
Number of shares (thousands)	42,865	42,886

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

EPRA *PERFORMANCE INDICATORS*

SFL presents its performance indicators in accordance with the recommendations issued by the European Public Real Estate Association (EPRA). The main indicators, whose detailed definitions may be found on www.epra.com, are summarised below:

EPRA performance indicators

	2022	2023
EPRA Earnings	€108.0m	€109.9m
/share	€2.52	€2.56
EPRA Cost Ratio (incl. vacancy costs)	15.3%	12.7%
EPRA Cost Ratio (excl. vacancy costs)	14.2%	11.8%
Average number of shares (thousands)	42,865	42,882

	2022	2023
EPRA NRV	€5,104m	€4,173m
/share	€119.1	€97.3
EPRA NTA	€4,603m	€3,752m
/share	€107.4	€87.5
EPRA NDV	€4,644m	€3,673m
/share	€108.3	€85.7
EPRA Net Initial Yield	2.4%	2.6%
EPRA Topped-Up Net Initial Yield	3.1%	3.8%
EPRA Vacancy Rate	0.6%	0.2%
Number of shares (thousands)	42,865	42,886

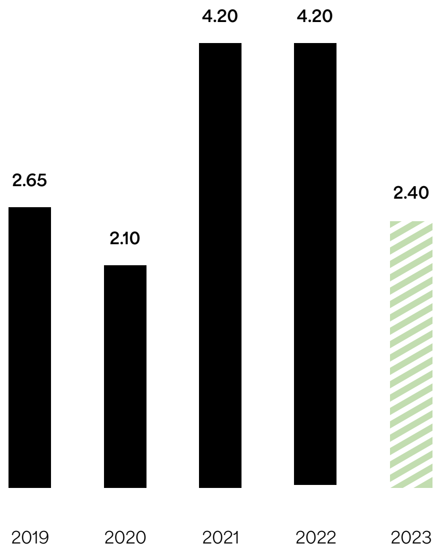
	2022	2023
LTV		
100%, including transfer costs	27.6%	32.5%
100%, excluding transfer costs	29.6%	34.6%
EPRA LTV (including transfer costs)		
100%	29.2%	34.3%
Attributable to owners of the parent	33.8%	39.6%
EPRA LTV (excluding transfer costs)		
100%	31.2%	36.6%
Attributable to owners of the parent	36.1%	42.2%

OWNERSHIP *STRUCTURE*

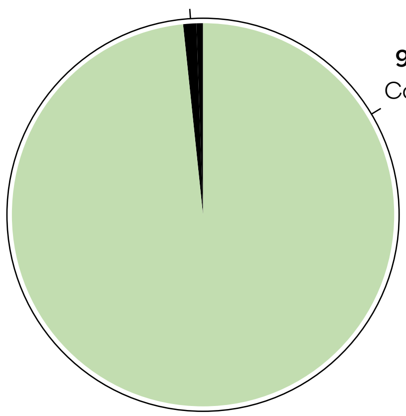
The SFL share ended the year at €67.00.

Trading volumes were unchanged from 2023, at 271 shares or €19,000 a day. In April 2023, SFL paid an annual dividend of €4.20 per share. The Board of Directors will recommend that shareholders at the Annual General Meeting on 16 April 2024 approve the payment in cash of a dividend of €2.40 per share for the year. ◇

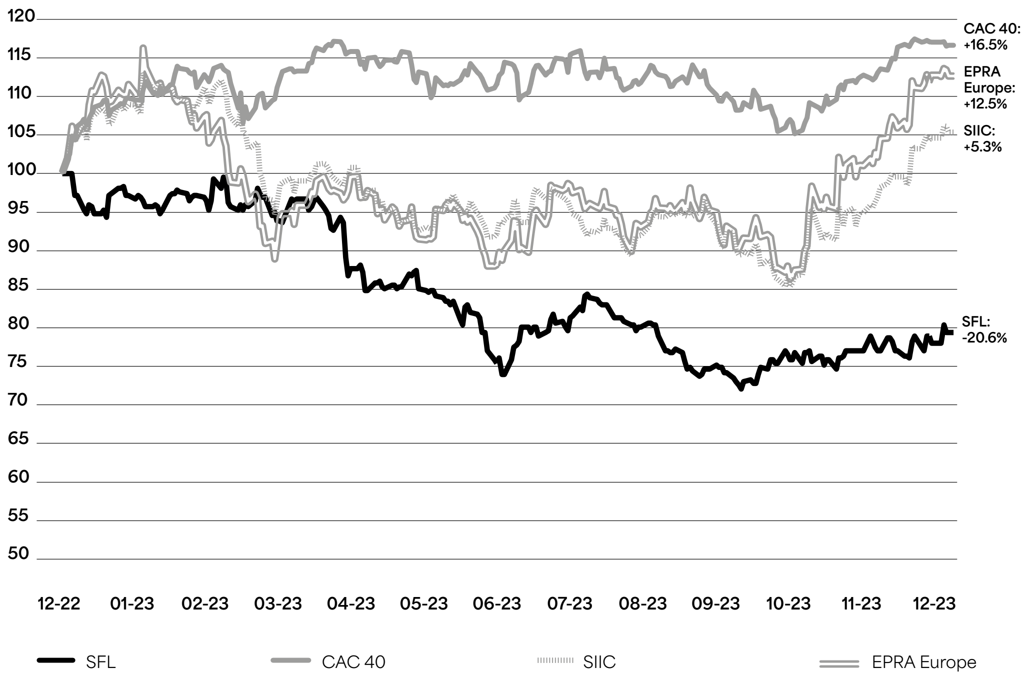
Dividend per share
(€ per share)



SFL ownership structure
(42.9 million shares)
at 31 December 2023



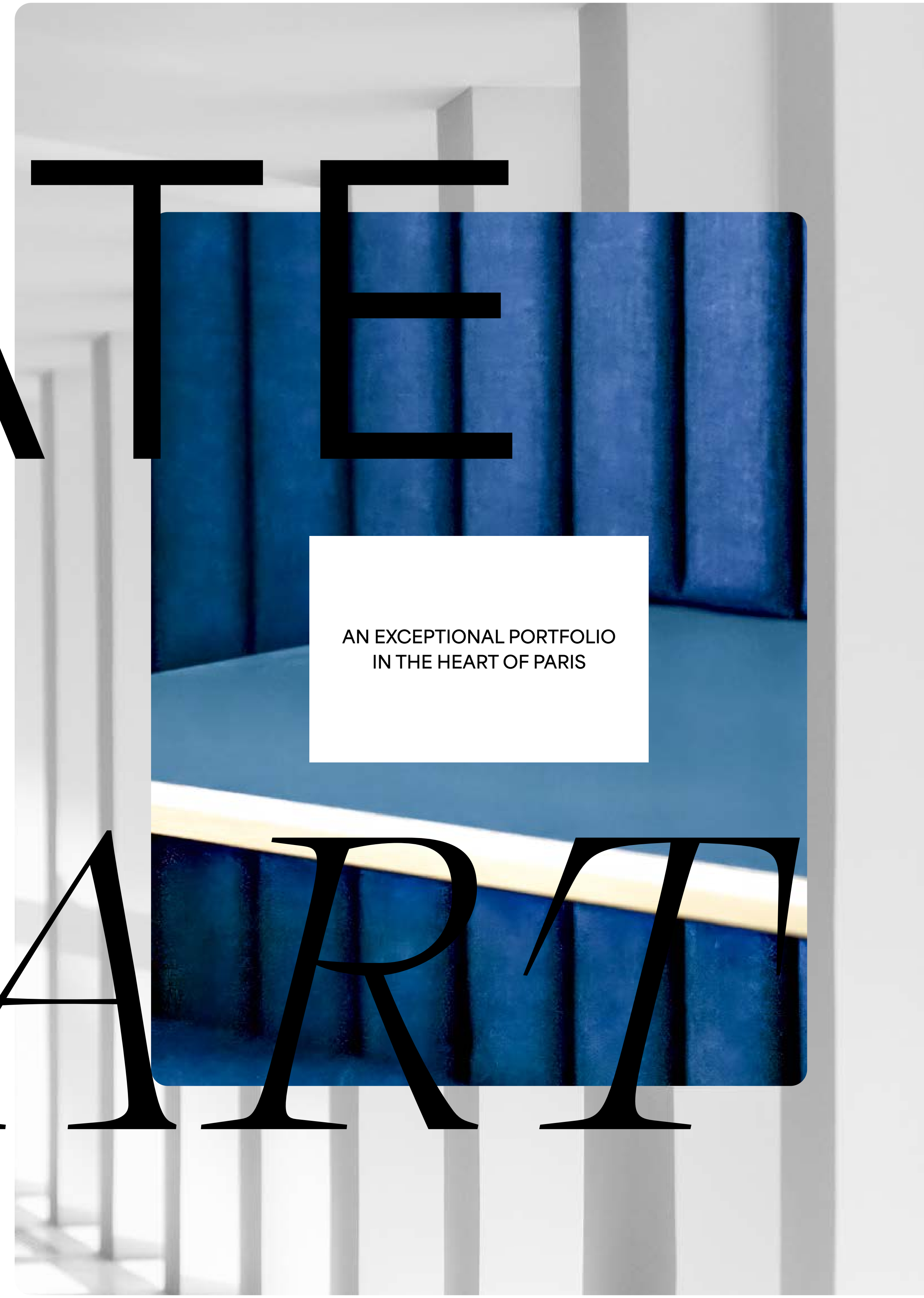
2023 SHARE PERFORMANCE[1]



(1) Base 100: 31 Dec. 2022. Data up to 31 Dec. 2023. Sources: Euronext/EPRA.

THE STATE OF *THE ART*

04



AN EXCEPTIONAL PORTFOLIO
IN THE HEART OF PARIS

BUSINESS CENTRES *OF EXCELLENCE*

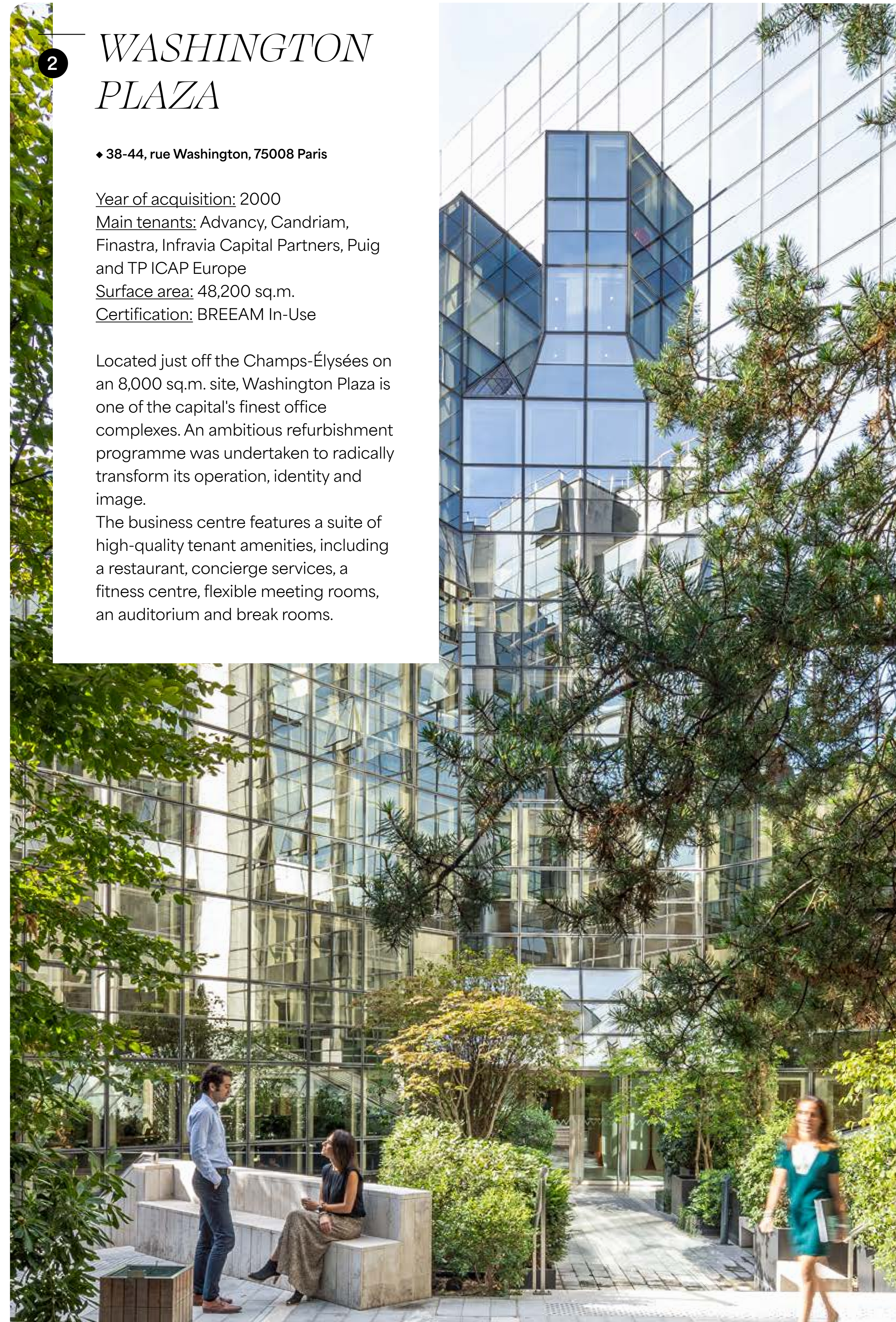
These exceptional business centres are total living and working environments, dedicated to the performance of their tenant companies. Comfortable amenities and the art of work-life integration have been reinvented, in resonance with the expectations of modern companies, for which workplace well-being is a key selection criterion.

1 *ÉDOUARD VII*

◆ 16-30, boulevard des Capucines, 75009 Paris

Year of acquisition: 1999
Main tenants: Ashurst, Comgest, Ekosport, Fabrique de Styles, Klépierre, Netflix and l'Olympia
Surface area: 54,600 sq.m.
Certification: BREEAM In-Use

Built on a 1.5-hectare plot, the Haussmann-style Édouard VII complex is located in the heart of one of Paris's liveliest neighbourhoods. The property's surroundings and distinguished architectural style - the result of extensive remodelling - make it an outstanding showcase. Following on from the installation of colourful rue Édouard VII store façades, which instilled a modern, attractive feel to the entire complex, a programme to replant the interior courtyards and upgrade the passages was conducted to support the business centre's move upmarket.

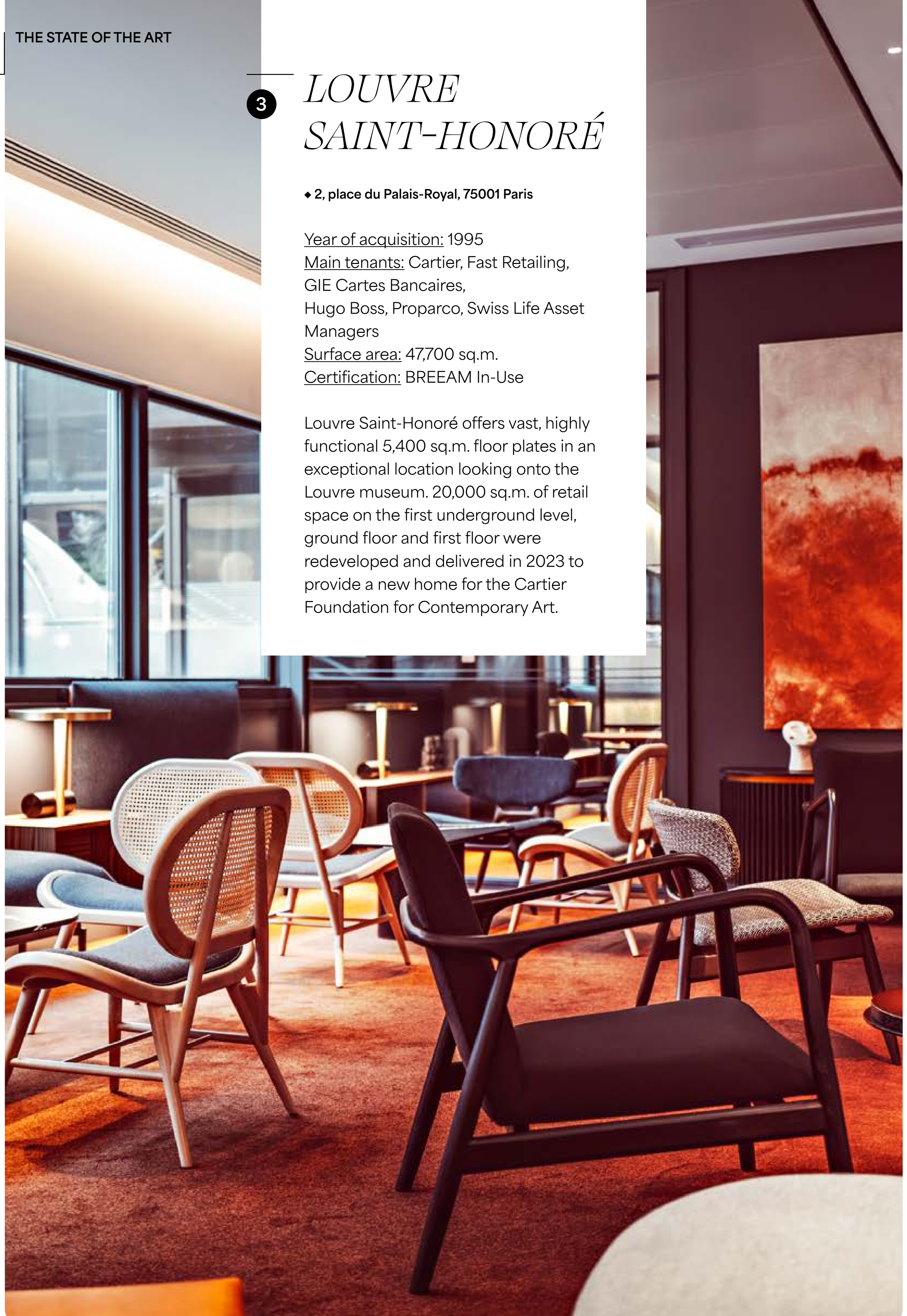


2 *WASHINGTON PLAZA*

◆ 38-44, rue Washington, 75008 Paris

Year of acquisition: 2000
Main tenants: Advancy, Candriam, Finastra, Infravia Capital Partners, Puig and TP ICAP Europe
Surface area: 48,200 sq.m.
Certification: BREEAM In-Use

Located just off the Champs-Élysées on an 8,000 sq.m. site, Washington Plaza is one of the capital's finest office complexes. An ambitious refurbishment programme was undertaken to radically transform its operation, identity and image.
The business centre features a suite of high-quality tenant amenities, including a restaurant, concierge services, a fitness centre, flexible meeting rooms, an auditorium and break rooms.

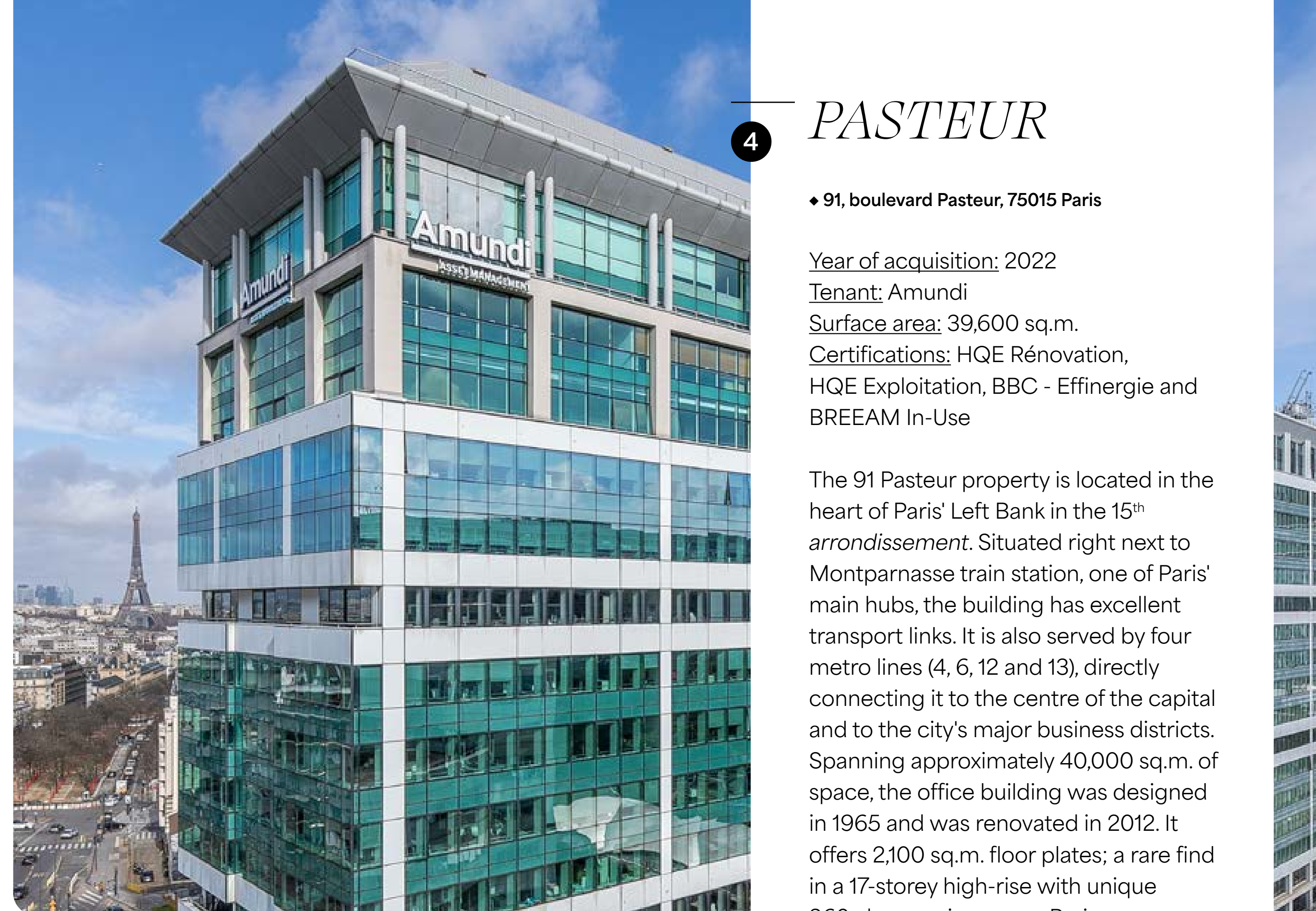


3 LOUVRE SAINT-HONORÉ

♦ **2, place du Palais-Royal, 75001 Paris**

Year of acquisition: 1995
Main tenants: Cartier, Fast Retailing, GIE Cartes Bancaires, Hugo Boss, Proparco, Swiss Life Asset Managers
Surface area: 47,700 sq.m.
Certification: BREEAM In-Use

Louvre Saint-Honoré offers vast, highly functional 5,400 sq.m. floor plates in an exceptional location looking onto the Louvre museum. 20,000 sq.m. of retail space on the first underground level, ground floor and first floor were redeveloped and delivered in 2023 to provide a new home for the Cartier Foundation for Contemporary Art.



4 PASTEUR

♦ **91, boulevard Pasteur, 75015 Paris**

Year of acquisition: 2022
Tenant: Amundi
Surface area: 39,600 sq.m.
Certifications: HQE Rénovation, HQE Exploitation, BBC - Effinergie and BREEAM In-Use

The 91 Pasteur property is located in the heart of Paris' Left Bank in the 15th *arrondissement*. Situated right next to Montparnasse train station, one of Paris' main hubs, the building has excellent transport links. It is also served by four metro lines (4, 6, 12 and 13), directly connecting it to the centre of the capital and to the city's major business districts. Spanning approximately 40,000 sq.m. of space, the office building was designed in 1965 and was renovated in 2012. It offers 2,100 sq.m. floor plates; a rare find in a 17-storey high-rise with unique 360-degree views over Paris.
Pasteur projects a modern feel that its tenants will find both functional and satisfying. It offers an array of amenities including a brasserie, cafeteria, gym, concierge service and business centre.

5 #CLOUD.PARIS

♦ **81-83, rue de Richelieu, 75002 Paris**

Year of acquisition: 2004
Main tenants: Coty, Infranity and Meta
Surface area: 35,000 sq.m.
Certifications: BREEAM, Construction, BREEAM In-Use, HQE®, LEED®

#cloud.paris, a latest generation business centre in the very heart of Paris, offers beautiful, innovative, flexible offices designed to offer environmental excellence. Today it is home to such highly prestigious companies as Meta, Coty and a luxury goods company. Its outstanding features earned it the French SIIC industry's 2015 "Ville et Avenir" Award and the 2016 MIPIM Award for Best Office & Business Development.

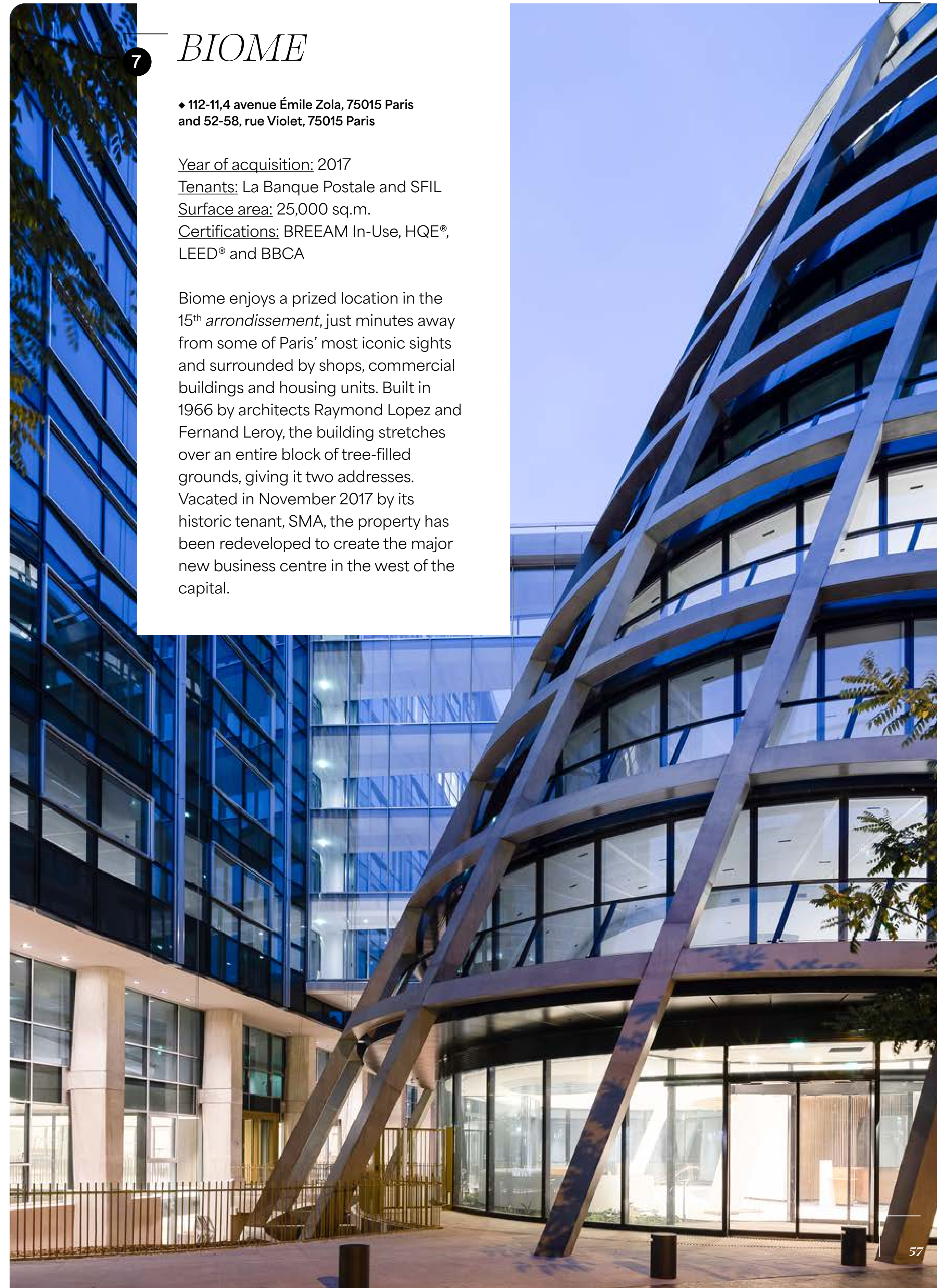
6

CÉZANNE SAINT-HONORÉ

♦ **1-6, rue Paul Cézanne, 75008 Paris**

Years of acquisition : 2001 and 2007
Main tenants: Essilor Luxottica, LEK, Lincoln, LRT, Quartus, Seven2, Sumitomo Mitsui Banking and Wendel
Surface area: 29,100 sq.m.
Certification: BREEAM In-Use

This exceptional property complex comprises two standalone buildings that straddle a 100-metre long private street. The property features a tenant amenities centre. Inspired by hospitality industry design codes, the interior has been completely rethought by Studio Putman, with a food court, 100-seat auditorium, meeting rooms and VIP lounge.



7

BIOME

♦ **112-11,4 avenue Émile Zola, 75015 Paris and 52-58, rue Violet, 75015 Paris**

Year of acquisition: 2017
Tenants: La Banque Postale and SFIL
Surface area: 25,000 sq.m.
Certifications: BREEAM In-Use, HQE®, LEED® and BBCA

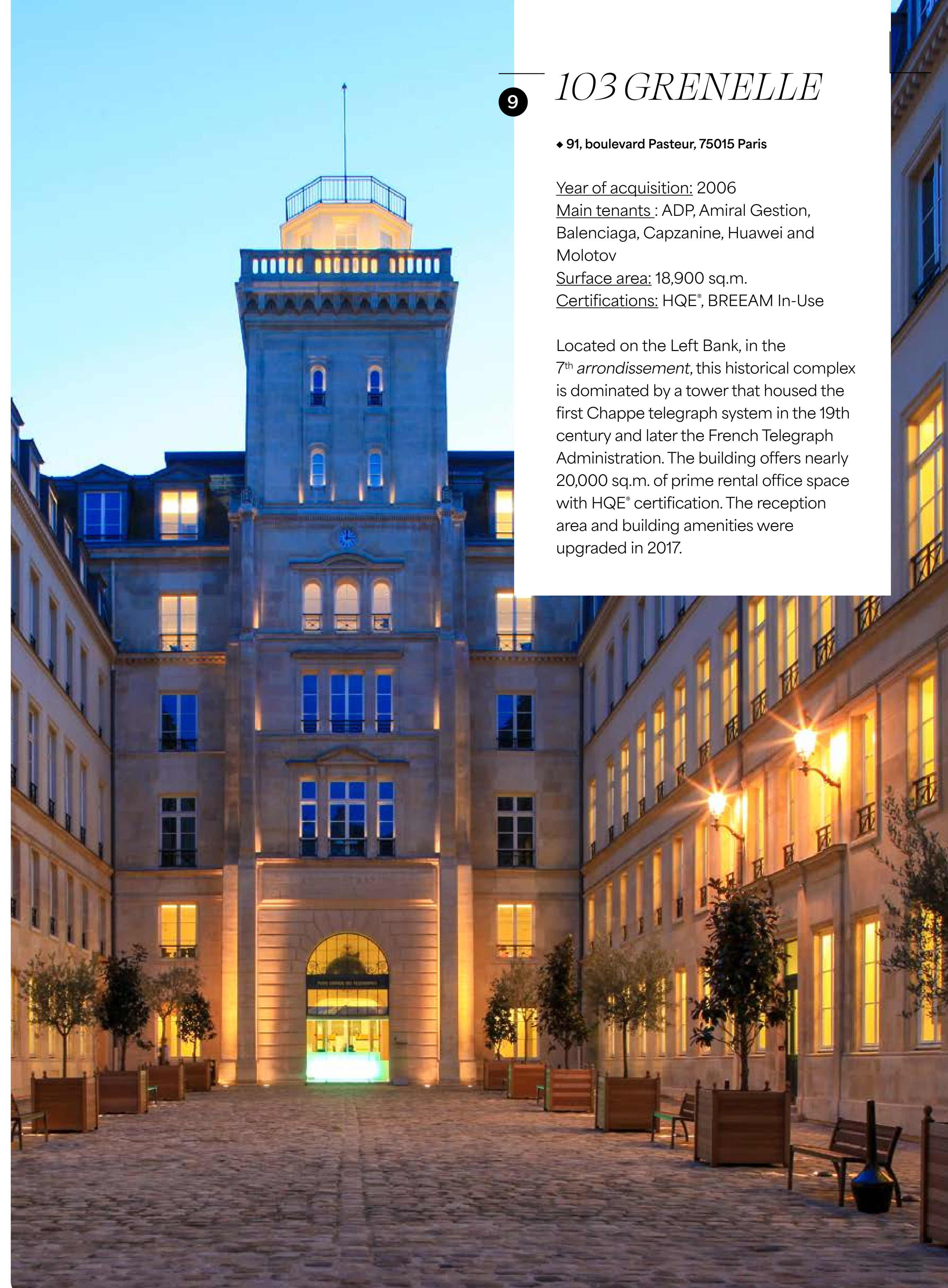
Biome enjoys a prized location in the 15th *arrondissement*, just minutes away from some of Paris' most iconic sights and surrounded by shops, commercial buildings and housing units. Built in 1966 by architects Raymond Lopez and Fernand Leroy, the building stretches over an entire block of tree-filled grounds, giving it two addresses. Vacated in November 2017 by its historic tenant, SMA, the property has been redeveloped to create the major new business centre in the west of the capital.

8 CONDORCET

◆ **4-8, rue Condorcet, 75009 Paris**

Year of acquisition: 2014
Tenant: GrDF
Surface area: 24,900 sq.m.
Certification: BREEAM In-Use

Composed of seven buildings dating from the late 19th century, the Condorcet complex remains steeped in history thanks to the conservation of its original features. The building interiors are set off by a myriad of neo-classical touches, such as sculpted columns, painted ceilings and a variety of decorative elements in marble and wood.



9 103 GRENELLE

◆ **91, boulevard Pasteur, 75015 Paris**

Year of acquisition: 2006
Main tenants : ADP, Amiral Gestion, Balenciaga, Capzanine, Huawei and Molotov
Surface area: 18,900 sq.m.
Certifications: HQE®, BREEAM In-Use

Located on the Left Bank, in the 7th *arrondissement*, this historical complex is dominated by a tower that housed the first Chappe telegraph system in the 19th century and later the French Telegraph Administration. The building offers nearly 20,000 sq.m. of prime rental office space with HQE® certification. The reception area and building amenities were upgraded in 2017.

BUILDINGS *WITH A DISTINCTIVE CHARACTER*

SFL's office buildings offer tenant employees an outstanding workplace environment.
They provide an alternative to large business centres, while retaining a skilfully aligned range of amenities.

10 *106 HAUSSMANN*

• 104-110, boulevard Haussmann, 75008 Paris

Years of acquisition: 2002 and 2004
Main tenants: WeWork
Surface area: 13,400 sq.m.
Certification: BREEAM In-Use

In 2007, four adjoining buildings on boulevard Haussmann were transformed into a luxury office complex. Designed around a vast central patio naturally lit from a glass roof, it features an 82-metre long freestone façade and a total surface area of more than 13,000 sq.m. on seven floors.

11 *83 MARCEAU*

• 83-85, avenue Marceau and 96, avenue d'Iéna, 75016 Paris

Years of acquisition: 2001 and 2007
Main tenants: Caixa General de Depositos and Goldman Sachs
Surface area: 9,700 sq.m.
Certifications being sought: BREEAM In-Use, HQE®, LEED® and BBC

With an exceptional location at the foot of the Arc de Triomphe, this six-storey property features an interior courtyard and terraces offering breathtaking views of the monument, the Eiffel Tower and the entire city. The site's uniqueness is augmented by three street-facing façades, affording it a rare degree of visibility. The building has been transformed top-to-bottom with highly flexible, efficient 1,200 sq.m. floor plates, a central atrium opening onto a patio bathed in natural light, and new amenities, such as a cafeteria, a public-access business centre, a lounge and a landscaped garden. It was delivered in late 2021.

12 *131 WAGRAM*

• 131, avenue de Wagram, 75017 Paris

Year of acquisition: 1999
Tenants: CBRE, TV5 Monde
Surface area: 9,200 sq.m.
Certification: BREEAM In-Use

131 Wagram features a terrace, an interior garden, nine floors of offices and five underground levels. It offers light-filled floor plates of around 800 sq.m. each, with flexible layouts, and a lobby that was refurbished in 2019.

13 90 CHAMPS-ÉLYSÉES

◆ **90, avenue des Champs-Élysées, 75008 Paris**

Years of acquisition: 2002 and 2009
Main tenants: Bank of Communications, McKinsey, National Bank Of Kuwait
Surface area: 8,900 sq.m.
Certifications: BREEAM Construction, BREEAM In-Use

Located above the Galerie des Champs-Élysées shopping arcade, this contemporary complex features a façade of freestone like that found in the most stunning Haussmann-inspired buildings, but entirely transformed by Jean Nouvel. The property has been meticulously redeveloped and offers very attractive, bright floor plates of 1,200 sq.m. each.

14 GALERIE CHAMPS-ÉLYSÉES

◆ **82-88, avenue des Champs-Élysées, 75008 Paris**

Year of acquisition: 2002
Main tenants: Adidas, Basic Fit, Häagen-Dazs, L'Occitane, McDonald's and Paul
Surface area: 8,500 sq.m.
Certification: BREEAM In-Use

Enjoying one of the most prestigious locations in Paris, on the sunny side of the most popular section of the Champs-Élysées, this shopping arcade has been extensively redeveloped in recent years and has regained its sleek, elegant and eye-catching looks following a complete redesign by Jean Nouvel. The arcade's 86 Champs-Élysées address is home to a L'Occitane-Pierre Hermé concept store and a variety of pop-up boutiques.

15 92 CHAMPS-ÉLYSÉES

◆ **92, avenue des Champs-Élysées, 75008 Paris**

Year of acquisition: 2000
Main tenants: PSG, Solaris, WeWork and Zara
Surface area: 7,700 sq.m.
Certifications: HQE®, BREEAM In-Use

Home to Thomas Jefferson when he lived in Paris from 1785 to 1789, this is one of the best-situated buildings on the Champs-Élysées, on the corner of rue de Berri. A top-to-bottom redevelopment to restore its former glory was delivered in late 2012, with offices certified to HQE® standards.

16 176 CHARLES DE GAULLE

◆ **176, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine**

Year of acquisition: 2000
Main tenants: Berkshire, FHB, Greystar, JCDecaux Holding and Manpower
Surface area: 6,900 sq.m.
Certification: BREEAM In-Use

Located on the thoroughfare linking Place de l'Étoile to the La Défense business district, 176 Charles de Gaulle recently had its lobby and common areas entirely transformed. It features stylishly sleek, fully renovated office floor plates bathed in natural light, which now look out over new landscaped gardens. It also offers a large retail space on the ground floor and excellent transport links.

LARGE-SCALE *PROJECTS*

SFL is developing three large-scale projects, each of which is designed to become an undisputed benchmark.

17 *SCOPE*

◆ **68-74, quai de la Râpée, 75012 Paris**

Year of acquisition: 2004
Redevelopment in progress
Surface area: 22,700 sq.m.

Located on the banks of the Seine close to the Gare de Lyon train station and public transit hub, Rives de Seine was built in 1974 and renovated in 2000. The 16-storey building offers remarkable panoramic views over the Seine and excellent transport links.
It is currently undergoing a bold transformation, in a spirit of urban renewal and environmental excellence.

URD 2023

AMF — This Universal Registration Document was filed on 25 March 2024 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.

MANAGEMENT *REPORT*

01

The financial statements were approved for publication by the Board of Directors on 14 February 2024.

Annual General Meeting of 16 April 2024
Management Report for the Year Ended 31 December 2023

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 2023 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 Activity
2023 was a period of sustained letting activity, with new leases signed with existing tenants leading to a record 99.7% physical occupancy rate.

After a year shaped by a deteriorating geopolitical and economic situation, in 2023, the Paris office rental market became more selective, with prime assets and those in the best locations being the most in demand. In this environment, the Group signed leases on some 41,000 sq.m. of mainly office space during the period. Lease deals mainly concerned:
- 131 Wagram, with the TV5 Monde lease on 7,200 sq.m. of office space rolled over for 12 years;
- #cloud.paris, with a new lease signed with a luxury goods company on some 9,500 sq.m. of office space and a lease extension signed with an existing tenant on an additonal 900 sq.m.;
- Edouard VII, with new leases signed on a total of 10,600 sq.m., mainly consisting of the partial rollover of an existing lease with Klépierre and leases on 2,500 sq.m. of retail space;
- new leases on space in the Washington Plaza, Cézanne Saint-Honoré and Louvre Saint-Honoré buildings.

The average nominal rent for the new office leases rose sharply to €856 per sq.m., corresponding to an effective rent of €715 per sq.m., for an average non-cancellable period of 7.7 years. These lease terms attest to the attractiveness of the Group's properties.

The physical occupancy rate for revenue-generating properties at 31 December 2023 was a record 99.7% (versus 99.5% at 31 December 2022). The EPRA vacancy rate was 0.2% (versus 0.6% at 31 December 2022).

1.2. Development operations
A smaller pipeline of excellently positioned properties that are well on the way to being delivered

Properties undergoing redevelopment at 31 December 2023 represented 8% of the total portfolio. Nearly 75% of the pipeline corresponds to the Scope (formerly 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 is now being extensively redeveloped. The building permit has been obtained and cleared of all appeals, and the general contractor has been appointed. Site clearance and asbestos removal work has been completed and redevelopment work has started, with delivery scheduled for early 2026.

The retail space in the Louvre Saint-Honoré building (over 20,000 sq.m.), which has been extensively redeveloped in recent years, was delivered on schedule at the end of July 2023, and immediately leased by the Richemont Group to house the future Cartier Foundation.

Capitalised work carried out in 2023 amounted to €58.1 million, including the above two projects for a total of €26.9 million, large-scale renovation of the shell of the Galerie des Champs-Élysées and refurbishment of complete floors and common areas in the Washington Plaza, Louvre Saint-Honoré and Edouard VII buildings.

1.3. Portfolio operations
Continued refocusing on strategic assets in Paris

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 acquired in 2023.

2. Results

2.1. Consolidated financial results

2.1.1. Consolidated profit for the year

2.1.1.1. Rental income: up 14.6% as reported and up 8.5% like-for-like

Consolidated rental income for 2023 amounted to €234.4 million, up by a sharp €29.9 million or 14.6% from the €204.5 million reported the year before.
- On a like-for-like basis (revenue-generating properties, excluding all changes in the portfolio affecting period-on-period comparisons), rental income was €14.9 million higher (up 8.5%), including the €9.0 million impact of rent escalation clauses. The increase also reflected the improved occupancy rate for revenue-generating properties, with the signature of new leases in 2023 (with longstanding tenants or new clients such as Proparco, Fast Retailing, TV5 Monde and a leading luxury goods company) driving significant growth in rental income from several properties, including the Édouard VII, Louvre Saint-Honoré, Washington Plaza, #cloud.paris and 103 Grenelle complexes.
- Rental income from spaces being redeveloped rose by a net €10.4 million, reflecting:
  - An increase of €19.5 million due in particular to (i) the contribution over the whole year of income from the Biome building (delivered in July 2022 following its complete restructuring and fully let from the end of 2022 to La Banque Postale and SFIL), (ii) the delivery in July 2023 of the redeveloped retail area of the Louvre Saint-Honoré complex, which was let with immediate effect to the Richemont Group to house the future Cartier Foundation, and (iii) new leases signed on several floors renovated in 2022, mainly in the Cézanne Saint-Honoré building (Wendel, LRT, Lincoln International and Patrick Jouin).
  - A decrease of €9.1 million, after the Scope building (formerly Rives de Seine) previously let to Natixis was vacated on 30 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 €3.9 million.
- Lastly, a penalty received from a tenant in 2023 for breaking the lease added €0.7 million to rental income versus 2022.

Adjusted operating profit (i.e., Operating profit before disposal gains and losses and fair value adjustments to investment property) rose by a strong 17.4% to €201.6 million in 2023 from €171.8 million in 2022.

2.1.1.2. Portfolio appraisal values affected by rising interest rates

The portfolio's appraisal value at 31 December 2023 was down 10.5% like-for-like compared to 31 December 2022, leading to negative fair value adjustments to investment property of €960.3 million in 2023. In 2022, fair value adjustments represented a positive amount of €38.6 million.

The fall in values was the result of the rapid decline in capitalisation and discount rates (approximately 90 bps over the year) due to the situation in the commercial property market, which was severely affected by the macroeconomic context and the rise in interest rates. The negative impact of interest rates over the last 12 months was 67% offset by growth in rental income (reflecting higher market rents and the positive impact of the asset strategy and asset management work).

2.1.1.3. Net profit

Net finance costs amounted to €56.0 million in 2023 compared to €31.6 million the previous year, an increase of €24.4 million that primarily reflected the higher interest rates, as well as the increase in the Group's debt.

After taking into account these core items, EPRA earnings stood at €109.9 million in 2023 compared with €108.0 million the previous year.

EPRA earnings per share came to €2.56 in 2023, up 1.7% from €2.52 in 2022.

The Group ended the year with an attributable net loss of €638.8 million, versus attributable net profit of €143.4 million in 2022.

2.1.2. Financing
Solid debt structure with robust environmental performance commitments

Against a backdrop of steadily rising interest rates, in June 2023, the Group obtained an €835 million revolving credit facility from a pool of ten leading international banks. The facility includes a margin adjustment mechanism based on the achievement of three ambitious targets concerning carbon emissions reduction, environmental certification of assets and Global Real Estate Sustainability Benchmark (GRESB) rating.

The five-year facility (with two 1-year extension options) will be used to refinance existing facilities and partially cancel credit lines expiring in 2025 and 2027. It will strengthen SFL's liquidity position, while also extending the average maturity of debt as part of the Group's proactive balance sheet management strategy.

Net debt at 31 December 2023 amounted to €2,539 million (compared with €2,438 million at 31 December 2022), representing a loan-to-value ratio of 32.5%, including transfer costs. The average cost of debt after hedging was 2.1% at 31 December 2023 and the average maturity was 3.7 years. At 31 December 2023, the interest coverage ratio stood at 3.7x.

Lastly, at 31 December 2023, SFL had €1,570 million in undrawn lines of credit.

2.1.3. Diligently applying an ambitious ESG strategy

SFL has renewed its commitment to decarbonisation by setting a new target of reducing greenhouse gas emissions by 42% between 2021 and 2030. This target is compatible with the SBTi objective for all three scopes (Scopes 1+2+3). In 2023, these emissions were 27% lower than in 2021, while energy use (kWh/sq.m.) was 23% lower in 2023 than in 2017.

SFL is also continuing its efforts to protect biodiversity, with the equivalent of 10% of the portfolio's footprint now planted and landscaped.

With a Standing Investments Benchmark score of 93, up 2 points on 2022, SFL was once again awarded the "5 Stars" label by the Global Real Estate Sustainability Benchmark (GRESB).

At 31 December 2023, all of the Group's debt was labelled green (green bonds) and 79% of confirmed banking lines were indexed to ESG performance objectives.

2.2. Property portfolio value - Net asset value

Net asset value: EPRA NTA per share at €87.5 after payment of an exceptionally high dividend of €4.20 in April 2023

The consolidated market value of the portfolio at 31 December 2023 was €7,332 million excluding transfer costs, an increase of 11.1% from €8,246 million at 31 December 2022. The like-for-like change was a decrease of 10.5%.

The average EPRA topped-up Net Initial Yield (NIY) was 3.8% at 31 December 2023, up from 3.1% at the previous year end.

At 31 December 2023, EPRA Net Tangible Assets (NTA) stood at €87.5 per share (€3,752 million in total, a decline of 18.5% over the year) and EPRA Net Disposal Value (NDV) was €85.7 per share (€3,673 million in total), after payment of an exceptionally high dividend of €4.20 in April 2023.

2.3. Company financial results

2.3.1. Parent company results and financial position

Parent company results for the year ended 31 December 2023 can be analysed as follows:

Revenue amounted to €64.8 million, compared with €65.2 million in 2022, a decrease of €0.4 million (0.6%) that primarily reflected two offsetting effects:
- the departure in the fourth quarter of 2022 of the sole tenant of the 6 Hanovre building, which was sold on 11 April 2023, and the departure at the end of the third quarter of 2022 of the sole tenant of the Rives de Seine building, prior to the property's restructuring;
- the expiry of rent-free periods for tenants in the 83 Marceau and Édouard VII buildings, and annual rent reviews (application of rent escalation clauses).

Operating profit rose by €2 million to €18.2 million in 2023 from €16.2 million the previous year, with the decrease in operating expenses partly offset by the decline in revenue.

The Company reported net financial expense of €48.1 million, representing a €112.4 million unfavourable change from net financial income of €64.3 million in 2022. Of the total change, €59.0 million corresponded to write-downs of the Company's investments in SAS 92 Champs-Élysées, SAS Cloud and SCI Pasteur. In addition, higher interest rates added €35.3 million to the Company's borrowing costs compared with the previous year. Finally, last year's €18.1 million reduction in financial income was mainly due to the high 2022 basis of comparison resulting from exceptional dividend payments by subsidiaries and positive balancing payments received on the unwinding of hedging instruments.

After taking into account the above items, the Company reported a loss before tax and other income and expense of €30.0 million in 2023 compared to a profit of €80.4 million the previous year, representing an unfavourable change of €110.4 million.

Other income and expenses represented net income of €41.5 million in 2023, corresponding for the most part to the net capital gain on the disposal of the 6 Hanovre building on 11 April 2023.
In 2022, other income and expenses represented a net expense of €22.1 million, including transaction costs for the acquisition of SCI Pasteur shares and the net loss incurred on the sale of the Le Vaisseau building on 31 May 2022.

The Company ended the year with a profit of €11.4 million versus €58.2 million in 2022.

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 2023
(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 2023						Article D.441 I. - 2° of the French Commercial Code: Outstanding **customer** invoices due as of 31 December 2023					
	0 days (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 days (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	-					23	-					56
Total amount past due, including VAT	-	-	-	-	79,632	79,632	-	96,226	131,713	2,553,102	238,623	3,019,664
% of total purchases (including VAT) for the year	0.00%	0.00%	0.00%	0.00%	0.07%	0.00%						
% of total sales (including VAT) for the year							-	0.13%	0.18%	3.43%	0.32%	4.06%
(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	-	-	-	-	-	-	-	673	-	6,132	606,139	612,945
Total amount excluded, including VAT	-	-	-	-	-	-	-	1	-	2	50	53
(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 reported net profit for the year, after tax and provision charges, of €11,402,380.94.

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

Net profit for the year ended 31 December 2023	€11,402,380.94
Retained earnings brought forward from the prior year	€791,690,795.99
Profit available for distribution	€803,093,176.93

We recommend:
- after noting the existence of profit available for distribution, paying to shareholders a dividend per share of €2.40, representing a total payout of €102,925,612.80 based on the 42,885,672 shares outstanding at 31 December 2023;
- deducting the total dividend from profit for the year for €11,402,380.94 and from retained earnings for €91,523,231.86, after which retained earnings will amount to €700,167,564.13.

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 shares will trade ex-dividend from 18 April 2024 and the dividend will be paid in cash from 22 April 2024.

The Annual General Meeting will 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 this resolution, and to place on record the actual amount of dividends distributed and the amount credited to retained earnings.

The dividend of €102,925,612.80 (€2.40 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 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 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 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 2023 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 225 to 227 of this Universal Registration Document.

See also section 7.2 of Appendix 14.4, page 145.

2.4. Non-financial results

Non-financial results are presented in the report on the Non-Financial Information Statement (see pages 45 *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 2023:

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 Parchamps	410 233 498	100	100
SAS Pargal	428 113 989	100	100
SAS 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-Élysées	899 324 255	51	51
SCI Pasteur 123	789 738 556	100	100

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.

During the period, SAS Parholding was merged into SFL with retroactive effect from 1 January 2023 for accounting and tax purposes.

From a legal standpoint, the merger took place on 4 September 2023 and Parholding was dissolved without being liquidated on the same day. As a result, as from that date, SFL became the owner of all the shares held by Parholding in the Parhaus, Pargal and Parchamps subsidiaries.

The Group and all of its subsidiaries have their registered office in the 8th *arrondissement* of Paris.

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 2023.

INFORMATION ABOUT SUBSIDIARIES AND AFFILIATES AT 31 DECEMBER 2023 (in € thousands)

Subsidiaries and affiliates	Share capital	Reserves and retained earnings before profit appropriation	% interest	Carrying amount of investment		Outstanding loans and advances granted by SFL	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	87,303	51%	148,842	148,842	-	-	11,848	7,064	-	-
SCI 103 Grenelle	-	167,029	51%	81,861	81,861	-	-	10,899	7,475	-	-
SCI Washington	94,872	25,070	100%	330,533	330,533	151,305	-	28,888	17,267	-	-
SAS Maud	1,480	(2,866)	100%	2,450	-	3,101	-	6,611	(128)	-	-
SAS 92 Champs-Élysées	101,971	269,884	51%	206,929	189,646	-	-	13,089	(20,293)	-	-
SAS Cloud	178,195	476,272	51%	362,609	333,778	-	-	13,422	(31,732)	1,344	-
SCI Pasteur 123	14,365	7,929	100%	282,175	256,505	180,984	-	17,616	5,995	1,082	-
SAS Parhaus	1,500	8,555	100%	7,611	7,611	71,049	-	9,626	3,376	3,214	-
SAS Parchamps	1,558	5,797	100%	5,922	5,922	45,934	-	6,260	1,960	3,072	-
SAS Pargal	9,120	(492)	100%	9,152	9,152	82,492	-	4,630	(1,918)	2,993	-
2 - Affiliates (10-50%-owned)											
B - Aggregate information about investments not listed in A above:											
Subsidiaries (at least 50%-owned)				300	240	191,423	-	-	6,554	434	-
Affiliates (less than 50%-owned)				-	-	-	-	-	-	-	-

3. EPRA Indicators

3.1. Overview of EPRA indicators

	2022	2023
EPRA earnings (€m)	108.0	109.9
/share	*€2.52*	*€2.56*
EPRA Cost Ratio (including vacancy costs)	15.3%	12.7%
EPRA Cost Ratio (excluding vacancy costs)	14.2%	11.8%

	31/12/2022	31/12/2023
EPRA NRV (€m)	5,104	4,173
/share	*€119.1*	*€97.3*
EPRA NTA* (€m)	4,603	3,752
/share	*€107.4*	*€87.5*
EPRA NDV (€m)	4,644	3,673
/share	*€108.3*	*€85.7*
EPRA Net Initial Yield (NIY)	2.4%	2.6%
EPRA "Topped-Up" NIY	3.1%	3.8%
EPRA Vacancy Rate	0.6%	0.2%

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

	31/12/2022	31/12/2023
LTV	27.6%	32.5%
100%, including transfer costs		
EPRA LTV (including transfer costs)		
100%	29.2%	34.3%
Attributable to SFL	33.8%	39.6%
EPRA LTV (excluding transfer costs)		
100%	31.2%	36.6%
Attributable to SFL	36.1%	42.2%

EPRA CAPEX DISCLOSURE

(in € millions)	2022	2023
Total CapEx	599.1	70.6

3.2. Breakdown of EPRA indicators

3.2.1. EPRA EARNINGS

(in € millions)	2022	2023
Attributable net profit/(loss)	143.4	(638.8)
Less:		
Fair value adjustments to investment property	(38.6)	960.3
Profit on asset disposals	0.4	0.2
Fair value adjustments to financial instruments, discounting adjustments to debt and related costs	0.2	0.7
Tax on the above items	(9.0)	(31.7)
Non-controlling interests in the above items	11.6	(180.8)
EPRA earnings	108.0	109.9
Average number of shares (thousands)	*42,865*	*42,882*
EPRA earnings per share	€2.52	€2.56

3.2.2. EPRA COST RATIOS

(in € millions)	2022	2023
Corporate expenses	27.1	23.9
Net service charges	10.6	11.5
Less:		
- own-work capitalised	(2.0)	(1.4)
- managed facility expenses	(5.1)	(4.8)
EPRA costs (including vacancy costs) (A)	**30.6**	**29.3**
Direct vacancy costs	2.2	2.1
EPRA costs (excluding vacancy costs) (B)	**28.4**	**27.1**
Gross rents	204.5	234.4
Less:		
- managed facility expenses	(5.1)	(4.8)
Gross rental income (C)	**199.4**	**229.7**
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**15.3%**	**12.7%**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**14.2%**	**11.8%**
Additional Disclosure		
Capitalised overheads[1]	0.9	1.3
Marketing fees[2]	4.3	1.9

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

3.2.3. EPRA NRV/NTA/NDV

(in € millions)	31/12/2022	31/12/2023
IFRS equity attributable to shareholders	**4,379**	**3,540**
Treasury shares	2	0
Fair value adjustments to owner-occupied property	35	34
Unrealised capital gains on intangible assets	4	4
Elimination of financial instruments at fair value	(15)	6
Elimination of deferred taxes	203	173
Transfer costs	496	416
EPRA NRV (Net Reinstatement Value)	**5,104**	**4,173**
Elimination of intangible assets	(2)	(1)
Elimination of unrealised gains on intangible assets	(4)	(4)
Elimination of transfer costs*	(496)	(416)
EPRA NTA (Net Tangible Assets)	**4,603**	**3,752**
Intangible assets	2	1
Financial instruments at fair value	15	(6)
Fixed-rate debt at fair value	228	98
Deferred taxes	(203)	(173)
EPRA NDV (Net Disposal Value)	**4,644**	**3,673**

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

3.2.4. EPRA Net Initial Yield/EPRA Topped-Up NIY

(in € millions)	31/12/2022	31/12/2023
Portfolio value excluding transfer costs	8,246	7,332
Less: developments	(1,123)	(354)
Portfolio value excluding transfer costs and developments	**7,123**	**6,979**
Transfer costs on property portfolio	493	471
Portfolio value including transfer costs, excluding developments (B)	**7,616**	**7,450**
Annualised cash rents	183	202
Irrecoverable property expenses	(3)	(5)
Annualised net rental income (excluding rent-free periods) (A)	**179**	**197**
Plus: rent-free periods and other lease incentives	58	84
Annualised net rental income (C)	**238**	**281**
EPRA NIY (A/B)	**2.4%**	**2.6%**
EPRA “topped-up” NIY (C/B)	**3.1%**	**3.8%**

3.2.5. EPRA VACANCY RATE[1]

(in € millions)	31/12/2022	31/12/2023
Estimated rental value of vacant space (A)	1.2	0.5
Estimated rental value of the whole portfolio (B)	214.9	261.8
EPRA VACANCY RATE (A/B)	**0.6%**	**0.2%**

(1) Excluding non-controlling interests.

3.2.6. EPRA LOAN TO VALUE (LTV)

At 31 December 2023 (in € millions)	SFL LTV 100%	EPRA LTV 100%	Impact of non-controlling interests	Group EPRA LTV
Bank loans	300	300	-	300
Negotiable European commercial paper (NEU CP)	292	292	-	292
Bonds	1,698	1,698	-	1,698
Other	345	345		345
Other net payables	n/a	145	(8)	137
Cash and cash equivalents	(97)	(97)	32	(65)
Net debt (a)	**2,539**	**2,684**	**24**	**2,708**
Owner-occupied property	51	51	-	51
Investment property	7,084	7,084	(918)	6,166
Development	197	197	-	197
Intangible assets	n/a	1	-	1
Financial assets	n/a	1	-	1
Total property value excluding transfer costs (b)	**7,332**	**7,334**	**(918)**	**6,417**
Transfer costs	485	485	(69)	416
Total value of assets including transfer costs (c)	**7,817**	**7,819**	**(987)**	**6,833**
LTV excluding transfer costs (a/b)	**34.6%**	**36.6%**		**42.2%**
LTV including transfer costs (a/c)	**32.5%**	**34.3%**		**39.6%**

3.2.7. EPRA CAPEX DISCLOSURE

(in € millions)	2022	2023
Acquisitions	482.8	0.0
Development	74.8	26.9
Investment property excluding development	38.2	33.1
Other CapEx[1]	3.3	10.5
Total CapEx	**599.1**	**70.6**

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

4. Subsequent Events

None.

5. Outlook

Strategy and objectives in response to the economic environment

In an environment dominated by persistent geopolitical uncertainty and inflationary pressures, our portfolio of very high quality, modern office properties located for the most part in central Paris, and our very robust balance sheet, are valuable sources of strength. 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 actively pursue the strategy launched ten years ago, to move our portfolio and positioning up market. We will remain attentive to developments in the office investment and rental market in order to seize opportunities, protect our balance sheet and always act in the Company's best interests.

As was the case in 2022, last year's macroeconomic environment was shaped by severe inflationary pressures leading to steep interest rate rises and tighter financing conditions.

In a bid to bring inflation under control, key eurozone interest rates were raised to their highest level in recent years, through a series of hikes announced in very quick succession. Observers currently expect the ECB to gradually reduce its interest rate for the main refinancing operations in the second half of 2024, as inflation is brought under control, with the rate potentially returning to 'normal' by the end of 2025.

The unprecedented rise in interest rates triggered a major contraction of the Paris region's commercial property investment market in 2023, with transaction volumes down sharply compared to the previous year. However, investment volumes within the capital held up relatively well, accounting for more than half of all transactions in the region's stalled market.

Inflation also had a very strong impact on property sector indices, with the average office rent index (ILAT) rising by 6.40% over 12 months and the average retail rent index (ILC) gaining 6.39% over the same period.

The quality of SFL's portfolio, coupled with our pro-active strategy of bringing prime office space to the market, is a guarantee of resilience in an uncertain and highly selective market. With 77% of our portfolio located in the Central Business District and 99% in this district and other attractive *arrondissements* such as the 15th and 7th, we are responding to the growing demand among companies and their employees for centrally located, modern buildings meeting the highest environmental standards. The quality of our strategy is demonstrated by the very strong growth in rental income, our record-high occupancy rate of 99.7% and our healthy operating ratios.

It is illustrated by the substantial amounts spent on maintaining the quality of our buildings, and by the close relationships forged with clients in order to offer them the most appropriate solutions to their needs and keep vacancy rates as low as possible.

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.

Our success in this regard is reflected in our portfolio's exceptionally low EPRA vacancy rate of 0.2% (Group share) at 31 December 2023, and our unprecedented EPRA Office vacancy rate which has stood at 0% for over six months.

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

Going forward, we will continue to adopt a highly selective approach to property purchases and sales. We may sell non-strategic assets to protect our balance sheet, if the transactions create value, and will remain very attentive to opportunities in a selective, uncertain and opportunistic market. We will continue to pursue a highly disciplined investment policy, targeting assets with significant potential to create value in the short to medium term. As a leading developer, our pipeline of properties set to undergo 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.

SFL's **financial objectives** are to:
- protect the balance sheet and maintain key financial ratios (comfortable LTV, ICR);
- 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, challenging and innovative property redevelopment strategy focused on large business centres (to capture the properties' reversionary potential), while keeping a tight rein on administrative, financial and commercial risks;
- maintain vacancy rates at very low levels, notably by actively pre-marketing large properties undergoing redevelopment.

SFL's **non-financial objectives** are defined by our practical and ambitious CSR strategy built on four basic pillars:
- An appropriate low-carbon strategy to:
  - 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 employees):
  - 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

Before purchasing SFL shares on the primary or secondary market, investors are invited to consider all of the disclosures in this report, including the following discussion of SFL's specific risk exposures.

The Group regularly reviews the mapping of 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.

SFL's management is keeping a close watch over geopolitical developments and their potential impact on the global economy and on the Company's business.

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 (from very low to very high) and the estimated magnitude of their adverse effect (from not material to critical), as assessed by the Company as of the date of this report.

Classification of risk factors

Effect

- Not material → Minor → Moderate → Major → Critical +

Probability

- Very low → Low → Average → High → Very high +

Identified risk factors are as follows:

		Effect	Probability
A	**Macroeconomic risks**		
1	Risk of a change in the economic environment and the 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	High
5	Asset obsolescence and impairment risk	Moderate	Average
6	Property utilisation and development risks	Moderate	Average
7	Tenant risks	Moderate	Average
C	**Financial risks**		
8	Interest rate risk	Major	High
9	Liquidity risk	Moderate	Average
10	Counterparty risk	Not material	Very low
D	**Environmental, social and governance risks**		
11	Environmental risks	Major	High
12	Social risks	Moderate	Average
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 property market
(effect: critical – probability: very high)

Description of the risk	*Potential adverse effects*
◆ The property market's economic environment continues to be shaped by sharply lower investment volumes. 81% of SFL's portfolio is invested in office properties. Appraisal values declined overall in 2023 and transaction volumes were affected by the higher interest rates. SFL has demonstrated its resilience in recent years but the Company continues to be exposed to changes in the property investment market. ◆ The Company is exposed to the potential 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 portfolio appraisal values ◆ 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 2.5% increase and a 5% increase in market rents.
- Sensitivity tests to determine the impact of a 25 bps and 15 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 1,300 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.

See Note V - 4 to the consolidated financial statements (Investment property), pages 171 et seq. of this report, for more information about the parameters used to value investment properties in each asset class.

2. Risk of a global economic and/or health crisis (effect: moderate - probability: high)	
Description of the risk	***Potential adverse effects***
The prospect of another global health crisis is receding, but the global economy continues to be exposed to risks arising from geopolitical uncertainties in the Middle East, the continuing armed conflict between Russia and Ukraine, and the forthcoming US elections: ◆ Risk of rental and investment market disruption ◆ Risk of tenant insolvency ◆ Risk of redevelopment projects being delayed or halted ◆ Risk related to the supply and rising cost of raw materials and other materials ◆ Risk of rising energy costs	◆ 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 ◆ Difficulties in obtaining costs recoverable from tenants in the event of significant increases in energy costs
Risk prevention/mitigation measures implemented by SFL	
◆ SFL constantly enhances its financial liquidity: as of 31 December 2023, it had €1,570 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 2023, the value of investment properties in the IFRS consolidated balance sheet was €7,157 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 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 47% of the portfolio, CBRE: 53%). ◆ Valuations reviewed by the Group's asset managers. ◆ Valuations examined by the Statutory Auditors as part of their audit of the consolidated financial statements.	
See Note V - 4 to the consolidated financial statements (Investment property), pages 171 et seq. of this report, for more information about the parameters used to value investment properties in each asset class.	

4. Strategic risks (effect: moderate - probability: high)	
Description of the risk	***Potential adverse effects***
In 2023, SFL sold the 6 rue de Hanovre building in Paris (2nd *arrondissement*) for €58.3 million net. 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: • 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. 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 Company 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 Company's property strategy:
- Quarterly meetings of the ESG Committee to define the broad strategic goals for each CSR issue.
- Procedures to ensure that the Company'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.

◆ Value protected through the quality and duration of leases and the quality of the assets:
- Condition of the assets is monitored regularly and maintenance and/or restructuring work is carried out to maintain or enhance the value of the assets over time.

See ESG strategy presented in section 1 of the Non-Financial Information Statement – NFIS, pages 46 et seq.

6. 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 ◆ Risks related to 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 ◆ 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:
- Work strategies, budgets, etc., reviewed at meetings of the Project Review Committee, which are held at regular intervals depending on the projects in progress.

◆ Preparation of studies prior to submission of applications for building permits and authorisations:
- Pre-submission audit of all files by specialist lawyers.
- Risks associated with the permit application review process managed by submitting draft applications to the planning department concerned.
- Risk of planning appeals limited by pro-active communication with local residents and systematic appointment, before work begins, of an expert to examine any construction-related damage claims.

◆ Choice of contractors/contracts:
- Contractors are contractually required to systematically implement protective measures designed to limit disamenities.
- Tendering process to select high quality contractors.

◆ Rigorous monitoring of work in progress and related costs, using a wide range of management tools:
- 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 Marketing Department.
- Preparation of a 5-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 of Directors.

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

7. 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.
- Diversified tenant portfolio spanning a number of different sectors – Finance/Insurance (35%), Fashion/Luxury (22%), Real Estate (11%), Digital/Media (10%), Lawyers/Consultants (8%), 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 Group 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 and comparable transactions in the sector.
  - 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.

C. FINANCIAL RISKS

8. Interest rate risk
(effect: major – probability: high)

Description of the risk	*Potential adverse effects*
◆Like all companies operating in last year's macroeconomic environment, SFL had to contend with rising interest rates, which led to an increase in its borrowing 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	◆Higher interest charges ◆Increased finance costs

Risk prevention/mitigation measures implemented by SFL

- 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.
- Risks associated with interest rate fluctuations are quantified and analysed using a specific computer application.
- SFL's financing policy focuses on raising fixed-rate debt, to reduce the sensitivity of borrowing costs to rising interest rates.
- 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).

The information used to assess this risk is provided in the notes to the consolidated financial statements: see Note VII - 3 (Financial instruments), page 180, and Note VII - 4) 2/ c) (Interest rate risk), page 182.

9. Liquidity risk
(effect: moderate – probability: average)

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

- Liquidity risk covered by confirmed lines of credit: as of 31 December 2023, SFL had €1,570 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 Group'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 179);
– Debt covenants and acceleration clauses (page 179).
See also paragraph 1/ Liquidity risk in Note VII - 4 to the consolidated financial statements (Financial risk management objectives and policy), page 181.

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 ten 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), pages 178 and 179, and Note VII - 4 2/ (Counterparty risk), page 181.	

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 ◆ Potential risk of jeopardising the completion of property redevelopment and disposal projects	◆ 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. ◆ The Director of Sustainable Development and Expertise is responsible for managing SFL's environmental performance and cross-functional issues requiring the intervention of a sustainable development officer, as well as for overseeing 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 Group'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: • Meetings of the ESG Committee held at least four times a year 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 change), pages 165 and 166 and paragraph 2.3.1 (Adaptation strategy in response to the physical risks related to climate change) of the Non-Financial Information Statement (NFIS), page 63.	

12. Social risks
(effect: moderate – probability: average)

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 Group 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.
    - A new ethics charter and whistleblowing procedure was introduced in 2023 (see section 6.3.1 of the NFIS on page 88).
    - Gender equality agreement.

See also sections 5.1 (Attractiveness, skills development and professional equality) and 5.2 (Health, safety and quality of life at work) of the Non-Financial Information Statement (NFIS), pages 79 to 83.

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 Code of Conduct applicable to employees, appended to their employment contract and given to each new employee.
- Contractor and supplier contracts include 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 are 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 5.3 (Ethics in the value chain) of the Non-Financial Information Statement (NFIS), page 83.

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 regulations ◆Risk of litigation and disputes ◆Risk of losing the benefit of the SIIC tax regime if the eligibility rules are breached ◆There is also a 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.).

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	
◆Migration to SAP on 1 January 2024. This new ERP system includes programmed controls that will strengthen the overall control environment. ◆Regular security audits of systems in SaaS mode (80% of systems) or local mode to identify potential vulnerabilities or weaknesses. ◆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 Group is aware) may have or have had significant effects on the Group'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.

The policy also covers 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.

SFL's administrative offices, which were previously insured under a separate policy, were added to this property damage policy with effect from 1 January 2023. The comprehensive policy covers furniture, equipment and supplies in the Group'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*.

7.2. Corporate insurance

7.2.1. Cyber Risks

A new cyber risk insurance policy came into effect on 1 January 2023.

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;
- attempted cyber extortion.

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 comprehensive property damage policy described above.

7.2.2. 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.

7.2.3. 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 SFL's 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 7.2.2 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 drawn up for this purpose, covering:
- Contractors All-Risks insurance for operations not subject to the ten-year warranty;
- Contractors All-Risks/Structural Damage/Developer Insurance for operations subject to the ten-year warranty that represent amounts of less than €15 million. 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.

For operations in excess of €15 million, SFL's broker receives bids from the market and provides SFL with a report and recommendations.

8. 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 2° 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 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

In 2012, the Board of Directors decided, based on the recommendation of the Audit Committee, to outsource the internal audit function to KPMG. This arrangement was terminated on 31 December 2023, following SFL's decision to hire an internal auditor and take this function in house.

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

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 General Secretary and the internal auditor.

This report presents:
1. The internal control system, the people and structures responsible for its implementation, and the process for preparing financial and accounting information for shareholders.
2. Internal control procedures, with details of their scope of application and the risks covered, including the specific risks inherent in the Group's business.
3. Overview of the Audit Committee's work in 2023 and comparison with best practices.

8.1. 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 General Secretary who is responsible for internal control. Executive management reports to the Audit Committee on the supervision of internal control.

8.1.1. Overall organisation

Internal control procedures over business processes are communicated to all employees concerned and updated to reflect process changes. They are currently being revised to reflect the migration to SAP.

All the consolidated companies apply the same procedures and accounting staff are not assigned to a specific entity. For this reason, it has not been necessary for the Company to establish an additional layer of internal control over consolidated entities.

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.

8.1.2. Delegations of authority

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

Bank signing authority is granted only for payments and a strict segregation of duties is maintained between the authorisation of expenditure and the related payments, in accordance with banking regulations. A single signature is required for payments of less than €1 million. Payments in excess of this amount may only be approved by the Chief Executive Officer and the Managing Director, Chief Operating Officer. These limits do not apply to intra-group payments.

8.1.3. 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.

Last year was spent transferring all rental management, works management, expense management and accounting activities to the SAP S/4 Hana system used by Colonial. All management data were migrated to the target system, and parallel runs were conducted throughout the year to ensure that data was processed in line with expectations. Users were trained in successive waves. Outsourced audits confirmed that the migration was successful and the Board of Directors authorised the Company to start operating on the target system from 1 January 2024.

The network infrastructure and backup infrastructure were future-proofed by installing the latest technologies. In addition, in order to strengthen information system access security for both on-premises and hosted components, a multi-factor authentication (MFA) system has been activated for all SFL accounts.

8.1.4. Internal Code of Ethics

The Code of Conduct has been replaced by an Ethics Code of Conduct, which was presented in detail to all employees at a meeting on 5 October 2023.

The Ethics Code of Conduct applies not only to SFL's management and employees, but also to all of its stakeholders. It is designed to help users identify high-risk situations and determine the appropriate individual and collective response in each case.

It describes the behaviours to be avoided or adopted in the day-to-day activities of SFL, which prohibits all unethical actions.

The Code incorporates an internal whistleblowing system in application of Articles 6 to 16 of the Law of 9 December 2016 on transparency, the fight against corruption and the modernisation of economic life ("Sapin II" Law). The purpose of the system is to allow the reporting to SFL's ethics officers of any illegal or inappropriate practices, or any practices that breach the Ethics Code of Conduct, so that such practices can be halted and, if necessary, disciplinary action can be taken.

The whistleblowing system can be accessed by all internal and external employees, as well as all the Company's co-contractors (suppliers, subcontractors, etc.) on the SFL website.

8.2. Internal control procedures

8.2.1. 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 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.

8.2.2. 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 on pages 17 to 30.

8.2.3. Insurance

Details of the Group's various insurance policies are provided on pages 30 to 32.

8.2.4. 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.

8.2.5. 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, 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.

8.2.6. 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.

8.2.7. 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.

8.2.8. Controls over liquidity risks

SFL's 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 are maintained for amounts at least equal to the debt repayments due in the short-term, in order to cover liquidity risks.

8.2.9. Management of market risks

Market risks are managed on a conservative basis, without taking any speculative positions. The Group's main market risk is interest rate risk. At 31 December 2023, 83% of Group debt was protected against interest rate risk, including 64% in the form of fixed rate bonds and 19% hedged by interest rate swaps. If applicable, our policy is to hedge interest rate risk on at least 70% of debt using simple financial instruments.

8.2.10. Management of counterparty risks

All SFL's financial instrument contracts are entered into with leading financial institutions.

Cash surpluses are invested with leading banking groups and in investment products that have little or no exposure to a loss of capital.

8.2.11. 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.

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.

8.2.12. 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.

8.3. Overview of the Audit Committee's work in 2023 and comparison with best practices

8.3.1. The Audit Committee's role and best practices

In 2023, 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 to the Board of Directors 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.821-45 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:
  - at the beginning of each year, the Audit and Accounts Committee is required to issue a list of approved audit firms which have been checked to ensure that the non-audit services would not expose them to any independence issues, 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 2023, 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.821-63 of the French Commercial Code, the annual declaration of independence and details of their fees and the services provided.

8.3.2. Internal audits performed in 2023 by KPMG

At its meeting on 13 January 2023, the Audit Committee defined and approved the internal audit programme for the year based on the Company's risk map described in section 6 above (pages 17 to 30).

The 2023 programme covered the four engagements listed below that relate to three categories of risk factors, namely (i) risks specific to the property business, (ii) financial risks, and (iii) environmental, social and governance risks.

	Engagements	Risk factor classification (see page 18)	
		Category	Sub-category
1	**Application of rent escalation clauses** The purpose of this engagement was to assess whether process controls were correctly applied and recalculate the rent adjustments to obtain assurance concerning their accuracy, based on a sample of 20 tenants.	Risks specific to the property business (B)	Tenant risks (7)
2	**Derivative instruments** This engagement consisted of reviewing the process for the purchase, management and period-end valuation of a financial instrument.	Financial risks (C)	Counterparty risk (10) Interest rate risk (8)
3	**Carbon footprint monitoring** This engagement consisted of reviewing the controls deployed to improve the reliability of the data used to calculate emissions classified as Scope 1 (use of gas and refrigerants), Scope 2 (use of energy in electricity, heating and cooling networks) and Scope 3 category 13 (energy use in tenant areas).	Environmental, social and governance risks (D)	Environmental risks (11)
4	**CapEx project creation and budget monitoring** This engagement involved reviewing the business process for creating capital projects and monitoring the related budgets.	Risks specific to the property business (B)	Property utilisation and development risks (6)

The results of each audit were reported by KPMG to the Audit and Accounts Committee.

KPMG concluded that the control environment remained strong, with few weaknesses identified during their audits, none of which were rated as critical. In addition, some weaknesses will be resolved with the transition to SAP from 1 January 2024, while others simply necessitated a reminder of the procedure.

9. SFL and its Shareholders

9.1. Information about the Company's capital

9.1.1. Changes in capital over the last five years (2019-2023)

Date	Issue/cancellation					After issue/cancellation	
	Description	Number of shares cancelled	Number of shares issued	Par value	Gross premium	Total number of shares	Successive amount of capital
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
2023	Issuance	-	20,957	€2	-	42,885,672	€85,771,344

The Annual General Meeting of 20 April 2018, in its second extraordinary resolution, authorised the Board of Directors to grant ordinary shares of the Company to eligible employees and corporate officers of SFL and/or its subsidiaries.

On the same day, the Board of Directors used this authorisation to adopt the governing Performance Share Plan rules (Plan 5). Various performance share grants were made by the Board of Directors under this plan, including on 6 February 2020.

At its meeting on 18 November 2022, the Board of Directors:
- determined that a maximum of 67,760 performance share rights would vest at the end of the vesting period;
- decided that the obligation to deliver shares on exercise of these rights would be fulfilled to the extent possible using the 46,803 treasury shares held by the Company;
- decided that the remaining obligation would be fulfilled by issuing up to 21,000 new shares;
- used the authorisation given in the second extraordinary resolution of the Annual General Meeting of 20 April 2018, to give full powers to the Chief Executive Officer to make all necessary decisions for the issuance of the required number of shares at the end of the vesting period.

On 13 March 2023, the Chief Executive Officer, having noted that 67,760 shares had vested and that 46,803 shares were held in treasury, decided to issue 20,957 new €2 par value shares, paid up by transferring €41,914 from the "Share premium" account to the "Capital" account.

The share issue had the effect of increasing the number of shares making up the Company's capital from 42,864,715 to 42,885,672 and increasing the capital from €85,729,430 to €85,771,344.

9.1.2. Ownership structure and voting rights at 31 December 2023

Main shareholders	Total shares	Total voting rights	% interest	% voting rights[1]
Inmobiliaria Colonial SOCIMI, SA	42,148,182	42,148,182	98.28%	98.29%
Free float	735,012	735,012	1.71%	1.71%
Treasury shares[2]	2,478	-	0.01%	-
Total	**42,885,672**	**42,883,194**	**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 2023 was €85,771,344.
(2) Includes transactions effective at 31 December 2023 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.

9.1.3. Changes in ownership structure and voting rights

	2020[a]		2021[a]		2022[a]		2023[a]	
Major shareholders	**% interest**	**% voting rights[b]**	**% interest**	**% voting rights[b]**	**% interest**	**% voting rights[b]**	**% interest**	**% voting rights[b]**
Inmobiliaria Colonial SOCIMI, SA	**81.71%**	**82.02%**	**98.33%**	**98.59%**	**98.33%**	**98.45%**	**98.28%**	**98.29%**
. Predica	12.88%	12.92%	-	-	-	-	-	-
. Other subsidiaries	0.28%	0.29%	-	-	-	-	-	-
Sub-total Crédit Agricole group	**13.16%**	**13.21%**	**-**	**-**	**-**	**-**	**-**	**-**
Free float	4.75%	4.77%	1.40%	1.41%	1.55%	1.55%	1.71%	1.71%
Treasury shares	0.38%	-	0.27%	-	0.12%	-	0.01%	-
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 2024
None.

Changes in shareholders' interests disclosed to the Company in 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]).

The disclosure threshold was 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 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).

(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.

AMF notice 221C2042 of 10 August 2021

In a letter received by the *Autorité des Marchés Financiers* on 10 August 2021, Crédit Agricole Assurances[1] (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[2]).

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[2]).

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.

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

9.2. Share equivalents

None.

9.3. Directors' interests

Directors at 31 December 2023	Number of SFL shares held as at 31 December 2023[1]
Juan José Brugera Clavero	12,025
Ali Bin Jassim Al Thani	25
Carmina Ganyet i Cirera	0
Arielle Malard de Rothschild	25
Alexandra Rocca	0
Pere Viñolas Serra	0
Total	**12,075**

(1) 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.

9.4. Transactions carried out by top management and parties closely related to them during 2023

9.4.1. Acquisition of vested performance shares granted by the Board of Directors on 6 February 2020 (Plan 5)

Disclosed by: Dimitri Boulte
Chief Executive Officer
Type of instrument: shares
Transaction date: 31 March 2023
AMF notification received: 31 March 2023
Off-market transaction
Type of transaction: acquisition of vested performance shares
Unit price: €0.00 *(share price: €79.20)*
Number of shares: 16,000

Disclosed by: Aude Grant
Managing Director
Type of instrument: shares
Transaction date: 31 March 2023
AMF notification received: 31 March 2023
Off-market transaction
Type of transaction: acquisition of vested performance shares
Unit price: €0.00 *(share price: €79.20)*
Number of shares: 2,400

Disclosed by: Juan José Brugera Clavero
Director
Type of instrument: shares
Transaction date: 31 March 2023
AMF notification received: 31 March 2023
Off-market transaction
Type of transaction: acquisition of vested performance shares
Unit price: €0.00 *(share price: €79.20)*
Number of shares: 6,000

9.4.2. Other transactions

Disclosed by: Dimitri Boulte
Chief Executive Officer
Type of instrument: shares
Transaction date: 12 October 2023
AMF notification received: 26 October 2023
Market: Euronext Paris
Type of transaction: asset swap
Number of shares: 4,000
Exchange of SFL shares for Inmobiliaria Colonial Socimi SA shares

Disclosed by: Aude Grant
Managing Director
Type of instrument: shares
Transaction date: 4 September 2023
AMF notification received: 6 September 2023
Market: Euronext Paris
Type of transaction: sales
Unit price: €65.00
Number of shares: 1,000
Sale of shares acquired on 4 April 2018 under the 17 June 2015 performance share plan.

Disclosed by: Aude Grant
Managing Director
Type of instrument: shares
Transaction date: 23 October 2023
AMF notification received: 27 October 2023
Market: Euronext Paris
Type of transaction: asset swap
Number of shares: 1,800
Exchange of SFL shares for Inmobiliaria Colonial Socimi SA shares

Disclosed by: Juan José Brugera Clavero
Director
Type of instrument: shares
Transaction date: 3 November 2023
AMF notification received: 17 November 2023
Off-market transaction
Number of shares: 14,550
Exchange of SFL shares for Inmobiliaria Colonial Socimi SA shares under a liquidity contract signed in July 2021.

9.5. Employee share ownership at 31 December 2023

As of 31 December 2023, 54,964 SFL shares were held by employees, representing 0.128% 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.

9.6. Transactions in SFL shares carried out by the Company

9.6.1. Stock options granted to and exercised by the Chairman, the Chief Executive Officer and the Managing Director in 2023

No stock options were granted to or exercised by the Chairman, the Chief Executive Officer or the Managing Director in 2023. The last stock option plan expired on 12 March 2015, at the end of the options' eight-year life (see Appendix 14.1, page 104).

9.6.2. Performance share plans

Pursuant to the authorisation granted by the Annual General Meeting of 15 April 2021 and in line with the recommendations of the Remuneration and Selection Committee, the Board of Directors decided (i) at its meetings on 19 November 2021 and 18 February 2022, to adopt the rules of Performance Share Plan 6, and (ii) at its meeting on 14 February 2023, to adopt the rules of Performance Share Plan 7.

In line with the terms of the shareholder authorisations, at its meeting of 14 February 2023, the Board of Directors drew up the list of performance share recipients for 2023 and decided to award a total of 54,960 performance shares to selected employees and selected officers of SFL and its related entities within the meaning of Article L.225-197-2 of the French Commercial Code. Of the total, 9,960 performance shares were awarded under Plan 6 and 45,000 under Plan 7.

The Plan 6 and 7 rules are presented in Appendix 14.2 (page 105 *et seq.*).

9.6.3. Share buyback programme

The Annual General Meeting of 13 April 2023 (fifteenth 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 tenth 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.

As of 31 December 2023, the Company held 2,478 shares in treasury, representing 0.01% of the capital.

These shares were purchased for the following purposes:

1. For allocation to SFL Group employees: 0.
2. For purchase and sale transactions under a liquidity contract with an investment firm: 2,478.
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: 0.
5. For cancellation: 0.

The Board of Directors has decided to present a resolution at the Annual General Meeting of 16 April 2024, authorising the Company to implement a share buyback programme based on a maximum price of €110 per share (tenth 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 2023, the authorisation would concern the buyback of up to 4,288,567 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 13 April 2023, 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 first extraordinary resolution of the Annual General Meeting of 16 April 2024 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.

9.6.4. Summary of disclosures: disclosure of treasury share transactions for the period from 1 January 2023 to 31 December 2023

Percentage of capital held by the Company and/or its subsidiaries:	0.01%
Number of shares cancelled in the last 24 months:	0
Number of shares held:	2,478
Carrying amount of the shares:	€176,737.47
Market value of the shares (at 31 December 2023):	€166,026.00

	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	7,185	9,682	-	-	-	-
Average maximum maturity	-	-	-	-	-	-
Average transaction price	€72.51	€70.93	-	-	-	-
Average exercise price	-	-	-	-	-	-
Amount	€520,964.80	€686,771.39	-	-	-	-

(1) Transactions under the liquidity contract.
Not including the 67,760 vested performance shares that were allocated under Plan 5 set up by decision of the Board of Directors on 6 February 2020. To fulfil its obligations under Plan 5, SFL issued 20,957 shares, as the number of treasury shares held at the vesting date (46,803) was insufficient.
Transaction costs under the liquidity contract amounted to €26,800 in 2023.

9.7. 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 disclosures under the disclosure threshold procedure were received in 2023 (see section 9.1.3 "Changes in ownership structure and voting rights", page 38 of this report).

9.8. Dividends paid in the last three years

9.8.1. 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 2023 financial statements, the Board of Directors will recommend paying a dividend of €2.40 per share.

9.8.2. 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	Portion of the dividend classified as a return of capital	Total dividend[1]
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
2022	€4.20	€0.00	€4.20	€0.00	€180,119,822.40[2]

(1) Not including dividends not paid on shares held in treasury.
(2) This amount takes into account the 20,957 shares issued in March 2023.

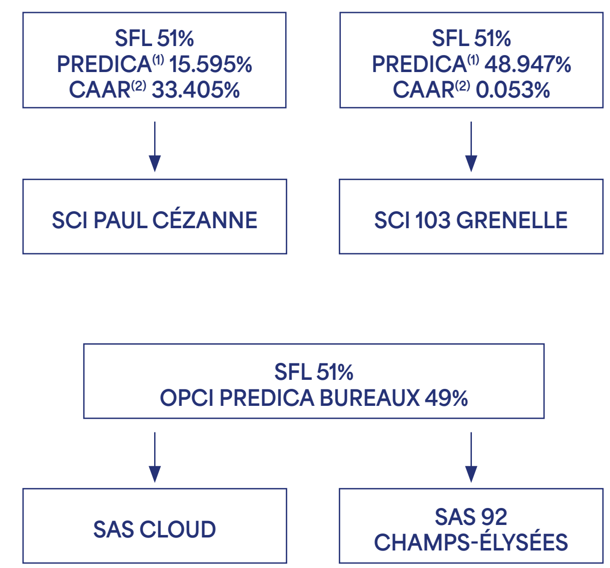
10 Partnerships

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.

As a result, as of 31 December 2023, the shareholders' agreements were as follows:



(1) Life insurance subsidiary of Crédit Agricole Assurances.
(2) Company set up to hold the assets of the pension plans managed by Crédit Agricole Assurances.

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.

11. Shareholders' Agreements

There are no shareholders' agreements between SFL's main shareholders. As of 31 December 2023, SFL was 98.28%-owned by Inmobiliaria Colonial, SOCIMI, S.A.

12. 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)
2023	January	85.00	79.00	3,746	0.305
	February	83.20	79.80	2,959	0.240
	March	84.00	79.00	4,394	0.357
	April	81.80	72.20	13,203	1.032
	May	77.20	71.00	4,541	0.329
	June	72.00	62.00	5,729	0.380
	July	69.80	62.00	7,768	0.518
	August	71.40	67.00	1,951	0.137
	September	67.60	60.40	8,478	0.534
	October	66.20	60.40	4,381	0.275
	November	66.60	61.00	8,323	0.535
	December	68.80	63.80	3,712	0.243
2024	January	71.00	67.00	5,405	0.369
	February	71.20	66.20	4,862	0.334

13. 2023 Non-Financial Information Statement

A message from the Chief Executive Officer

"At SFL, CSR is more about commitment than compliance."

An office is much more than just a place to work. It's a multi-faceted environment shaped and reshaped by a tightly woven web of spaces, functions, utilities, social interactions and amenities. It is a focal point of our daily lives, and as such reflects all the aspirations and concerns of today's society.

In recent years, climate change has forced us all to adjust our practices, processes and behaviour in every economic activity, including the real estate sector. With more than 145 years of unparalleled experience in serving cities and their users, SFL embraces its responsibility as a bold, ambitious, fully engaged agent of change. Our vision is to design sophisticated prime offices that respond to the emerging usage patterns and concerns of employees and managers - offices that are energy efficient, setting a course to carbon neutrality, harmoniously integrated into the city and abundantly landscaped.

The notion of prime, which is deeply embedded in our strategy and our DNA, is intrinsically tied to sustainability. Led by the proficient management of our property portfolio and our ceaseless quest for innovation and research, over the years we have acquired considerable expertise in sustainable design and construction, to create offices with lower emissions and energy use.

The superior quality of our assets and their very recent redevelopments represent clear advantages in addressing this new challenge.

Located in the capital's highly accessible central districts, our buildings are designed to give pride of place to low-carbon mobility, thereby helping to reduce the need to commute by car. All of them are fitted with innovative, high-performance utility installations that encourage the more efficient use of resources and support recycling and reuse. Real-time data reporting and analytics enable us to improve our knowledge and manage operating peaks more effectively, which is a decisive factor in improving our environmental performance. Lastly, our buildings benefit from the technical and structural quality designed into their frames from the beginning, which enables them to be steadily upgraded to sustain their efficient management over time.

At SFL, CSR is the heart of our business and our commitment to acting as an engaged citizen of the city.

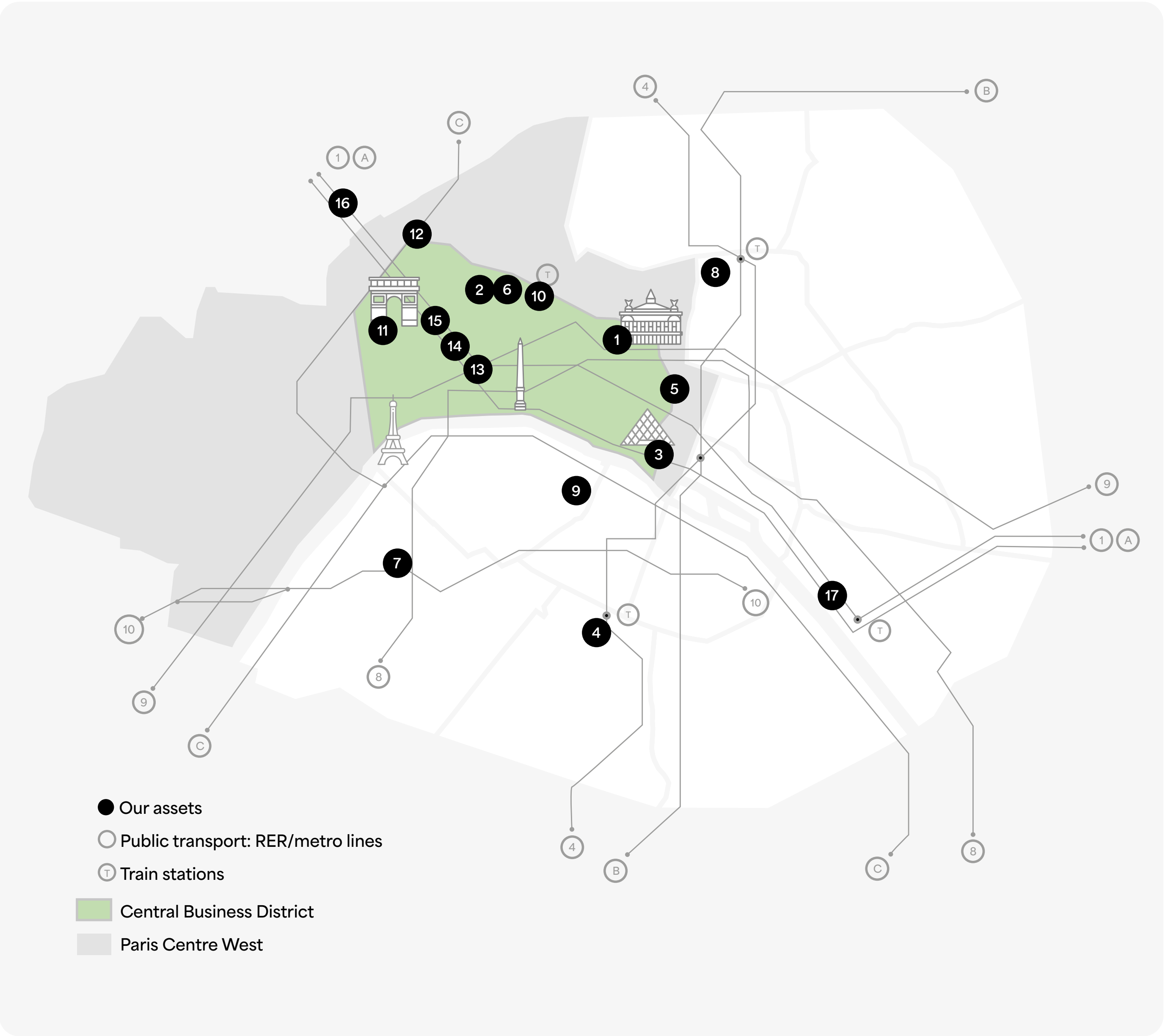
Dimitri Boulte

1. ESG strategy

Since its founding 145 years ago, SFL has demonstrated its expertise as 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, thanks in particular to its innovation capabilities.

At a time when a certain number of social and urban trends are gaining momentum and environmental concerns are playing an increasingly critical role in its business practices, SFL is instilling its every action with fresh meaning by setting 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 2023, the portfolio comprised 17 assets (81% offices, 18% retail units and a hotel and 1% residential units by value), whose physical occupancy ratio stood at 99.7%.



See details of SFL's asset portfolio on the next page.

CONSOLIDATED SFL PORTFOLIO: 410,000 SQ.M.

Paris	Total surface area[1]
1 Édouard VII	54,600 sq.m.
2 Washington Plaza	48,200 sq.m.
3 Louvre Saint-Honoré	47,700 sq.m.
4 Pasteur	39,600 sq.m.
5 #cloud.paris	35,000 sq.m.
6 Cézanne Saint-Honoré	29,100 sq.m.
7 Biome	25,000 sq.m.
8 Condorcet	24,900 sq.m.
17 Scope	22,700 sq.m.
9 103 Grenelle	18,900 sq.m.
10 106 Haussmann	13,400 sq.m.
11 83 Marceau	9,700 sq.m.
12 131 Wagram	9,200 sq.m.
13 90 Champs-Élysées	8,900 sq.m.
14 Galerie Champs-Élysées	8,500 sq.m.
15 92 Champs-Élysées	7,700 sq.m.
Total	**403,100 sq.m.**

Western Crescent	Total surface area[1]
16 176 Charles de Gaulle Neuilly-sur-Seine	6,900 sq.m.
Total	**6,900 sq.m.**

Paris CBD
Paris Other
Western Crescent

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

All of SFL's buildings are located within a six minute walk from a train or metro station, in the thriving business districts of Paris and Neuilly-sur-Seine. 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, the ambitious, assertive policy also addresses the environment, social and governmental (ESG) issues that are material for its stakeholders and critical for its financial resilience.

SFL is working in this direction by fostering stakeholder buy-in among its tenants, its host communities (municipal and national authorities, local residents), its employees, its business partners (prime contractors, construction companies, utilities and amenities operators) and its shareholders.

Throughout, its goal is to nurture the desire to work together around the following four fundamentals, by pursuing a responsible vision of the future in developing and managing its office buildings:

- **Climate strategy**
- **Urban footprint**
- **User satisfaction**
- **Employee and partner engagement**

1.1. Operating environment, SFL impacts and 2030 objectives

For more details, see pages 48 to 51.

CLIMATE *STRATEGY*

The development and use of property assets are a significant source of greenhouse gas emissions. It is the Group's responsibility to provide resilient properties demonstrating excellent technical fundamentals, while promoting an ambitious climate strategy and the judicious use of resources.

Operating environment

- Increasingly urgent goal of limiting the rise in global warming to 1.5°C.
- Far-reaching environmental regulations impacting our buildings.
- Major environmental impact from overuse of natural resources.
- Tight energy and materials markets in France and the rest of Europe.
- Increasing number of exceptional climate events, such as rising temperature anomalies.

SFL response

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.

EMBODIED CARBON EMISSIONS REDUCTION

- Ecodesign, repurposing 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.

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.

SIGNIFICANT EVENTS OF THE YEAR

- Roll-out of a new climate strategy and a new, more ambitious Scopes 1, 2 and 3 target.
- SFL receives the Low Carbon Building Award at the SIBCA in September 2023.

2023 IMPACTS

21.2 ktCO$_2$e

released across the value chain (Scopes 1, 2 and 3), down **27%** since 2021

58,679 MWh

of energy used in assets in use, down **25%** since 2018

Nearly

25,000

tonnes of construction waste from the two redevelopment projects in 2023, of which 94% was recovered and reused

2030 TARGETS

42% tCO$_2$e

reduction in Scopes 1, 2 and 3 GHG emissions between 2021 and 2030

ZERO FINAL WASTE

in properties in use and redevelopment projects

VULNERABILITY ASSESSMENTS AND ADAPTIVE RESPONSE MEASURES

when necessary across the portfolio

We want to do our part in building the new geography of work and enhancing the beauty of the city. 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.

URBAN FOOTPRINT

Operating environment

- Urban, heritage and architectural parameters specific to Paris: the new bioclimatic local urban planning regulation.
- Need for mixed-use capabilities in each neighbourhood.
- Land take is rising sharply in France and biodiversity is in steep decline.
- Need to invent a virtuous city that meets the business needs of companies while safeguarding the environment.
- Emergence of new forms of urban mobility.

SFL response

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.

NATURE AND LANDSCAPING

- Granular biodiversity audits of each asset to gain knowledge of its living environment and identify pathways to improvement.
- A commitment to opening access to wild and local species.
- Preparing the adaptation to climate change.
- Opening green spaces to stakeholders and raising awareness of biodiversity issues.

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.

SIGNIFICANT EVENTS OF THE YEAR

- Delivery of the Louvre Saint-Honoré lower floors to the Cartier Foundation for Contemporary Art, the largest private cultural institution in Paris (16,000 sq.m.).
- Roll-out of the new nature and landscaping strategy.
- Delivery of a new lower-level retail space designed by Dominique Perrault in the Galerie des Champs-Élysées.

2023 IMPACTS

OVER 50%

of surface area redeveloped or renovated in the past ten years

More than

100,000 SQ.M.

of built-up land

NET-ZERO

land take in past ten years

89%

of asset occupants commute by public transport or low-carbon mobility means

2030 TARGETS

HISTORICAL HERITAGE IMPACT ASSESSMENTS

performed on every redeveloped building

NET-ZERO LAND TAKE

LESS THAN A 10-MINUTE WALK FROM A METRO STATION

for every asset

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.

Operating environment

- 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.

SFL response

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.

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.

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 91% of tenants satisfied or very satisfied in the last satisfaction survey conducted in 2023.

SIGNIFICANT EVENTS OF THE YEAR

- Ten years of Paris Workplace research to design the office of tomorrow.
- Café Joyeux opens in the Cézanne Saint-Honoré building, with a strong social impact to foster inclusion in the workplace.

2023 IMPACTS

260
tenants

Up to
21,500
office users over the past ten years

2023 IMPACTS

Comprising
81%
of office space by value

More than
405,000 SQ.M.
of total surface area

Up to
30,000
users can be accommodated every day

>95%
of space certified Very Good or higher

2030 TARGETS

100%
of business centres served by prime amenities

100%
of projects and office assets in use certified

>85%
tenant satisfaction rate

SFL

2023 Universal Registration Document

EMPLOYEE AND PARTNER ENGAGEMENT

Our commitment to working together reflects our taste for transformation and 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 and trusting relationships.

Operating environment

- Fostering employee commitment and engagement, improving social cohesion and workplace atmosphere, 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.

SFL response

SKILLS DEVELOPMENT AND WORKPLACE EQUALITY

- An individualised approach to career development.
- Competitive, incentivising compensation aligned with workplace equality principles.
- Skills development and training objectives defined annually.

HEALTH, SAFETY AND QUALITY OF WORKLIFE

- Regularly measuring the workplace atmosphere through the annual quality of working conditions (QWL) survey.
- Assertively pursuing policies to protect employee health and safety.

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.

SIGNIFICANT EVENTS OF THE YEAR

- 92% of employees trained in diversity, climate, ethics and other ESG issues.
- A new Ethics Code of Conduct and whistleblowing mechanism.
- SFL teams moved into new offices meeting the market's highest standards.

2023 IMPACTS

77
employees at year-end 2023

50%
of Board of Directors members and 38% of Management Committee members are women

NO OCCUPATIONAL ACCIDENTS
with lost time

91%
of purchases sourced from suppliers in Paris and the Greater Paris region

2030 TARGETS

>2.5%
of payroll spent on training

QUALITY OF WORKLIFE AND WORKING CONDITIONS SURVEY
conducted every year

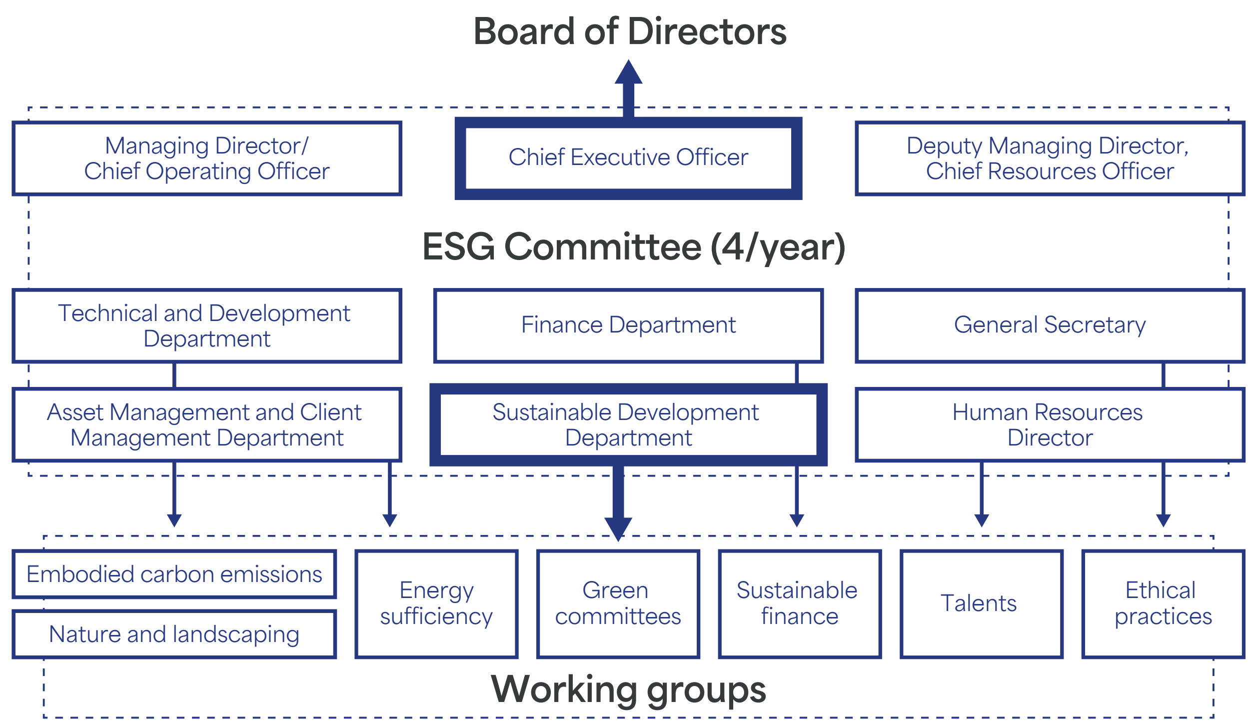
100%
of employees, contractors and suppliers covered by an Ethics Code of Conduct

1.2. ESG governance

At SFL, all of the capabilities involved in creating value at each stage in a property asset's life cycle are fully integrated, from investment and redevelopment to leasing and asset management, renovation and, if the opportunity is right, disposal.

Combined with a relatively small workforce (77 employees at year-end 2023), integration means that SFL can be particularly agile, especially in responding to ESG challenges.

To further embed ESG strategy execution into everyday operations, a number of dedicated departments and committees have been set up, which together form the following ESG governance structure.



The **ESG Committee** comprises the Management Committee and the **Chief Sustainable Development Officer**. Meeting at least four times a year, it assesses operating conditions and the most critical ESG challenges, defines strategic objectives and analyses performance in key metrics and SFL policies. In this capacity, it validates each year's carbon footprint data, tracks compliance with SFL banking covenants, and oversees European Taxonomy and CSRD disclosures.

With the support of its Management Committee members, it defines targets and action plans addressing each issue for the departments concerned, such as the Technical and Development Department for environmental issues and the Human Resources Department for employee relations issues.

Various **working groups** (asset management committees, ESG workshops) are addressing these challenges within SFL by developing operating procedures, issues of interest and outcomes and then discussing them with tenants, service providers, suppliers, investors and other stakeholders. The Chief Sustainable Development Officer coordinates these groups' environmental issues and liaises with the ESG Committee. The working groups also engage with our stakeholders through green committees with tenants, for example, and task forces with prime contractors on our redevelopment projects.

Lastly, the **Chief Executive Officer** reports to the **Board of Directors** concerning ESG strategy, the leading environmental, social and governance issues and the outcomes of the initiatives undertaken. A particularly strong bond has been created with the main shareholder, who is represented on the Board. Senior Management and the Chief Sustainable Development Officer also actively participate in the ESG Committees set up in the main shareholder's organisation.

A strong financial incentive to take action

These governance parties also now have a stronger incentive to engage, in that measurable ESG targets have been integrated into the performance reviews and compensation systems for both employees and corporate officers, with the following measures in 2023:

- **Annual employee performance reviews**: addition of new ESG-related targets to the personal objectives reviewed to determine an employee's bonus for the year.
- **Employee discretionary profit-sharing**: inclusion of a carbon performance criterion in the new discretionary profit-sharing contract, with reductions in greenhouse gas emissions in line with the 1.5°C target validated by the Science Based Targets initiative accounting for 15% of the total profit-share.
- **Compensation policies applicable to the Chief Executive Officer and the Deputy Chief Executive Officer**: inclusion of an ESG criterion representing 20% of the 2023 qualitative bonus (10% of the total bonus).

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 2023, the Global Real Estate Sustainability Benchmark (GRESB) awarded SFL the Green Star designation for the tenth year in a row, with scores of:

- 93/100 in the Standing Investments benchmark, up two points on 2022,
- 97/100 in the Development benchmark, up two points on 2022,
- 100/100 in the Public Disclosure Report.

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 once again received in 2023. EPRA-format indicators are presented in each of the relevant sections of this report and in section 6.4.

Low Carbon Building Award (BBCA)

At the SIBCA fair in September 2023, SFL received the Low Carbon Building Award, which recognises SFL's strong commitment to low-carbon real estate, with all its redevelopment projects earning low-carbon certification in 2022.

Sustainable finance

SFL has undertaken clear commitments with regards to its environmental performance. As of 31 December 2023, all its bond debt and 79% of its confirmed bank lines were subject to strict environmental performance criteria.

The €835 million revolving credit facility signed in June 2023 has a margin adjustment mechanism based on i) the reduction in greenhouse gas emissions certified by the Science Based Targets initiative (SBTi); ii) the percentage of ESG-certified assets; and iii) the GRESB rating.

1.3. 2030 targets and 2023 performance

Pillar	Issue	Primary 2030 objective	2023 performance
Climate strategy	Operational sufficiency	42% reduction in tCO_2e in 2030 vs. 2021 across Scopes 1, 2 and 3 GHG emissions	27% reduction since 2021
	Embodied carbon emissions & circular economy	Zero final waste	94% of redevelopment project waste and 58% of building in use waste recycled or recovered
	Building resilience	100% of assets subject to vulnerability assessments and having the necessary prevention and compliance measures in place	Vulnerability studies of every asset updated in 2023
Urban footprint	Architecture & design	All redeveloped buildings subject to historical heritage impact assessments	100%
	Nature & landscaping	Net-zero land take	Zero land take
	Mobility	100% of office assets located less than a ten-minute walk from a metro station	100%
User satisfaction	Convenience & amenities	100% of business centres served by prime amenities	100%
	Certifications & labels	100% of projects and office assets in use certified	100%
	Tenant relations & satisfaction	>85% of tenants satisfied	91%
Employee and partner engagement	Employer appeal, skills development & diversity	>2.5% of payroll invested in training	3.4%
	Health, safety & quality of worklife	100% of employees surveyed on the quality of worklife every year	100%
	Ethics in the value chain	100% of employees, contractors and suppliers covered by an Ethics Code of Conduct	100%

2. Climate 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.

That limit was almost reached in 2023, with a 1.48°C increase. But while 2023 may have been exceptional, with climate records falling one after the other, the trend line over the past ten years has tracked a steady rise in temperatures, making it all the more urgent to deploy a clear strategy for reducing greenhouse gas emissions and adapting to the effects of climate change.

The construction industry has a fundamental role to play in this process. It is responsible for around a quarter of all greenhouse gas (GHG) emissions, both worldwide[1] and in France,[2] making it a major challenge in the fight against climate change.

Baseline scenarios, such as France's national low-carbon strategy issued in late 2018 and scheduled for updating in 2024, the European Union's "Fit For 55" package, or the new industry targets issued by the Science Based Targets initiative (SBTi), call for the real estate sector to be almost entirely carbon-free by 2050.

In seamless alignment with this fast changing operating environment, SFL's climate strategy is based on:

- **identifying and assessing climate change risks** to its business,
- **understanding the impacts**, by measuring the carbon footprint as broadly and as granularly as possible,
- **deploying a transition plan** with precise, ambitious, achievable reduction targets and an understanding of what is required in order to adapt to the effects of climate change.

(1) https://www.iea.org/energy-system/buildings
(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.

Identifying and assessing the main risks

The risks related to climate change and to their management in SFL's operations are increasingly well identified. Our approach to climate risks is aligned with the TCFD[1] and ISSB[2] S2 recommendations and therefore comprises a dedicated governance structure, a detailed analysis of physical and transition risks, a climate action strategy, and dedicated metrics and targets. It is also an integral part of the general assessment of risk factors on pages 17 *et seq.* of the Universal Registration Document.

SFL has assessed the climate-related risks that could have a material impact on its business activities. Conducted jointly at least once a year with our main shareholder, the assessment is one aspect of the general risk mapping exercise.

The use of baseline scenarios[3] revealed three main material risks to the Group's business activities, which are summarised below. They were deemed to be transitional risks specific to the building industry's regulatory environment, to tenant demands for greener buildings and to the increasing prevalence of sustainable finance. SFL's solutions to mitigate its risk exposure are summarised in the following table and discussed in more detail below.

Physical risks have been mapped, primarily using the Resilience for Real Estate platform, and currently do not have any material impact on SFL's business activities[4].

Type of risk	Description of the risk	Timeframe	Potential impact before initiatives	SFL's response
Regulatory	Increasingly strict environmental legislation, particularly energy efficiency standards and the adaptation of buildings to the effects of climate change.	Short term	Risk of asset obsolescence and increased CapEx and OpEx to maintain the technical performance of buildings.	A decarbonisation plan focused on operating energy sufficiency and ambitious, targeted investments in assets. SBTi certification for greenhouse gas emissions targets consistent with the 1.5°C pathway.
Market	An increasingly polarised office market due to growing tenant demand for more sustainable spaces, with proven environmental performance and well served by public transport.	Short and medium term	Buildings unable to document their environmental qualities may lose value and become less leasable.	Certification for all assets-in-use and redevelopment projects. Exceptional access to public transport. Development of low-carbon mobility-friendly infrastructure.
Reputational	Growing investor demand for ESG performance.	Medium and long term	Curtailed market access and higher borrowing costs for companies unable to demonstrate their performance.	79% of confirmed bank lines already subject to ESG performance criteria. Voluntary rating against leading ESG benchmarks (GRESB 93/100 score and 5 Stars label). Proactive disclosures in compliance with European Taxonomy and CSRD reporting.

Understanding the impacts

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 assess their main impacts.

This process is designed to be both as broad and as 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.

In 2023, SFL enhanced its measurement methodology with the support of leading climate consultancy Carbone 4, which also helped to identify the most effective action plans.

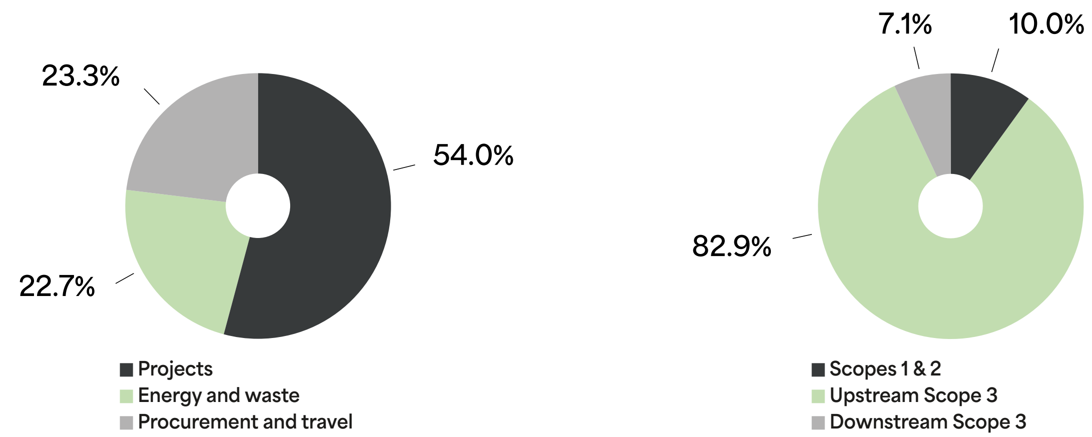
(1) Task Force on Climate-Related Financial Disclosures.
(2) International Sustainability Standards Board.
(3) The IPCC's SSP 1-1.9 and SSP 5-8.5 scenarios, and the scenarios in the Carbon Risk Real Estate Monitor (CRREM) tool and on the Resilience for Real Estate (R4RE) platform.
(4) See section 2.3.1 below.

SFL's broader carbon footprint in $ktCO_2e$ (Scopes 1, 2[1] and 3 as defined in the GHG Protocol)

Type of emissions		2021	2022	2023
Projects		20.1	14.9	11.5
Energy and waste	Energy	4.5	4.0	4.2
	Waste	0.4	0.7	0.6
Procurement and travel		4.3	5.0	4.9
Total		29.2	24.5	21.2

(1) Scope 2 (market-based).

Greenhouse gas emissions in tCO_2e in 2023, by source and GHG Protocol Scope



SFL's overall carbon footprint stems primarily from three sources of emissions:

- **asset redevelopment and renovation projects,** which accounted for 54.0% of total emissions in 2023,
- **energy use** in both common and tenant areas and the **management of waste generated by operations,** which together represented 22.7% of total emissions,
- **procurement,** mainly of services for assets in use and corporate operations and, to a lesser extent, **employee travel**, which together totalled 23.3% of emissions for the year.

Measuring the footprint enables us to set clear priorities in our commitment to reducing greenhouse gas emissions.

It also helps to gauge the effectiveness of initiatives undertaken in recent years. In 2023, it showed that SFL's total carbon footprint had shrunk by 27% since 2021, at constant methodology, with a significant 8,601 tCO_2e reduction in greenhouse gas emissions from renovation and redevelopment projects, thanks to their carbon efficiency and a decline in their number. Note, however, that these projects still contributed the majority of emissions for the year.

A transition plan to address the climate emergency

Our transition plan for responding to the climate emergency and achieving a low-carbon future is focused on sharply reducing our greenhouse gas emissions.

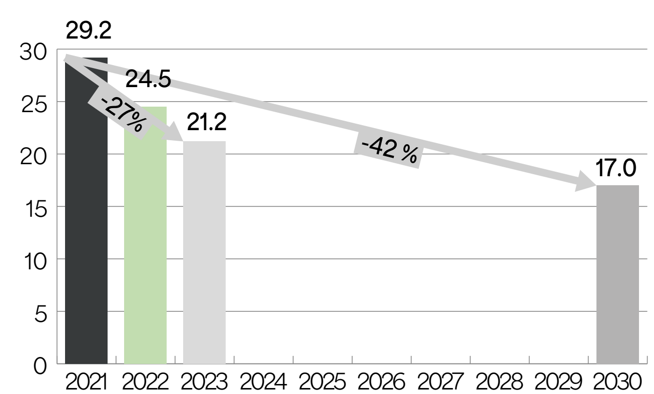
A new 2030 carbon target has been defined that is more ambitious and, above all, broader, in that it covers all emissions across the value chain.

It aims to reduce Scopes 1, 2 and 3 emissions by 42% by 2030 compared with 2021. By year-end 2023, initiatives already under way had driven a 27% reduction.

The new Scopes 1, 2 and 3 reduction pathway is consistent with the commitment to limiting global warming to 1.5°C above pre-industrial levels.

In the same way that the previous Scopes 1 and 2 carbon target had been certified by the Science Based Targets initiative (SBTi) as 1.5°C-consistent, SFL will seek approval for its new target once the SBTi sector benchmark is issued.

Targeting a 42% reduction in Scopes 1, 2 and 3 $ktCO_2e$ in 2030 vs. 2021

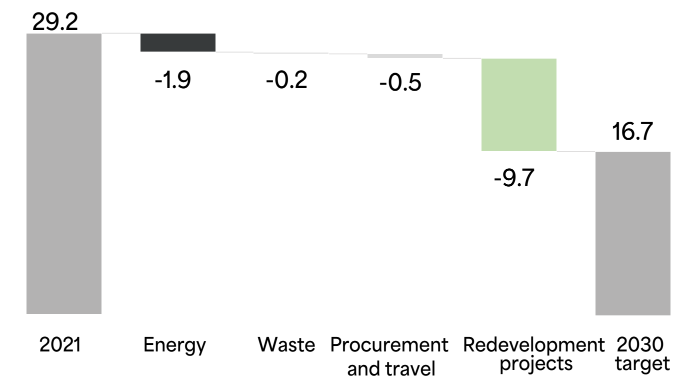


Main decarbonisation levers

To meet the 42% reduction target, a number of decarbonisation levers have been identified and quantified for 2030. They involve a variety of initiatives aligned by emissions source and Scope.

- **Scopes 1 and 2 levers/Operational sufficiency:** These levers are geared towards managing energy efficiency and fluid use in buildings in use, transitioning to less carbon-intensive energy sources and refrigerants, and improving energy sufficiency through dialogue with users.
- **Scope 3 levers/Reducing embodied carbon emissions and supporting circular economy practices:** In the case of Scope 3 emissions, the reduction strategy also involves using resources more judiciously, diligently managing waste and water use and constantly engaging with tenants, architects, partner contractors during the works phase, building management partners and office users to decarbonise our purchases and deploy greener construction techniques.

Main decarbonisation levers and related impacts in $ktCO_2e$ by 2030

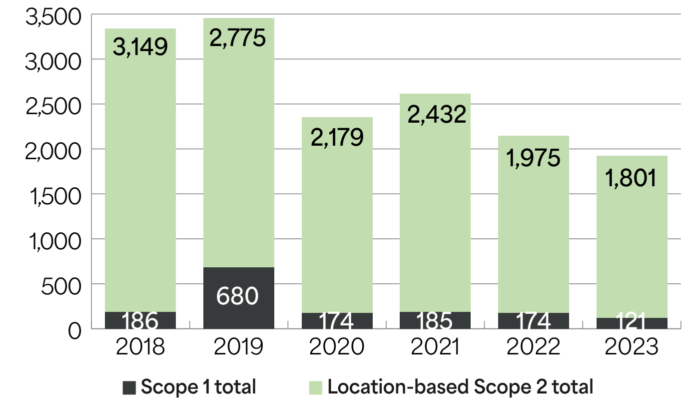


2.1. Scopes 1 and 2 decarbonisation levers: operational sufficiency

Carbon emissions from energy use and refrigerant leaks in SFL-managed assets[1] represented 1,922 tCO_2e in 2023, of which:

- 121 tCO_2e in direct Scope 1 emissions;
- 1,801 tCO_2e in indirect location-based Scope 2 emissions.

GHG emissions, Scopes 1 & 2 location-based, in tCO_2e



In absolute terms, Scopes 1 and 2 emissions fell sharply between 2018 and 2023, with a 1,413 tCO_2e reduction corresponding to a decline of 42% (35% in Scope 1 and 42% in Scope 2).

The 11% year-on-year reduction in 2023 was led by a significant decrease in emissions from power use, gas use and refrigerant leaks.

This year's report focuses on location-based Scope 1 and 2 emissions to illustrate more clearly the lower consumption/lower emissions correlation and to avoid the impact of wide, exogenous swings in market-based emissions factors.

In addition, the process for collecting energy use data from the Deepki platform was changed in 2023. Data for 2021 and 2022 have been recalculated using the new method to ensure comparability[2].

2.1.1. Improving energy efficiency and sufficiency

Residential and commercial buildings are by far the largest energy users in France, accounting for 46% of the total energy consumed[3]. As a result, improving energy efficiency and sufficiency is certainly SFL's biggest challenge.

(1) 14 assets in 2023, see section 6.3 for full details on the scopes of reporting.
(2) The change had little impact on historical data, thereby validating the new method (2022 NFIS: 167 Scope 1 tonnes and 1,888 Scope 2 tonnes reported in 2022 versus 174 Scope 1 tonnes and 1,975 Scope 2 tonnes recalculated with the new method).
(3) 2021 figures, from the French Ministry of Ecological Transition: https://www.statistiques.developpement-durable.gouv.fr/edition-numerique/chiffres-cles-energie-2022/8-consommation-finale-denergiepar-secteur-et

An ambitious national regulatory framework

The importance of this challenge was further confirmed by the French government decree mandating actions to improve the energy performance of commercial buildings (the "tertiary decree"), 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 (i) addressing emerging tenant needs (digital technologies, amenities, food services, etc.), which could impact building energy use intensity, and (ii) encouraging energy sufficiency by fostering lessor/tenant dialogue and emulation, especially in France under the impetus of the tertiary decree. 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.

Asset-specific energy and carbon pathways and their supporting capital expenditure plans

In particular, SFL has joined with recognised, complementary partners to build its new strategic plan, which should drive a 40% reduction in its energy use by the end of 2030 compared with the 2017 baseline. 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. The plan also places the asset portfolio on a pathway to the tertiary decree targets.

Each asset pathway has also been analysed using the Carbon Risk Real Estate Monitor (CRREM) tool to confirm its consistency with French and European decarbonisation targets.

Tenant dialogue and emulation to manage energy use in tenant areas

SFL has also 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.

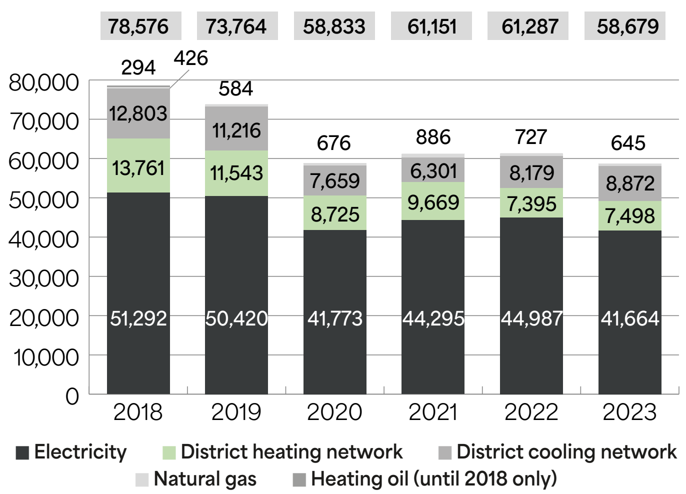
SFL measures and tracks the vast majority of its tenants' energy use, with only 4% of consumption having to be estimated in 2023.

This process proved to be especially important in the winter of 2022/2023, when the French government encouraged everyone to practice energy sufficiency in response to tighter energy markets and the reduction in the country's nuclear power generation capacity. It is estimated that the initiatives undertaken helped to reduce energy use by 10% over the period, with peaks of 15 to 18% depending on the asset.

Absolute energy consumption down 25% since 2018

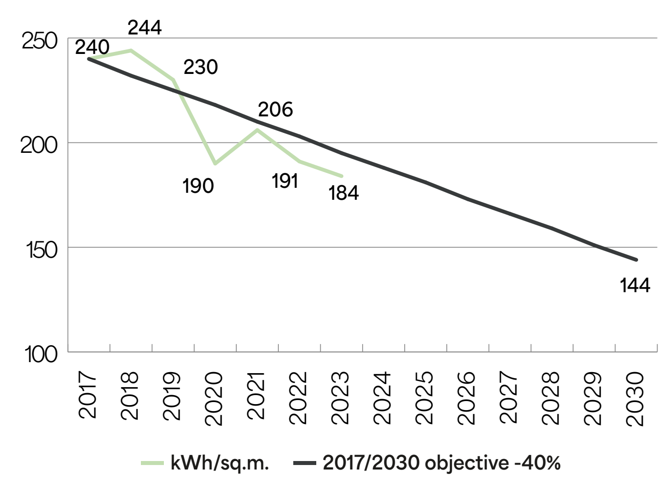
In 2023, properties owned and managed by SFL used 58,679 MWh of final energy, of which 33,635 MWh (57%) in common areas and for heating and air-conditioning in tenant areas.

Energy use by type, in MWh



In absolute terms, total energy use from all sources declined by 25% from 2018 to 2023.

Energy intensity in kWh/sq.m. - absolute



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 2023, at almost the half-way point, the reduction already stood at 23%.

2.1.2. Transitioning to lower carbon energy sources

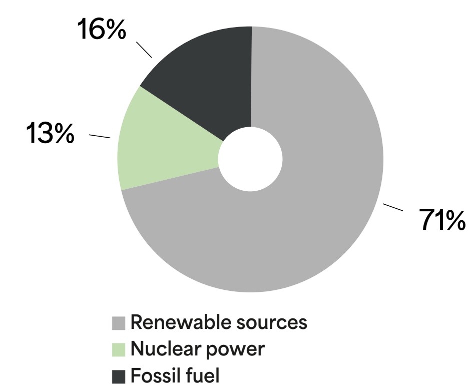
Another way to reduce energy consumption and shrink the carbon footprint is to optimise the energy mix with less carbon-intensive energy sources.

Sources of SFL's purchased energy in 2023

More than 71% of the energy purchased by SFL and used in its assets is 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 1.1% of the total energy mix.

Concerning the upstream sources of SFL's purchased energy, 71% was generated from renewable sources, 13% from nuclear power and 16% from fossil fuels.

Sources of SFL purchased energy



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

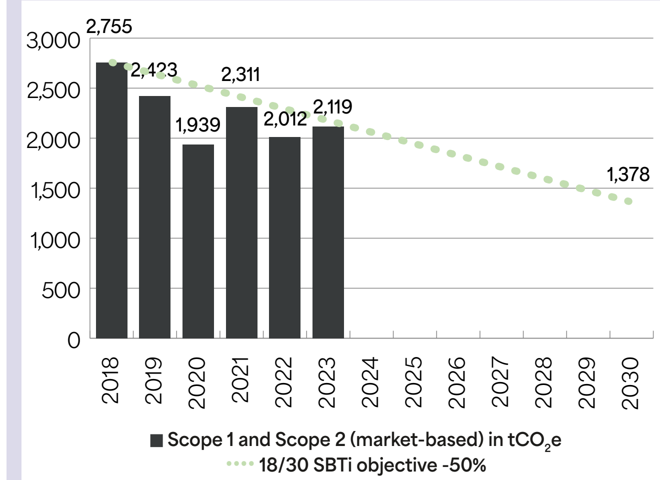
- gradually reducing the use of the most carbon-intensive energy sources, particularly for heating:
  - replacing the last fuel oil-fired boiler with a natural gas-fired installation in the spring of 2019,
  - installing heat pumps, notably in the Galerie des Champs-Élysées in November 2020 and in the Édouard VII complex, which has since resulted in steep reductions in energy use.
- opting for energies with the lowest emission factors:
  - gradually connecting more eligible assets in use or being redeveloped (Scope in particular) to the district cooling network, which has a low emissions factor,
  - gradually increasing the proportion of renewable electricity in the power mix, to 60% in 2023.

Science Based Targets initiative (SBTi): validation 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 market-based Scopes 1 and 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 2023, these emissions had been reduced by 23% since 2018 - 625 tCO_2e in absolute terms - in line with the target.



2.2. Scope 3 decarbonisation levers: reducing embodied carbon emissions and supporting circular economy practices

At SFL, reducing the carbon footprint involves more than just managing energy consumption during a building's in-use phase. It also means looking at every phase in a building's life cycle, particularly how it was built, redeveloped or refurbished and how carbon emissions may have been embodied in it along the way.

These building life cycle stages have a critical impact in the greenhouse gas emissions reduction strategy, as project-related emissions accounted for 54% of SFL's overall carbon footprint in 2023. They are also the emissions source with the greatest room for improvement in meeting the target of reducing emissions across the value chain by 42% between 2021 and 2030.

SFL is demonstrating its commitment to reducing embodied carbon volumes and supporting circular economy practices by developing and managing its assets in ways that limit carbon intensity, waste production and the use of natural resources in procurement and construction methods.

This commitment covers three main levers that are helping to enhance the sufficiency of our footprint:

- judiciously using resources during the works phase, by limiting demolition and site clearance works and encouraging eco-design and materials repurposing and reuse,
- recovering, reusing and recycling waste from redevelopment projects and building operations,
- managing water use in properties in use.

Paying attention to existing structures to limit demolition

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

This attention 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.

2.2.1. Ecodesign and the judicious use of resources

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 four main solutions:

- preserving existing structures by limiting demolition and site clearance works;
- 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.

Performing extensive life cycle assessments to measure the intensity of embodied carbon emissions

To establish a robust framework for this process and track the initiatives more accurately, life cycle assessments are now being performed for all major projects.

The following outcomes demonstrate the impact of embodied carbon emissions in the different types of project, assessed using the same method. These assessments identify the carbon intensity of each type of construction project and the materials used at each phase in the building life cycle. They enable options to be compared and validated, while helping to instil a culture of carbon-intensity awareness across the organisation.

	Type of project	Special features	Project start and end dates	Greenhouse gas emissions from construction works[1] in $kgCO_2e$/sq.m.
#Cloud	Major renovation		2013 to 2015	858
83 Marceau	Major renovation		2019 to 2021	881
Biome	Major renovation		2020 to 2022	704
Cézanne Saint-Honoré	Major renovation	Without the façade	2021 to 2022	460
Louvre Saint-Honoré	Major renovation	Bare shells, water and energy on standby	2020 to 2023	461
Galerie des Champs-Élysées	Façade renovation only	Bare shells, water and energy on standby	2022 to 2023	102

Validating our initiatives with BBCA low-carbon building certification

BBCA low-carbon building certification is also sought for redevelopment projects. 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. In September 2023, SFL was awarded the **2023 BBCA Low Carbon Intensity Prize** at the SIBCA trade show, recognising that all its eligible redevelopment projects had earned the label in 2022.

Materials repurposing and reuse

In summer 2022, SFL delivered two projects that were covered by clearly defined worksite guidelines, with a strong focus on materials reuse and disposal.

(1) From the "construction materials and fixtures" source in the BBCA low-carbon building label.

In both cases, 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.)(*)

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

During the renovation of the Louvre Saint-Honoré intercompany staff restaurant delivered in 2023, almost four tonnes of fixtures were donated to a company that refurbishes and repurposes kitchen furniture and equipment.

2.2.2. 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].

During the year, SFL produced nearly 25,000 tonnes of waste on its two main construction worksites and 1,037 tonnes in the 11 assets in use whose waste management is handled by SFL.

The recovery and reuse rates stood at respectively 93% and 97% on the two construction projects and 58% for the buildings in use.

Amount of waste in tonnes and recovery in tonnes and %

Waste	Projects		Buildings in use
	Louvre Saint-Honoré(*)	Scope (clearance)	11 assets
Total amount generated in tonnes	23,599	1,335	1,037
Amount recovered and reused in tonnes	**22,051**	**1,290**	**599**
• Of which as materials	22,004	1,263	327
• Of which as energy	47	27	272
Recovery rate in %	93%	97%	58%

(*) Over the life of the project.

To attenuate its waste production impacts, SFL is exploring four avenues of improvement:

- Improving waste management metrics for tracking amounts produced and treatment methods.
- Reducing waste production, by limiting demolition and reconstruction works, using resources judiciously, and engaging with general contractors in the worksite phase and with tenants in the in-use 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 assets in use.

Improving waste management metrics

Waste is tracked in the 11 buildings owned and managed by SFL. At the other three 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. For the last two years, five assets have been transferred from municipal management to SFL via a private waste management contractor.

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 ongoing in 2023.

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 2023, 23 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 2023, 94% of the waste from the two largest projects was recovered and reused.

In the assets in use, 58% of waste was recovered and reused, primarily through recycling or burning as fuel. The decline in the recovery and reuse rate from the 81% achieved in 2021 primarily reflected the disclosure by waste management contractors on a few assets that NHIW is no longer burned as fuel in waste-to-energy facilities, but instead simply incinerated or landfilled. Treatment method information provided by these contractors has to be analysed in greater detail to determine the actions required to upgrade the methods.

(1) *Bilan 2020 de la production de déchets en France*, November 2022, Ministry of Ecological Transition and Territorial Cohesion data-lab.
(2) The 11 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 91% of the managed buildings, because at the end of 2023 waste from three of them was still collected directly by the City of Paris, leaving SFL without any data on the amount of waste or its disposal.

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.

2.2.3. Managing water use

The buildings owned and managed by SFL used nearly 119,000 cu.m. of water in 2023, or an average of 0.37 cu.m. per sq.m.

SFL is steadily reducing this consumption by installing water-saving devices, raising tenant awareness and equipping buildings with rainwater harvesting systems. These programs are especially important given that the availability of water resources may also be impacted by the expected effects of climate change.

Assets moderately exposed to water stress, but recent droughts call for vigilance

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, the summer droughts in 2022 and 2023 have prompted us to heighten our vigilance. In particular, climate models predict that while total annual precipitation should change little between now and the end of the century, there will likely be wide seasonal variations, with an increase in winter and a decrease in summer.

Developing the use of rainwater harvesting systems

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, eight assets have rainwater harvesting systems.

Reviews are systematically performed on all redevelopment projects, and such systems have been installed in all the main projects either recently delivered or still in progress (Biome, 83 Marceau, Louvre Saint-Honoré and Scope).

Rainwater harvesting systems in operation in the portfolio

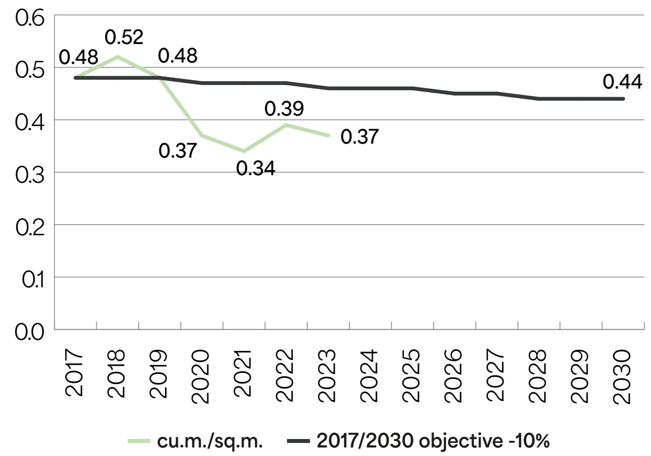
Property	Capacity in cubic metres
Washington Plaza	18
92 CE	6
#cloud.paris	28
103 Grenelle	11
Biome	20
83 Marceau	23
Cézanne Saint-Honoré	13
Louvre Saint-Honoré	5

A steady decline in water use intensity since 2017

SFL is also striving to reduce water use needs in its assets. On an absolute basis, water use intensity declined by 23% from 2017 to 2023, reflecting the initiatives under way, but also the impact of the reduced occupation intensity during the health crisis, particularly in 2020 and 2021. This explains why intensity rose in 2022, as users returned to the office and lifted occupancy rates to historic highs.

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.



2.3. Building resilience and strategy for adapting to the effects of climate change

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 quality of a building is judged by its potential for upgrades to meet more demanding tenant requirements and tighter regulatory and environmental standards, as well as its ability to withstand the expected effects 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.

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

2.3.1. Adaptation strategy in response to the physical risks of climate change

The resilience of SFL's assets therefore 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.

Updated assessment of exposure to physical risks

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 the main risks, by identifying the possible impacts on each building's superstructure and shell, plumbing, electricals, HVAC, landscaping and exterior fixtures.

As climate science knowledge has improved, recent years have seen an increase in the number of climate forecasting models, scenarios and tools.

In response, as a member of the Green Building Observatory (OID), SFL again reviewed its assets in 2023 using the Resilience For Real Estate (R4RE) platform developed specifically to answer these questions. By identifying buildings exposed to significant risks over the more or less long term, R4RE helps to define initiatives to adapt to the risks over a given time frame. Risk exposure was assessed according to three climate scenarios (RCP2.6, RCP4.5 and RCP8.5) and three timeframes (2030, 2050 and 2070).

To strengthen its engagement in managing climate risks, SFL has become a member of the R4RE platform's strategy committee, which focuses on making the platform more robust and improving its alignment with risk tracking demands.

Exposure to the 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 risk analysis shows that exposure to heat risk remains low across the portfolio until 2050 and only rises to moderate after 2070, based on the most pessimistic scenario.

The risk of flooding, on the other hand, has historically been a bigger threat in Paris, but the percentage of exposed assets remains at a steady 31% regardless of the climate scenario or timeframe.

Measures in place to attenuate the impact of heatwaves and flood risks

The past few years have been the hottest on record in France. After breaking every record, with very intense and persistent summer heatwaves in the Paris region, 2022 was followed by 2023 as the second hottest year on record.

In each asset, these heatwaves 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 last two summers.

Redevelopment projects can also include 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 Scope 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%.

Measures to attenuate the impact of flood risks are also being deployed in the assets, particularly during redevelopment projects. The riverfront Scope project, for example, will offer an opportunity to implement adaptive response measures, such as relocating electrical equipment to the upper floors and protectively encasing the heating and cooling utilities remaining on the lower floors.

2.3.2. Environmental and health risk management systems

Taken as a whole, our assets in use can be used by nearly 30,000 people every day, or the equivalent of a medium-sized French town. 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.

A clear focus on healthy buildings

In recent 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, the environmental and health risk management policy 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.

A single audit bureau for regulatory inspections and reviews

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 inspections 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.

A dedicated online risk management platform

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 end-2023, all of the directly managed assets were being tracked on the platform.

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

3. 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 in its properties, SFL must address the expectations of its stakeholders and the fact that its buildings are deeply ingrained in the Parisian cityscape, home to 16 of its 17 assets.

In 2023, this operating environment where SFL designs its projects was shaped by a number of key factors:
- **The new bioclimatic local urban planning regulation (PLU)**, approved by the Paris city authorities in June 2023 and scheduled to come into force in early 2025, which strongly emphasises the need for building projects to retain existing structures and to integrate natural elements, energy efficiency and mixed use capabilities. These new standards will be addressed in every new project planned and undertaken after 2023.
- **The polarisation of the office property market in the greater Paris Region,** which is driving a shift in usage patterns and higher demand for desirable workspaces, with a clear focus on the central districts of Paris.
- **The emergence of new forms of urban mobility** and the growing office user preference for bicycles, electric vehicles and other less carbon-intensive modes of transport.

Effectively managing the urban footprint of office buildings implies a commitment to transforming them responsibly, preparing them for the future while preserving their history and heritage value and ensuring that they are harmoniously integrated into the cityscape. It also means addressing how they enhance the city environment, with landscaped green spaces and biodiversity safeguards. Lastly, it means ensuring, above all, that they are seamlessly accessible to public transit, low-carbon mobility and other types of transport.

Close to 50% of the surface area of 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. Every year, SFL applies for and obtains around a dozen building and other permits. Through 200 different sized projects, SFL renovated 20,000 sq.m. and redeveloped around 40,000 sq.m. in 2023.

Our 2020-2030 commitments

All redeveloped buildings subject to historical heritage impact assessments	Net-zero land take	100% of office assets located less than a ten-minute walk from a metro station

3.1. Architecture and design

SFL is pursuing its commitment to maintaining the quality of its portfolio in line with tenant expectations and, looking farther out, to building the sustainable city of the future, by reinventing its assets and developing new projects.

Each building development or revitalisation represents an opportunity to create positive externalities for the surrounding neighbourhood.

The heritage and urban transformation guidelines in Paris' new bioclimatic local urban planning regulation emphasise the need (i) to capitalise on existing structures, underscoring the urban and architectural qualities of current buildings, and (ii) to conduct sustainable, energy efficient transformations by improving quality of use and helping to preserve biodiversity. For SFL, architecture is the art of blending light and proportion, efficiency and anticipation, aesthetics and occupation density, desirability and environmental performance.

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.

Preserving as much of the existing structure as possible

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, consistent with the commitment to safeguarding the transformed building's surroundings by avoiding demolition and new construction and also by maximising project sufficiency.

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, delivered in 2022 and leased to tenants since mid-2023, 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.

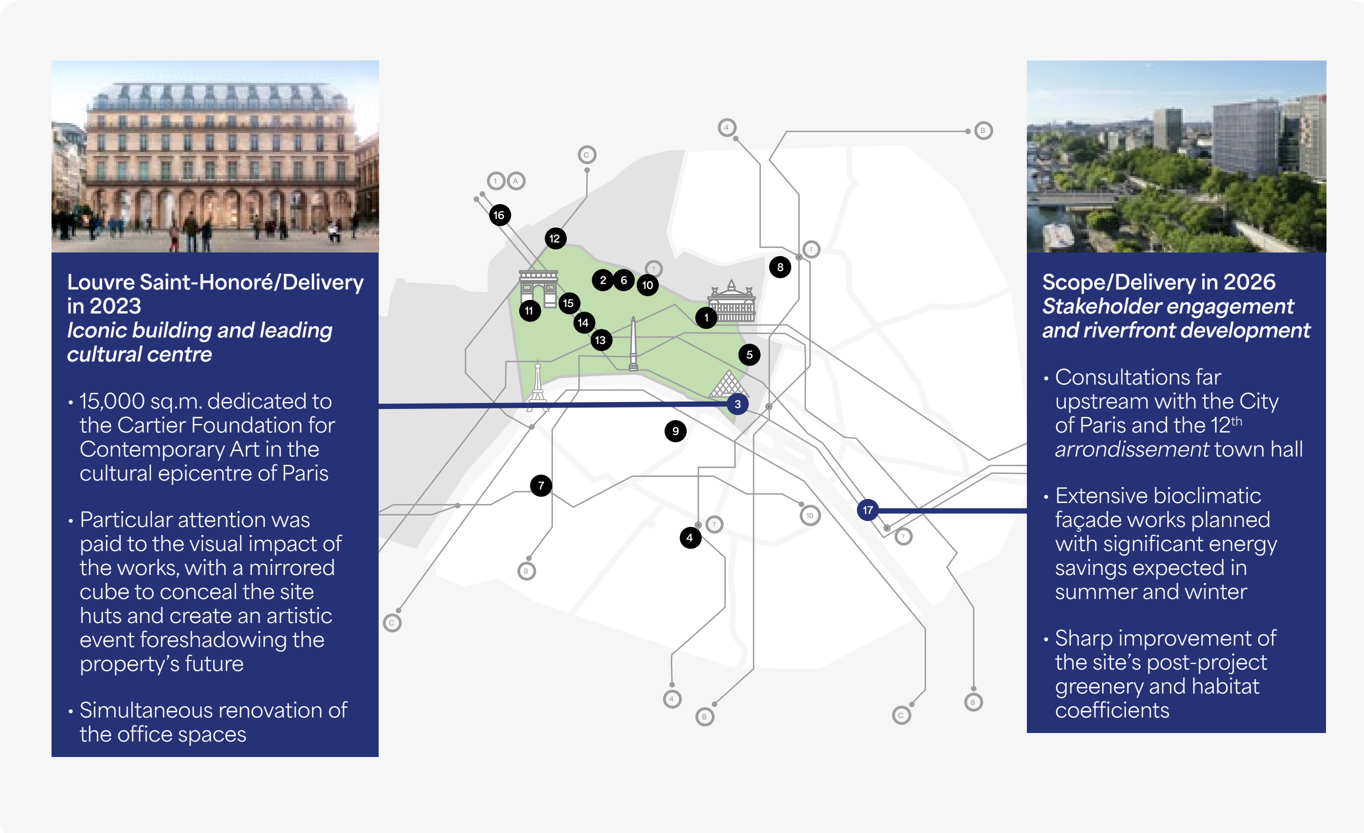
Mixed use and spacial density

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 and fluid coexistence of various uses.

SFL is also committed to aligning its project development and execution strategy with the spirit of urban renewal, by making a concerted, enlightened effort to increase space-time density. 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 "soft" 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; and (iii) introducing accessible terraces on the upper floors.

By engaging with local authorities and municipal stakeholders, SFL gets local residents and public stakeholders 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.

Two redevelopment projects emblematic of SFL's urban planning expertise



3.1.1. Heritage and architectural quality

Given its unique history with Paris, spanning close to 145 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.

Revealing a building's heritage value to get a better understanding of the asset

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.

Working with the leading names in architecture and design

SFL is also sensitive to the urban planning and architectural issues arising from Paris' status as a world-class city, which is why it is collaborating with the biggest names in architecture and design, including Ateliers Jean Nouvel, Dominique Perrault, Franklin Azzi, LAN, Patrick Jouin and Sanjit Manku, 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.

The quality of these collaborations is illustrated by the two leading SFL works projects currently under way:

- The reinvention of the **Louvre Saint-Honoré** building, an iconic Paris property which has successively been home to the Grand Hôtel du Louvre, built for the Paris Exposition Universelle in 1855, then the Grands Magasins du Louvre department store, 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, opening a new company restaurant and revamping the other common areas.
- This environmental sensitivity is being taken to the next level by the **Scope** redevelopment project, which is being reinvented by the LAN agency for delivery in 2026. 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 the relevant *arrondissement* authorities, SFL chose to open an additional gateway to the neighbourhood by creating a new public access building in the gardens, offering amenities for both office tenants and Paris residents.

3.1.2. An engaged citizen of the city

Project governance involving every stakeholder

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 supporting social inclusion, in particular through agreements with building contractors. 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 Scope 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 businesses (notably retailers) were engaged far upstream, 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.
  For the Scope project, which is scheduled for delivery in 2026, three such meetings have been organised, including two in 2023. Three meetings were also held in the Louvre Saint-Honoré neighbourhood, the last of which in 2023.
- **Attenuating works impacts**: on the Louvre Saint-Honoré site, in an iconic Paris neighbourhood adjacent to such renowned institutions as the Louvre Museum, the Palais Royal gardens and the Comédie Française, SFL took particular care to reduce 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. After being clad in austere, *trompe-l'œil* panelling in the first months of construction, the huts were covered by a bold mirrored cube, designed by Ateliers Jean Nouvel, to create an artistic event foreshadowing the future Foundation. The Paris-Centre authorities are a key partner in this commitment to dampen works impacts.

3.2. Nature and landscaping

Biodiversity has been suffering unprecedented erosion in recent decades, to the extent that scientists think we are heading toward a sixth mass extinction of species on our planet. The last one led to the extinction of the dinosaurs 65 million years ago, and lasted several hundred thousand years. The current crisis is unfolding much more quickly and is almost entirely caused by human activity, which is rapidly degrading or destroying natural environments.

For example, more than 35% of the world's coastal and continental wetlands have disappeared since 1970, and at the current rate of deforestation, tropical forests could disappear entirely within 50 to 70 years[1].

Recently, the IPBES[2] global assessment of biodiversity and ecosystem services identified five main types of anthropogenic pressure as the leading causes of biodiversity degradation:

- the destruction and urbanisation of natural environments;
- the overexploitation of natural resources and illegal trafficking;
- global climate change;
- ocean, freshwater, soil and air pollution;
- the introduction of invasive alien species.

The 17 SFL properties are located in Paris or the inner suburbs, in a dense, built-up and often restrictive environment and on plots that have often already undergone several phases of urbanisation and development. At first glance, their nature-related issues may seem minor, far removed from the world's biodiversity hotspots and the iconic species that live there.

(1) Source: https://biodiversite.gouv.fr/les-5-pressions-responsables-de-leffondrement-de-la-biodiversite
(2) The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

However, urban environments are often teeming with a rich variety of life. Paris, for example, is home to almost 2,800 wild species, which are sometimes highly adaptable. They include both animals, such as dragonflies, ladybirds, crayfish, eels, pikes, frogs, newts, peregrine falcons, tawny owls, foxes, weasels, red squirrels, hedgehogs and 11 types of bats, and plants, including orchids, ferns and mosses, as well as cultivated plants and trees[1]. In the same way, natural spaces in towns and cities can provide vitally important services in diminishing heat islands, preventing extreme rainfall or, more prosaically, offering residents places of recreation and leisure.

Strong stakeholder expectations for more greenery

The presence of green spaces and natural environments ranks among the leading desires of SFL office users. It also responds to the pressing demands of Paris municipal authorities, which have made landscaping and vegetation a major vector in preparing the city for the effects of climate change.

For example, the new bioclimatic local urban planing regulation (PLU), due to come into force in early 2025, calls for:

- increasing the amount of open ground and the number of breathing and cooling spaces;
- encouraging landscaping, greenery and the presence of plants, animals and open spaces, preserving nature in the heart of the city and protecting trees.

0 sq.m. of land taken over the past 10 years	**BiodiverCity** labels for Biome, Cézanne Saint-Honoré and the Scope project

Performing granular audits of each building to gain knowledge of its living environment and identify pathways to improvement

To get a better grasp of its impacts on the living environment and its possible pathways to improvement, as well as to meet the expectations of tenants and public authorities, SFL commissioned a specialist firm to audit living environments in its buildings and identify potential areas for action. These biodiversity audits were performed in the second half of 2023 on all the properties in use (15 of the 17 assets in the portfolio).

They measured 31 indicators covering six priority assessment areas:

- the ability to support biodiversity;
- climate resilience;
- water management;
- ties to nature;
- management of green spaces;
- short cycle plants.

The audits identified possible initiatives in each area for each building, differentiating between the ones that would deliver major benefits and others that would require extensive time and resources to implement.

To highlight each building's potential for improving the quality of its biodiversity, the auditors measured two indicators in particular:

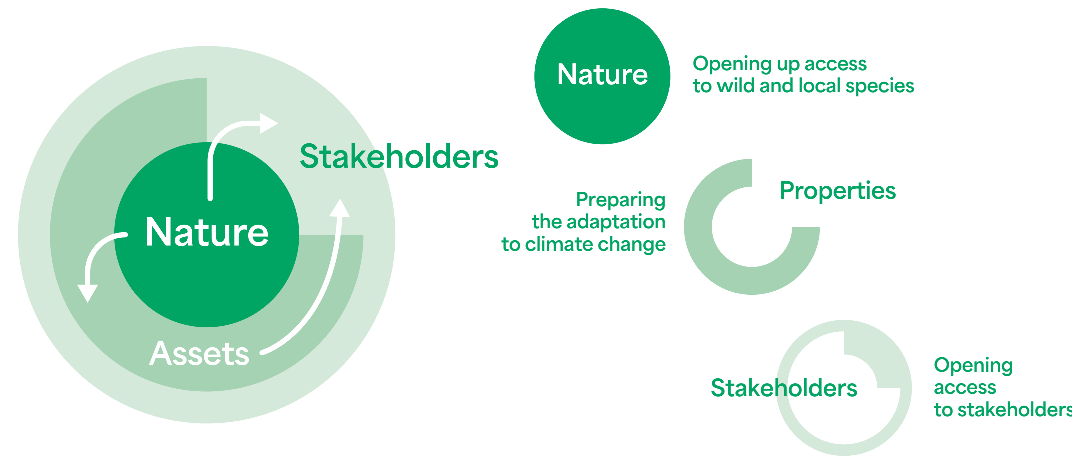
- The **biotope area factor** (BAF), mandated by France's ALUR housing and urban development act, is used to calculate the percentage of a lot's surface area that is biodiversity effective. In the sustainable urban planning process, the BAF is often used in conjunction with the floor area ratio to maintain both ecosystem services and a certain proportion of unsealed, undeveloped land.
- SFL's proprietary **lot quality** metric, which tracks the continuity of brown/green corridors, the presence of sanctuary space and the building's resilience in the face of climate change.

Transitioning to a new nature and landscaping strategy

Through its tracked metrics and pathways to improvement for each building, the nature and landscaping strategy points to **three objectives for SFL** in restoring biodiversity in urban areas and reversing the pressures on the living environment:

- open and widen access to wild and local species;
- prepare property assets for the challenges of adapting to climate change;
- give SFL stakeholders, office users and sometimes local residents opportunities to reconnect with nature in healthy, quiet, contemplative spaces.

(1) Source: https://www.paris.fr/pages/biodiversite-66



3.2.1. Opening up access to wild and local species

Combating biodiversity erosion in our real estate assets involves limiting land take and identifying, protecting and nurturing their existing plant, animal and insect species.

Net-zero land take

Every year in France, 20,000 to 30,000 hectares of land are taken and sealed 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. SFL supports this plan and has embraced the same target. Its primary response has been to increase occupation density in its assets, which reduces land take by concentrating new uses and amenities in previously built-up spaces.

No additional soil space has been sealed during the redevelopment projects delivered over the past 10 years. On the contrary, land has been unsealed and open-ground spaces conserved at Biome (creation of 2,500 sq.m. of green spaces) and Cézanne Saint-Honoré (planting of 100 sq.m. of roof space on the even-numbered building).

Inventorying, safeguarding and nurturing local on-site species

SFL is also committed to safeguarding and nurturing local species on its sites.

First, existing vegetation layers have to be densified and diversified with local species. Redevelopments are especially conducive to these solutions, which have been or will be implemented on the three latest projects:

- Biome's weighted landscaped area had been almost doubled to more than 2,500 sq.m. by the time it was delivered in 2022, with more than 35 trees and 25 shrubs. In addition, the project earned the BiodiverCity Excellent label.
- Also in 2022, the Cézanne Saint-Honoré renovation project enabled a rooftop utilities deck to be replaced with an accessible landscaped terrace that was also awarded the BiodiverCity label.
- On the Scope project, located on the banks of the Seine and due for completion in 2026, the selected landscape options are creating new contiguous green spaces and a generous tree layer that are expected to increase the site's greenery coefficient to 42% from 14% and the biotope area factor to 30% from 11%. The rooftops will be landscaped and a newly created garden set back from the avenue.

Another important measure is to remodel façades in ways that limit bird collisions. On-site audits have identified the most accident-prone façades.

Lastly, we must pursue our pesticide-free policies, eliminating the use of plant protection products, and ringfence certain non-publicly accessible green spaces as sanctuaries.

3.2.2. Preparing the adaptation to climate change

SFL's nature and landscaping strategy is also designed to prepare and plan, to the extent possible, for the adaptation to climate change.

Rainwater management and low-maintenance vegetation

The recent droughts in the Seine drainage basin, particularly in the summer of 2023, have shown that water availability can be impacted by the effects of climate change.

On-site water management is therefore a key concern, involving various courses of action to manage rainwater, respond to droughts or heavy rainfall and lower water use in outside spaces:

- increasing runoff and retained rainwater directly on-site using various infiltration systems that can be installed during redevelopment projects;
- harvesting rainwater for watering green spaces, with facilities installed on every site redeveloped in recent years;
- installing water-saving drip irrigation or sprinkler systems.

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

Mitigating the heat island effect

Because SFL's assets are located in dense, highly built-up urban environments, they need to be protected from the impact of heat islands created by the higher air and surface temperatures in city centres compared to rural areas, particularly at night.

Each site's urban overheating ratio was determined based on the types of surface found on the plot.

Three main initiatives have been undertaken:
- increasing the number of green rooftops and/or façades, such as the new landscaped rooftops created during the Cézanne Saint-Honoré redevelopment;
- increasing the percentage of open ground areas wherever the Parisian subsoil makes it possible;
- preferring deciduous trees, which provide more shade in summer, and species that are more resilient to increasingly higher temperatures.

3.2.3. Opening access to stakeholders

Lastly, SFL's nature and landscaping strategy would not be complete without the involvement of its stakeholders, especially its users.

We believe that landscaping and greenery help to enhance user well-being by offering access both to quiet, healthy, planted, contemplative outdoor spaces and to the views that can be enjoyed from their desks.

At Biome, which was delivered in 2022, rooftops were landscaped and the garden was deliberately set back from the avenue to offer occupants a cool, quiet green space.

Raising awareness of biodiversity issues

These spaces can also be used directly to increase occupant sensitivity to biodiversity preservation issues.

At Biome, part of the accessible rooftop has been converted to use as an urban vegetable garden, where planting, harvesting and awareness-raising workshops and events are organised for users by the Le Potager association.

3.3. Mobility

The way people get around Paris is constantly changing and is likely to continue to evolve very quickly in view of recent trends and the structural projects undertaken in the last few years.

Beginning in the 1990s, the **decline in car use** in the city spurred a similar decrease in car ownership among consumers, who are increasingly giving up their cars. This trend is particularly visible in Paris, where the number of cars on the road has shrunk by 90,000 units in the past ten years and inner city traffic has declined by 14%[1] over the last five years.

Conversely, we are seeing the emergence of **new forms of mobility**, particularly cycling, which is becoming highly popular in Paris. Biking is increasingly visible in the city, with a prominent presence in public spaces and the development of dedicated facilities and infrastructure. The annual use of bike lanes and facilities has risen 71% since 2019[2].

The very fast **development of public transit options** is also going to continue apace, with a large number of metro and tramway projects under way in Greater Paris. Nearly 70 new metro stations and 200 kilometres of new lines are expected to be delivered over the next few years as part of a massive public works commitment.

14%	71%	200 kilometres
decline in car traffic in Paris since 2019	increase in the use of Parisian bike lanes and facilities since 2019	of additional metro lines in the Grand Paris public works project

Location, a major factor in considering a job offer

These developments compellingly demonstrate the importance of daily commutes and workspace location.

Employees feel that the primary criterion for their well-being is the location of their office 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.

(1) In vehicle-kilometres per hour between 7:00 am and 9:00 pm, per kilometre of roadway tracked by instruments. Source: https: //www.paris.fr/pages/le-bilan-des-deplacements-a-paris-en-2022-24072
(2) Average number of bicycles per working day and site, source: https: //www.paris.fr/pages/le-bilan-des-deplacements-a-paris-en-2022-24072

A portfolio concentrated in the most popular neighbourhoods

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, Haussmann Saint-Augustin and Scope, 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 2022 of the Pasteur building, sitting literally on top of the Montparnasse train station.

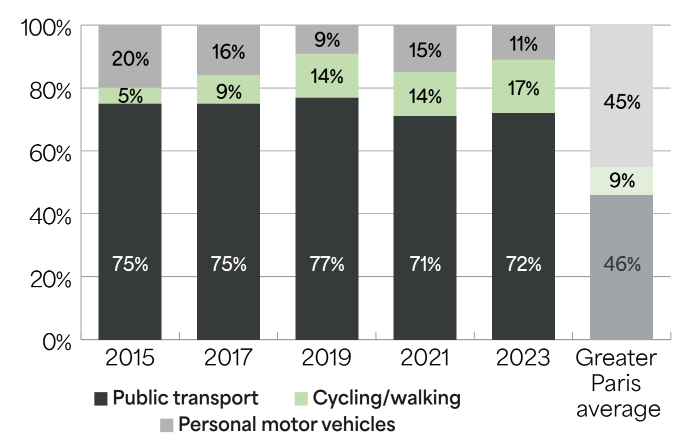
3.3.1. Offices that are exceptionally well served by public transport

All of SFL's assets are easily accessible by public and alternative transport, and in particular all are located less than a six-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 2023, for example, the latest satisfaction survey showed that 72% of them commute by metro, tram, train or RER, and 11% drive in by car, motorcycle or scooter, or take a taxi. Lastly, 17% of users cycle or walk to work, a percentage that has risen sharply since 2015.

For our tenants, choosing an SFL building helps to decarbonise their business activities.

How SFL office users commute to and from work[1]

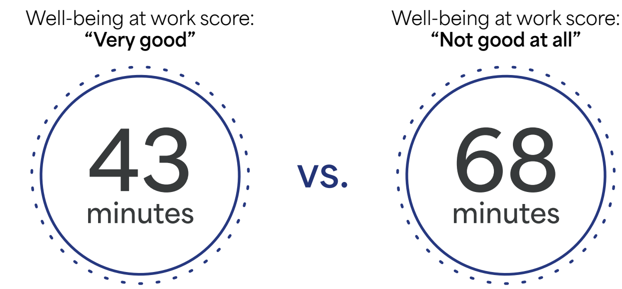


Shorter commutes, a source of well-being at work

The satisfaction survey shows that, thanks to our strategic focus on asset location, our tenants and users have an average commute of 20 to 39 minutes, which is shorter than the average in the greater Paris region as a whole.

Above all, according to the latest Paris Workplace survey, average commuting time strongly correlates with a sense of well-being at work[2]. An average commute of 43 minutes is linked to a strong sense of well-being, whereas an average of 68 minutes may lead to a low sense of well-being.

Average commute



3.3.2. 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 urban 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.

More bicycle racks

One of the main demands is for easier-to-use bicycle racks.

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.

At Washington Plaza, a works programme has been undertaken to design a service area dedicated to low-carbon 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, including in the Louvre Saint-Honoré building in 2024, as part of the current redevelopment works, and in the Édouard VII complex.

(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) Source: https://www.parisworkplace.fr/static/uploads/PWP Mag 2023.pdf

Including the projects planned for 2024, 12 assets will be equipped, providing more than 1,500 racks.

Facilitating the electric vehicle transition

Other initiatives under way are helping to facilitate the use of electric mobility modes. Every new redevelopment project supports these modes with new recharging infrastructure, a strategy that is also being gradually extended to assets in use.

Eleven assets have already installed electric vehicle charging infrastructure, representing nearly 120 stations, and plans are under way to equip other buildings in the future.

4. User satisfaction

Tenant relationships are always top-of-mind at SFL, and a central focus of its organisation. Its 17 properties serve 260 tenants and can accommodate up to an aggregate 30,000 people at any one time. Knowing and understanding current and future needs is essential, and is a major advantage as the Group manages its buildings in-use and designs new redevelopments and renovations. 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.

Understanding the social role of workspaces

The successive lockdowns in 2020 and 2021, the growing popularity of working from home, the polarisation of the Greater Paris office market and the recent hiring difficulties in certain industries are some of the factors that have spurred and are still spurring debate about the role of workspaces. Given the importance of these discussions, in 2014, we launched the Paris WorkPlace survey to gauge employee perceptions of their offices.

10 years	21,500	99	880,000
of Paris Workplace surveys	employees surveyed	experts interviewed	responses collected and analysed

These surveys reveal important information that is helping to shape how the Group looks at employee expectations. In the case of working practices, 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 real desire to get together with colleagues in spaces that are increasingly appropriate and responsible.

The top 10 findings of the Paris Workplace survey

1 Social relationships A clear link between well-being at work and the number of daily social interactions	**2 Working from home** Employees hope to find a balance between office and home working	**3 Mobility** Commuting times have a massive impact on business performance	**4 Neighbourhood** A strong link between satisfaction with offices and where they are located	**5 Environment** Offices should be a showcase for a company's environmental commitments
6 Food services A strong cultural attachment to mealtimes, the preferred area of social interaction	**7 Centrality** Central Paris neighbourhoods are still gaining in popularity	**8 Green spaces** Greater Paris employees appreciate a natural environment in their offices	**9 Flexibility** Greater Paris employees prefer flexible offices, particularly in terms of opening hours	**10 The importance of the office** Twice as many employees consider the workplace to be an important factor when applying for a job

Moreover, the health crisis earlier in the decade prompted the emergence of a number of deep 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.

The office is no longer just a place to work, but also a core component in the employer brand

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.

The office has also become a core component in an employer's brand, a role that has become increasingly prominent with every new survey. 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.

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

4.1. Convenience and amenities

SFL takes special care with the amenities and layout of its assets. Evolving tenant expectations are accurately integrated into each renovation programme, thanks to the project scheduling process 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.

Resource-sufficient projects

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.

Blurring boundaries between common and tenant areas

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 endeavours to build and develop connections within its buildings by blurring the boundaries between tenant and common areas, which enables multi-tenant properties to offer the amenity spaces actively sought by our users.

4.1.1. Operating efficiency and maximum flexibility

Most SFL 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 future renovated floor plates in the Scope building, for example, direct sunlight will reach more than 95% of the surface area.

Technical features supporting a myriad of layout options

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. This percentage stands at 20% in Biome, for example, after the redevelopment was delivered in 2022 and the tenants moved in 2023.

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.

Tenants appreciate the myriad of layout options, which allow them to create their own space, with total freedom to be as conventional or original as they like. Thanks to the size and variety of their floor plates, SFL assets 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.

A buffer against the risk of obsolescence and a way to retain tenants over time

SFL buildings offer maximum flexibility and highly efficient operations, which provide an effective buffer against the risk of obsolescence.

The quality of the spaces and the investments committed to redevelop them mean that future tenants can reduce both post-move punch list works and the use of resources. For example, a luxury goods company was able to lease more than 9,300 sq.m. of office space in the #Cloud building as is, with no additional works required, and move in the day after the previous tenant vacated.

Superior quality spaces also help to retain tenants over time by encouraging them to renew their leases without any new works or to look for equivalent space in the same building or in another SFL asset. In 2023, 61% of total leased surface area was let to companies that were already SFL tenants.

4.1.2. Occupant well-being and new amenities

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.

An array of amenities aligned with user needs

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 club areas**, which are beautifully and functionally designed by interior architects to offer a variety of spaces for convivial interaction.
- **Personalised lobbies**, to give each building friendly, high-quality waiting areas.
- **Fitness, wellness and relaxation rooms**, comprising either multi-purpose health and fitness rooms or, when possible, fully equipped gyms 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 parking areas for bicycles and electric vehicle charging stations, in response to emerging expectations of both the City of Paris and our tenants.
- **Building news, events and facilitation**, delivered by community managers or digitally via a dedicated mobile phone app.

Prime amenities by business centre as of end-2023

Amenities	Biome	Cézanne Saint-Honoré	Cloud	Édouard VII	Louvre Saint-Honoré	Washington Plaza	103 Grenelle
Bike parking	√	√	√	√	Planned for 2024	√	√
Electric vehicle charging stations	√	√			√	√	√
Restaurant	√	√	√	√	√	√	√
Café Club space	√	√	Planned for 2024	√	√	√	
Fitness	√	Planned for 2024	√	√		√	√
Wellness area (hairdresser, beautician, osteopathy, etc.)				√		√	
Relaxation room						√	
Concierge services						√	√
Auditorium	√	√	√	√		√	√
Shared meeting rooms	√	√	√	√	√	√	√
Building mobile phone app		Planned for 2024		Planned for 2024	√	√	√
Community manager						√	√
Recording studio						Planned for 2024	
Urban agriculture	√						

4.2. Certifications and labels

Earning building certification and labels, in both the renovation and phases in use, has become indispensable in the property market.

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.

From among the multitude of available certifications and labels, SFL has selected BREEAM In-Use and HQE Exploitation for its assets in use. Both of these are internationally recognised and serve as effective sources of credibility for investors and tenants alike.

A critical prerequisite for top-tier tenants

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, and especially a low-carbon label, is now a critical prerequisite, which is almost systematically requested during the prospecting or lease negotiation phases.

A quantitative criterion built into the latest bank loans

Certification is also an effective, third-party-validated way for SFL to guarantee the quality of its buildings for stakeholders, investors, funders, public authorities and users.

The percentage of certified assets and their ratings were part of the ESG criteria built into the two latest bank loans. At 31 December 2023, all the bond debt was labelled green and 79% of confirmed banking lines were indexed to CSR performance objectives.

Similarly, public authorities may urge that redevelopment projects be certified. This was the case for Biome, delivered in 2022, where the City of Paris strongly encouraged SFL to use the project as a pilot for the development of BBCA low-carbon building certification.

These joint requests from stakeholders are motivating SFL to pursue its campaign to seek the highest possible levels of certification for its assets.

4.2.1. All properties in use certified

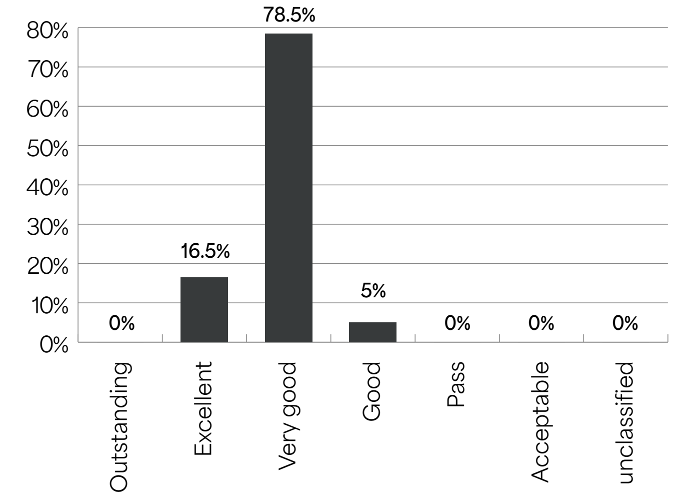
All the certifiable[1] properties in use in the portfolio, i.e., 14 assets representing more than 310,000 sq.m. of leasing area at year-end 2023, have been certified to BREEAM In-Use or HQE Exploitation standards.

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 2023, 95.7% of the portfolio's surface area had earned at least a Very Good rating, under either BREEAM In-Use or HQE Exploitation standards.

For BREEAM In-Use alone, 78.5% of the portfolio's surface area was certified Very Good and 16.5% Excellent.

BREEAM In-Use certifications by rating as a % of surface area



4.2.2. 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 and leased since mid-2023, 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.

(1) "Certifiable" buildings are buildings in use for at least one full year after delivery, including those whose renewal applications are being reviewed by the BRE. The category excludes major redevelopments and renovations and buildings where tenant works are in progress.

4.3. Tenant relations and satisfaction

With a portfolio that is highly consistent in terms of quality and location, it is essential that our teams have a keen understanding of the expectations of both our tenants and their employees (100 to 200 employees per tenant on average), so that we can best address their needs by designing just the right products and solutions.

A review of the typical profiles of assets, tenants and their employees using our offices proves that our products are closely aligned with tenant expectations.

	17 assets	260 tenants	Up to 30,000 users a day
Typical profile	Iconic, diverse architecture in the most iconic neighbourhoods of Paris	Head office showcase Diversified industries	Manager, average age 40, lives in Paris proper
Average surface area	24,000 sq.m. on average	Contiguous 1,000 to 3,000 sq.m. floor plates	An average 10 to 12 sq.m. of leasing area per person
Quality of the premises	Nearly 50% of premises redeveloped or renovated in the past 10 years	75% of floor space receives direct sunlight and 20% to 25% of average floor space is dedicated to meeting rooms	The office is a decisive factor in choosing to join a company
Services and well-being	Mixed-use neighbourhoods with all the modern amenities	Need to retain employees and support a return to the office	Average well-being score of 7.6/10 (vs. an average of 7.0/10 in Greater Paris)
Accessibility	A maximum six-minute walk from a metro station	Location is a decisive factor in choosing where to lease	An average 30-minute commute, 72% by public transport and 17% by walking or cycling
Satisfaction index	**Physical occupancy rate: 99.7% at 31 December 2023**	**Tenant turnover <10%/year**	**91% of users satisfied with their premises at end-2023**

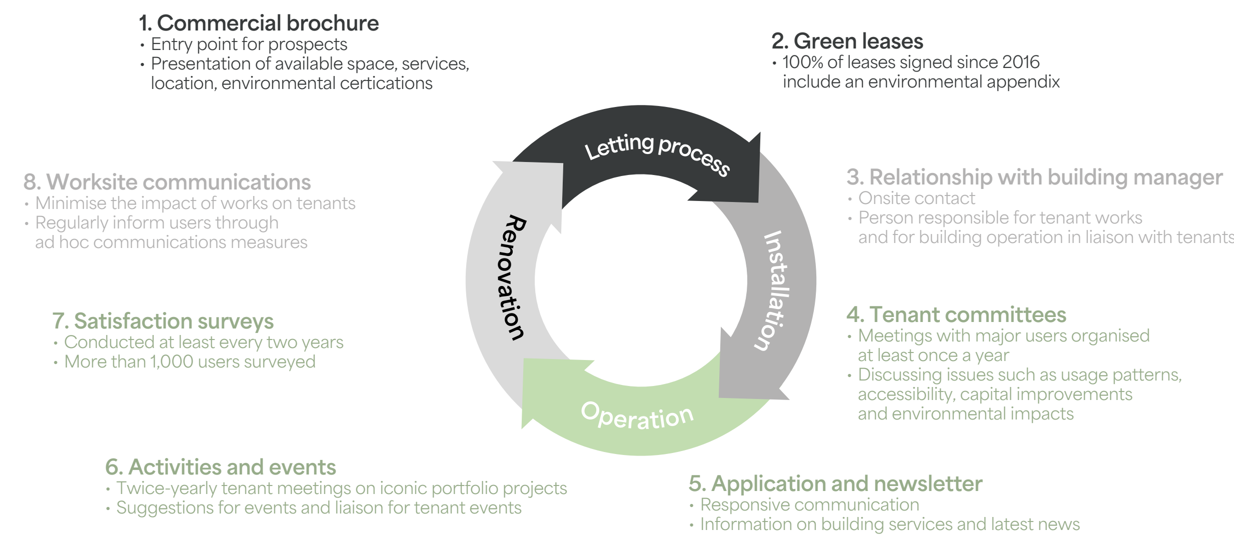
The alignment between tenant expectations and SFL-designed products, along with the constant attention paid to our assets every day, also enables us to forge special relationships and undertake shared, powerful commitments together.

4.3.1. Constant dialogue and shared commitments with our 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.

Relationships fostered at every step in the tenant journey

Using the full range of solutions in place, both the Leasing and the Asset Management teams foster close relationships with our tenants at every step in their journey, from first contact and the start of lease negotiations to their move-in works, and then throughout their lease and during renovation projects.



Shared commitments

Examples of commitments shared with tenants can be seen in the initiatives pursued throughout 2023.

- **Special lease arrangements for companies with a strong social, cultural or environmental impact**
  - **Inclusion:** Café Joyeux has leased 220 sq.m. of retail space in the Cézanne Saint-Honoré building, offering permanent contract jobs to more than a dozen disabled employees. It plans to hold one or two conferences a year to raise tenant awareness of hiring and retaining the disabled.
  - **Low-carbon mobility:** space has been leased to bicycle repair services, including, in 2023, 1,200 sq.m. in the 176 Charles-de-Gaulle building in Neuilly-sur-Seine.
  - **Culture:** SFL is home to three leading cultural institutions, the Olympia concert hall (6,000 sq.m.), the Édouard VII theatre (2,050 sq.m.) and the Cartier Foundation for Contemporary Art, which is currently under construction and will open in 2025 on a site covering more than 20,000 sq.m.
- **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. In 2023, discussion meetings to address the issue were organised with 43 tenants, representing almost 140,000 sq.m. of floor space.
- **Events concerning environmental or social issues**
  - Urban agriculture workshops and events in the Biome rooftop vegetable garden.
  - A circular economy awareness-raising event in the Washington Plaza building, attended by around thirty occupants.

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

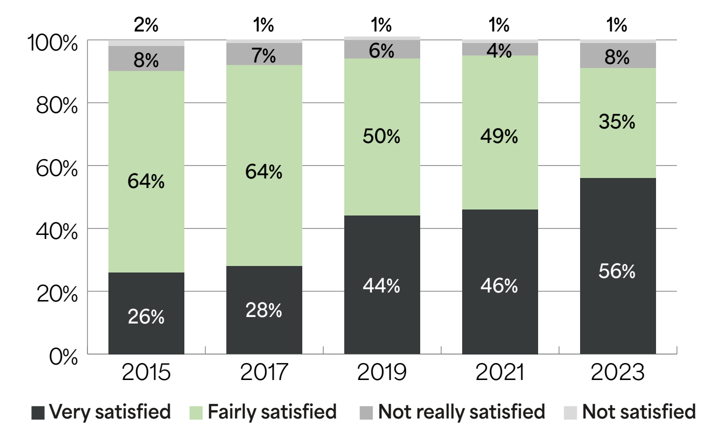
Every two years, SFL carries out a survey of all its tenant employees to measure their satisfaction and expectations in terms of work styles, amenities and environmental performance.

In all, 1,340 people responded to the latest satisfaction survey conducted at end-2023.

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 7.6/10 (compared to 7.0/10 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 91% of survey respondents said that they were satisfied with their offices, while the percentage of highly satisfied users rose to 56% from 26% in 2015, amply exceeding the target of 85%.

Tenant satisfaction



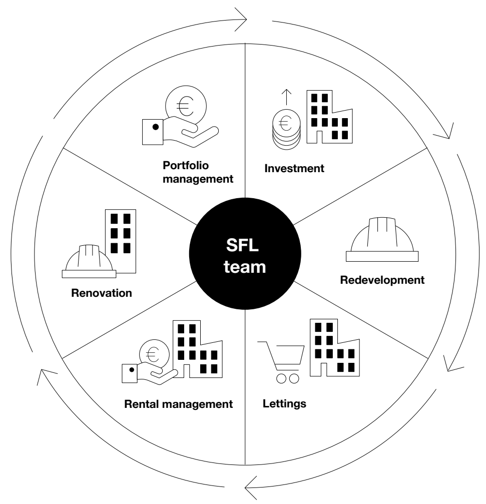
5. Employee and partner engagement

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

	Investment	Redevelopment	Lettings	Rental management	Renovation	Portfolio management
SFL teams	• Strategy, investments and transactions team • Finance Department	• Technical and development team	• Lettings and asset management teams	• Rental management and technical teams	• Technical and development team	• Strategy, investments and transactions team • Finance Department
Leading stakeholders	• Shareholders • Financial community	• Local residents • Elected officials • Prime contractors • Construction contractors	• Tenants • Brokers	• Tenants • Building managers and multi-technical service providers	• Prime contractors • Construction contractors	• Shareholders • Financial community

Our 2020-2030 commitments

>2.5% of payroll spent on training

Quality of worklife survey conducted every year

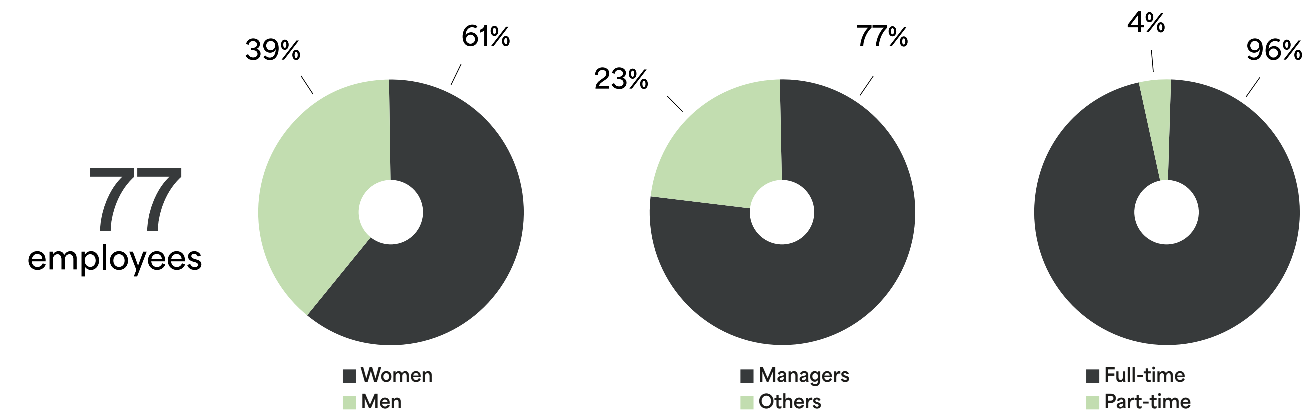
100% of employees, contractors and suppliers covered by an Ethics Code of Conduct

5.1. 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.

The SFL Group had 77 employees at 31 December 2023. Women make up the majority of the workforce, at 61% of the total, and 77% of employees are classified as managers.

Analysis of employees at 31 December 2023

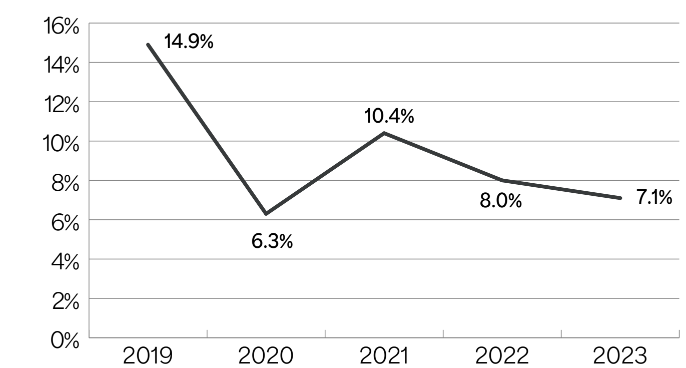


With this in mind, the Group's ongoing objective is to dedicate more than 2.5% of total payroll to training each year and to offer competitive, incentive-based compensation packages that uphold gender equality principles and commitments.

In addition to company agreements, the 77 employees working at the head office at 42 rue Washington, Paris are covered by the National Collective Agreement for the Property Industry.

The number of non-employee workers in the SFL workforce, as defined in the CSRD reporting standards, is not very material in relation to the number of employees under contract, and did not change significantly during the reporting period.

Employee turnover, in %



5.1.1. Attracting and retaining talent

Fourteen new employees joined the SFL corporate community in 2023, including two work-study interns and eight employees under fixed-term contracts to support the deployment of a new IT application and the overhaul of the company's information system. Thirteen people left during the year, including six whose fixed-term contracts ended and two who retired. Given these movements, the SFL workforce remained stable, much like average seniority, which stood at 9.5 years at 31 December 2023 versus 9.6 years a year earlier.

Based on the average number of employees under permanent contracts at 1 January 2023 and the number of employees under permanent contracts who were hired or who left during the period, the turnover rate was 7.1%, versus 8.0% in 2022[1].

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.

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.

(1) Turnover calculation formula: (number of separations during the period + number of new hires during the period)/2/number of employees on payroll at 1 January).

This remuneration policy is 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, indirect remuneration, other remuneration and benefits).

Remuneration components

Direct remuneration	Fixed remuneration	Base salary
		Bonuses and other remuneration (seniority pay, year-end thirteenth salary, etc.)
	Bonus	
Indirect remuneration	Discretionary profit-sharing	
	Non-discretionary profit-sharing	
	Matching employer payments into the Group Pension Savings Plan (PERECO)	
Other remuneration	Supplementary disability/health insurance	
	Transport	
	Food services	
	Other (human services vouchers, sustainable mobility package)	

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).

As part of its CSR policy and following on from its sustainability commitments, in 2023, SFL also introduced a sustainable mobility package to encourage employees to use environmentally-friendly modes of transport. Worth €350 per year per employee, it covers all forms of legally-eligible transport solutions and is offered to every employee, regardless of length of service.

In 2023, SFL demonstrated its commitment to addressing the environmental issues inherent in its business by deploying a variety of measures to upgrade its direct and indirect remuneration system:

- A change in the nature of personal objectives that determine an employee's bonus (identification of ESG objectives during annual performance reviews).
- 15% of the discretionary profit-sharing bonus is now determined based on an environmental criterion, supported by a greenhouse gas emissions reduction target, in addition to the financial criterion.
- In the latest performance share plan, the number of vesting shares is determined in part by a new environmental performance target concerning decarbonisation.

With reference to disclosure requirement S1-10 in the ESRS S1 standard, note that all SFL employees receive an adequate wage in accordance with applicable indices, particularly the sector minimum wage specified in amendment 100 of 4 October 2023 to the National Collective Agreement for the Property Industry.

5.1.2. 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 2023, for example, training sessions primarily focused on asset management, financial management, law, business management, office technology and improving language skills in English and Spanish.

In addition to these recurring subjects, in 2023, SFL, as a learning organisation, rolled out an employee-led training programme called "Everyone's a Trainer", which offers courses in:

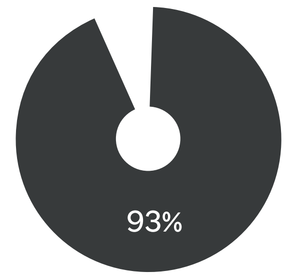
- digital strategy;
- the fundamentals of financial modelling;
- commercial leases;
- Excel;
- climate, energy, the EU taxonomy and the CSRD. The Chief Sustainable Development Officer was also certified to facilitate the Sustainable Real Estate Collage workshop.

Lastly, SFL set up and co-led dedicated training sessions to support:

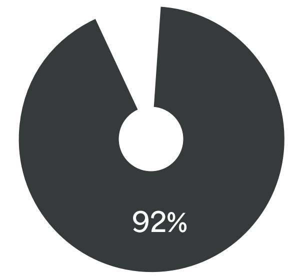
- the roll-out of its new Ethics Code of Conduct and whistleblowing procedure;
- take-up of its diversity and inclusion policy.

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.

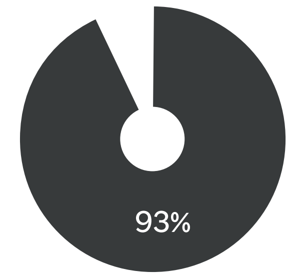
In 2023, total training expenditure rose by 39% to represent 3.4% of total payroll, while more than 2,712 hours of training were offered to 72 employees, representing an average of 38 hours per trainee. In addition, 1,439 hours of training was provided in the use of the new information system.



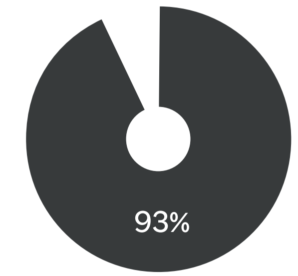
of employees received training



of employees received training on ESG issues



of women received training



of men received training

5.1.3. 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 2023, 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	2023 outcomes
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 2023, 54% of SFL managers were women. • 8 of the 14 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 2023, women who participated in at least one training session or event during the year accounted for 62.5% of trainees and spent an average 40 hours in training (34 hours for men). • Out of the average number of employees in 2023, 93% of men and 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 2023, the opening of negotiations on the gender pay gap was duly minuted. • At their conclusion, the parties noted that there was no form of discrimination and reaffirmed the need to apply the principle of equal pay when individual salary increases are awarded.

Released in February 2023, the gender equality index for the 2022 calendar year showed an overall score of 91/100 points, a 25-point improvement over the two years.

Other workplace equality indicators

• Seniors and young people

SFL also attaches particular importance to combating age-based discrimination. The average age of employees is 43. As of 31 December 2023, employees aged 50 or older represented 39% of the workforce and people under 30 represented 9%.

• People with disabilities

As part of its policy of supporting employment opportunities for people with disabilities, in 2023 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 2023, 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.

5.2. 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.

5.2.1. Health and safety

To protect their health, all SFL employees are covered by a company-funded supplementary insurance scheme offering health, disability and death benefits.

Similarly, all employees are eligible for SFL's safety training programme, either on a voluntary basis (workplace first responder and fire prevention training) or as part of their job responsibilities (electrical contracting accreditation).

There were no workplace accidents, occupational illnesses or fatalities in 2023.

The Group's employee health and safety policies were actively pursued during the year, 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 2023. Five commuting accidents were reported, but none resulted in lost time.

5.2.2. 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 2023.

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 was pursued in 2023 with the creation of three 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 their discussions, action levers were identified in six areas: vision, cohesion, work organisation, consultation, empowerment and training.

Some of these levers were rolled out in 2023, particularly for training (the "Everyone's a Trainer" programme) and vision (quarterly meetings for all employees to present SFL's main projects and business issues). The other action levers are scheduled for deployment in 2024 together with the steering committee.

A new SFL head office

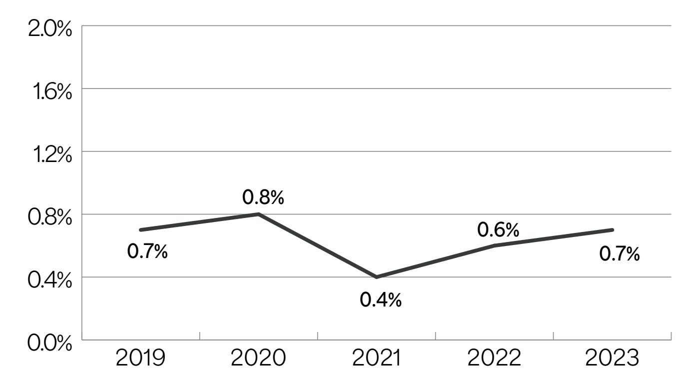
SFL employees were offered new workspaces in 2023 after a technical and functional analysis revealed the need to upgrade and align existing spaces with new usage patterns and working methods.

• **Active employee participation:** the project committee made up of SFL employees provided particularly invaluable input on the design and use of these new spaces, helping to create a highly functional office floor plate, aligned with user needs and featuring a large cafeteria as a hub for staff socialising.

• **Assessing carbon impact and repurposing materials:** a life cycle and carbon impact assessment of the new head office helped to identify the main sources of greenhouse gas emissions. Particular attention was paid to repurposing materials and furniture from the former head office, with more than 24 tonnes of furniture recovered and repurposed thanks to more than 240 inclusion hours.

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 2023, the rate stood at 0.7%, versus 0.6% in 2022.

Short-term absenteeism rate, in %



In accordance with the commitments undertaken during the 2022 statutory pay round, a work-from-home agreement was introduced in February 2023 to replace the former charter, so as to facilitate and optimise work-from-home options. As such, the new agreement reduced each request's prior notice period to at least three days and increased the maximum number of days that can be worked from home to six per month.

The implementation of 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.

All employees are eligible for family leave as stipulated in the collective agreement or internal agreements in force at SFL. Family leave includes:
- maternity or paternity leave;
- parental leave;
- carer's leave.

With regard to the last category, in July 2021, company management and the union delegation signed an agreement to offer carer's leave and the possibility of donating days off to enable employees to take paid leave to care for a disabled or dependent loved one.

5.3. Ethics in the value chain

As the leading world-class property company invested exclusively in the Paris prime segment, SFL stands out from the rest of the real estate sector. We see SFL as a showcase for our tenants and their values, and so we feel that we have an over-riding responsibility to manage our business ethically. SFL is striving to instil a genuine culture of integrity and compliance throughout the organisation by getting all its teams and partners involved in its practices.

This ethical culture is rooted in clearly defined principles, embraced by employees and partners across the value chain, and mechanisms to confidentially report any possible violations or infringements.

The culture also fosters collaboration and the use of mutually beneficial practices with industry partners in managing buildings or redevelopment projects.

5.3.1. Ethical principles

The principles governing this ethical culture are described in a number of Group procedures and consolidated in an Ethics Code of Conduct, which is addressed to all our employees and partners.

An updated Ethics Code of Conduct in 2023

The Ethics Code of Conduct, which was completely revamped in 2023, describes the values and principles that govern the conduct of the Company's business and the commitments that it expects its managers, employees and partners to uphold. It also aims to help users identify high-risk situations and respond to such situations individually and collectively.

In particular, it specifies the behaviours to be demonstrated or banned in SFL's day-to-day activities, as well as our core values of innovation, performance, respect and social responsibility.

The Code was presented in detail to employees during two sessions that gave everyone the opportunity to reflect individually on their own practices and to discuss them with a legal professional.

Every new hire receives a copy of the Ethics Code of Conduct and the applicable internal procedures upon arrival. The Code is also available to all employees on the corporate intranet and website[1].

A whistleblowing mechanism open to all

SFL also introduced a whistleblowing mechanism that employees, non-employee workers, suppliers, sub-contractors and other company co-contractors can use to notify SFL's two ethics officers of any illegal or inappropriate situation or any possible violation of the Ethics Code of Conduct. Action will then be taken to resolve the infringement and, if necessary, sanction the offender. Breaches of ethical principles and non-compliance with the Code must be reported in the same way as any violation of applicable laws and regulations.

Dedicated training for all employees

The roll-out of the Ethics Code of Conduct and the whistleblowing mechanism provided an opportunity to (re)sensitise employees to the issues of compliance and proper conduct. Two dedicated training sessions, led by a lawyer specialising in compliance issues, were organised in October 2023.

Upholding industry and international reference frameworks

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.

No ethical incidents in 2023

No cases of bribery came to light in 2023 and the Group was not subject to any corruption-related disciplinary measures. There were no whistleblower reports during the year and, more generally, SFL did not have to respond to any incidents involving ethical issues in 2023.

Lastly, SFL specifies that it refrains from making political donations and that no such donations were made in 2023.

5.3.2. 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.

In 2023, SFL purchased goods and services from more than 730 different vendors for its corporate activities, building operations and redevelopment projects, for a total of nearly €160 million.

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

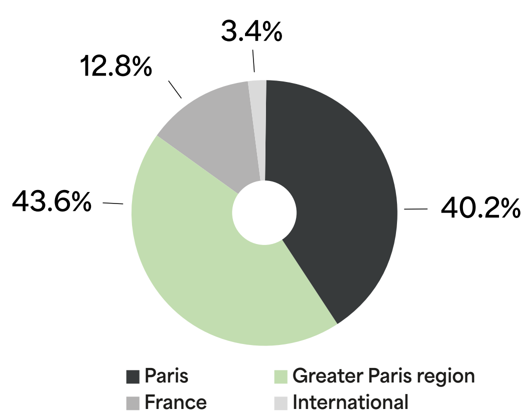
Strict rules apply to the selection and approval of contractors and suppliers. Standard service procurement contracts, for example, include a variety of environmental and labour clauses.

SFL also combats abusive subcontracting in its standard contractor and supplier contracts 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.

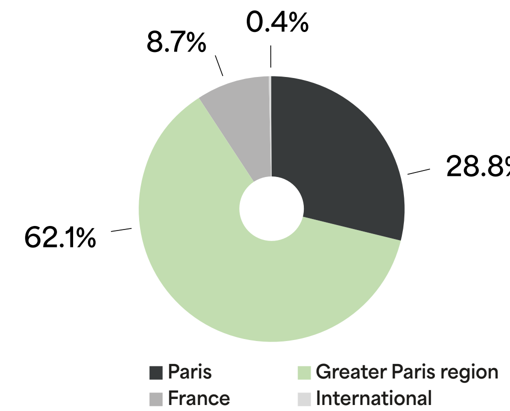
The vast majority of purchases are sourced from local suppliers

Special attention is also paid to a supplier's country of origin, In 2023, for example, 84% of suppliers accounting for 91% 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.

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. To avoid any risk of non-compliance and meet our obligations concerning supplier employee documentation, SFL has outsourced compliance reporting to a collaborative, web-based platform on which suppliers file the necessary documentation.

The dedicated platform lets suppliers submit, simply and free of charge, all their employee and tax-related documentation as well as any required certificates and statements concerning their technical capabilities and financial condition. It manages all the administrative documents, verifies that they are complete, and if necessary sends reminders to the suppliers concerned. This platform[1] enables SFL 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.

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

SFL also aims to include contractors and suppliers in processes and initiatives to drive continuous improvement in both the management of buildings in use and in redevelopment projects. It 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 the responsible procurement charter;
- 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.

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 or HQE certifications.

In particular, these recommendations can be incorporated into energy performance contracts like the one for #cloud.paris, whose multi-technical service contract has for several years included energy efficiency improvement targets in terms of both 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.

Similar contracts will be deployed in three of the Group's other assets (Édouard VII, 176 Charles de Gaulle and Cézanne Saint-Honoré), with the addition of carbon targets as well.

Example of SFL's community engagement during projects

For new projects, clauses to encourage local hiring are included in the contracts signed with site contractors. The Louvre Saint-Honoré project comprised almost 5,000 hours of work performed by people previously alienated from the workforce.

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.

(1) https://www.fonciere-lyonnaise.com/wp-content/uploads/2023/11/charte-ethique-sfl-en.pdf

(1) e-attestations.com

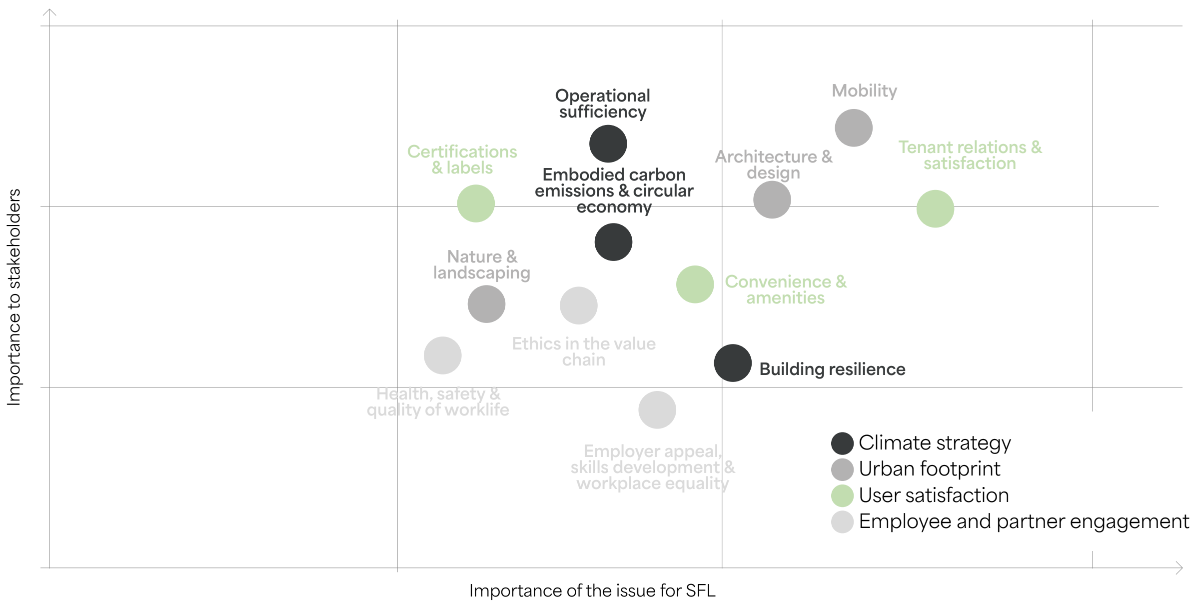
Contractors are also issued dedicated handbooks containing:
- information on staggered breaks;
- restrictions concerning the use of radios;
- practical information about site organisation (sanitary facilities, access, opening hours, etc.);
- instructions for personal protection equipment in compliance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

6. Additional information

6.1. Materiality of issues

SFL has analysed the materiality of its ESG 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).

Materiality matrix of CSR issues



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 ESG 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.

This exercise will be reviewed in 2024 to address double materiality issues ahead of the application of the CSRD directive in the 2025 reporting year.

6.2. 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 11 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(1).

In 2023, SFL once again received two EPRA Gold Awards for optimal compliance with disclosure best practices.

(1) https://www.epra.com/sustainability/sustainability-reporting/sbpr-awards

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 1.5°C 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.

SFL is a member of the Strategic Committee for the development of OID climate change adaptation tools.

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 delivered in 2022 in the 15th *arrondissement* of Paris and won the BBCA Low Carbon Building Award in 2023.

"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 9th 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 21st time in 2023, 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.

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 20 to 26 November 2023. The annual event aims to raise awareness among recruiters and facilitate access to jobs for people with disabilities.

6.3. Methodological note

6.3.1. 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 17 buildings totalling 409,945 sq.m. calculated using the same method as in the 2022 Universal Registration Document.

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 redevelopment.

Main 2023 environmental indicator scopes of reporting

At end-2023, there were separate scopes for reporting data on 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	Water	Waste	In-use certifications (HQE Exploitation or BREEAM In-Use)
Washington Plaza	●	●	●	●
Édouard VII	●	●	●	●
103 Grenelle	●	●	●	●
#cloud.paris	●	●	●	●
Biome	●	●	●	Certification in progress after redevelopment
Galerie des Champs-Élysées	●	●	●	●
90 Champs-Élysées	●	●	●	●
Louvre Saint-Honoré	●	●	●	Redevelopment in progress
Cézanne Saint-Honoré	●	●	●	●
83 Marceau	●	●	●	●
131 Wagram	●	●	●	●
92 Champs-Élysées	●	●	Waste directly collected by the City of Paris, with no data on amounts or disposal methods	●
176 Charles de Gaulle	●	●		●
106 Haussmann	●	●		●
Pasteur	Single-tenant buildings whose in-use energy, water and waste operations are not managed by SFL			●
Condorcet	Single-tenant buildings whose in-use energy, water and waste operations are not managed by SFL			●
Scope	Redevelopment in progress			

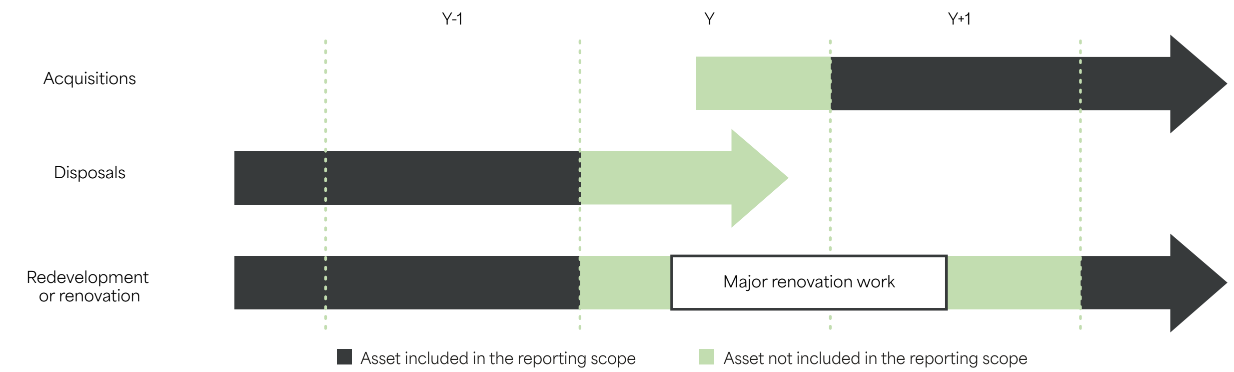
Reporting period

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: newly acquired properties are included in the scope after one 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 one full 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 6.4 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.

Standardised surface areas

The standard measure used to calculate building energy use, carbon and water use intensities is the usable surface area, expressed in square metres (sq.m.), as reported in the Universal Registration Document.

Energy

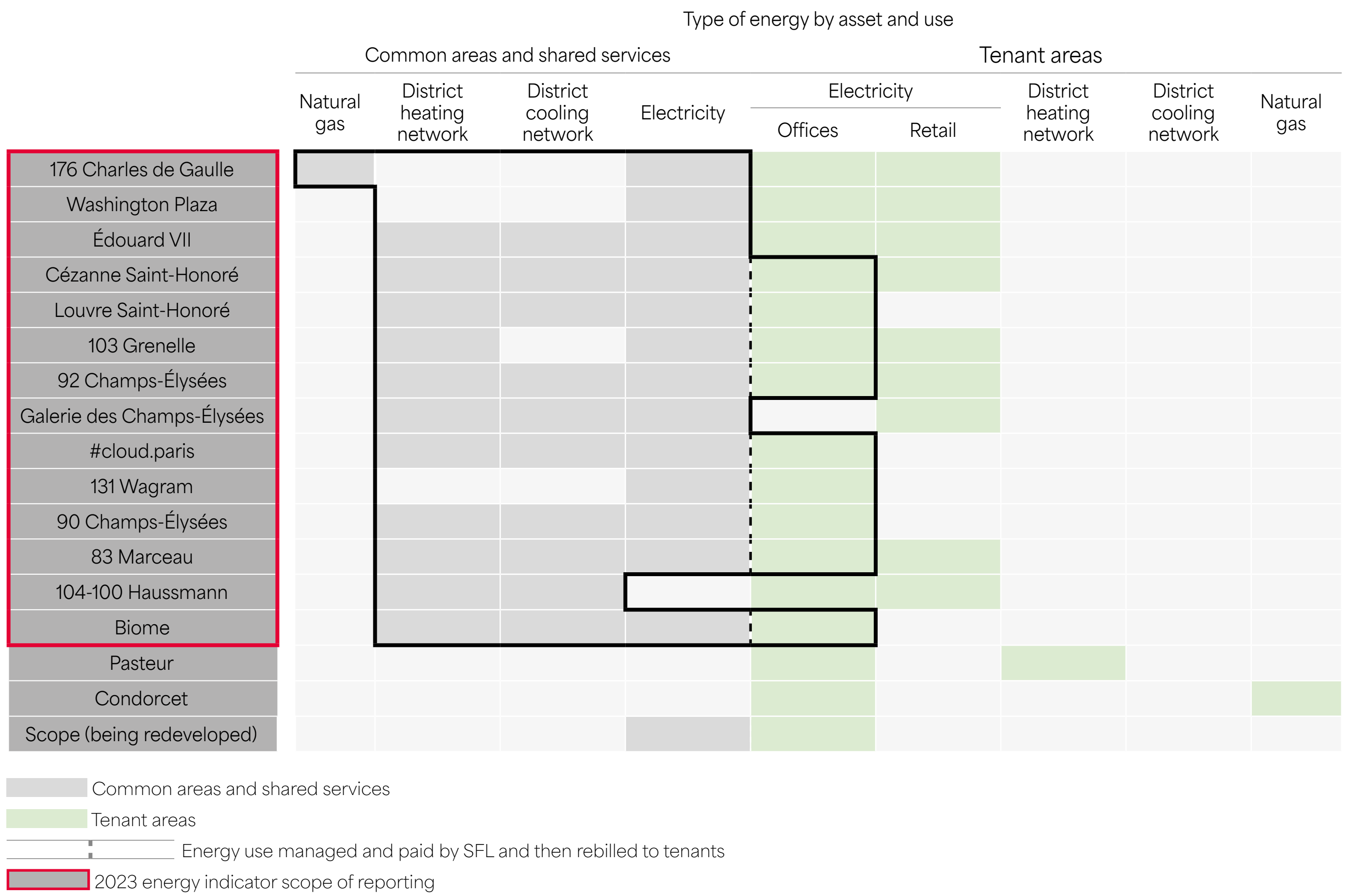
Energy data are collected from the Deepki platform, which:

- consolidates data from property manager invoices or client platforms;
- supplies any missing data if property manager data is unusually lacking;
- estimates tenant consumption, when we have not been mandated by the tenant to collect actual data. These estimates are performed by extrapolating the known tenant energy intensities for the year to other building occupants, which differ from building to building.

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.

Energy use by asset in the 2023 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 calculated using the location-based and/or market-based method.

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 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, to reduce Scope 1, market-based Scope 2 and Scope 3 emissions by 42% in 2030 compared with 2021;
- 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 the Deepki platform, which consolidates data from property manager invoices or client platforms.

In the event of a significant discrepancy with prior-year figures, the data are checked against the meter readings reported by the multi-technical maintenance providers.

They are expressed in cubic metres 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 11 assets, representing 91% of managed surface area, waste is managed by private companies who report their data to SFL;
- in three assets, representing 9% 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.

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

In the 11 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 use in the portfolio is calculated based on BREEAM In-Use and HQE 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 highest score for Part 1 or, if applicable, for Part 2.

When BREEAM In-Use 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 and the work completed for one year.

6.3.2. 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 5.1. and 5.2. above. Further details may also be found in the comments column in the EPRA indicators table in section 6.4.4.

6.4. Additional ESG indicators

6.4.1. GHG Protocol Scopes 1, 2 and 3 greenhouse gas emissions

Scopes 1, 2 and 3 GHG emissions in tCO_2e

		2023					2022	2021	Change, 21/23	
		Energy and waste	Projects	Procurement and travel	Total	% of total	Total	Total	in tonnes	in %
Scope 1		**121**	**0**	**0**	**121**	**0.6%**	**174**	**185**	**-64**	**-35%**
Fossil fuels consumption	Natural gas	117			117	0.5%	123	150	-33	-22%
Refrigerant gases	Refrigerant	4			4	0.0%	51	35	-31	-89%
Scope 2 (market-based)		**1,999**	**0**	**0**	**1,999**	**9.4%**	**1,848**	**2,169**	**-170**	**-8%**
Purchased electricity	Electricity	760			760	3.6%	629	606	+153	+25%
Purchased heating and cooling	Heating and cooling networks	1,239			1,239	5.8%	1,218	1,562	-323	-21%
Scope 3		**2,699**	**11,461**	**4,948**	**19,108**	**90.0%**	**22,487**	**26,890**	**-7,782**	**-29%**
1 - Purchased goods and services	Purchased goods and services (OpEx)			4,920	4,920	23.2%	4,937	4,292	+628	+15%
2 - Capital goods	Capital projects (CapEx)		11,461		11,461	54.0%	14,916	20,062	-8,601	-43%
3 - Fuel- and energy-related activities	Production of energy, transmission and distribution losses	578			578	2.7%	647	721	-143	-20%
5 - Waste generated in operations	Building waste	605	Included in cat. 2		605	2.9%	653	376	+229	+61%
6 - Business travel	Business travel			12	12	0.1%	20	7	+5	+70%
7 - Employee commuting	Employee commuting			16	16	0.1%	14	11	+5	+47%
13 - Downstream leased assets	Energy used in tenant areas	1,516			1,516	7.1%	1,300	1,421	+95	+7%
Total		**4,819**	**11,461**	**4,948**	**21,228**		**24,509**	**29,244**	**-8,016**	**-27.4%**
% of total		22.7%	54.0%	23.3%						

6.4.2. 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
	2021	2022	2023	2021	2022	2023	2021	2022	2023	% 22/23	% 21/23	
Absolute												
Electricity	21,367	19,909	16,620	22,928	25,078	25,044	44,295	44,987	41,664			*Elec-Abs*
District heating systems	9,669	7,395	7,498				9,669	7,395	7,498			*DH&C-Abs*
District cooling systems	6,301	8,179	8,872				6,301	8,179	8,872			
Natural gas	886	727	645				886	727	645			*Fuels-Abs*
Total energy use in MWh	**38,223**	**36,210**	**33,635**	**22,928**	**25,078**	**25,044**	**61,151**	**61,287**	**58,679**			
Energy intensity in kWh/sq.m.							**205.7**	**191.3**	**184.4**	**-3.6%**	**-10.4%**	*Energy-Int*
Coverage rate: in number of assets							*13/13*	*15/15*	*14/14*			
Coverage rate: % of sq.m.							*100%*	*100%*	*100%*			
Like-for-like												
Electricity	16,703	15,694	14,979	21,739	21,680	21,588	38,442	37,374	36,567	*-2.2%*	*-4.9%*	*Elec.-LfL*
District heating systems	9,454	6,725	6,210				9,454	6,725	6,210	*-7.7%*	*-34.3%*	*DH&C-LfL*
District cooling systems	6,149	6,836	7,114				6,149	6,836	7,114	*+4.1%*	*+15.7%*	
Natural gas	886	727	645				886	727	645	*-11.4%*	*-27.2%*	*Fuels-LfL*
Total energy use in MWh	**33,191**	**29,982**	**28,947**	**21,739**	**21,680**	**21,588**	**54,931**	**51,662**	**50,535**	***-2.2%***	***-8.0%***	
Energy intensity in kWh/sq.m.							**203.5**	**191.3**	**187.2**	***-2.2%***	***-8.0%***	*Energy-Int*
Coverage rate: in number of assets								*11/11*				
Coverage rate: % of sq.m.								*100%*				

Scope 1[(1)] and Scope 2 GHG emissions from energy use, in tCO_2e - absolute and like-for-like (EPRA codes: GHG-Dir-Abs, GHG-Indir-Abs, GHG-Int)

	2021	2022	2023	% 22/23	% 21/23	EPRA code
Absolute						
Scope 1	150	123	117	*-5.1%*	*-22.0%*	*GHG-Dir-Abs*
Scope 2 (market-based)	2,169	1,848	1,999	***+8.2%***	***-7.8%***	*GHG-Indir-Abs*
Scope 2 (location-based)	2,432	1,975	1,801	***-8.8%***	***-25.9%***	
Total market-based, in tCO_2e	**2,318**	**1,970**	**2,116**	**+7.4%**	**-8.7%**	
Total location-based, in tCO_2e	**2,581**	**2,098**	**1,918**	**-8.6%**	**-25.7%**	
Carbon intensity (market-based)	**7.8**	**6.2**	**6.7**	**+8.1%**	**-14.7%**	*GHG-Int*
Coverage rate: in number of assets	*13/13*	*15/15*	*14/14*			
Coverage rate: % of sq.m.	*100%*	*100%*	*100%*			
Like-for-like						
Scope 1	150	123	117	*-5.1%*	*-22.0%*	
Scope 2 (market-based)	2,001	1,600	1,709	*+6.8%*	*-14.6%*	
Scope 2 (location-based)	2,207	1,700	1,531	*-9.9%*	*-30.6%*	
Total market-based, in tCO_2e	**2,151**	**1,723**	**1,826**	***+6.0%***	***-15.1%***	
Total location-based, in tCO_2e	**2,357**	**1,823**	**1,648**	***-9.6%***	***-30.1%***	
Coverage rate: in number of assets		*11/11*				
Coverage rate: % of sq.m.		*100%*				

(1) Excluding refrigerant leaks.

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)

		2021	2022	2023	% 22/23	% 21/23	*EPRA code*
Absolute							
Total municipal water use in cu.m.		**102,417**	**125,758**	**118,818**	**-5.5%**	**+16.0%**	*Water-Abs*
Intensity	in cu.m./sq.m.	0.345	0.392	0.373	-4.9%	+8.4%	*Water-Int*
Coverage rate:	in number of assets	13/13	15/15	14/14			
	% of sq.m.	100%	100%	100%			
Like-for-like							
Total municipal water use in cu.m.		**93,983**	**113,834**	**105,832**	**-7.0%**	**+12.6%**	*Water-LfL*
Intensity	in cu.m./sq.m.	0.348	0.422	0.392	-7.0%	+12.6%	*Water-Int*
Coverage rate:	in number of assets		*11/11*				
	% of sq.m.		*100%*				

Waste management by disposal method, in tonnes and % - absolute and like-for-like (EPRA codes: Waste-Abs and Waste-LfL)

		Absolute						Like-for-like					
		2021		2022		2023		2021		2022		2023	
		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	0.0%
Recycled		34	4.3%	51	5.2%	321	31.0%	33	5.8%	49	6.6%	235	31.2%
Composted		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Incinerated with energy recovery		388	49.9%	461	46.5%	284	27.4%	189	33.0%	214	28.9%	230	30.4%
Other form of reuse		207	26.6%	174	17.6%	0	0.0%	207	36.1%	174	23.5%	0	0.0%
Incinerated without energy recovery		3	0.4%	0	0.0%	0	0.0%	3	0.5%	0	0.0%	0	0.0%
Other		8	1.0%	5	0.5%	187	18.1%	4	0.6%	4	0.6%	52	6.9%
Landfilled		138	17.8%	300	30.3%	245	23.7%	137	24.0%	300	40.5%	237	31.5%
Total		**778**	-	**991**	-	**1,037**		**573**	-	**741**	-	**755**	-
Coverage rate:	in number of assets	7/13		10/15		11/14				6/11			
	% of sq.m.	84%		89%		91%				79%			
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)

			2021		2022		2023	
			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)**		**13**	**100%**	**14**	**100%**	**14**	**100%**
	BREEAM In-Use	≥Good	0	0%	14	100%	14	100%
		≥Very Good	13	100%	13	95%	10	68%
		≥Excellent	1	14%	1	12%	2	14%
	HQE	≥Very Good	0	0%	1	13%	1	13%
		≥Excellent	0	0%	1	13%	1	13%
Properties being redeveloped	**Total (at least one certification)**		**4**	**27%**	**5**	**38%**	**6**	**39%**
	BREEAM New Construction		2	17%	3	28%	4	30%
	LEED		1	14%	2	12%	2	14%
	HQE		3	24%	4	34%	5	36%
Coverage rate:	in number of assets		*13/13*		*14/14*		*14/14*	
	% of sq.m.		*100%*		*100%*		*100%*	

Summary table of EPRA indicators for properties in use

Topic	Indicator	EPRA code	Unit	2021	2022	2023	Change, 21/23	Coverage rate
Certifications	Number of assets certified BREEAM In-Use or HQE	Cert-Tot	Number of assets	13	14	14	-	100%
	% of portfolio certified by surface area		% of portfolio certified by value	100%	100%	100%	0.0%	100%
Energy	Total use of electricity from renewable sources in common areas and shared services - absolute	Elec-Abs	MWh	7,611	7,092	10,882	+43.0%	100%
	Total use of electricity from non-renewable sources in common areas and shared services - absolute	Elec-Abs	MWh	13,756	12,817	5,738	-58.3%	100%
	Total use of electricity from renewable sources in common areas and shared services - like-for-like	Elec-LfL	MWh	5,950	5,590	9,807	+64.8%	100%
	Total use of electricity from non-renewable sources in common areas and shared services - like-for-like	Elec-LfL	MWh	10,753	10,104	5,172	-51.9%	100%
	Total energy use, district heating and cooling networks - absolute	DH&C-Abs	MWh	15,970	15,574	16,370	+2.5%	100%
	Total energy use, district heating and cooling networks - like-for-like	DH&C-LfL	MWh	15,603	13,561	13,324	-14.6%	100%
	Total fuel use - absolute	Fuels-Abs	MWh	886	727	645	-27.2%	100%
	Total fuel use - like-for-like	Fuels-LfL	MWh	886	727	645	-27.2%	100%
	Energy use intensity - absolute	Energy-Int	kWh/sq.m.	206	191	184	-10.4%	100%
	Energy use intensity - like-for-like		kWh/sq.m.	203	191	187	-8.0%	100%
Greenhouse gas emissions	Total direct greenhouse gas (GHG) emissions (Scope 1) excluding refrigerant leaks - absolute	GHG-Dir-Abs	tCO_2e	150	123	117	-22.0%	100%
	Total indirect greenhouse gas emissions (location-based Scope 2) - absolute	GHG-Indir-Abs	tCO_2e	2,432	1,975	1,801	-25.9%	100%
	Total indirect greenhouse gas emissions (market-based Scope 2) - absolute	GHG-Indir-Abs	tCO_2e	2,169	1,848	1,999	-7.8%	100%
	Carbon intensity (location-based)	GHG-Int	$kgCO_2e$/sq.m.	8.7	6.6	6.0	-30.5%	100%
Water	Total water use - absolute	Water-Abs	cu.m.	102,417	125,758	118,818	+16.0%	
	Total water use - like-for-like	Water-LfL	cu.m.	93,893	113,834	105,832	+12.6%	100%
	Water use intensity - absolute	Water-Int	cu.m./sq.m.	0.34	0.39	0.37	+8.4%	100%
	Water use intensity - like-for-like		cu.m./sq.m.	0.35	0.42	0.39	+12.6%	100%

Topic	Indicator	EPRA code	Unit	2021	2022	2023	Change, 21/23	Coverage rate
Waste	Total waste produced, by disposal method - absolute	Waste-Abs	tonnes	778	991	1,037	+33.3%	91%
			% reused	0%	0%	0%		
			% recycled	4%	5%	31%	+619.2%	
			% composted	0%	0%	0%		
			% incinerated with energy recovery	50%	46%	27%	-45.2%	
			% other form of reuse	27%	18%	0%		
			% incinerated without energy recovery	0%	0%	0%		
			% other	1%	0%	18%	+1,637.6%	
			% landfilled	18%	30%	24%	+32.7%	
	Total waste produced, by disposal method - like-for-like	Waste-LfL	tonnes	573	741	755	+31.7%	79%
			% reused	0.0%	0.0%	0.0%		
			% recycled	6%	7%	31%	+433.7%	
			% composted	0.0%	0.0%	0.0%		
			% incinerated with energy recovery	33%	29%	30%	-7.8%	
			% other form of reuse	0%	23%	0%		
			% incinerated without energy recovery	0.5%	0.0%	0.0%		
			% other	1%	1%	7%	+980.5%	
			% landfilled	24%	41%	31%	+31.1%	

EPRA methodological note (in addition to the methodological information presented in section 6.3.)

- 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 use 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 2.1. and 2.2.

6.4.3. EPRA environmental indicators - Head office occupied by SFL

Topic	Indicator	EPRA code	Unit	2021	2022	2023
Certifications	% of head office certified	Cert-Tot	% of head office	100%	100%	100%
Energy	Total use of electricity from renewable sources	Elec-Abs & Elec-LfL	MWh	68.0	58.9	89.1
	Total use of electricity from non-renewable sources		MWh	122.8	106.4	25.7
	Total energy use, district heating and cooling networks	DH&C-Abs & DH&C-LfL	MWh	0.0	0.0	0.0
	Total fuel use	Fuels-Abs & Fuels-LfL	MWh	0.0	0.0	0.0
	Energy use intensity	Energy-Int	kWh/sq.m.	93.8	81.3	53.6
Greenhouse gas emissions	Total direct greenhouse gas (GHG) emissions (Scope 1)	GHG-Dir-Abs	tCO_2e	0	0	0
	Total indirect greenhouse gas emissions (location-based Scope 2)	GHG-Indir-Abs	tCO_2e	7.8	6.3	3.9
	Total indirect greenhouse gas emissions (market-based Scope 2)	GHG-Indir-Abs	tCO_2e	5.4	5.2	5.2
	Carbon intensity (location-based Scope 2)	GHG-Int	$kgCO_2e$/sq.m.	3.8	3.1	1.8
	Carbon intensity (market-based Scope 2)	GHG-Int	$kgCO_2e$/sq.m.	2.7	2.6	2.5
Water	Total water use	Water-Abs & Water-LfL	cu.m.	328.0	365.0	522.0
	Water use intensity	Water-Int	cu.m./sq.m.	0.161	0.180	0.244
Waste	Total waste produced, by disposal method	Waste-Abs & Waste-LfL	% recycled	68.9%	30.4%	47.6%
			% reused	0.0%	0.0%	0.0%
			% composted	0.0%	0.0%	0.0%
			% incinerated	0.0%	0.0%	0.0%
			% disposed of by another method	5.7%	0.0%	0.0%
			% landfilled	25.4%	69.6%	52.4%

EPRA methodological note (in addition to the methodological information presented in section 6.3.)

- 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.

6.4.4. EPRA employee, societal and governance indicators

Employee and societal indicators

Topic	EPRA code	Indicator	Unit	2021	2022	2023	Comments
Diversity	Diversity-Emp	Percentage of men and women on the Board of Directors	Number of women	5	3	3	
			% of women	42%	50%	50%	
			Number of men	7	3	3	
			% of men	58%	50%	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	38%	37.5%	38%	
			Number of men	5	5	5	
			% of men	62%	62.5%	63%	
		Percentage of men and women managers, excluding the Management Committee	Number of women	27	29	29	*Number of employees at 31 December*
			% of women	57%	58%	56%	
			Number of men	20	21	23	
			% of men	43%	42%	44%	
		Percentage of men and women among other employees	Number of women	13	14	15	*Number of employees at 31 December*
			% of women	87%	82%	83%	
			Number of men	2	3	3	
			% of men	13%	18%	17%	
		Percentage of men and women among all employees	Number of women	43	46	47	*Total number of employees at 31 December, excluding the Chief Executive Officer*
			% of women	62%	62%	61%	
			Number of men	26	28	30	
			% of men	38%	38%	39%	
	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)	%	-4%	12%	10%	*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)	%	16%	18%	17%	
		The ratio of the total compensation of men to women in other categories	%	-8%	-10%	14%	
		The ratio of the total compensation of men to women in the entire workforce	%	23%	32%	32%	
Training	Emp-Training	Total number of training hours	Number	1,323	1,493	2,712	
		Number of employees trained	Number	51	57	72	Including the Chief Executive Officer
		Average number of hours per trainee	Number	26	26	38	
		% of employees trained	%	71%	83%	93%	*Number of employees trained/average number of employees*
		% of payroll allocated to training	%	2.3%	2.2%	3.4%	

Employee and societal indicators

Topic	EPRA code	Indicator	Unit	2021	2022	2023	Comments
Assessment	Emp-Dev	% of employees who received performance reviews during the year	%	94%	96%	97%	*Number of reviews/number of eligible employees*
Attracting and retaining talent	Emp-Turnover	New employee hires under permanent contracts	Number	6	6	4	
		New employee hires under fixed-term contracts	Number	0	4	10	
		Total new hires	Number	6	10	14	
		Terminations by mutual agreement	Number	3	1	3	
		Expiry of fixed-term contracts	Number	0	0	6	
		Resignation	Number	3	3	1	
		Dismissal	Number	2	0	0	
		Total departures	Number	9	5	13	Including 2 retirements
		Turnover	%	10.4%	8.0%	7.1%	(Number of departures of employees under permanent contracts, except for death + number of new hires under permanent contracts)/2/number of employees at 1 January
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	2	1	5	5 commuting accidents without lost time
		Accident frequency rate	Rate	0	8.36	0	(Number of accidents with initial benefit payment reported per one million hours worked)
		Accident severity rate	Rate	0	0.01	0	(Number of days lost due to temporary disability per 1,000 hours worked)
		Short-term absenteeism rate	Rate	0.4%	0.6%	0.7%	One to three days
	H&S-Asset	Percentage of assets covered by health and safety risk management system	% of assets covered	93%	93%	100%	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 2021, 2022 or 2023
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 6.2.

Governance indicators

Topic	EPRA code	Indicator		Explanation
Governance	Gov-Board	Composition of the Board of Directors	Description	See section 3.1 of the Board of Directors' corporate governance report
	Gov-Select	Nomination and selection process for the Board of Directors	Description	See section 3.2 of the Board of Directors' corporate governance report
	Gov-Col	Procedure for managing possible conflicts of interest	Description	See section 3.9.3 of the Board of Directors' corporate governance report

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

6.5. Cross-reference with the SDGs

This table summarises the contribution of SFL's ESG process to achieving the 17 Sustainable Development Goals for 2030 adopted by the United Nations in 2015.

SFL considers that its initiatives are having an impact on ten of these goals through the following issues:

Pillar	Issue	Contribution to the Sustainable Development Goals
Climate strategy	Operational sufficiency	13 Climate action; 7 Affordable and clean energy; 12 Responsible consumption and production; 15 Life on land
	Embodied carbon emissions & circular economy	
	Building resilience	
Urban footprint	Architecture & design	11 Sustainable cities and communities
	Nature & landscaping	
	Mobility	
User satisfaction	Convenience & amenities	9 Industry, innovation and infrastructure
	Certifications & labels	
	Tenant relations & satisfaction	
Employee and partner engagement	Employer appeal, skills development & diversity	3 Good health and well-being; 5 Gender equality; 10 Reduced inequalities; 16 Peace, justice and strong institutions
	Health, safety & quality of worklife	
	Ethics in the value chain	

6.6. Data verification/Statutory Auditors

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 2023

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 2023 (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);
- 2023 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 authorised 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 20% and 46% of the consolidated data related to the Information.

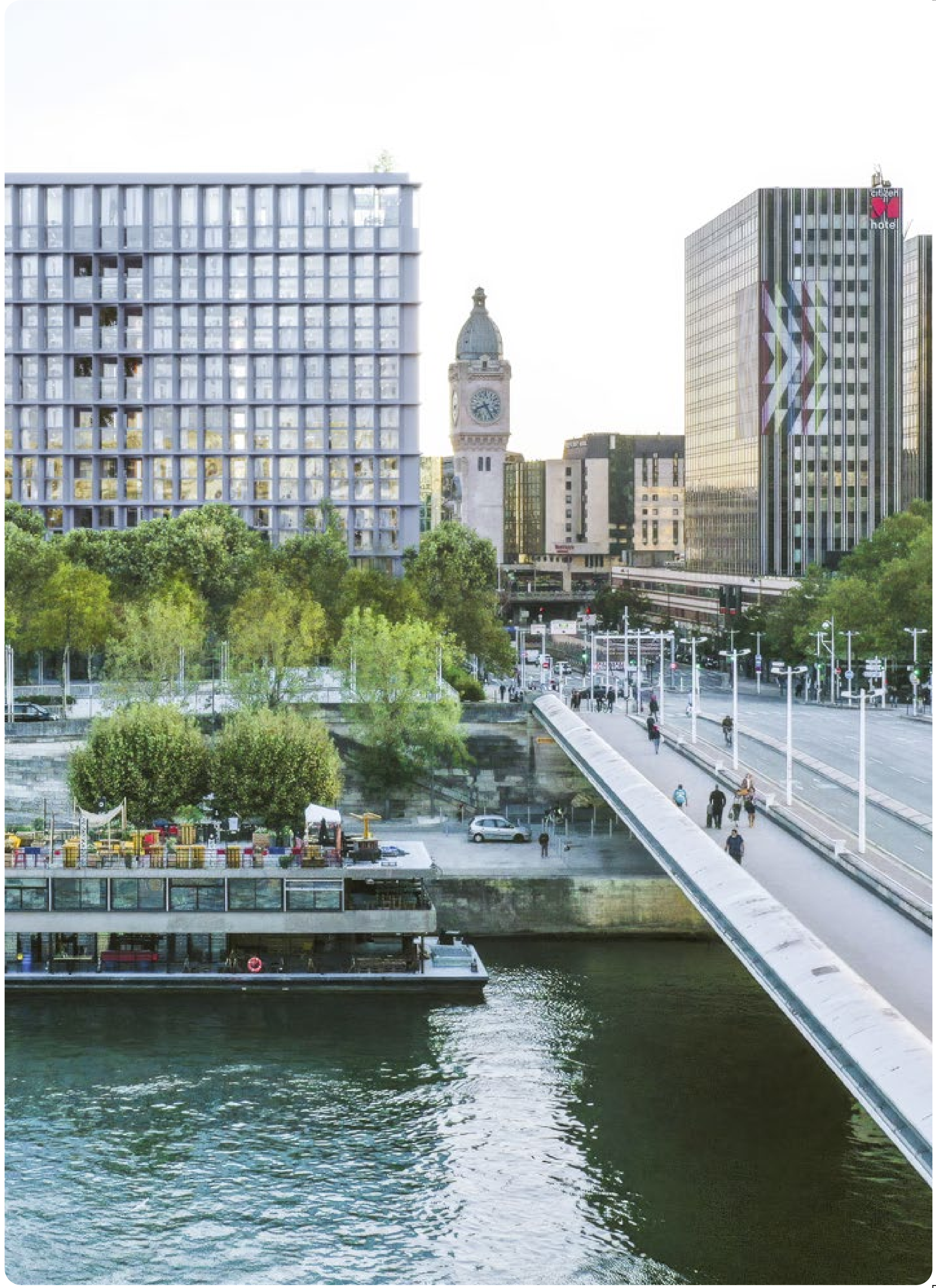
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. The procedures performed in a limited assurance engagement are less extensive than those required in a reasonable assurance engagement performed in accordance with the professional guidance 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, 28 February 2024
French original signed by one of the Statutory Auditors

Deloitte & Associés

Sylvain Durafour Partner, Audit	Catherine Saire Partner, Sustainable Services

(1) The Cloud and 131 Wagram buildings and the Édouard VII complex, based on a selection of information.



14. Appendices

Appendix 14.1 - Board of Directors' special report to the Annual General Meeting of 16 April 2024 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 2023. 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 14.2 - Board of Directors' special report to the Annual General Meeting of 16 April 2024 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 2023 report to shareholders on performance share plans for employees and executives who do not hold over 10% of the Company's capital.

Pursuant to the 38-month authorisation given by the Annual General Meeting of 15 April 2021 (tenth extraordinary resolution), at its meeting on 14 February 2023, the Board of Directors unanimously approved the recommendations of the Remuneration and Selection Committee (made following its 8 February 2023 meeting) and adopted the rules of the seventh performance share plan ("Plan 7").

Adoption of Plan 7 did not affect the rules of the sixth performance share plan adopted by the Board of Directors on 19 November 2021 and 8 February 2022 pursuant to the authorisation given in the tenth extraordinary resolution of the Annual General Meeting of 15 April 2021 ("Plan 6").

At its meeting on 14 February 2023, the Board of Directors also approved two sets of performance share awards and drew up the list of grantees:
- one set of awards governed by Plan 7 rules;
- the other governed by Plan 6 rules.

The performance share award date was 14 February 2023.

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 performance share plans 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 awarded 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 awarded may not exceed 1% of the number of SFL shares outstanding on the Meeting date and performance shares awarded to corporate officers may not exceed 0.5%.

1.2. Adoption of the Plan 7 rules by the Board of Directors on 14 February 2023

Using the authorisation given by the Annual General Meeting of 15 April 2021, at its meeting on 14 February 2023, the Board of Directors adopted the rules of the seventh performance share plan (Plan 7).

1.3. Performance share awards decided by the Board of Directors on 14 February 2023 under Plan 6 and Plan 7

At its meeting on 14 February 2023, the Board of Directors decided to award a total of up to 54,960 performance share rights 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. The total included 9,960 performance share rights awarded under Plan 6 and 45,000 awarded under Plan 7 (corresponding to a target of 4,980 shares and 22,500 shares respectively).

1.3.1. Performance shares awarded to the Chairman, the Chief Executive Officer and the Managing Director in 2023

Of the total 54,960 performance share rights, 26,000 were awarded to corporate officers of SFL, including 20,000 to Dimitri Boulte, Chief Executive Officer and 6,000 to Aude Grant, Managing Director. No performance share rights were awarded to Pere Viñolas Serra, Chairman of the Board of Directors.

	Dimitri Boulte	Aude Grant	Pere Viñolas Serra
Performance shares awarded by the Company to corporate officers in 2023	Maximum number: 20,000 Target number: 10,000 Value*: €729,050	Maximum number: 6,000 Target number: 3,000 Value*: €218,715	Maximum number: none Target number: none Value*: €0

* The value of the performance shares at 31 December 2023 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 awarded on 14 February 2023 is €72.905, not including the employer's contribution.

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.

1.3.2. Performance share rights awarded to the 15* 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 2023
Fabienne Boileau	3,000	1,500	€109,358
Pierre-Yves Bonnaud	3,000	1,500	€109,358
François Derrian	3,000	1,500	€109,358
Émilie Germane	3,000	1,500	€109,358
Jérôme Lacombe	4,000	2,000	€145,810
Éric Oudard	3,000	1,500	€109,358
Alexia Abtan	800	400	€29,162
Stéphane Blanc	800	400	€29,162
Thierry Buhot	800*	400*	€29,162
Lionel Djoko Kombou	800	400	€29,162
Antoine Dupont	800	400	€29,162
Virginie Krafft	800	400	€29,162
Caroline Nguyen	800	400	€29,162
Fabrice Ruchaud	800	400	€29,162
Nicolas Tennevet	800	400	€29,162

* None of these shares will vest if the grantee leaves the Company after the rights have been awarded.

• Performance shares awarded to employees in 2023

Category of grantees	Number of grantees	Maximum number of performance shares	Target number of performance shares	Value of performance shares at 31 December 2023
Management Committee members	6	19,000	9,500	€692,598
Category 3 and 4 executives	13	8,000	4,000	€291,622
Category 1 and 2 executives	35	1,960	980	€71,447

2. Characteristics of Performance Share Plan 6

2.1. Purpose of the performance share awards

The main purpose of the performance share awards decided on 14 February 2023, under the Plan 6 rules adopted by the Board on 19 November 2021 and 8 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.

The categories of employee grantees are determined by the Board of Directors on the basis of objective and non-restrictive criteria, taking into account in particular the classification levels defined by the collective bargaining agreement and/or the nature of the grantees' duties and the responsibilities that these entail in relation to the Company's interests.

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 awarded 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 award date (i.e., for Plan 6, 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.

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. Characteristics of Performance Share Plan 7

3.1. Purpose of the performance share awards

The main purpose of the Plan 7 rules adopted by the Board of Directors on 14 February 2023 was to set up a profit-related long-term incentive plan for the Chairman, the Chief Executive Officer, the Managing Director and the categories of SFL and Locaparis employees that the Group wants to incentivise by giving them a stake in the Group's development.

The categories of employee grantees are determined by the Board of Directors on the basis of objective and non-restrictive criteria, taking into account in particular the classification levels defined by the collective bargaining agreement and/or the nature of the grantees' duties and the responsibilities that these entail in relation to the Company's interests.

3.2. Vesting period and conditions, performance targets

3.2.1. Vesting date

Provided that the grantee has not left the Group and the performance targets are met (see below), the performance shares awarded by the Board of Directors on 14 February 2023 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 award date, being the reference period (i.e., for Plan 5, the year ending 31 December 2025).

3.2.2. 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 and outlined in Plan 7.

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 a corporate officer of any of the Group's entities on the vesting date.

3.2.3. Performance targets

The number of performance shares that vest at the end of the vesting period depends on SFL's ranking in a group of six listed property companies including SFL (the "Reference Companies"). This ranking is established on the basis of the percentage change in SFL's Net Tangible Assets (NTA) per share for the reference period under consideration compared with the percentage change in the NTA per share of each of the Reference Companies over the reference period. The NAV included in the NTA calculation is determined by adding back the dividends paid in each of the financial years of the reference period.

3.3. Lock-up period

With some exceptions (in the case of disability, death or retirement), the performance shares may not be sold or otherwise transferred before the end of a period of one year as from the vesting date. In addition, as well as complying with the one-year lock-up rule, 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.

4. Type of shares and rights attached to the shares

In accordance with the authorisation given by the Annual General Meeting of 15 April 2021, the Company's obligation to deliver shares in respect of vested performance share rights may be fulfilled by allocating shares held in treasury or by issuing new shares. These 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.

5. Admission to trading

An application will be made for any new shares issued under Plan 6 and Plan 7 to be admitted to trading on Euronext Paris in compartment A immediately after their issuance.

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

Under the terms of Plan 6 and Plan 7, 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

Appendix 14.3 - Five-year financial summary (parent company)

(prepared in accordance with Article R.225-102 of the French Commercial Code)

	2019	2020	2021	2022	2023
I. Capital at 31 December					
Share capital	€93,057,948	€93,057,948	€85,729,430	€85,729,430	€85,771,344
Number of ordinary shares outstanding	46,528,974	46,528,974	42,864,715	42,864,715	42,885,672
Number of convertible bonds outstanding	-	-	-	-	-
II. Results of operations					
Net revenue	€108,128,662	€101,508,459	€88,187,230	€65,191,921	€64,819,129
Profit before tax, employee profit-sharing, depreciation, amortisation and provisions	€94,349,806	€87,047,654	€1,129,794,847	€91,784,815	€103,444,034
Income tax expense	(€45,000)	(€361,000)	(€48,800)	(€42,000)	-
Employee profit-sharing due for the year	€151,493	€141,133	€5,850,402	€124,273	€128,332
Profit after tax, employee profit-sharing, depreciation, amortisation and provisions	€58,206,015	€42,992,080	€1,093,150,824	€58,233,161	€11,402,381
Ordinary dividend(1)	€123,301,781	€97,710,845	€180,031,803	€180,119,822	€102,925,613
III. Per share data(2)					
Earnings after tax and employee profit-sharing, before depreciation, amortisation and provisions	€2.03	€1.87	€26.22	€2.14	€2.41
Earnings after tax, employee profit-sharing, depreciation, amortisation and provisions	€1.25	€0.92	€25.50	€1.36	€0.27
Dividend per share	€2.65	€2.10	€4.20	€4.20	€2.40
IV. Employee data					
Average number of employees	62	62	60	61	67
Total payroll	€10,829,216	€12,379,210	€12,923,032	€16,090,337	€9,805,337
Total employer contributions	€3,573,264	€3,965,273	€4,565,668	€4,043,679	€3,752,493

(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. On 13 March 2023, 20,957 new shares were issued to satisfy the performance share awards decided by the Board of Directors on 6 February 2020.

Appendix 14.4 - 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 2023, 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 payable to the Chairman of the Board of Directors, the Chief Executive Officer and the Managing Director, Chief Operating Officer for the reporting year.

This report covers the period from 1 January to 31 December 2023. It was approved by the Board of Directors on 14 February 2024.

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 2023)

Issue	AFEP-MEDEF recommendation	SFL's situation at 31 Dec. 2023	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.	In 2021, 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 (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 a significantly larger share of the bonuses of the Chief Executive Officer and the Managing Director on quantifiable criteria. In 2023, quantifiable criteria accounted for 54% of variable remuneration and qualitative criteria for 46% (see details of the calculation method on pages 137 *et seq.*). For 2024, the remuneration policy has been amended so that quantitative criteria account for 70% and qualitative criteria for 30%.
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 2023. 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 2023

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.

2.2. Directorships and other positions held by the Chief Executive Officer and the Managing Director as of 31 December 2023

The positions and directorships held as of 31 December 2023 by Dimitri Boulte, Chief Executive Officer, and Aude Grant, Managing Director.

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 2023:

Chief Executive Officer	SFL	since 1 July 2022
Chairman and Chief Executive Officer	Segpim (SA)	since 1 July 2022
Chairman	Parhaus (SAS)*	since 4 December 2023
Chairman	Pargal (SAS)*	since 4 December 2023
Chairman	Parchamps (SAS)*	since 4 December 2023

* Parhaus, Pargal and Parchamps were converted from SCIs into SASs on 4 December 2023. Dimitri Boulte, who was the manager of these three SCIs until that date, was appointed Chairman of the SASs.

Other directorships and positions held in the past five years

Chairman	Parholding (SAS)*	until 4 September 2023
Chairman	Locaparis (SAS)	until 9 May 2023
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

* Parholding was merged into SFL in 2023. The merger was carried out with legal effect on 4 September 2023.

Aude Grant, Managing Director

Business address: 42 rue Washington - 75008 Paris, France
Positions held in the SFL Group as of 31 December 2023:

Managing Director Chief Operating Officer	SFL	since 1 July 2022
Chair	Locaparis	since 9 May 2023
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

Managing Director	Parholding (SAS)*	until 4 September 2023
Deputy Managing Director, Asset Management and Client Management	SFL	until 30 June 2022
Managing Director	Locaparis (SAS)	until 9 May 2023
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

* Parholding was merged into SFL in 2023. The merger was carried out with legal effect on 4 September 2023.

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 14 February 2023 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 2023

The members of the Management Committee as of 31 December 2023 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

Dimitri Boulte (46), 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. Dimitri Boulte was appointed by SFL's Board of Directors as Managing Director on 27 January 2015, and then as Chief Executive Officer on 1 July 2022.
Aude Grant (42), 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 (53), 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 (56), 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 (46), 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 (54), 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 (47), 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 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 (55), Technical and Development Director	Éric Oudard is a graduate of the Ponts et Chaussées engineering school and an alumnus of University College London's Bartlett School of Architecture. He is Vice President of the X-Ponts Pierre group of real estate professionals. Prior to joining SFL, he held a variety of management positions, including with Vinci Construction, Accor, and the Casino Group's real estate division. He joined SFL's Management Committee as Technical and Development Director in 2014, with responsibility for overseeing the development of restructuring and renovation projects, the technical operation of buildings, and sustainable development policy.

Gender policy at Management Committee level

As of 31 December 2023, three of the eight Management Committee members were women (37.5%).

They hold the positions of Managing Director and Chief Operating Officer (Aude Grant), Chief Financial Officer (Fabienne Boileau) and General Secretary, Legal Director and Secretary to the Board of Directors (Émilie Germane).

The Company is pursuing its efforts to increase the proportion of women on its management bodies.

The company had only 79 employees as of 31 December 2023 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 2023

Article 15 of the Articles of Association states that the Board of Directors shall have between 3 and 16 members.

As of 31 December 2023, the Board of Directors had six members, unchanged from 31 December 2022.

The composition of the Board of Directors as of 31 December 2023 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):
  - Sheikh Ali Bin Jassim Al Thani.
- Two independent directors:
  - Arielle Malard de Rothschild;
  - Alexandra Rocca.

In accordance with Article 15 of the Articles of Association, 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.

In addition, Article 17 of the Articles of Association states that the Chairman of the Board of Directors is required to retire from this function at the close of the Annual General Meeting called to approve the financial statements for the year of his 75th birthday.

As of 31 December 2023, one director was over 70 years of age, four directors (including the Chairman of the Board) were aged between 60 and 69, and one director was under the age of 60.

3.2. Board of Directors' diversity policy

The qualifications and professional experience of each director are presented on pages 117 *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 2023, 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 2024.

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

(1) At the time of Sheikh 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.

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 Artice L.2312-72 of the French Labour Code (*Code du travail*), two members of the Works Council attend meetings of the Board of Directors with a consultative vote.

Average age of directors	63
Average period served on the Board of Directors	10.75 years
Proportion of female Board members	50%
Proportion of male Board members	50%
Number of nationalities represented	3

3.3. Changes in the membership of the Board of Directors and the Board Committees during 2023 – Situation as of 31 December 2023

	Re-elected	Elected/appointed	Resigned
Board of Directors	Carmina Ganyet i Cirera 13 April 2023 Alexandra Rocca 13 April 2023 Juan José Brugera Clavero 13 April 2023		
Audit Committee	-	-	-
Remuneration and Selection Committee	-	-	-
Committee of Independent Directors	-	-	-
Executive and Strategy Committee	-	Pere Viñolas Serra Member, Chairman since 13 April 2023	

3.4. Directors proposed for re-election to the Board at the Annual General Meeting of 16 April 2024

The terms of the following directors will expire at the Annual General Meeting called to approve the 2023 financial statements: Juan José Brugera Clavero and Ali Bin Jassim Al Thani.

At the Annual General Meeting to be held on 16 April 2024, the Board of Directors will table proposed resolutions to re-elect Juan José Brugera Clavero as a director, for a period of one year expiring at the close of the Annual General Meeting called to approve the financial statements for the year ending 31 December 2024 (fifth ordinary resolution) and to re-elect Ali Bin Jassim Al Thani as a director for a period of three years expiring at the close of the Annual General Meeting called to approve the financial statements for the year ending 31 December 2026 (sixth ordinary resolution).

In accordance with Article 15 of 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 Sheikh Ali Bin Jassim Al Thani is proposed for a standard three-year term.

Juan José Brugera Clavero and Ali Bin Jassim Al Thani have both confirmed that they wish to stand for re-election and that they are not disqualified from serving as directors.

If the Annual General Meeting votes in favour of the above proposals, the composition of the Board of Directors will remain unchanged and, 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 Article 10.2 of 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.

Article 10.5 of 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 12 years. Loss of the status of independent director occurs on the date at which this period of 12 years is reached.

Furthermore, the AFEP-MEDEF Code states that 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.

Furthermore, the APEP-MEDEF Code adds that 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 Remuneration and Selection 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	√	√
- 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 2023

		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)		61 years	M	Spanish	0	2	No	23 July 2008	2025 AGM	15.5 years	-	C	C	-
Directors	Ali Bin Jassim Al Thani	64 years	M	Qatari	25	3	No	13 Nov. 2015	2024 AGM	8.5 years	-	-	-	-
	Juan José Brugera Clavero	77 years	M	Spanish	12,025	2	No	23 July 2008	2024 AGM	15.5 years	-	-	M	-
	Carmina Ganyet i Cirera	55 years	F	Spanish	0	3	No	20 July 2009	2026 AGM	14.5 years	C	-	M	-
	Arielle Malard de Rothschild	60 years	F	French	25	1	Yes	26 July 2018	2025 AGM	5.5 years	M	M	-	M
	Alexandra Rocca	61 years	F	French	0	2	Yes	15 Feb. 2019	2026 AGM	5 years	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)**
- **Chairman 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 currently 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 2023 (excl. SFL)	Listed company
- Chief Executive Officer, Vice-Chairman and member of the Executive Committee of Inmobiliaria Colonial SOCIMI SA (Spain)	√
- Director of Bluespace (Spain)	
- Director of EPRA (Spain)	

Prior directorships and positions held in the past five years

- Director of Electro-Stocks SL (Spain)

Juan José Brugera Clavero

- **Director of SFL**
- **Member 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 2023 (excl. SFL)	Listed company
– Chairman of the Board of Directors and Chairman of the Executive Committee of Inmobiliaria Colonial, SOCIMI, SA *(Spain)*	√
– Honorary Doctorate from University of Rhode Island (United States)	

Prior 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 - PO Box 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.

He is currently Chairman of Qatar General Insurance & Reinsurance Co., a member of the Supervisory Board of Hapag-Lloyd AG, Vice President of Libyan Qatari Bank (LQB) and, since 2015, a director of Inmobiliaria Colonial SOCIMI SA (Spain).

Offices and positions held at 31 December 2023 (excl. SFL)	Listed company
– Director of Inmobiliaria Colonial SOCIMI SA (Spain)	√
– Chairman of the Board of Directors and Director of Eagle SPPICAV	
– 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-President of Libyan Qatari Bank (LQB)	
– Member of the Supervisory Board of Hapag-Lloyd AG	√

Prior 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 2023 (excl. SFL)	Listed company
– Corporate Managing Director of Inmobiliaria Colonial SOCIMI SA (Spain)	√
– Independent member of the Board of Directors, Member of the Delegated Commission of Repsol (Spain)	√
– Member of the Executive Committee of Barcelona Global/ULI Barcelona (Spain)	
– Member of the Board of Directors of Fira 2000 (Spain)	

Prior directorships and positions held in the past five years

– Member of the Board of Directors of Ramon Llull University (Spain) (term expired in 2023)
– Member of the Board of Directors of Esade-Alumni (Spain) (term expired in 2023)

Arielle Malard de Rothschild

– **Independent director of SFL**
– **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. She has been Managing Director of Rothschild & Cie since 2006 and is also a director of Sagard Holdings (Canada).

Offices and positions held at 31 December 2023 (excl. SFL)	Listed company
– Manager of Rothschild & Cie (SCS)	
– Director of SAGARD Holding Inc (*Canada*)	
– Director of SAGARD Holding Management (*Canada*)	

Prior directorships and positions held in the past five years

– Director of Groupe Lucien Barrière
– Member of the Supervisory Board, member of the Risk Committee and member of the Audit Committee of Rothschild & Co. (SCA) (until 21 November 2023)

Alexandra Rocca

– **Independent director of SFL**
– **Member of the Audit Committee (SFL)**
– **Member of the Remuneration and Selection Committee (SFL)**

Business address: 42 rue Washington – 75008 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 Vice President, Communications at Air Liquide from July 2018 until the end of 2022. She is currently Chair of Arenco (SASU), a director of Chargeurs (SA) and a member of the Advisory Board of Metyis (Netherlands).

Offices and positions held at 31 December 2023 (excl. SFL)	Listed company
– Chair of Arenco (SASU)	
– Independent director, Chair of the Governance and Remuneration Committee and member of the Acquisitions Committee of Chargeurs SA	√
– Member of the Advisory Board of Metyis (Netherlands)	

Prior directorships and positions held in the past five years

– Member of the Supervisory Board of Etam Développement (SCA)
– Vice President, Communications of Air Liquide (SA)
– Advisor to the Chairman and Chief Executive Officer of Air Liquide (until June 2023)

3.8. Directors' attendance rates

		Board of Directors	Audit Committee meetings	Remuneration & Selection Committee meetings	Executive and Strategy Committee	Committee of Independent Directors meetings(1)
Pere Viñolas Serra, Chairman		100%	n/a	100%	100%	n/a
Directors	Ali bin Jassim Al Thani	83%	n/a	n/a	n/a	n/a
	Juan José Brugera Clavero	100%	n/a	n/a	100%	n/a
	Carmina Ganyet i Cirera	100%	100%	n/a	100%	n/a
	Arielle Malard de Rothschild	83%	100%	100%	n/a	-
	Alexandra Rocca	100%	100%	100%	n/a	-

n/a: not applicable
(1) No meetings held in 2023.

3.9. Board practices

3.9.1. Role of the Board of Directors

In accordance with the law, the Board of Directors sets the general guidelines of the activity of the Company and oversees their implementation.

The Board of Directors is involved in defining and overseeing strategies relating to the Company's financial and operational performance. It is committed to promoting long-term value creation in line with the Company's interests, giving due consideration to the social and environmental challenges associated with the business.

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 of Directors on its own work.

Each year, the Board approves the following year's budget and the five-year business plan prepared by management.

The Board's work in 2023 is described in more detail in section 3.9.4 below.

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.

The internal rules describe the Board's duties and practices, as well as the rights and obligations of individual directors.

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.

3.9.3. Rights and obligations of directors and management of conflicts of interest

In addition to describing the directors' legal and 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 disclose all transactions in SFL shares to the Company and to France's securities regulator, *Autorité des Marchés Financiers*, in accordance with applicable regulations.

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.

The Board's internal rules require directors to notify the Board of any potential or actual conflicts of interests and to abstain from discussions and voting on the matters concerned.

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.

3.9.4. Work of the Board of Directors in 2023

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 three 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 six times in 2023, with an average attendance rate of 94.44%.

The main issues covered during the meetings held in 2023 were as follows:

Agenda of the 14 February 2023 meeting	• Management's 2022 business review and approval of the 2022 financial statements • Preparation of the Annual General Meeting (agenda, proposed resolutions and reports to shareholders) and decision to call the meeting • Authorisation to take on new debt/Regulated related-party agreement • Guarantees issued in 2022 and renewal of authorisations to issue guarantees • Proposals of the Remuneration and Selection Committee: calculation of variable remuneration and determination of the fixed remuneration of the Chief Executive Officer and Managing Director/ Adoption of Performance Share Plan 7/Performance share awards under Plan 6 and Plan 7 • Presentation by the Audit Committee of the revised risk map • Review of related party agreements (Article L.225-40-1 of the French Commercial Code)
Agenda of the 10:00 a.m. meeting on 13 April 2023	• Business update presented by Management • Authorisation to take on new debt • Change to the membership of the Executive and Strategy Committee • Management briefing on the SAP data migration project • Approval of internal forecasts and projections
Agenda of the 12:30 p.m. meeting on 13 April 2023	• Share buybacks: authorisation for the Chief Executive Officer to implement the programme
Agenda of the 20 July 2023 meeting	• Management's first-half 2023 business review and approval of the 2023 interim financial statements • Merger of Parholding into SFL: approval of the draft merger agreement • Briefing on the upcoming bioclimatic local urban planing regulation (PLU) • Management presentation of current redevelopment projects • Update by the Executive and Strategy Committee on the SAP data migration project • Presentation of the Indicators Dashboard by the Audit Committee
Agenda of the 16 November 2023 meeting	• 2024-2028 Business Plan review • Management presentation of current redevelopment projects • Approval of the Scope works contract • Authorisation to amend a Facility Agreement/Regulated related-party agreement • Approval of the number of performance share rights that vested under Plan 5 and authorisation to issue shares • Management update on the SAP data migration project • Approval of internal forecasts and projections
Agenda of the 19 December 2023 meeting	• Review of the 2024-2028 Business Plan presented by management and approval of the Plan by the Board • Approval of the changeover to the SAP system • Management presentation of SFL's decarbonisation strategy • Management presentation of the hedging instrument acquired in line with the hedging policy

3.10. Adoption of the SIIC Code of Conduct

In accordance with the Board's decision of 25 September 2008, the Company applies the code of conduct for listed property investment companies (SIIC).

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 2023:

Chair:
- Carmina Ganyet i Cirera

Members:
- Arielle Malard de Rothschild (independent director)
- Alexandra Rocca (independent director)

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 118 and 119.

In accordance with Article L.823-19 of the French Commercial Code (Article L.821-67 from 1 January 2024), the AFEP-MEDEF Code and the Board of Directors' internal rules, the role of the Audit Committee in 2023 was 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 to the Board of Directors 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.821-45 (former 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 eight times in 2023, with an attendance rate of 100% for each meeting.

The main issues covered during the meetings were as follows:

Agenda of the 13 January 2023 meeting	• Approval of the 2023 internal audit programme • Risk map: updated risk assessments • Progress report by the Statutory Auditors on their audit of the 2022 financial statements • Services provided by the Statutory Auditors – Renewal of delegations of authority to the Audit Committee
Agenda of the 13 February 2023 meeting	• Approval of the 2022 financial statements for presentation to the Board • Proposal to re-appoint Deloitte & Associés as Statutory Auditors • Review of the Indicators Dashboard
Agenda of the 12 April 2023 meeting	• KPMG's report on internal audit engagement 48: application of rent escalation clauses
Agenda of the 20 June 2023 meeting	• KPMG's report on internal audit engagement 49: derivatives • Presentation of the Statutory Auditors' audit approach • Review of compliance issues within the Group • Update of KPMG's report on internal audit engagement 48: application of rent escalation clauses
Agenda of the 19 July 2023 meeting	• Approval of interim financial statements for presentation to the Board • Review of Indicators Dashboard/Review of risks at 30 June 2023 • Approval of an engagement performed by Deloitte & Associés at the request of Colonial (non-audit services)
Agenda of the 28 September 2023 meeting	• KPMG's report on internal audit engagement 50: carbon footprint monitoring
Agenda of the 16 November 2023 meeting	• KPMG's report on internal audit engagement 51: Capex project creation and budget monitoring • Progress report on the roll-out of SAP
Agenda of the 18 December 2023 meeting	• Approval of the changeover to SAP

For more information about the Audit Committee's work in 2023, see the Management Report (pages 35 *et seq.*).

3.12.3. Remuneration and Selection Committee

Members of the Remuneration and Selection Committee as of 31 December 2023:

Chairman:
- Pere Viñolas Serra

Members:
- Arielle Malard de Rothschild (independent director)
- Alexandra Rocca (independent director)

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 of Diretors 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 2023, with an attendance rate of 100%.

The main issues covered during the meetings were as follows:

Agenda of the 8 February 2023 meeting	• Calculation of the 2022 variable remuneration of the Chief Executive Officer and the Managing Director • 2023 variable remuneration of the Chief Executive Officer and the Managing Director • Performance share plan: - 2023 awards - Draft new rules of Performance Share Plan 7
Agenda of the 16 November 2023 meeting	• Review of the 2024 variable remuneration policy applicable to the Chief Executive Officer and the Managing Director • Discussion on the liquidity to be offered to recipients of performance shares
Agenda of the 19 December 2023 meeting	• Review of the 2024 variable remuneration policy applicable to the Chief Executive Officer and the Managing Director • Discussion on the liquidity to be offered to recipients of performance shares • Presentation of a new Long-Term Incentive (LTI) programme

3.12.4. Executive and Strategy Committee

Members of the Executive and Strategy Committee as of 31 December 2023:
Chairman: ◆ Pere Viñolas Serra
Members: ◆ Carmina Ganyet i Cirera
◆ Juan José Brugera Clavero

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.

The Executive and Strategy Committee met five times in 2023, with an attendance rate of 100%.

The main issues covered during the meetings were as follows:

Agenda of the 13 April 2023 meeting	• Consideration of the strategy for integrating SFL more fully into the Group formed with Colonial • Proposed change to the Committee's membership
Agenda of the 27 June 2023 meeting	• Update on the SAP data migration project • Business review • Review of investment/divestment strategy • Update on the deployment of Compliance tools within the Group
Agenda of the 24 October 2023 meeting	• Update on the SAP data migration project and the Compliance project • Market review • 2024-2028 Business Plan presentation • Review of investment/divestment strategy

3.12.5. Committee of Independent Directors

Members of the Committee of Independent Directors as of 31 December 2023:
- Arielle Malard de Rothschild
- Alexandra Rocca

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 2023.

4. 2024 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 2024.

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, Chief Operating Officer 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 2024 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, 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 2024, as presented in this section, will depend on their remuneration being approved by the Annual General Meeting to be held in 2025 to approve the 2024 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 for 2024

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.

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, with the former outweighing the latter.

The quantitative bonus is determined on the basis of clear and precise financial objectives set by the Board of Directors, which approves the current year's budget.

The bonus based on qualitative or non-financial criteria rewards contributions to the Company's strategy and sustainability and includes, in particular, a RSE criterion.

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 Officer and the Managing Director into even closer alignment.

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, the Managing Director 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, the Chief Executive Officer and the Managing Director, 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, the Chief Executive Officer and the Managing Director. They pay particular attention to ensuring that the remuneration of the Chairman, the Chief Executive Officer and the Managing Director 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, the Chief Executive Officer, the Managing Director and the Company's other stakeholders.

4.1.3. Performance assessment methods to be applied to 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

4.1.3.1. Determination of variable remuneration criteria and objectives

The criteria and objectives used to determine the variable remuneration of the Chief Executive Officer and the Managing Director are set by the Board of Directors on the recommendation of the Remuneration and Selection Committee.

The calculation formula and the variable remuneration amounts are 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.
- For 2023, on the recommendation of the Remuneration and Selection Committee, the Board of Directors decided to modify one of the performance criteria used to calculate the quantitative bonus. In line with this recommendation, the

quantitative bonus – which accounted for 50% of the total bonus – was 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).

◆ For 2024, on the recommendation of the Remuneration and Selection Committee made following its meeting on 25 January 2024, the Board of Directors, meeting on 14 February 2024, decided that the performance criteria used to calculate the quantitative and qualitative components of the variable remuneration of the Chief Executive Officer and the Managing Director would be as follows:

	Quantitative bonus: 70%	
	For the Chief Executive Officer and Managing Director:	**Weighting**
Criteria	Rental income	25%
	EPRA earnings per share (EPRA EPS)	35%
	Loan To Value (LTV)	10%

	Qualitative bonus: 30%			
	Chief Executive Officer	**Weighting**	**Managing Director**	**Weighting**
Criteria	CSR policy	10%	Portfolio management	10%
	General attitude and contribution to defining and executing the Company's strategy	10%	General attitude and contribution to defining and executing the Company's strategy	10%
	Corporate management and financial resources	10%	CSR policy	10%

The qualitative criteria are described in section 4.2.2.4.

The adjusted formula is still in line with the market practices of other listed property companies. It also ensures that quantifiable criteria have a predominant role in determining the variable remuneration of the Chief Executive Officer and the Managing Director, in accordance with the recommendations of the AFEP-MEDEF Code.

4.1.3.2. Calculation of variable remuneration

Following the Board meeting at which the previous year's financial statements are approved for publication, the Remuneration and Selection Committee:
- ◆ Notes the achievement rate for each of the quantitative criteria mentioned in 4.1.3.1 above in respect of the previous financial year.
- ◆ Notes the objectives set for these 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 quantitative bonus amount for that year, based on the performance grids presented below (see sections 4.2.2.3 and 4.2.2.4).
- ◆ 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.

4.1.3.3. Share-based payments

The assessment of the performance conditions that determine whether the performance shares awarded to the Chief Executive Officer and the Managing Director, if any, will vest is subject to the following procedure:
Management issues a representation letter to the Statutory Auditor containing the following information:
- ◆ Dates of the Annual General Meeting and the Board of Directors' meeting at which the decision was made to award performance shares to 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).
- ◆ Method used to measure the performance objective during the vesting period.
- ◆ Number of performance shares that have vested and are to be delivered, respectively, to 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 below.

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 2024 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 Chief Executive 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 2024 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 2024.

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 2024.

4.2.2. Remuneration policy applicable to the Chief Executive Officer

The remuneration policy applicable to the Chief Executive Officer for 2024 is described below.

4.2.2.1. Fixed remuneration

The Chief Executive Officer is paid fixed remuneration in an amount 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's bonus is determined by the Board of Directors, based 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 2024 formula was decided by the Board of Directors on 14 February 2024, based on the recommendation of the Remuneration and Selection Committee which met on 25 January 2024.

The Chief Executive Officer's maximum total bonus (assuming 100% achievement of the performance objectives) was set at an amount equal to his annual fixed remuneration, before the effect of the coefficient applied to calculate the quantitative component.

The total bonus breaks down as:
- ◆ 70% for the quantitative component;
- ◆ 30% for the qualitative component.

4.2.2.3. Determination of the quantitative component (financial criteria)

70% of the theoretical variable bonus (assuming 100% achievement of the performance objectives) is based on quantitative criteria.

This quantitative component is calculated on the basis of the average achievement rate of budget objectives for the year in terms of:
- ◆ Rental income: weighted at 25%
- ◆ EPRA earnings per share (EPRA EPS): weighted at 35%
- ◆ Loan To Value (LTV): weighted at 10%

The bonus amount awarded for each of these criteria is determined using the following performance grids:

Rental income achievement rate	Less than 90%	90%	100%	105%	More than 105%
Quantitative bonus as a % of theoretical bonus	0	50	100	125	125

Note: the bonus is determined based on a straight-line calculation for achievement rates between two thresholds.

EPRA EPS achievement rate	Less than 90%	90%	100%	110%	More than 110%
Quantitative bonus as a % of theoretical bonus	0	50	100	150	150

Note: the bonus is determined based on a straight-line calculation for achievement rates between two thresholds.

LTV achievement rate	Less than 90%	90%	100%	120%	More than 120%
Quantitative bonus as a % of theoretical bonus	125	125	100	50	0

Note: the bonus is determined based on a straight-line calculation for achievement rates between two thresholds.

4.2.2.4. Determination of the qualitative component (non-financial criteria)

30% of the theoretical variable bonus (assuming 100% achievement of the performance objectives) is based on qualitative 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.

The bonus amount awarded based on qualitative criteria is determined using the following performance grid:

Achievement rate	Less than 70%	70%	100%	125%	More than 125%
Quantitative bonus as a % of theoretical bonus	0	70	100	125	125

Note: the bonus is determined based on a straight-line calculation for achievement rates between two thresholds.

The Committee and the Board of Directors nevertheless retain 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.

The non-financial criteria are as follows:
- CSR policy: weighted at 10%
- General attitude and contribution to defining and executing the Company's strategy: weighted at 35%
- Corporate management and financial resources: weighted at 10%

They include the following components:

1) CSR policy (10% weighting)
- Two of the following three criteria:
  - remain among the highest-rated companies by GRESB Green Star;
  - comply annually with the SBTi linear carbon reduction trajectory, with a deviation of no more than 10% (on a constant portfolio basis);
  - maintain environmental labels or certificates for all properties in the portfolio ("in use" label for revenue-generating properties, and a label such as BBCA Renovation for properties in the process of being redeveloped).
- Develop a test version of a reporting system based on the CSRD and EU taxonomy.
- Develop CRREM trajectories for each property in use.

2) General attitude and contribution to defining and executing the Company's strategy (10% weighting)
- Leadership, sense of responsibility, willingness to seize the initiative and take risks, dynamic management vision.
- Relations with public authorities (City of Paris, State, administrations, urban planners), lobbying.
- Ability to represent the Company on various bodies (FEI, Coalition Bureau).
- Involvement in major development projects.
- Portfolio management: involvement in the execution of the business plan.

3) Corporate management and financial resources (10% weighting)
- Relations with Colonial: alignment of corporate governance practices.
- Financial policy, hedge management, financial risk management.
- Corporate governance (management of boards and committees).
- Administrative processes.
- SAP data migration project.

4.2.2.5. Performance shares

The Chief Executive Officer is eligible to participate in the performance share plans decided by the Board of Directors.

4.2.2.6. 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.

4.2.2.7. 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.

4.2.2.8. 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).

4.2.2.9. Compensation for loss of office

- Compensation for loss of office equal to two years' fixed remuneration 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 fixed remuneration 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

The Managing Director 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 2024 applicable to the members of the Board of Directors is described below. It is unchanged from 2023.

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.

For 2023, the variable portion amounted to €94,000 gross and the fixed portion to €80,000 gross.

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 payable to the Chairman of the Board of Directors, the Chief Executive Officer, the Managing Director and other members of executive management for 2023

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.

(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				
	2023	2022	2021	2020	2019	2018
Chairman of the Board[a]	n/a	n/a	2.91	3.27	3.13	2.78
Chief Executive Officer[b]	11.21	11.71	12.76	12.16	11.01	9.59
Managing Director[c]	4.68	8.80	9.75	9.30	8.38	7.17

	Executive-to-median employee remuneration ratio (employees of the SFL ESU)	Change in ratios over the past five years				
	2023	2022	2021	2020	2019	2018
Chairman of the Board[a]	n/a	n/a	3.87	4.71	4.22	3.48
Chief Executive Officer[b]	13.89	14.71	16.97	17.52	14.83	12.02
Managing Director[c]	5.79	11.05	12.97	13.40	11.30	8.98

Chairman of the Board[a]	2023	2022	2021	2020	2019	2018
Annual remuneration	0	0	€308,270	€413,149	€370,000	€355,914
Company performance						
– Rental income	€234,420k	€204,517k	€174,634k	€182,424k	€198,710k	€193,509k
– EPRA earnings	€109,904k	€108,039k	€92,390k	€100,794k	€119,236k	€106,651k
– Growth in EPRA earnings	+1.70%	+16.9%	-8.3%	-15.47%	11.7%	4.2%
– Growth in NNNAV (EPRA NDV)	-20.90%	+6.1%	-4.8%	3.1%	11.1%	7.7%
Average remuneration	€156,377	€147,104	€105,840	€126,502	€118,182	€128,138
Ratios	n/a	n/a	2.91	3.27	3.13	2.78

Chief Executive Officer[b]	2023	2022	2021	2020	2019	2018
Annual remuneration	€1,752,876	€1,722,047	€1,351,007	€1,537,994	€1,300,738	€1,229,361
Company performance						
– Rental income	€234,420k	€204,517k	€174,634k	€182,424k	€198,710k	€193,509k
– EPRA earnings	€109,904k	€108,039k	€92,390k	€100,794k	€119,236k	€106,651k
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Average remuneration	€156,377	€147,104	€105,840	€126,502	€118,182	€128,138
Ratios	11.21	11.71	12.76	12.16	11.01	9.59

Managing Director[c]	2023	2022	2021	2020	2019	2018
Annual remuneration	€731,179	€1,293,894	€1,032,373	€1,176,618	€990,678	€919,072
Company performance						
– Rental income	€234,420k	€204,517k	€174,634k	€182,424k	€198,710k	€193,509k
– EPRA earnings	€109,904k	€108,039k	€92,390k	€100,794k	€119,236k	€106,651k
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Average remuneration	€156,377	€147,104	€105,840	€126,502	€118,182	€128,138
Ratios	4.68	8.80	9.75	9.30	8.38	7.17

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				
	2023	2022	2021	2020	2019	2018
Chairman of the Board[a]	n/a	n/a	2.82	3.14	3.07	2.71
Chief Executive Officer[b]	10.87	13.38	12.37	11.70	10.81	9.35
Managing Director[c]	4.53	10.05	9.45	8.95	8.23	6.99

Chairman of the Board[a]	2023	2022	2021	2020	2019	2018
Annual remuneration	0	0	€308,270	€413,149	€370,000	€355,914
Company performance						
– Rental income	€234,420k	€204,517k	€174,634k	€182,424k	€198,710k	€193,509k
– EPRA earnings	€109,904k	€108,039k	€92,390k	€100,794k	€119,236k	€106,651k
– Growth in EPRA earnings	+1.70%	+16.9%	-8.3%	-15.47%	11.7%	4.2%
– Growth in NNNAV (EPRA NDV)	-20.90%	+6.1%	-4.8%	3.1%	11.1%	7.7%
Average remuneration	€161,265	€128,698	€109,210	€131,435	€120,345	€131,446
Ratios	n/a	n/a	2.82	3.14	3.07	2.71

Chief Executive Officer[b]	2023	2022	2021	2020	2019	2018
Annual remuneration	€1,752,876	€1,722,047	€1,351,007	€1,537,994	€1,300,738	€1,229,361
Company performance						
– Rental income	€234,420k	€204,517k	€174,634k	€182,424k	€198,710k	€193,509k
– EPRA earnings	€109,904k	€108,039k	€92,390k	€100,794k	€119,236k	€106,651k
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Average remuneration	€161,265	€128,698	€109,210	€131,435	€120,345	€131,446
Ratios	10.87	13.38	12.37	11.70	10.81	9.35

Managing Director[c]	2023	2022	2021	2020	2019	2018
Annual remuneration	€731,179	€1,293,894	€1,032,373	€1,176,618	€990,678	€919,072
Company performance						
– Rental income	€234,420k	€204,517k	€174,634k	€182,424k	€198,710k	€193,509k
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Average remuneration	€161,265	€128,698	€109,210	€131,435	€120,345	€131,446
Ratios	4.53	10.05	9.45	8.95	8.23	6.99

(a) The position of Chairman of the Board of Directors was held by Juan José Brugera Clavero from 14 April 2010 to 7 April 2022 and then by Pere Viñolas Serra. The two successive Chairmen waived payment of their remuneration for 2022 and 2023, including any new performance share awards.
(b) Nicolas Reynaud was Chief Executive Officer from 27 January 2015 to 30 June 2022. Dimitri Boulte was appointed Chief Executive Officer on 1 July 2022.
(c) Dimitri Boulte was Managing Director from 27 January 2015 to 30 June 2022. Aude Grant was appointed Managing Director on 1 July 2022.

5.2. Remuneration and benefits paid or payable to the Chairman of the Board of Directors, the Chief Executive Officer and the Managing Director for 2023

This section 5.2 describes the remuneration and benefits paid or payable in respect of 2023 to the Company's corporate officers, namely:
- Pere Viñolas Serra, Chairman of the Board of Directors;
- Dimitri Boulte, Chief Executive Officer;
- Aude Grant, Managing Director.

The tables presented in section 5.2.4 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 2023 remuneration and benefits paid or payable to Dimitri Boulte, Chief Executive Officer, in accordance with the remuneration policy approved by shareholders at the Annual General Meeting of 13 April 2023 (tenth ordinary resolution) are subject to shareholder approval at the Annual General Meeting of 16 April 2024 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, 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 16 April 2024.

5.2.1. Remuneration and benefits paid or payable to Pere Viñolas Serra, Chairman of the Board of Directors.

Pere Viñolas Serra waived payment of his remuneration for 2023.

Accordingly, no remuneration was paid or payable to him in 2023.

5.2.2. Remuneration and benefits paid or payable to Dimitri Boulte, Chief Executive Officer

5.2.2.1. Fixed remuneration

On the recommendation of the Remuneration and Selection Committee made at its meeting on 8 February 2023, the Board of Directors, meeting on 14 February 2023, set the gross annual remuneration of Dimitri Boulte for 2023 at €430,000.

5.2.2.2. Bonus

The method for calculating the Chief Executive Officer's 2023 bonus was decided by the Board of Directors on 15 December 2022 and approved by the Annual General Meeting of 13 April 2023 as part of the vote on the 2023 remuneration policy.

The Board meeting on 14 February 2024 noted that his qualitative bonus objectives had been 100%-met and that the achievement rate for his quantitative objectives was 114.01%.

Based on these achievement rates, Dimitri Boulte's bonus as Chief Executive Officer for the whole of 2023 amounted to €491,623, breaking down as follows:
- Quantitative component of €276,623 (representing 50% of the total bonus), based on the achievement of an annual objective covering growth in EPRA earnings per share and growth in rental income (achievement rate of 114.01%); and
- Qualitative component of €215,000 (representing the remaining 50% of the total bonus) based on the achievement of individual objectives (100% achievement rate) divided into five categories, each weighted at 20%:
  - General attitude and contribution to defining and executing the Company's strategy,
  - CSR policy,
  - Portfolio management,
  - Financial policy,
  - Corporate criteria.

2023 EPRA earnings per share represented 101.60% of 2022 EPRA earnings per share. Consequently, the coefficient applied to the above two amounts for the determination of the qualitative and quantitative bonuses is 100%.

Payment of the bonus is subject to shareholder approval at the Annual General Meeting on 16 April 2024 (ex-post Say-on-Pay resolution).

5.2.2.3. Performance shares

On 14 February 2023, the Board of Directors decided to award 20,000 Plan 7 performance shares to Dimitri Boulte. The rules of Plan 7 are presented in Appendix 14.2 of the Management Report (pages 105 *et seq.* of this document).

5.2.2.4. Benefits in kind

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).

5.2.2.5. Compensation for loss of office

None.

5.2.2.6. The following table presents the components of the remuneration and benefits paid or payable to Dimitri Boulte for 2023:

Components of remuneration paid or payable to Dimitri Boulte, Chief Executive Officer, for 2023	Amount or accounting value	Comments
Fixed remuneration	€430,000	Dimitri Boulte's annual fixed remuneration for 2023 was set by the Board of Directors on 14 February 2023, based on the 8 February 2023 recommendation of the Remuneration and Selection Committee, at an amount of €430,000.
Annual bonus	€491,623 (payment of this bonus is subject to shareholder approval at the Annual General Meeting on 16 April 2024)	Dimitri Boulte's target bonus was determined based on quantitative and qualitative criteria decided by the Board of Directors on 14 February 2023 on the recommendation made by the Remuneration and Selection Committee on 8 February 2023.
Long-term incentive bonus	n/a	Dimitri Boulte is not entitled to any long-term incentive bonus.
Special bonus	€0	Dimitri Boulte did not receive any special bonus in 2023.
Stock options, performance shares and other deferred remuneration	€729,050	Dimitri Boulte was awarded 20,000 performance shares by the Board on 14 February 2023.
Remuneration as member of the Board of Directors	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	€22,738	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	€51,054	Matching employer payments to the SFL Group Pension Savings Plan (PERECO), entitlements under the discretionary profit-sharing plan for 2022, paid in 2023 (entitlements for 2023 had not been determined as of the date this document was published).
Compensation for loss of office	N/A	Compensation for loss of office equal to two years' current fixed remuneration 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	Dimitri Boulte would not be entitled to any non-compete indemnity.
Supplementary pension benefits	n/a	Dimitri Boulte does not participate in any supplementary pension plan set up by the Group.

5.2.3. Remuneration and benefits paid or payable to Aude Grant, Managing Director

Aude Grant was appointed Managing Director 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 and bonus as Chief Operating Officer for 2023.

5.2.3.1. Fixed remuneration

In 2023, Aude Grant received €240,780.

5.2.3.2. Bonus

Aude Grant's 2023 bonus, calculated by the method decided by the Board of Directors on 15 December 2022, amounted to €219,516.

5.2.3.3. Performance shares

On 14 February 2023, the Board of Directors decided to award 6,000 Plan 7 performance shares to Aude Grant. The rules of Plan 7 are presented in Appendix 14.2 of the Management Report (pages 105 *et seq.*).

5.2.3.4. Benefits in kind

Aude Grant has the use of a company car.

5.2.3.5. Compensation for loss of office

None.

5.2.3.6. The following table presents the components of the remuneration and benefits paid or payable to Aude Grant, Managing Director, for 2023:

Components of remuneration paid or payable to Aude Grant Managing Director	Amount or accounting value	Comments
Fixed remuneration	€240,780	Aude Grant's annual salary under the employment contract covering her position as Chief Operating Officer was set at €240,780 for 2023.
Annual bonus	€219,516	Aude Grant's target bonus was determined based on quantitative and qualitative criteria decided by the Board of Directors on 14 February 2023, based on the recommendation of the Remuneration and Selection Committee following its meeting on 8 February 2023.
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 2023.
Stock options, performance shares and other deferred remuneration	€218,715	Aude Grant was awarded 6,000 performance shares by the Board on 14 February 2023.
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	€4,823	Company car.
Other	€66,606	Matching employer payments to the SFL Group Pension Savings Plan (PERECO), entitlements under the statutory and discretionary profit-sharing plans for 2022, paid in 2023 (entitlements for 2023 had not been determined as of the date this document was published).
Compensation for loss of office	N/A	Under the terms of her employment contract, Aude Grant would not be entitled to any termination benefit in the event of a change in ownership of SFL.
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.

5.2.4. 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 AWARDED TO THE CHAIRMAN, THE CHIEF EXECUTIVE OFFICER AND THE MANAGING DIRECTOR

Pere Viñolas Serra[1] Chairman of the Board of Directors as from 7 April 2022	2022	2023
Remuneration due for the year	€0	€0
Fair value of stock options granted during the year	n/a	n/a
Fair value of performance shares awarded during the year[2]	€0	€0
Other deferred remuneration	€0	€0
Total	**€0**	**€0**

(1) Pere Viñolas Serra waived payment of his remuneration.
(2) Pere Viñolas Serra was not awarded any performance shares in 2022 or in 2023 in his capacity as Chairman with effect from 7 April 2022.

Dimitri Boulte Managing Director until 30 June 2022 Chief Executive Officer since 1 July 2022	2022		2023
	1 January to 30 June 2022	from 1 July to 31 December 2022	
Remuneration awarded for the year (see Table 2, page 136, for details)	€584,067[1]	€478,889	€995,415
Fair value of stock options granted during the year	n/a	n/a	n/a
Fair value of performance shares awarded during the year[2] (see Table 6, page 140, for details)	€586,968	n/a	€729,050
Other deferred remuneration	n/a	n/a	n/a
Total	**€1,171,035**	**€478,889**	**€1,724,465**

(1) Dimitri Boulte's remuneration presented above corresponds to the salary paid to him under his employment contract as Chief Operating Officer between 1 January and 30 June 2022. He was not paid any additional remuneration in his capacity as Managing Director between 27 January 2015 and 30 June 2022.
(2) 16,000 Plan 6 performance shares were awarded to Dimitri Boulte at the Board Meeting of 18 February 2022 and 20,000 Plan 7 performance shares were awarded to him at the Board Meeting of 14 February 2023.
Plan 6 and 7 performance share award and vesting conditions and values are presented in Appendix 14-2 (pages 105 *et seq.*).

Aude Grant Managing Director from 1 July 2022	2022 (1 July to 31 December)	2023
Remuneration due for the year[1] (see Table 2, page 138, for details)	€204,467	€531,725
Fair value of stock options granted during the year	n/a	n/a
Fair value of performance shares awarded during the year[2] (see Table 6, page 140, for details)	n/a	€218,715
Other deferred remuneration	n/a	n/a
Total	**€204,467**	**€750,440**

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's remuneration presented above corresponds to the salary paid to her under her employment contract as Chief Operating Officer. She was not paid any additional remuneration in her capacity as Managing Director as from 1 July 2022.
(2) 6,000 Plan 7 performance shares were awarded to Aude Grant at the Board Meeting of 14 February 2023. Aude Grant did not receive any other performance share award in her capacity as Managing Director for the period from 1 July to 31 December 2022.
The Plan 7 performance share award and vesting conditions and values are presented in Appendix 14-2 (pages 105 *et seq.*).

TABLE 2
REMUNERATION PAID OR PAYABLE TO THE CHAIRMAN, THE CHIEF EXECUTIVE OFFICER AND THE MANAGING DIRECTOR IN 2022 AND 2023

Pere Viñolas Serra[1] Chairman of the Board from 7 April 2022	2022	2023
	€0	€0

(1) Pere Viñolas Serra has waived payment of his remuneration as from 1 January 2022.

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 until 30 June 2022	**2022 (period from 1 January to 30 June)**		**2023**	
	Payable for the year	Paid during the year	Payable for the year	Paid during the year
Fixed remuneration[1]	€177,248	€177,248	n/a	n/a
Bonus[2]	€260,017[a]	€274,342[b]	n/a	€260,017[a]
Special bonus	€0	€85,000[c]	n/a	n/a
Remuneration as member of the Board of Directors	n/a	n/a	n/a	n/a
Other[3]	€146,802	€146,802	€51,054	€51,054
Total	**€584,067**	**€683,392**	**€51,054**	**€311,071**

Until 30 June 2022, Dimitri Boulte's remuneration corresponded to the salary paid to him under his employment contract as Chief Operating Officer.

(a) Amount due for the period from 1 January to 30 June 2022, paid in 2023 after approval by the Annual General Meeting of 13 April 2023.
(b) Amount due for 2021, paid in 2022 after approval by the Annual General Meeting of 7 April 2022.
(c) Special bonus for 2021 decided by the Board of Directors on 18 February 2022 and paid in 2022 following its approval by the Annual General Meeting of 7 April 2022.

Dimitri Boulte Chief Executive Officer since 1 July 2022	**2022 (period from 1 July to 31 December)**		**2023**	
	Payable for the year	Paid during the year	Payable for the year	Paid during the year
Fixed remuneration[1]	207,881	207,881	€430,000	€430,000
Bonus[2]	€260,017[a]	€0	€491,623	€260,017[a]
Special bonus	€0	€0	€0	€0
Remuneration as member of the Board of Directors	n/a	n/a	n/a	n/a
Total	**€467,898**	**€207,881**	**€921,623**	**€690,017**

(a) Amount due for the period from 1 July to 31 December 2022, paid in 2023 after approval by the Annual General Meeting of 13 April 2023.

Dimitri Boulte - Managing Director until 30 June 2022 - Chief Executive Officer since 1 July 2022	**2022**		**2023**	
	Payable[a]	Paid[a]	Payable	Paid
Benefits in kind[4]	€10,991	€10,991	€22,738	€22,738
Total	**€10,991**	**€10,991**	**€22,738**	**€22,738**

(a) Amounts paid and payable to Dimitri Boulte in his capacity as either Managing Director or Chief Executive Officer in 2022.

(1) Fixed remuneration

The fixed remuneration of the Chief Executive Officer and the Managing Director is reviewed annually and may be adjusted depending on the Company's business and financial results for the previous year.

At its meeting on 14 February 2023, the Board of Directors decided to increase Dimitri Boulte's annual fixed remuneration, in his capacity as Chief Executive Officer from 1 July 2022, to €430,000 for 2023 from €415,000 in 2022. 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.

(2) Bonus

The method for calculating Dimitri Boulte's bonus (and the bonus of the corporate officers) was decided by the Board of Directors on 19 November 2021 for the 2022 bonus and on 14 February 2023 for the 2023 bonus.

◆ **The 2022 bonus** comprised a quantitative component and a qualitative component, as follows:
- a quantitative component for 50% of the total bonus, based on the Company's performance in relation to the following two criteria:
  - EPRA earnings,
  - rental income;
- a qualitative component for 50% of the total bonus, based on personal performance objectives.

To determine the 2022 **quantitative component**, the Board of Directors decided to set the following objectives for the two performance criteria (EPRA earnings and rental income):
- 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 was taken as the overall achievement rate used to determine the quantitative component for 2022, applying the following correspondence table:

Objective achievement rate	Quantitative bonus as a % of fixed remuneration*	
	Chief Executive Officer	Managing Director
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%

To determine the amount of the **qualitative component** due in respect of 2022, the criteria taken into account for the performance assessment were organised into six categories with weighting rates ranging from 10% to 30%, as follows:
- General attitude;
- Contribution to defining the Company's strategy;
- CSR policy;
- Portfolio management;
- Financial policy;
- Corporate criteria.

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 and not from the date of his appointment to this position on 1 July 2022.

◆ **The 2023 bonus** also comprises a quantitative component and a qualitative component, as follows:
- A quantitative component for 50% of the total bonus, based on the Company's performance in relation to the following two criteria:
  - EPRA earnings per share,
  - Rental income;
- A qualitative component for 50% of the total bonus, based on personal performance objectives.

To determine the 2023 **quantitative bonus**, the Board of Directors decided to set the following objectives for the two performance criteria:
- an EPRA earnings per share objective of €2.17;
- a rental income objective of €213 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 2023, applying the above correspondence table:

Objective achievement rate	Less than 70%	70%	100%	122%	More than 122%
Chief Executive Officer's bonus rate	0	60%	100%	145%	145%
Managing Director's bonus rate	0	48%	80%	116%	116%

Note: the bonus is determined based on a straight-line calculation for achievement rates between two thresholds.

To determine the amount of the **qualitative component** due in respect of 2023, the criteria taken into account for the performance assessment were organised into five categories, all weighted at 20%, as follows:
- General attitude and contribution to defining and executing the Company's strategy;
- CSR policy;
- Portfolio management;
- Financial policy;
- Corporate criteria.

Payment in 2024 of the Chief Executive Officer's 2023 bonus is subject to shareholder approval at the Annual General Meeting on 16 April 2024.

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.

(3) Other

- Matching employer payments on voluntary contributions for 2022 and 2023 to the SFL Group Pension Savings Plan (PERECO).
- Entitlements under the statutory and discretionary profit-sharing plans for 2021 and 2022, paid in 2022 and 2023 respectively (entitlements payable in respect of 2023 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

- Company car.
- Private unemployment insurance (*Garantie Sociale des Chefs et Dirigeants d'Entreprise* – GSC) from 1 July 2022.

Aude Grant was appointed Managing Director on 1 July 2022. Amounts paid or payable prior to this date are not disclosed below.

Aude Grant Managing Director from 1 July 2022	**2022 (period from 1 July to 31 December)**		**2023**	
	Payable for the year	Paid during the year	Payable	Paid
Fixed remuneration[1]	€101,802	€101,802	€240,780	€240,780
Bonus[2]	€100,127	€0	€219,516	€200,254
Remuneration as member of the Board of Directors	n/a	n/a	n/a	n/a
Benefits in kind[3]	€2,538	€2,538	€4,823	€4,823
Other[4]	n/a	n/a	€66,606	€66,606
Total	**€204,467**	**€104,340**	**€531,725**	**€512,463**

(1) Fixed remuneration

The fixed remuneration of the Chief Executive Officer and the Managing Director is reviewed annually and may be adjusted depending on the company's business and financial results for the previous year.

Aude Grant's annual fixed remuneration was decided by the Board of Directors on 14 February 2023 based on the recommendation of the Remuneration and Selection Committee on 8 February 2023.

(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.

The method for calculating Aude Grant's bonus, as Managing Director (and that of the Chief Executive Officer) was decided by the Board of Directors on 14 February 2023 for the 2023 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, the date of Aude Grant's appointment as Managing Director.

Entitlements for 2023 had not been determined as of the date this document was published and will be paid in 2024.

TABLE 10
LONG-TERM INCENTIVE BONUSES AWARDED TO THE CHAIRMAN, THE CHIEF EXECUTIVE OFFICER AND THE MANAGING DIRECTOR

Name and position	**2021**	**2022**	**2023**
Pere Viñolas Serra	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
Pere Viñolas Serra	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
Pere Viñolas Serra	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 AWARDED 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 awarded 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)
Pere Viñolas Serra	No performance shares were awarded during the year					
Dimitri Boulte	Plan 7 14 February 2023	20,000	€729,050	14 February 2026	18 February 2028	(5)
Aude Grant	Plan 7 14 February 2023	6,000	€218,715	14 February 2026	18 February 2028	(5)
Directors	No performance shares were awarded during the year					

(1) At its meeting on 14 February 2023, the Board of Directors decided to use the authorisation given at the Annual General Meeting of 15 April 2021 to award 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 14 February 2023 (Plan 7), 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 14.2, page 107.

(2) The value of the performance shares at 31 December 2023 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 awarded on 14 February 2023 is €72.905, not including the employer's contribution.

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 award date and not less than three years after the grant date (i.e., 14 February 2026 at the earliest).

(4) Performance shares may not be sold or otherwise transferred for one year 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 14.2 (pages 107).

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 AWARDED 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(1)	Plan 5 20 April 2018	6,000
Pere Viñolas Serra	Not applicable	0
Dimitri Boulte	Plan 5 20 April 2018	16,000
Aude Grant	Plan 5 20 April 2018	2,400

(1) José Brugera Clavero was Chairman of the Board of Directors until 7 April 2022.

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
Pere Viñolas Serra Chairman of the Board - Appointed: 7 April 2022 - Term expired: 2025 AGM		X		X		X		X
Dimitri Boulte Chief Executive Officer - Appointed: 1 July 2022 - Term expires: unlimited		X		X	X(1)			X
Aude Grant Managing Director - Appointed: 1 July 2022 - Term expires: unlimited	X(2)			X		X		X

(1) 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 4.2.2.9.
(2) 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 payable to the directors for 2023

The remuneration paid or payable to the directors for 2023 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 2022	Amounts paid in 2023	2023 amounts paid in 2024*
Juan José Brugera Clavero[1]			
Remuneration (fixed, variable)	€0.00	€0.00	€0.00
Other remuneration	€0.00	€0.00	€0.00
Ali Bin Jassim Al Thani			
Remuneration (fixed, variable)	€38,000	€32,000	€3,000
Other remuneration	€0.00	€0.00	€0.00
Angels Arderiu Ibars[2][3]			
Remuneration (fixed, variable)	€0.00	n/a	n/a
Other remuneration	€0.00	n/a	n/a
Carlos Fernandez-Lerga Garralda[3][4]			
Remuneration (fixed, variable)	€23,718.23	n/a	n/a
Other remuneration	€0.00	n/a	n/a
Carmina Ganyet i Cirera[5]			
Remuneration (fixed, variable)	€38,348.07	€0.00	€0.00
Other remuneration	€0.00	€0.00	€0.00
Carlos Krohmer[2][3]			
Remuneration (fixed, variable)	€0.00	n/a	n/a
Other remuneration	€0.00	n/a	n/a
Arielle Malard de Rothschild			
Remuneration (fixed, variable)	€76,000.00	€62,000	€7,000
Other remuneration[8]	€14,000.00	€0.00	€0.00
Luis Maluquer Trepat[3]			
Remuneration (fixed, variable)	€14,359.12	n/a	n/a
Other remuneration	€0.00	n/a	n/a
Nuria Oferil Coll[2][3]			
Remuneration (fixed, variable)	€0.00	n/a	n/a
Other remuneration	€0.00	n/a	n/a
Alexandra Rocca[6]			
Remuneration (fixed, variable)	€67,348.07	€63,000	€7,000
Other remuneration[8]	€14,000.00	€0.00	€0.00
Anthony Wyand[3][7]			
Remuneration (fixed, variable)	€21,718.23	n/a	n/a
Other remuneration[8]	€14,000.00	n/a	n/a
Total	**€321,491.72**	**€157,000**	**€17,000**

* Two Committee meetings and a Board meeting were held in December 2023 after the payment of Directors' remuneration for the second half of 2023. The additional remuneration due in respect of these meetings was paid in 2024.

(1) All remuneration payments waived in 2022 and subsequent years.
(2) All remuneration payments waived in 2022.
(3) Director until 7 April 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.

Details of the remuneration received by Pere Viñolas Serra as Chairman of the Board of Directors, are provided in section 5.2.1 above.

5.4. Remuneration and benefits paid or payable to executive management other than the Chief Executive Officer and the Managing Director for 2023

The following table presents the total gross remuneration for 2023 paid by SFL to the persons who were members of the Management Committee at 31 December 2023 other than the Chief Executive Officer and the Managing Director:

	2023
Fixed remuneration	€966,294
Bonuses[1]	€459,802
Benefits in kind	€26,735
Special bonuses	€0
Non-discretionary/discretionary profit-sharing[2]	€279,870
Matching payments to the Group Pension Savings Plan (PERECO)	€21,240

(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 14 February 2023.
(2) Entitlements under the non-discretionary and discretionary profit-sharing plans for 2022, paid in 2023 (profit shares in respect of 2023 had not been determined as of the date this document was published).

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 SHARES AWARDED IN PREVIOUS YEARS

	Plan 5				Plan 6		Plan 7
Date of Annual General Meeting	20 Apr. 2018				15 Apr. 2021		15 Apr. 2021
Date of Board meeting	20 Apr. 2018	15 Feb. 2019	6 Feb. 2020	11 Feb. 2021	18 Feb. 2022	14 Feb. 2023	14 Feb. 2023
Total performance share rights awarded	**67,184**	**65,896**	**68,952**	**66,920**	**61,248**	**9,960**	**45,000**
of which rights awarded to:	*42,000*	*42,000*	*42,000*	*42,000*	*36,000*	*0*	*26,000*
- Juan José Brugera Clavero	6,000	6,000	6,000	6,000	0	0	0
- Nicolas Reynaud	20,000	20,000	20,000	20,000	20,000	0	0
- Dimitri Boulte	16,000	16,000	16,000	16,000	16,000	0	20,000
- Aude Grant						0	6,000
Vesting date	6 Apr. 2021	31 Mar. 2022	31 Mar. 2023	11 Feb. 2024	18 Feb. 2025	14 Feb. 2026	14 Feb. 2026
End of lock-up period	5 Apr. 2023	30 Mar. 2024	31 Mar. 2025	10 Feb. 2026	17 Feb. 2027	14 Feb. 2028	14 Feb. 2027
Performance criteria	(1)	(1)	(1)	(1)	(2)	(2)	(3)
Number of vested performance shares as of 31 December 2023	63,648	64,992	67,760	-	-		
Cumulative number of performance share rights cancelled or forfeited	-	-	1,192	1,792	1,168	1,024	0
Number of performance share rights outstanding at 31 December 2023	-	-	-	65,128	60,080	8,936	45,000

This table does not include performance shares awarded to Aude Grant before 1 July 2022, the date of her appointment as Managing Director.

(1) The performance criteria are described in "Plan 5 Rules" below.
(2) The Plan 6 performance conditions are presented in Appendix 14.2 of the Management Report (page 107).
(3) The Plan 7 performance conditions are presented in Appendix 14.2 of the Management Report (page 107).

The following are the rules for Plans 5, 6 and 7.

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 award (i.e., for the 11 February 2021 award, 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 departure 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 Group level 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.

Plan 6 Rules

The Plan 6 rules are presented in Appendix 14.2 of the Management Report (pages 106 to 107).

Plan 7 Rules

The Plan 7 rules are presented in Appendix 14.2 of the Management Report (page 107).

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 14 February 2024, the Board of Directors reviewed the regulated related party agreements authorised and signed in 2023 or previous years that continued to be implemented during 2023.

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 person(s) directly or indirectly concerned by any of these agreements shall not take part in their assessment, in accordance with Article L.22-10-12 of the French Commercial Code.

No agreements were submitted to the Audit Committee for review at its meeting on 14 February 2023.

7.2. 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 (Facility Agreement) between Inmobiliaria Colonial Socimi SA (lender), the Spanish company that owns 98.33% of SFL, and SFL. This contract was signed on 28 February 2023.

On 14 February 2023, the Board of Directors authorised SFL to borrow up to €250 million under this facility until 31 December 2024.

In accordance with Article L.225-40 of the French Commercial Code, the agreement was described in the Statutory Auditors' special report (page 225 of the 2022 Universal Registration Document) and approved by the shareholders at the Annual General Meeting of 13 April 2023 (5th ordinary resolution).

At its meeting on 16 November 2023, the Board of Directors made two changes to the authorisation given to SFL on 14 February 2023:

- increase in the facility limit under the authorised Facility Agreement from €250 million to €600 million;
- extension of the facility's expiry date from 31 December 2024 to 31 December 2025.

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 José Brugera Clavero and Carmina Ganyet, elected as directors on the recommendation of Inmobiliaria Colonial Socimi SA, did not take part in the discussions or vote on the proposed changes to the Facility Agreement.

In accordance with Article L.225-40 of the French Commercial Code, the changes are described in the Statutory Auditors' special report (pages 225 *et seq.* of this Universal Registration Document) and will be submitted to the shareholders for approval at the Annual General Meeting of 16 April 2024 (4th 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 2023.

Date of AGM	Authorisation or delegation of competence	Used/unused in 2023	Duration of authorisation
13 April 2023	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
13 April 2023	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
13 April 2023	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
13 April 2023	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
13 April 2023	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
13 April 2023	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
13 April 2023	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
13 April 2023	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.	Used(1)	26 months
13 April 2023	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
13 April 2023	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 award performance shares to eligible employees and corporate officers of SFL and/or its subsidiaries, without pre-emptive subscription rights for existing shareholders.	Used(2)	38 months

(1) On 13 March 2023, the Chief Executive Officer, acting on a delegation of authority granted by the Board of Directors on 18 November 2022, decided to issue 20,957 shares to fulfil the Company's obligation to deliver shares in exchange for vested performance share rights awarded by the Board of Directors on 6 February 2020 under Plan 5.
The number of vested performance share rights at that date was 67,760, while the number of treasury shares held by SFL was 46,803.
(2) At its meeting on 14 February 2023, the Board of Directors decided to award up to 54,960 performance share rights (corresponding to a target of 27,480 shares) to the Chief Executive Officer, the Managing Director 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. The total award included 45,000 Plan 7 performance share rights (corresponding to a target of 22,500 shares) and 9,960 Plan 6 performance share rights (corresponding to a target of 4,980 shares). Details of the performance share plan are provided in Appendix 14.2 of the Management Report (pages 105 and 106).

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 9.1.2 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 9.1.2 of the Management Report.
4. The Company has not issued any securities comprising any special rights of control.
5. There is no employee share ownership scheme in which control rights are not exercised by employees.
6. To the best of the Company's knowledge, there are no shareholders' agreements in force between the shareholders (see section 11 of the Management Report) that could have the effect of restricting share transfers or the exercise of voting rights.
7. 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.
8. The delegations of authority to the Board of Directors are described in section 9.6.3 (page 40 and 41) of the Management Report on the share buyback programme and in the financial authorisations table (page 146).
9. Contracts entered into by the Company that would be affected or terminated by a change of control are described in section 10 of the Management Report (page 43).
10. As of 31 December 2023, with the exception of the compensation for loss of office that may be paid to the Chief Executive Officer, as described in section 4.2.2.9, 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 14.5 - Report of the Board of Directors to the Extraordinary General Meeting from 16 April 2024

We invite shareholders to adopt the extraordinary resolutions presented below.

1. Authorisation to cancel SFL shares acquired under a share buyback programme

(first extraordinary resolution)

In relation to the tenth 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 tenth 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. Authorisation given to the Board of Directors to award performance shares to eligible employees and corporate officers of SFL and/or its subsidiaries, without pre-emptive subscription rights for existing shareholders

(second extraordinary resolution)

The Board is seeking an authorisation - which could be delegated to any person to whom the powers may be delegated pursuant to the law - to make one or more awards of existing or newly-issued ordinary shares of the Company in accordance with Articles L.225-197-1 *et seq.*, L.22-10-59 and L.22-10-60 of the French Commercial Code, on the basis specified below.

This authorisation would cancel, with immediate effect, the unused portion of the authorisation given in the tenth extraordinary resolution of the General Meeting of 15 April 2021.

The options may be granted to employees or corporate officers (within the meaning of Article L.225-197-1 II paragraph 1 of the French Commercial Code) of the Company or of related companies or entities within the meaning of Article L.225-197-2 of the French Commercial Code.

This authorisation is given for a period of 38 months from the date of this Meeting.

The total number of ordinary shares awarded under this resolution would not represent more than 1% of the Company's share capital as of the date of this Meeting and, within this limit, the number of shares awarded to corporate officers (*mandataires sociaux*) would not represent more than 0.5% 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 are met.

The Board of Directors shall set the vesting period applicable to each award, which will not be less than the statutory minimum period of one year as from the award date.

The Board of Directors shall also set the lock-up period applicable to each award, provided that the total period represented by the vesting period and the lock-up period shall not be less than two years.

However, the General Meeting may decide that the performance shares would vest immediately in the event of a recipient's disability corresponding to category 2 or category 3 as defined in Article L.341-4 of the French Social Security Code. In the event of death of a recipient, his or her heirs may apply for the shares to be allocated to them within six months of the date of death. No lock-up period would apply to any shares that vested immediately in the event of a recipient's disability as defined above in reference to the French Social Security Code. Similarly, no lock-up period would apply to shares allocated to the heirs of a deceased recipient.

The shares granted under the second resolution may be existing shares, in which case they will be bought back under the buy-back programme authorised in the tenth ordinary resolution of the Meeting of 16 April 2024 pursuant to Article L.22-10-62 of the French Commercial Code or any buyback programme applicable before or after this resolution is adopted.

This authorisation would automatically entail the waiver by existing shareholders of their pre-emptive right to subscribe for ordinary shares to be issued in respect of vested share awards. In addition, if this authorisation resulted in a capital increase at the end of the vesting period, paid up by capitalising retained earnings, profits or share premiums, shareholders would automatically waive their right to the capitalised portion of retained earnings, profits or share premiums.

The Board of Directors is asking shareholders for full powers to implement this resolution within the limits specified above. These powers could be delegated to any person to whom the powers may be delegated pursuant to the law and the Board could be assisted by a committee made up of persons of its choice. Specifically, the Board would have the power to:

- Set the terms of the performance share plans and the allocation criteria, if any.
- Decide the dates of the share grants, on the basis and subject to the restrictions prescribed by law.
- Draw up the list of grantees, the number of performance share rights to be awarded to each grantee, and the related terms and conditions.
- Determine, within the limits set in the second resolution, the vesting period and the lock-up period, if any.
- Decide on the situations in which the number of shares awarded will be adjusted following any corporate actions, in order to protect the rights of recipients.
- Generally, enter into any and all agreements, draw up any and all documents, place on record any capital increases resulting from the share awards, amend the Articles of Association, if necessary, 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 to use this authorisation, in accordance with the applicable legislation.

3. 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

(third extraordinary resolution)

Shareholders are invited to adopt the third 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.

Appendix 14.6 - Agenda and proposed resolutions of the Annual General Meeting of 16 April 2024

Agenda

Ordinary Meeting

1. Approval of the Company financial statements for the year ended 31 December 2023.
2. Approval of the consolidated financial statements for the year ended 31 December 2023.
3. Appropriation of profit for the year ended 31 December 2023 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 2023, and approval of these agreements.
5. Re-election as a director of Juan José Brugera Clavero.
6. Re-election as a director of Sheikh Ali Bin Jassim Al Thani.
7. 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.
8. Approval of the remuneration paid or payable 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 2023, in accordance with Article L.22-10-34 I of the French Commercial Code.
9. Approval of the components of the remuneration paid or payable to Dimitri Boulte, Chief Executive Officer, for the year ended 31 December 2023.
10. 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.
11. Powers to carry out formalities.

Extraordinary Meeting

1. 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.
2. Authorisation to be given to the Board of Directors to award performance share rights to eligible employees and corporate officers of SFL and/or its subsidiaries or intercompany partnerships, and to deliver, upon exercise of the rights, existing shares or new shares issued without pre-emptive subscription rights for existing shareholders.
3. 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.
4. Powers to carry out formalities.

Ordinary resolutions

FIRST ORDINARY RESOLUTION (Approval of the Company financial statements for the year ended 31 December 2023)

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 2023 as presented, showing a profit of €11,402,380.94, 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 2023)

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 2023 as presented, showing a loss attributable to owners of the parent of €638,767 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 2023 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 2023, after tax and additions to provisions, amounts to €11,402,380.94.
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 2023	€11,402,380.94
Retained earnings brought forward from the prior year	€791,690,795.99
Profit available for distribution	€803,093,176.93

3. Approves the recommendation of the Board of Directors and resolves to pay shareholders a dividend per share of €2.40, representing a total payout of €102,925,612.80 based on the 42,885,672 shares outstanding at 31 December 2023.

4. Approves the recommendation of the Board of Directors and resolves to deduct the total dividend from profit for the year for €11,402,380.94 and from retained earnings for €91,523,231.86, after which retained earnings will amount to €700,167,564.13.

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 18 April 2024.

The dividend will be paid in cash as from 22 April 2024.

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 €102,925,612.80 (€2.40 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.

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)
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
2022	€4.20	€0.00	€4.20	€0.00	€180,119,822.40

(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 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.

FIFTH 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 2024.

SIXTH ORDINARY RESOLUTION (Re-election as a director of Sheikh Ali Bin Jassim Al Thani)

The Ordinary General Meeting, having noted that Sheikh Ali Bin Jassim Al Thani'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 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 2026.

SEVENTH 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 2024 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.

EIGHTH ORDINARY RESOLUTION (Approval of the remuneration paid or payable 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 2023, 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 payable to the Chairman of the Board of Directors, the Chief Executive Officer, the Managing Director, Chief Operating Officer and the members of the Board of Directors for the year ended 31 December 2023, as described in section 5 of the Corporate Governance Report presented by the Board of Directors.

NINTH ORDINARY RESOLUTION (Approval of the components of the remuneration paid or payable to Dimitri Boulte, Chief Executive Officer, for the year ended 31 December 2023)

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 payable for the year ended 31 December 2023 to Dimitri Boulte in his capacity as Chief Executive Officer, as described in section 5.2.2 of the Board of Directors' Corporate Governance Report.

TENTH 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)

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 fifteenth ordinary resolution of the Annual General Meeting of 13 April 2023 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 2023, the total amount invested in the share buyback programme will represent a maximum of €471,742,370 corresponding to 4,288,567 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 shares may be purchased, exchanged, sold or transferred 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 SFL shares through an investment firm under a liquidity contract that complies with a market practice recognised by the French securities regulator (*Autorité des Marchés Financiers*).
- 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 first extraordinary resolution of this Meeting authorising the Board of Directors to reduce the capital.
- To retain shares and subsequently tender them in payment or exchange in connection with any acquisitions, mergers, demergers or stock-for-stock transactions, up to a limit of 5% of the share capital.
- More generally, to carry out any other transaction that may be authorised by the law or regulations in force and/or any market practice that may be accepted at the time.

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.

ELEVENTH 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 (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.

SECOND EXTRAORDINARY RESOLUTION (Authorisation to be given to the Board of Directors to award performance share rights to eligible employees and corporate officers of SFL and/or its subsidiaries or intercompany partnerships, and to deliver, upon exercise of the rights, existing shares or new shares issued without pre-emptive subscription rights for existing shareholders)

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:

- To cancel, with immediate effect, the unused portion of the authorisation given in the tenth extraordinary resolution of the Annual General Meeting of 15 April 2021.
- To authorise the Board of Directors, or any person to whom this authority may be delegated pursuant to the law, to make one or more awards of existing or newly-issued ordinary shares of the Company in accordance with Articles L.225-197-1 *et seq.*, L.22-10-59 and L.22-10-60 of the French Commercial Code, on the basis specified below.

The grantees would be employees - or certain employee categories - and officers (*mandataires sociaux*) (as defined in Article L.225-197-1 II paragraph 1 of the French Commercial Code) of the Company and related companies and economic interest groupings within the meaning of Article L.225-197-2 of the Code.

This authorisation is given for a period of 38 months from the date of this Meeting.

The total number of ordinary shares awarded under this resolution shall not represent more than 1% of the Company’s share capital as of the date of this Meeting and, within this limit, the number of shares awarded to corporate officers (*mandataires sociaux*) shall not represent more than 0.5% 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.

The Board of Directors shall set the vesting period applicable to each award, which shall not be less than the statutory minimum period of one year as from the award date.

The Board of Directors shall also set the lock-up period applicable to each award, provided that the total period represented by the vesting period and the lock-up period shall not be less than two years.

Exceptionally, the General Meeting may decide that the performance shares would vest immediately in the event of a recipient’s disability corresponding to category 2 or category 3 as defined in Article L.341-4 of the French Social Security Code. In the event of death of a recipient, his or her heirs may apply for the shares to be allocated to them within six months of the date of death. No lock-up period would apply to any shares that vested immediately in the event of a recipient’s disability as defined above in reference to the French Social Security Code. Similarly, no lock-up period would apply to shares allocated to the heirs of a deceased recipient.

The shares awarded under this resolution may be existing shares, in which case they shall be bought back under the buyback programme authorised in the fourteenth ordinary resolution of this Meeting pursuant to Article L.22-10-62 of the French Commercial Code or any buyback programme applicable before or after this resolution is adopted.

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 ordinary shares to be issued in respect of the awards. The Extraordinary General Meeting further notes and resolves that, if the awards are fulfilled by issuing new shares, this authorisation shall result in a capital increase at the end of the vesting period, to be paid up by capitalising retained earnings, profits or the share premium, and that shareholders shall automatically waive their right to the capitalised portion of retained earnings, profits or the share premium.

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 terms of the performance share plans and the allocation criteria, if any.
- Decide the dates of the share awards, on the basis and subject to the restrictions prescribed by law.
- Draw up the list of grantees, the number of performance share rights to be awarded to each grantee, and the related terms and conditions.
- Determine, within the limits set in this resolution, the vesting period and the lock-up period, if any.
- Decide on the situations in which the number of shares awarded will be adjusted following any corporate actions, in order to protect the rights of recipients.
- Generally, enter into any and all agreements, draw up any and all documents, place on record any capital increases resulting from the share awards, amend the Articles of Association, if necessary, 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 to use this authorisation, in accordance with the applicable legislation.

The Board of Directors shall report to shareholders at each Annual General Meeting on the transactions carried out under this resolution.

THIRD 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, 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.

FOURTH 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 14.7 - Portfolio at 31 December 2023

Owned properties at 31 December 2023		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
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*	106 Haussmann	**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*	Scope	**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		409,945	313,288	37,174	3,125	5,969	6,791	10,723	17,469	15,407	3,288

CONSOLIDATED FINANCIAL *STATEMENTS*

02

The financial statements were approved for publication by the Board of Directors on 14 February 2024.

A - Consolidated Statement of Financial Position

ASSETS

(in thousands of euros)	Notes Section E	31 Dec. 2023	31 Dec. 2022
Intangible assets	V - 1	1,421	1,862
Property and equipment	V - 2	22,761	19,173
Investment property	V - 4	7,156,813	8,051,948
Non-current financial assets	VII - 5	237	15,338
Other non-current assets	VI - 4	112,880	71,060
Total non-current assets		**7,294,112**	**8,159,380**
Investment property held for sale	V - 6	-	57,100
Trade and other receivables	VI - 3	33,360	41,222
Current financial assets	VII - 5	612	13
Other current assets	VI - 4	4,662	846
Cash and cash equivalents	VII - 6	96,776	69,433
Total current assets		**135,410**	**168,614**
Total assets		7,429,521	8,327,995

EQUITY AND LIABILITIES

(in thousands of euros)	Notes Section E	31 Dec. 2023	31 Dec. 2022
Share capital	VIII - 1	85,771	85,729
Reserves		4,093,159	4,149,844
Profit/(loss) for the period		(638,767)	143,430
Equity attributable to owners of the parent		**3,540,164**	**4,379,003**
Non-controlling interests		941,976	1,097,432
Total non-controlling interests		**941,976**	**1,097,432**
Total equity		**4,482,140**	**5,476,435**
Long-term borrowings and derivative instruments	VII - 1	1,983,226	2,073,914
Long-term provisions	IX - 1	1,348	1,535
Deferred tax liabilities	XI - 2	172,955	203,495
Other non-current liabilities	VI - 6	50,157	44,282
Total non-current liabilities		**2,207,686**	**2,323,226**
Trade and other payables	VI - 5	28,075	47,052
Short-term borrowings and other interest-bearing debt	VII - 1	644,429	414,577
Short-term provisions	IX - 1	836	1,266
Other current liabilities	VI - 6	66,355	65,438
Total current liabilities		**739,695**	**528,333**
Total equity and liabilities		7,429,521	8,327,995

B - Consolidated Statement of Comprehensive Income

(in thousands of euros)	Notes Section E	2023	2022
Rental income		**234,420**	**204,517**
Gross property expenses		(53,497)	(44,520)
Property expenses recovered from tenants		41,992	33,969
Property expenses, net of recoveries		(11,505)	(10,552)
Net property rentals	**VI - 1**	**222,915**	**193,966**
Other income	VI - 2	10,528	8,051
Depreciation, amortisation and impairment	V - 3	(1,906)	(2,104)
Provision expense, net	IX - 2	(6,021)	(1,037)
Employee benefits expense	X - 1	(15,514)	(18,383)
Other expenses	VI - 7	(8,433)	(8,734)
Profit/(loss) on disposal of investment property	V - 5	(158)	(440)
Fair value adjustments to investment property	V - 4	(960,277)	38,636
Operating profit/(loss)		**(758,865)**	**209,955**
Finance costs and other financial expenses	VII - 2	(57,654)	(31,643)
Financial income	VII - 2	1,644	19
Profit/(loss) before income tax		**(814,876)**	**178,331**
Income tax benefit	XI - 1-2	28,005	3,285
Profit/(loss) for the period		(786,872)	**181,616**
Attributable to owners of the parent		**(638,767)**	**143,430**
Attributable to non-controlling interests	VIII - 6	(148,105)	38,186
Earnings per share	VIII - 4	€(14.90)	€3.35
Diluted earnings per share	VIII - 4	€(14.90)	€3.34
Other comprehensive income			
Actuarial gains and losses	IX - 1	132	383
Items that will not be reclassified to profit or loss		132	383
Valuation gains and losses on financial instruments (cash flow hedges)	VII - 3	(23,994)	24,103
Items that may be reclassified subsequently to profit or loss		(23,994)	24,103
Other comprehensive income/(expense)		**(23,862)**	**24,485**
Comprehensive income/(expense)		(810,734)	206,102
Attributable to owners of the parent		**(662,629)**	**167,916**
Attributable to non-controlling interests	VIII - 6	(148,105)	38,186

C - Consolidated Statement of Changes in Equity

(in thousands of euros)	Share capital	Share premium account	Revaluation reserve	Treasury shares	Cash flow hedging reserve	Other reserves	Profit/(loss) for the period	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
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/(loss)			-	-	-	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**
Profit/(loss) for the period	-	-	-	-	-	-	(638,767)	(638,767)	(148,105)	(786,872)
Other comprehensive income/(expense), net of tax	-	-	-	-	(23,994)	132	-	(23,862)	-	(23,862)
Comprehensive income/(expense)	**-**	**-**	**-**	**-**	**(23,994)**	**132**	**(638,767)**	**(662,629)**	**(148,105)**	**(810,734)**
Appropriation of profit/(loss)			-	-	-	143,430	(143,430)	-	-	-
Share issues	42	(42)	-	-	-	-	-	-	-	-
Treasury share transactions	-	-	-	3,878	-	-	-	3,878	-	3,878
Gains and losses on sales of treasury shares	-	-	-	(3,744)	-	-	-	(3,744)	-	(3,744)
Share-based payments	-	-	-	-	-	3,755	-	3,755	-	3,755
Dividends paid to owners of the parent	-	-	-	-	-	(180,100)	-	(180,100)	(7,351)	(187,451)
Equity at 31 December 2023	**85,771**	**159,961**	**22,621**	**(18,184)**	**6,690**	**3,922,074**	**(638,767)**	**3,540,164**	**941,976**	**4,482,140**

D - Consolidated Statement of Cash Flows

(in thousands of euros)	Notes Section E	2023	2022
Cash flows from operating activities			
Profit/(loss) for the period attributable to owners of the parent		(638,767)	143,430
Fair value adjustments to investment property	V - 4	960,277	(38,636)
Depreciation and amortisation expense (excluding impairment)	V - 3	1,906	2,104
Net additions to/(reversals of) provisions	IX - 1	(486)	(1,913)
Net (gains)/losses from disposals of investment property	V - 6	158	440
Deferral of rent-free periods and key money	VI - 1	(44,820)	(22,192)
Employee benefits	X - 3	3,755	4,301
Non-controlling interests in profit/(loss) for the period	VIII - 6	(148,105)	38,186
Cash flow after finance costs and income tax		**133,918**	**125,721**
Finance costs	VII - 2	56,010	31,624
Income tax	XI - 1-2	(28,005)	(3,285)
Cash flow before finance costs and income tax		**161,924**	**154,061**
Change in working capital		10,889	16,513
Interest paid		(54,511)	(13,241)
Interest received		1,244	19
Income tax paid		(4,229)	(4,614)
Net cash provided by operating activities		**115,318**	**152,737**
Cash flows from investing activities			
Acquisitions of and improvements to investment property	XIII - 1	(62,380)	(582,104)
Acquisitions of intangible assets and property and equipment		(5,053)	(1,276)
Amounts due on asset acquisitions		(15,147)	(1,042)
Proceeds from disposals of investment property, intangible assets and property and equipment	V - 5	58,296	26,872
Investment property disposal costs	V - 5	(421)	(277)
Other cash inflows and outflows		397	(70)
Net cash provided by (used in) investing activities		**(24,308)**	**(557,898)**
Cash flows from financing activities			
Purchases and sales of treasury shares		134	(208)
Dividends paid to owners of the parent	VIII - 3	(180,100)	(179,828)
Dividends paid to non-controlling interests		(7,351)	(37,931)
Proceeds from borrowings	XIII - 2	3,403,736	3,369,539
Repayments of borrowings	XIII - 2	(3,279,994)	(2,791,603)
Other movements in financing items		(92)	(257)
Net cash provided by (used in) financing activities		**(63,666)**	**359,713**
Net change in cash and cash equivalents		27,344	(45,448)
Cash and cash equivalents at beginning of period		69,433	114,881
Cash and cash equivalents at end of period	XIII - 1	96,776	69,433
Net change in cash and cash equivalents		**27,344**	**(45,448)**

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 2023:

- 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. No sale and leaseback transactions were carried out by SFL during the periods presented in these financial statements.
- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules. Pillar Two is the result of ongoing work by the OECD and focuses in particular on the introduction of a worldwide minimum tax rate of 15% on the profits of multinational companies within the scope of the scheme. The amendments proposed by the IASB specify the new disclosures to be made in the annual financial statements to provide users of the financial statements with visibility concerning the Group's exposure to the provisions of Pillar Two.
  These amendments apply immediately. The Group is not concerned by the Pillar Two Model Rules.

The following amendments published by the IASB had not yet been adopted by the European Union at 31 December 2023:

- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements. These amendments require entities to disclose in the notes qualitative and quantitative information that enables users of the financial statements to assess the impact of supplier finance arrangements on the entity's liabilities and cash flows, understand the impact of such arrangements on the entity's exposure to liquidity risk, and understand what the impact would be on the entity if it no longer had access to such arrangements. The amendments to IAS 7 are applicable in annual periods beginning on or after 1 January 2024 (with early adoption permitted) and the amendments to IFRS 7 are applicable when the amendments to IAS 7 are applied. SFL has not entered into any supplier finance arrangements.
- On 15 August 2023, the IASB published a document entitled "Lack of Exchangeability (Amendments to IAS 21)", which provides guidance on how to assess whether a currency is exchangeable and how to determine a spot exchange rate if it is not. These amendments are applicable for annual periods beginning on or after 1 January 2025. As of 31 December 2023, the Group is not affected by this proposed amendment because its transactions are carried out in its functional currency, the euro.

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 that gives *de facto* control, 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 2023 represented around 8% of the total portfolio. The pipeline corresponds to 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 is now being extensively redeveloped. The building permit has been obtained and cleared of all appeals, and the general contractor has been appointed. Site clearance and asbestos removal work has been completed and redevelopment work has started, with delivery scheduled for early 2026. The retail space in the Louvre Saint-Honoré building (over 20,000 sq.m.), which has been extensively redeveloped in recent years, was delivered on schedule at the end of July 2023, and immediately leased by the Richemont Group to house the future Cartier Foundation.

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 acquired in 2023.

During 2023, leases were signed on around 41,000 sq.m. of mainly office space.

II - 2) Financing

In June 2023, SFL obtained an €835 million revolving credit facility from a pool of ten banks, including a margin adjustment mechanism based on three ESG performance indicators. The 5-year facility (with two 1-year extension options) replaces existing facilities, while also enhancing the Group's liquidity.

During the period, SFL also obtained a financing facility of up to €600 million from its majority shareholder, Inmobiliaria Colonial.

II - 3) Subsequent events

None.

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 climate change 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:

- Capital expenditure and building operating costs have increased due to the cost of work needed to reduce greenhouse gas emissions and adapt the buildings to the effects of climate change. This involves, for example, obtaining "low-carbon building" labels for all major redevelopment projects, re-using materials and equipment, building with low-carbon concrete, using bio-sourced materials, limiting deconstruction work, installing LED lights throughout the buildings, implementing more efficient heating and cooling systems, measuring energy use more reliably, installing electric recharging points and bicycle parking facilities, and promoting energy efficient practices among tenants.
- 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 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

All outstanding bonds (representing a total principal amount of €1,698 million) held by the Group at 31 December 2023 are green bonds.

SFL's objective is to further strengthen the convergence between its environmental performance and its financial structure. These green financings 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 to this type of investment.

In addition to green bonds, SFL also holds financing instruments indexed to ESG performance objectives. During the first half of 2023, the Group obtained an €835 million revolving credit facility, raising to €1,470 million (or 79%) the amount of bank financing incorporating a margin adjustment mechanism based on ESG performance indicators (mainly greenhouse gas emission reduction targets).

III - 3) Climate change considerations taken into account in the appraisal value of investment property

The Group collected the information needed to produce the ESG grids for office properties developed by the *Association Française des Sociétés d'Expertise Immobilière* (AFREXIM) and sent it to the independent valuers.

This data enabled the valuers to gain a more detailed view of the assets, in terms of primary energy use, greenhouse gas emissions, and the results of measures to improve the properties' environmental performance, such as energy audits (currently, DPE energy performance certificate audits), performance in relation to the Carbon Risk Real Estate Monitor (CRREM) trajectory, and compliance with the decree on energy-saving objectives applicable to owners of office and retail properties (*Décret Tertiaire*) Work is currently underway to identify opportunities for action to reduce energy use, asset by asset.

The valuers considered that, at this stage, insufficient information is available to rationalise the exact impact of climate-related aspects and other ESG components on market values, because many investors have only recently finalised their strategies and are only just beginning to collect performance indicators. Similarly, the existence or otherwise of a green premium for the most sustainable buildings is currently being monitored and discussed among market participants.

The independent valuers' appraisals took account of climate change aspects, based on current knowledge of the market and recent transactions.

III - 4) 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 2023 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.

Comprehensive income can be analysed as follows by geographical segment:

(in thousands of euros)	Paris CBD	Other Paris	Western Crescent	Corporate	2023
Rental income	**177,361**	**53,873**	**3,186**	**-**	**234,420**
Gross property expenses	(39,373)	(13,050)	(1,075)	-	(53,497)
Property expenses recovered from tenants	29,954	11,169	869	-	41,992
Property expenses, net of recoveries	**(9,419)**	**(1,880)**	**(205)**	**-**	**(11,505)**
Net property rentals	**167,942**	**51,992**	**2,980**	**-**	**222,915**
Other income	7,771	1,102	219	1,436	10,528
Depreciation, amortisation and impairment	-	-	-	(1,906)	(1,906)
Provision expense, net	(5,164)	-	-	(857)	(6,021)
Employee benefits expense	-	-	-	(15,514)	(15,514)
Other expenses	-	-	-	(8,433)	(8,433)
Profit/(loss) on disposal of investment property	(158)	-	-	-	(158)
Fair value adjustments to investment property	(681,110)	(266,542)	(12,624)	-	(960,277)
Operating profit/(loss)	**(510,720)**	**(213,448)**	**(9,425)**	**(25,273)**	**(758,865)**
Finance costs and other financial expenses	-	-	-	(57,654)	(57,654)
Financial income	-	-	-	1,644	1,644
Profit/(loss) before income tax	**(510,720)**	**(213,448)**	**(9,425)**	**(81,283)**	**(814,876)**
Income tax benefit	-	-	-	28,005	28,005
Net profit/(loss)	(510,720)	(213,448)	(9,425)	(53,279)	(786,872)
Attributable to owners of the parent	**(377,939)**	**(197,804)**	**(9,425)**	**(53,600)**	**(638,767)**
Attributable to non-controlling interests	(132,782)	(15,644)	-	320	(148,105)
Other comprehensive income					
Actuarial gains and losses	-	-	-	132	132
Items that will not be reclassified to profit or loss	*-*	*-*	*-*	*132*	*132*
Valuation gains and losses on financial instruments (cash flow hedges)	-	-	-	(23,994)	(23,994)
Items that may be reclassified subsequently to profit or loss		*-*	*-*	*(23,994)*	*(23,994)*
Other comprehensive income/(expense)	**-**	**-**	**-**	**(23,862)**	**(23,862)**
Comprehensive income/(expense)	**(510,720)**	**(213,448)**	**(9,425)**	**(77,141)**	**(810,734)**
Attributable to owners of the parent	**(377,939)**	**(197,804)**	**(9,425)**	**(77,462)**	**(662,629)**
Attributable to non-controlling interests	(132,782)	(15,644)	-	320	(148,105)

(in thousands of euros)	Paris CBD	Other Paris	Western Crescent	Corporate	31 Dec. 2023
Segment assets	5,634,069	1,559,374	85,300	125,430	7,404,173
Unallocated assets	-	-	-	25,348	25,348
Total assets	5,634,069	1,559,374	85,300	150,778	7,429,521

The segment analysis for 2022 is as follows:

(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 property	-	-	(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

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. 2022	Increases	Decreases	Reclassifications	31 Dec. 2023
Cost					
Computer software	8,047	-	-	694	8,741
Other	783	970	-	(573)	1,179
Amortisation and impairment					
Computer software	(6,922)	(1,532)	-	-	(8,453)
Other	(46)	-	-	-	(46)
Carrying amount	1,862	(562)	-	122	1,421

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. 2022	Increases	Decreases	Reclassifications	31 Dec. 2023
Cost					
Owner-occupied property	21,238	-	-	-	21,238
Other property and equipment	6,038	4,083	-	(122)	10,000
Depreciation and impairment					
Owner-occupied property	(4,150)	(101)	-	-	(4,251)
Other property and equipment	(3,953)	(273)	-	-	(4,226)
Carrying amount	**19,173**	**3,709**	**-**	**(122)**	**22,761**

The fair value excluding transfer costs of owner-occupied property – corresponding to the Company's headquarters – was €51,437 thousand at 31 December 2023 and €51,920 thousand at 31 December 2022.

V - 3) Depreciation, amortisation and impairment

(in thousands of euros)	2023	2022
Amortisation and impairment of intangible assets	(1,532)	(754)
Depreciation and impairment of property and equipment	(374)	(1,350)
Total	**(1,906)**	**(2,104)**

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 2023 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): 43%,
- CBRE (in charge of appraisals at SFL since 2019): 57%.

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 during the year other than for half-yearly and annual appraisals amounted to €5 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. 2022	Acquisitions	Increases	Gains from remeasurement at fair value	Decreases	Losses from remeasurement at fair value	Reclassifi-cations	31 Dec. 2023
Investment property	8,051,948	-	66,075	68,265	(933)	(1,028,542)	-	7,156,813
Total	8,051,948	-	66,075	68,265	(933)	(1,028,542)	-	7,156,813

The "Increases" column above corresponds to subsequent expenditure (i.e., post-acquisition, mainly for work) added to the carrying amount of the assets.

Changes in fair value of investment properties in 2022 were as follows:

(in thousands of euros)	31 Dec. 2021	Acquisitions	Increases	Gains from remeasurement at fair value	Decreases	Losses from remeasurement at fair value	Reclassifi-cations	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

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

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Appraisal value of investment property, excluding transfer costs	7,332,131	8,245,718
Deduction of owner-occupied property (see Note V - 2)	(51,437)	(51,920)
Adjustments to reflect specific lease terms and other adjustments	(123,881)	(84,750)
Reclassification of investment property held for sale	-	(57,100)
Fair value of investment property in the statement of financial position	7,156,813	8,051,948

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

Geographic area	Value excluding transfer costs 31 December 2023 (in € millions, on a 100% basis)	Inputs	Range of values[1]	Weighted average[1]
Paris CBD	5,688	ERV[2]	€768 - €1,000	€928
		Exit yield	3.80% - 4.75%	4.16%
		Discount rate	4.80 - 5.75%	5.15%
Other Paris	1,559	ERV[2]	€607 - €837	€717
		Exit yield	4.20% - 4.90%	4.52%
		Discount rate	5.20 - 6.60%	5.74%
Western Crescent	85	ERV[2]	€607 - €607	€607
		Exit yield	4.45 - 4.45%	4.45%
		Discount rate	5.45 - 5.45%	5.45%
Total	7,332			

(1) Offices.
(2) Estimated rental value.

Investment property valuation inputs used at 31 December 2022 were as follows 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.

Sensitivity analysis

At 31 December 2023, the Group revised the sensitivity ranges to take into account the volatility of the key parameters used to measure the fair value of assets. Sensitivity tests have been carried out for each of these parameters, using ranges reflecting reasonably possible variations given current macroeconomic conditions (notably taking into account forecasts for inflation and European Central Bank key interest rates, as well as historical trends in market rents for Paris-CBD properties over the last 18 months).

a/ Sensitivity of market rental values:

(in thousands of euros)	Reference value	+2.5%	+5%
Appraisal value of investment property, excluding transfer costs	7,332,131	7,455,825	7,579,618
Induced change in value	-	+123,694	+247,487

b/ Exit yield sensitivity:

(in thousands of euros)	-25 bps	-15 bps	Reference value	+15 bps	+25 bps
Appraisal value of investment property, excluding transfer costs	7,673,561	7,531,756	7,332,131	7,146,950	7,031,021
Induced change in value	+341,429	+199,625	-	(185,181)	(301,110)

c/ Discount rate sensitivity:

(in thousands of euros)	-25 bps	-15 bps	Reference value	+15 bps	+25 bps
Appraisal value of investment property, excluding transfer costs	7,473,848	7,416,814	7,332,131	7,249,142	7,194,286
Induced change in value	+141,717	+84,683	-	(82,989)	(137,845)

V - 5) Profit/(loss) on disposal of investment property

During the period, the Group sold the 6 Hanovre 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
6 Hanovre	58,296	58,454	(158)	11 April 2023
Total	**58,296**	**58,454**	**(158)**	

The above carrying amount takes into account disposal costs of €421 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.

Following the sale of the 6 Hanovre property (see Note V-5), the value of investment properties held for sale is as follows:

(in thousands of euros)	31 Dec. 2022	Increases	Gains from remeasurement at fair value	Decreases	Losses from remeasurement at fair value	Reclassi-fications	31 Dec. 2023
Investment property held for sale	57,100	933	-	58,033	-	-	-
Total	57,100	933	-	58,033	-	-	-

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. Variable rents are not material.

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 83.2% of rental income. Rental income includes the €44,820 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 €9,970 thousand.

At 31 December 2023, 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	1,516,480	175,849	189,689	183,960	172,947	157,372	636,663

At 31 December 2022, future minimum lease payments receivable over the remaining term of non-cancellable operating leases broke 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

VI - 2) Other income

(in thousands of euros)	2023	2022
Own-work capitalised	1,435	1,980
Other income	9,093	6,071
Total	10,528	8,051

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. 2023			31 Dec. 2022
	Total	Due within 1 year	Due in 1 year or more	
Trade receivables	31,507	28,377	3,130	24,436
Provisions	(7,719)	(5,894)	(1,825)	(3,885)
Trade receivables	**23,787**	**22,483**	**1,304**	**20,551**
Prepayments to suppliers	1,468	1,468	-	79
Employee advances	3	3	-	6
Tax receivables (other than income tax)	7,590	7,590	-	17,667
Other operating receivables	457	457	-	1,526
Other receivables	55	55	-	1,394
Other receivables	**9,573**	**9,573**	**-**	**20,671**
Total	33,360	32,056	1,304	41,222

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 €16,390 thousand (31 December 2022: €13,690 thousand). Receivables do not bear interest.

Cost of risk can be analysed as follows:

(in thousands of euros)	2023	2022
Increases in provisions	(5,704)	(493)
Reversals of provisions	330	802
Bad debt write-offs, net of recoveries	(166)	(4)
Total	(5,540)	304
Rental income	234,420	204,517
Cost of risk as a % of rental income	2.36%	-0.15%

VI - 4) Other current and non-current assets

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Other trade receivables	112,880	71,060
Total other non-current assets	112,880	71,060
Income tax prepayments	3,484	121
Current prepayments	1,178	725
Total other current assets	4,662	846

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. 2023	31 Dec. 2022
Trade payables	7,787	11,589
Amounts due within one year on asset acquisitions	20,288	35,463
Total	28,075	47,052

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 and Scope buildings.

VI - 6) Other current and non-current liabilities

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Deposits	50,157	44,282
Total other non-current liabilities	50,157	44,282
Deposits	4,200	4,009
Customer prepayments	30,970	31,660
Accrued employee benefits expense	9,542	11,959
Accrued taxes	3,242	5,011
Other liabilities	16,423	10,522
Accruals	1,977	2,277
Total other current liabilities	66,355	65,438

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.

VI - 7) Other expenses

(in thousands of euros)	2023	2022
Fees	(2,431)	(2,243)
Taxes other than on income	(1,518)	(1,747)
Other	(4,485)	(4,744)
Total	(8,433)	(8,734)

Fees paid to the Auditors and the members of their networks were as follows:

(in thousands of euros)	2023		2022	
	PricewaterhouseCoopers	Deloitte & Associés	PricewaterhouseCoopers	Deloitte & Associés
Statutory and contractual audits	369	325	359	307
Other services	51	86	86	24
Total	420	411	445	330

In 2023, fees for other services concerned the review of the translation of financial information, the review, at the Group's request, of ESG information published in the SFL management report, and support in applying the green taxonomy within the Group.

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)	Nominal rate (%)	Expiry date	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
			Short-term portion		Long-term portion	
Bonds						
Oct. 2021 bonds (+ April 2022 tap)	0.50%	21 April 2028	2,087	2,092	599,000	599,000
June 2020 bonds (+ May 2022 tap)	1.50%	5 June 2027	5,155	5,169	599,000	599,000
May 2018 bonds	1.50%	29 May 2025	4,447	4,459	500,000	500,000
Bank loans						
BNPP syndicated term loan	3-month Euribor + margin	-	438	282	300,000	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	292,000	409,000	-	-
Other	1-Month/3-Month Euribor + margin	Within 1 year	347,410	-	-	-
Hedging instruments with a negative fair value			-	-	5,554	-
Interest on derivatives	Other	-	-	255	-	-
Bank overdrafts	Various	-	382	6	-	-
Impact of deferred recognition of debt arranging fees		-	(7,491)	(7,165)	(20,328)	(24,086)
Total			644,429	414,577	1,983,226	2,073,914

The following table analyses borrowings by maturity:

(in thousands of euros)	31 Dec. 2023	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	31 Dec. 2022
Bonds	1,709,689	11,689	1,698,000	-	1,709,720
BNPP term loan	300,438	438	300,000	-	300,282
BNPP syndicated loan	-	-	-	-	100,479
NEU CP	292,000	292,000	-	-	409,000
Other	347,410	347,410	-	-	-
Fair value of hedging instruments	5,554	-	4,364	1,190	-
Accrued interest on hedging instruments	-	-	-	-	255
Bank overdrafts	382	382	-	-	6
Deferred debt arranging fees	(27,818)	(7,491)	(20,328)	-	(31,251)
Total	2,627,655	644,429	1,982,036	1,190	2,488,491

At 31 December 2023, the main covenants and acceleration clauses, which were applicable to all the bank credit lines, were as follows:

Applicable ratios	Actual ratios at 31 Dec. 2023	Actual ratios at 31 Dec. 2022	Main acceleration clauses
Loan-to-value (LTV) <= 50%	32.5%	27.6%	Default Termination of operations
Interest cover >= 2x	3.7	5.5	Bankruptcy proceedings
Secured LTV <= 20%	0.0%	0.0%	Material adverse event
Unrestricted property portfolio value >= €2bn	€7.8bn	€8.8bn	

The Group was not in breach of any of its financial covenants at 31 December 2023.

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

(in thousands of euros)	2023	2022
Interest on bank loans, bonds and commercial paper	(55,723)	(28,642)
Interest on hedging instruments	3,346	(252)
Other financial expenses	(8,157)	(6,325)
Capitalised interest expense	2,880	3,576
Finance costs and other financial expenses	**(57,654)**	**(31,643)**
Interest income	666	19
Other financial income	978	-
Financial income	**1,644**	**19**
Finance costs and other financial income and expenses, net	(56,010)	(31,624)

Other financial expenses relate to the deferral of loan issue costs and premiums.

Capitalised interest expense corresponds to interest capitalised at the rate of 1.82% during the redevelopment of the Louvre Saint-Honoré and Scope 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 2023, derivatives held by the Group for hedging purposes included:

- 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.
- 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.
- 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.
- 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.
- Counterparty: CACIB. 5-year interest rate swap on a notional amount of €100,000 thousand, whereby CACIB pays the 3-month Euribor and SFL pays a fixed rate of 2.3750%. The swap will come into effect on 28 January 2025 and is a cash flow hedge qualifying for hedge accounting.

During the year, one hedging instrument held by the Group expired. The instrument concerned was a cap with the following characteristics:

- 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.

The table below summarises the main characteristics and fair values of SFL's hedging instruments:

(in thousands of euros)	Notional amount	Maturity	31 Dec. 2023	31 Dec. 2022
CIC cap at 2%	100,000	March 2023	-	10
CIC swap at 2.6250%	100,000	Nov. 2027	(993)	1,873
Société Générale swap at 2.4920%	100,000	Dec. 2029	(935)	3,200
CIC swap at 2.4240%	100,000	Dec. 2029	(562)	3,635
Cadif swap at 2.4925%	200,000	Dec. 2029	(1,874)	6,396
Cadif swap at 2.375%	100,000	Jan. 2030	(1,190)	-
Total			(5,554)	15,114

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 was a decrease of €23,994 thousand in 2023 (2022: increase of €24,103 thousand).

(in thousands of euros)	2023	2022
Interest rate hedges	(23,994)	24,103
Total	(23,994)	24,103

This change includes gains and losses accumulated in the cash flow hedging reserve in equity that were reclassified to profit or loss for the period in respect of cash flow hedging instruments that had already been unwound.

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. 2022	Reclassified to profit or loss for the period	Gains/losses accumulated in equity 31 Dec. 2023
CA-CIB Nov. 2021 swap at -0.3475%	Oct. 2021	821	(254)	567
CIC Nov. 2021 swap at -0.4525%	Oct. 2021	1,248	(386)	862
CIC collar -0.25% cap/-0.52% floor	April 2022	7,684	(985)	6,700
Société Générale collar -0.11% cap/-0.60% floor	June 2022	5,874	(1,702)	4,173
Total		15,628	(3,326)	12,302

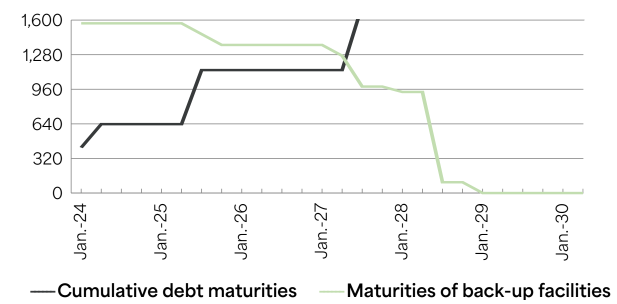
VII - 4) Financial risk management objectives and policy

The Group prudently manages its various financial risks.

1/ Liquidity risk

Liquidity risk is covered by confirmed undrawn lines of credit. At 31 December 2023, SFL had access to confirmed undrawn lines of credit in the amount of €1,570 million, compared with €1,240 million at 31 December 2022. 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 April 2027.

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

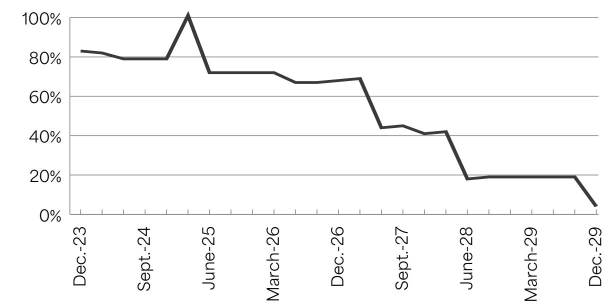
The Group did not have any exposure to currency risk at 31 December 2023. Interest rate risks are prudently and actively managed using an information system that tracks changes in the financial markets and calculates the fair value of hedging instruments in real time, thereby allowing the Group to efficiently 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 2023, 83% of debt was at fixed rates of interest (including variable rate debt swapped for fixed rate).

SFL debt hedging rate 2023 - 2029



b/ Risk assessment

The average spot cost of debt stood at 2.07% at 31 December 2023, versus 1.66% at 31 December 2022.

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 2.11%, driving up finance costs by €1,093 thousand or 1.9%. 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 2.03%, reducing finance costs for the year by €1,093 thousand or 1.9%.

A 25-basis point increase in interest rates would have had the effect of increasing the fair value of hedging instruments by €7,223 thousand at 31 December 2023, while a 25-basis point decrease would have had the effect of reducing their fair value by €7,346 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 2023.

(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)	292,000	-	-	-	-	-	292,000
Other	345,000	-	-	-	-	-	345,000
BNPP syndicated term loan	-	-	-	-	300,000	-	300,000
Bank overdrafts	375	-	-	-	-	-	375
Total floating rate debt	637,375	-	-	-	300,000	-	937,375

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 2023 was €1,599,576 thousand, as follows:

(in thousands of euros)	Notional amount	Maturity	31 Dec. 2023	31 Dec. 2022
May 2018 bonds	500,000	May 2025	486,505	465,180
June 2020 bonds (+ May 2022 tap)	599,000	June 2027	574,929	523,232
Oct. 2021 bonds (+ April 2022 tap)	599,000	April 2028	538,142	481,740
Total			1,599,576	1,470,152

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. 2023	31 Dec. 2022
Deposits	237	234
Interest rate hedges	-	15,104
Total non-current financial assets	237	15,338
Interest rate hedges	-	10
Other	612	3
Total current financial assets	612	13

At 31 December 2023, interest rate hedging instruments held by the Group had a negative fair value of €5,554 thousand and are therefore presented under financial liabilities (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. 2023	31 Dec. 2022
Cash and cash equivalents	50,965	69,433
Short-term investments	45,811	-
Total	96,776	69,433

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.

At 1 January 2023, the Company's share capital amounted to €85,729 thousand, represented by 42,864,715 ordinary shares with a par value of €2. Following a share issue paid up by capitalising reserves, at 31 December 2023, the capital stood at €85,771 thousand, divided into 42,885,672 shares with a par value of €2.

VIII - 2) Treasury shares

Accounting policy

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

	31 Dec. 2022	Increases	Decreases	31 Dec. 2023
Number of treasury shares	51,715	6,884	(55,716)	2,883
Value (in thousands of euros)	**4,448**	**502**	**(4,380)**	**571**

VIII - 3) Dividends

(in thousands of euros)	2023		2022	
	Total payout	Per share	Total payout	Per share
Dividends paid out during the period	180,100	€4.20	179,828	€4.20
Total	**180,100**	**€4.20**	**179,828**	**€4.20**

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)	2023	2022
Profit/(loss) used to calculate basic earnings per share	(638,767)	143,430
Average number of ordinary shares	42,882,179	42,864,715
Average number of treasury shares	(19,981)	(65,802)
Average number of ordinary shares excluding treasury shares	**42,862,198**	**42,798,913**
Basic earnings per share	**€(14.90)**	**€3.35**
Profit/(loss) used to calculate basic earnings per share	(638,767)	143,430
Average number of ordinary shares	42,882,179	42,864,715
Average number of treasury shares	(19,981)	(65,802)
Average potential ordinary shares corresponding to dilutive instruments	-	102,999
Diluted weighted average number of ordinary shares excluding treasury shares	**42,862,198**	**42,901,912**
Diluted earnings per share	**€(14.90)**	**€3.34**

During the period, 89,635 shares were anti-dilutive.

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) Mergers

During 2023, SAS Parholding, which was wholly-owned by SFL at 31 December 2022, was merged into the Company with retroactive effect from 1 January 2023. As this was a business combination between companies under common control, the merger was accounted for on the basis of the book values shown in the consolidated financial statements. It therefore had no impact on the consolidated financial statements, except for the recognition in expenses of the transaction costs.

VIII - 6) Non-controlling interests in profit

Non-controlling interests in profit for the period break down as follows:

(in thousands of euros)	SCI Paul Cézanne	SCI 103 Grenelle	SAS 92 Champs-Élysées	SAS Cloud	Total 2023
Rental income	9,194	5,896	5,925	10,005	31,020
Fair value adjustments to investment property	(73,522)	(21,535)	(15,887)	(69,813)	(180,757)
Finance costs and other financial income and expense	71	57	186	81	394
Other	(175)	(29)	(166)	1,608	1,238
Total	**(64,433)**	**(15,611)**	**(9,943)**	**(58,118)**	**(148,105)**

The 2022 breakdown was as follows:

(in thousands of euros)	SCI Paul Cézanne	SCI 103 Grenelle	SAS 92 Champs-Élysées	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**

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. 2022	Acquisitions	Increases	Decreases	o/w utilisations	Actuarial gains and losses	Reclassi-fications	31 Dec. 2023
Provisions for employee benefits	1,535	-	851	(71)	(71)	(132)	(836)	1,348
Long-term provisions	**1,535**	**-**	**851**	**(71)**	**(71)**	**(132)**	**(836)**	**1,348**
Provisions for refurbishment work and tenant claims	-	-	-	-	-	-	-	-
Provisions for employee benefits	1,114	-	-	(1,114)	(978)	-	836	836
Other provisions	152	-	-	(152)	(83)	-	-	-
Short-term provisions	**1,266**	**-**	**-**	**(1,266)**	**(1,061)**	**-**	**836**	**836**
Total	**2,801**	**-**	**851**	**(1,337)**	**(1,132)**	**(132)**	**-**	**2,184**

Provisions for employee benefits include provisions for length-of-service awards payable to employees on retirement and jubilees for €997 thousand. See Note X - 2 for more details.

Short- and long-term provisions covering benefits payable to members of senior management amounted to €25.3 thousand at 31 December 2023 and €21.6 thousand at 31 December 2022.

IX - 2) Net change in provisions and impairment

(in thousands of euros)	2023	2022
Charges to provisions for impairment of current assets	(5,704)	(493)
Charges to provisions for operating contingencies and charges	(687)	(1,268)
Charges to provisions for other contingencies and charges	(164)	(78)
Total charges	**(6,556)**	**(1,838)**
Reversals of provisions for impairment of current assets	330	802
Reversals of provisions for other contingencies and charges	205	-
Total reversals	**535**	**802**
Total	(6,021)	(1,037)

X - Remuneration and Other Employee Benefits

X - 1) Employee benefits expense

Employee benefits expense breaks down as follows:

(in thousands of euros)	2023	2022
Wages and salaries	(7,164)	(8,767)
Payroll taxes	(3,672)	(4,090)
Other employee benefits	(3,755)	(4,361)
Statutory and discretionary profit-sharing	(922)	(1,165)
Total	(15,514)	(18,383)

The average number of administrative staff breaks down as follows:

	2023	2022
Officers	2	2
Managers	59	55
Supervisors	18	14
Administrative and technical staff	-	-
Total	79	71

The two building staff employed at 31 December 2022 were no longer on the payroll at 31 December 2023.

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)	2023	2022
Projected benefit obligation at beginning of period	**1,036**	**1,346**
Benefits paid during the period	(71)	(6)
Service cost	133	68
Interest cost	31	10
Actuarial gains and losses	(132)	(383)
Projected benefit obligation at end of period	997	1,036

The projected benefit obligation is calculated at six-monthly intervals based on actuarial assumptions, including a discount rate of 3.44% (31 December 2022: 3.12%) and a 2.30% rate of future salary increases (31 December 2022: 2.50%). Actuarial gains and losses are recognised in equity.

A 25-bps reduction in the discount rate at 31 December 2023 would lead to an €20.4 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 2023

	Plan no. 5	Plan no. 6	Plan no. 6	Plan no. 7
Date of shareholder authorisation	20 April 2018	15 April 2021	15 April 2021	15 April 2021
Grant date (date of Board meeting)	11 Feb. 2021	18 Feb. 2022	14 Feb. 2023	14 Feb. 2023
Initial target number of shares	33,460	30,624	4,980	22,500
Initial expected vesting rate	100.00%	100.00%	100.00%	100.00%
Initial number of shares expected to vest	33,460	30,624	4,980	22,500
Fair value per share	€54.59	€73.37	€72.91	€72.91
Rights cancelled/forfeited	(896)	(584)	(512)	-
Expected vesting rate at end of period	200.00%	100.00%	100.00%	100.00%
Number of shares expected to vest at end of period	**65,128**	**30,040**	**4,468**	**22,500**

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 one to 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 2023, the rates applied were 200% for the 2021 plan (probable ranking: no. 1) and 100% for the 2022 and 2023 plans (probable ranking: no. 3).

In 2023, a total of 67,760 performance shares vested under 2020 Plan no. 5.

The cost of performance share plans recognised during the period amounted to €3,755 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)	2023	2022
Short-term benefits, excluding payroll taxes[1]	3,419	4,703
Payroll taxes on short-term benefits	2,343	2,784
Share-based payments[2]	1,544	1,768
Directors' fees	157	321
Total	**7,463**	**9,576**

(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 2023 amounted to €2,534 thousand (2022: €3,886 thousand).

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 that are not eligible for taxation as a SIIC (mainly the businesses of SAS Parhaus, SAS Pargal and SAS Parchamps).

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%.

(in thousands of euros)	31 Dec. 2022	Reclassifications	Equity	Income statement	31 Dec. 2023
Fair value adjustments to investment property	(166,073)	-	-	31,691	(134,382)
Adjustment of depreciation and amortisation	(31,950)	-	-	(1,425)	(33,375)
Adjustment of rental income	(3,525)	-	-	(1,110)	(4,635)
Capitalisation of interest expense and transaction costs	(521)	-	-	-	(521)
Other	(1,426)	-	-	1,384	(42)
Net	**(203,495)**	**-**	**-**	**30,539**	**(172,955)**
Of which deferred tax assets	-	-	-	-	-
Of which deferred tax liabilities	(203,495)	-	-	30,539	(172,955)

XI - 3) Consolidated tax proof

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Profit/(loss) after income tax	(786,872)	181,616
Income tax benefit	28,005	3,285
Profit/(loss) before income tax	(814,876)	178,331
Corporate income tax rate applicable in France	25.83%	25.83%
Theoretical income tax benefit/(expense)	**210,442**	**(46,054)**
Impact of differences in tax rates	70	45
Impact of permanent differences	756	(928)
Impact of unrecognised tax losses	(2,201)	(1,995)
Impact of unrecognised deferred tax assets	(2,633)	(715)
Effects of tax credits	42	80
Effects of the SIIC regime	(178,540)	52,847
Other	69	4
Actual income tax benefit	**28,005**	**3,285**
Effective tax rate	3.44%	-1.84%

Income tax expense is reconciled to book profit using the tax rate of the country where the parent company is located, i.e., France.

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 FDG[1])	71,301	24,200	14,298	32,803
Guarantees received from suppliers	9,477	9,458	19	-
Total commitments received	80,888	33,768	14,317	32,803

(1) FDG: Independent first demand guarantee.

Contractual redevelopment and renovation obligations

At 31 December 2023, the Group's contractual commitments relating to investment properties undergoing renovation totalled €39,453 thousand (€53,349 thousand at 31 December 2022), of which €13,749 thousand concerned the Louvre Saint-Honoré and Scope (formerly Rives de Seine) properties.

XII - 2) Off-balance sheet financing commitments

At 31 December 2023, 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
Banco Sabadell	50,000		50,000	
Cadif	145,000	-	145,000	-
Syndicated loan	835,000	-	835,000	-
BNPP	100,000	-	100,000	-
BECM	140,000	-	140,000	-
SG	100,000	-	100,000	-
Intesa Sanpaolo	100,000		100,000	
Caixabank	100,000	-	100,000	-
Total	1,570,000	-	1,570,000	-

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 2023, total commitments for the payment of compensation amounted to €1,900 thousand (€1,379 thousand at 31 December 2022).

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)	2023	2022
Acquisitions of and improvements to investment property		
Acquisitions	(1,910)	(475,470)
Work	(60,470)	(106,634)
Total	(62,380)	(582,104)
Cash and cash equivalents at end of period		
Cash at bank and in hand	50,965	69,433
Short-term investments	45,811	-
Total	96,776	69,433

XIII - 2) Changes in liabilities related to financing activities

Changes in liabilities related to financing activities are as follows:

(in thousands of euros)	31 Dec. 2022	Cash flows			Non-cash changes			31 Dec. 2023
		Proceeds from new borrowings	Repayments of borrowings	Interest paid[1]	Deferred recognition of debt rranging fees	Fair value adjustments	Other	
Borrowings (excluding accrued interest)	2,066,749	(4,639)	(99,994)	-	8,065	-	-	1,970,182
Accrued interest on borrowings and derivatives	12,737	-	-	1,801	-	-	-	14,538
NEU Commercial Paper	409,000	2,308,000	(2,425,000)	-	-	-	-	292,000
Derivative instruments (liabilities)	-	-	-	-		5,554	-	5,554
Other	-	1,100,000	(755,000)	-	-	-	-	345,000
Bank overdrafts (including interest)	6	375	-	-	-	-	-	382
Total	2,488,491	3,403,736	(3,279,994)	1,801	8,065	5,554	-	2,627,655

(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 2023:

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 Parchamps	410 233 498	100	100
SAS Pargal	428 113 989	100	100
SAS 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-Élysées	899 324 255	51	51
SCI Pasteur 123	789 738 556	100	100

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.

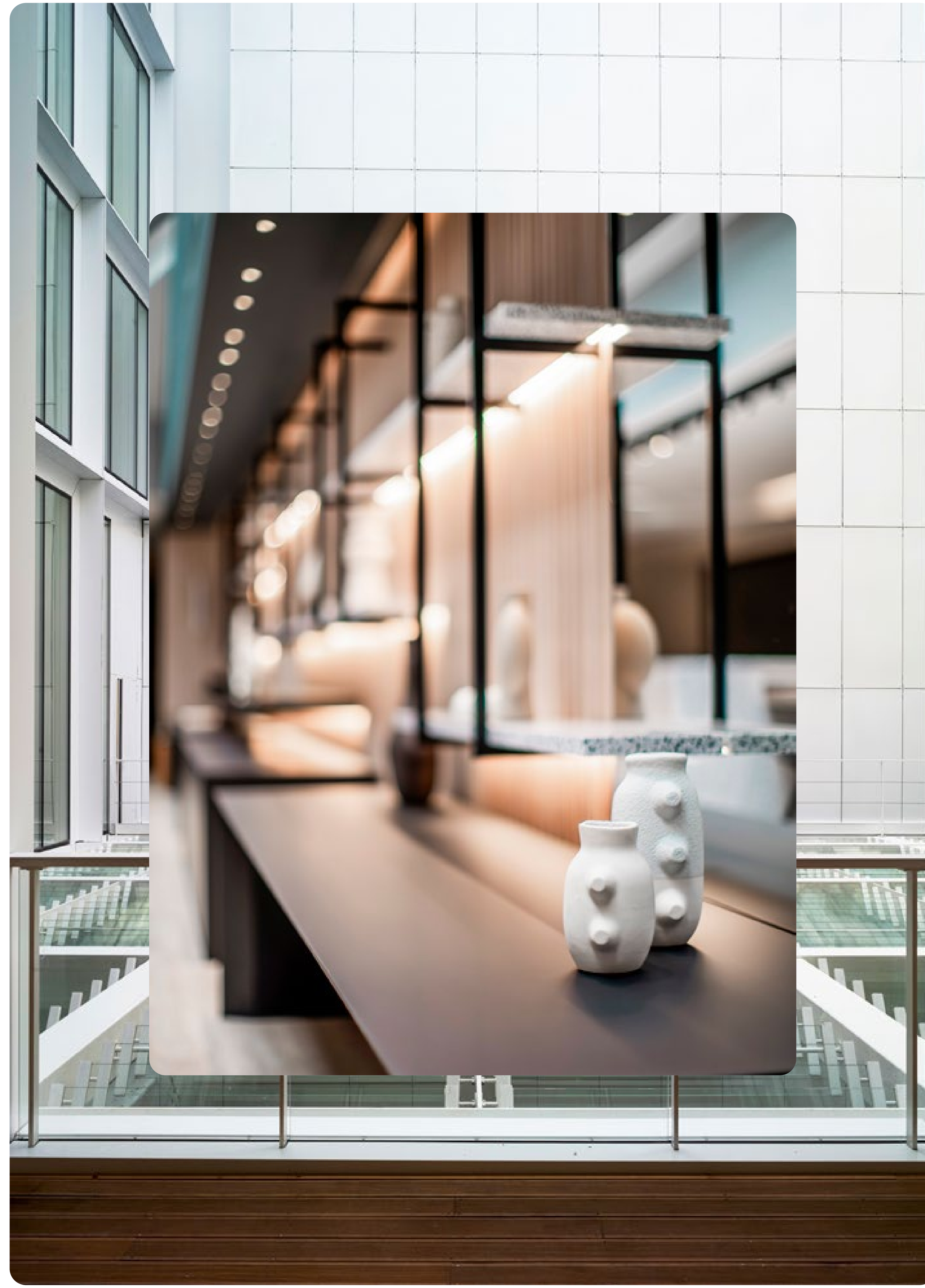
During the period, SAS Parholding was merged into SFL with retroactive effect from 1 January 2023 (see Note VIII - 5).

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 2023. The Group and all of its subsidiaries have their registered office in the 8th *arrondissement* of Paris.

COMPANY FINANCIAL *STATEMENTS*

03

The financial statements were approved for publication by the Board of Directors on 14 February 2024.



A - Balance sheet

ASSETS

(in thousands of euros)	Notes Part C - IV	Total	Depreciation, amortisation and provisions	31 Dec. 2023 Net	31 Dec. 2022 Net
NON-CURRENT ASSETS					
Intangible assets	**A - 1.1**				
Software		8,695	8,453	242	1,079
Intangible assets in progress		1,156		1,156	759
Property and equipment	A - 1.2				
Land		549,311		549,311	551,553
Buildings		939,457	265,762	673,695	510,118
Other		4,081	3,597	484	560
Assets under construction		80,843		80,843	232,866
Prepayments to suppliers of property and equipment		-		-	843
Non-current financial assets[2]	**A - 1.3**				
Shares in subsidiaries and affiliates		1,438,384	74,294	1,364,090	1,779,969
Advances to subsidiaries and affiliates		35,344		35,344	36,608
Other		348,756		348,756	447
Total I		3,406,027	352,106	3,053,921	3,114,802
CURRENT ASSETS					
Receivables[3]	**A - 2**				
Prepayments to suppliers		53		53	56
Rental receivables		5,349	182	5,167	3,978
Other		733,444	1,394	732,050	709,218
Current financial assets	**A - 3**				
Treasury shares		208	18	190	2,947
Treasury instruments	A - 4	-		-	19
Cash at bank and in hand	A - 5	4,695		4,695	20,796
Prepaid expenses[3]		1,006		1,006	551
Total II		744,755	1,594	743,161	737,565
Deferred debt issuance costs (III)	A - 6	10,563		10,563	9,284
Debt redemption premiums (IV)	A - 7	17,255		17,255	21,961
Conversion losses (V)		-		-	-
Total assets (I to V)		4,178,600	353,700	3,824,900	3,883,612
(1) Of which lease premiums		-		-	-
(2) Of which due within one year (gross)		-		*35,344*	*36,608*
(3) Of which due beyond one year (gross)		-		-	-

EQUITY AND LIABILITIES

(in thousands of euros)	Notes Part C - IV	31 Dec. 2023	31. Dec. 2022
EQUITY			
Share capital		85,771	85,729
Share premium account		159,961	160,003
Revaluation reserve		21,439	21,439
Other reserves			
Legal reserve		9,306	9,306
Retained earnings		791,691	913,558
Profit for the year		11,402	58,233
Capital and reserves		**1,079,570**	**1,248,268**
Government grants		-	
Untaxed provisions		25,995	24,858
Total I	A - 8.1	1,105,565	1,273,126
Provisions for contingencies and charges	A - 8.3	1,131	9,310
Total II		1,131	9,310
LIABILITIES[1][2]			
Convertible bonds		-	-
Other bonds		1,709,689	1,709,721
Bank borrowings[3]		300,445	400,767
Other borrowings		665,982	428,397
Prepaid property rentals		5,815	11,310
Trade payables		5,133	7,053
Accrued taxes and payroll costs		9,057	11,136
Due to suppliers of property and equipment		12,663	25,047
Other liabilities		9,420	7,745
Deferred income		-	-
Total III	A - 9	2,718,204	2,601,176
Total equity and liabilities (I to IV)		3,824,900	3,883,612
(1) Of which due beyond one year		*2,018,333*	*2,112,803*
(2) Of which due within one year		*699,871*	*488,373*
(3) Of which short-term bank loans and overdrafts		*7*	*6*

B - Profit and loss account

(in thousands of euros)	Notes Part C	31 Dec. 2023	31. Dec. 2022
Property rentals		62,716	63,445
Service revenue		2,103	1,747
Total revenue	B - 1	**64,819**	**65,192**
Own-work capitalised		1,061	910
Reversals of depreciation, amortisation and provisions, and expense transfers	B - 2	31,581	32,998
Other income		2,440	4,823
Total I		**99,901**	**103,923**
OPERATING EXPENSES			
Other purchases and external charges	B - 3	26,916	28,670
Taxes other than on income	B - 4	10,043	8,184
Payroll costs	B - 5		
Wages and salaries		9,805	16,091
Payroll taxes and other employee benefits expenses		3,752	4,044
Depreciation, amortisation and provision expense			
Depreciation and amortisation expense		29,817	23,622
Impairment losses on current assets		180	335
Provision expense		654	6,443
Other expenses		548	377
Total II		**81,715**	**87,766**
OPERATING PROFIT (I - II)		**18,186**	**16,157**
FINANCIAL INCOME			
From investments in subsidiaries and affiliates		47,483	84,197
From other non-current financial assets		-	-
Other interest income		37,695	18,610
Reversals of provisions and impairment losses, and expense transfers		2,880	3,577
Net gains from sales of current financial assets		251	-
Total III		**88,309**	**106,384**
FINANCIAL EXPENSES			
Depreciation, amortisation, impairment losses and other provision expense		69,574	10,564
Interest expense		66,873	31,537
Total IV		**136,447**	**42,101**
NET FINANCIAL INCOME/(EXPENSE) (III - IV)	B - 7	**(48,138)**	**64,283**
PROFIT/(LOSS) BEFORE TAX AND OTHER INCOME AND EXPENSE (I - II + III - IV)		**(29,952)**	**80,440**
OTHER INCOME			
From revenue transactions		176	962
From capital transactions		59,568	27,671
Reversals of provisions and impairment losses, and expense transfers		204	973
Total V		**59,948**	**29,606**
OTHER EXPENSES			
On revenue transactions		21	201
On capital transactions		17,104	50,181
Amortisation, impairment losses and other provision expense		1,341	1,349
Total VI		**18,466**	**51,731**
OTHER INCOME/(EXPENSE), NET (V - VI)	B - 8	**41,482**	**(22,125)**
Employee profit-sharing (IX)		128	124
Income tax expense (X)	B - 9		(42)
Total income (I + III + V)		**248,158**	**239,913**
Total expenses (II + IV + VI + IX + X)		**236,756**	**181,680**
Profit for the year		**11,402**	**58,233**

C - Notes to the Financial Statements

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 2023.

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	50 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 2023 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 or transfer value, 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, and the related technical adjustments, 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 and also includes any technical adjustments associated with the shares.

The total provision is booked against the following items, in the order listed: technical adjustments, 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 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 16% of the total portfolio by surface area at 31 December 2023. The pipeline corresponds to the Scope 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 is now being extensively redeveloped. The building permit has been obtained and cleared of all appeals, and the general contractor has been appointed. Site clearance and asbestos removal work has been completed and redevelopment work has started, with delivery scheduled for early 2026. The retail space in the Louvre Saint-Honoré building (over 20,000 sq.m.), which has been extensively redeveloped in recent years, was delivered on schedule at the end of July 2023, and immediately leased by the Richemont Group to house the future Fondation Cartier pour l'Art Contemporain.

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 acquired in 2023.

On 20 July 2023, a legal restructuring operation was carried out, involving the merger into the Company of SAS Parholding, with retroactive effect from 1 January 2023 for accounting and tax purposes. As the entire capital of the merged company was owned by SFL, no SFL shares were issued or exchanged as consideration for the merger.

Following this restructuring, SFL holds all of the shares formerly held by Parholding in the entities that own the 106 Haussmann, Galerie des Champs-Élysées and 90 Champs-Élysées properties.

In 2023, leases were signed on around 22,000 sq.m. of mainly office space.

2) Financing activities

In June 2023, SFL obtained an €835 million revolving credit facility from a pool of 10 banks, including a margin adjustment mechanism based on three ESG performance indicators. The 5-year facility (with two 1-year extension options) replaces existing facilities, while also enhancing the Group's liquidity.

During the period, SFL also obtained a financing facility of up to €600 million from its majority shareholder, Inmobiliaria Colonial.

3) Impact of the Ukraine crisis on the Company's financial statements

SFL is not directly affected by the conflict in Ukraine as all of its assets are located in France, as are its customers.

4) Subsequent events

None.

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:

- Capital expenditure and building operating costs have increased due to the cost of work needed to reduce greenhouse gas emissions and adapt the buildings to the effects of climate change. This involves, for example, obtaining "low-carbon building" labels for all major redevelopment projects, re-using materials and equipment, building with low-carbon concrete, using bio-sourced materials, limiting deconstruction work, installing LED lights throughout the buildings, implementing more efficient heating and cooling systems, measuring energy use more reliably, installing electric recharging points and bicycle parking facilities, and promoting energy efficient practices among tenants.
- 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 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

All bonds outstanding at 31 December 2023 (representing a total principal amount of €1,698 million) are green bonds.

SFL's objective is to further strengthen the convergence between its environmental performance and its financial structure. 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 above green bonds, SFL also holds financing instruments indexed to ESG performance objectives. During the first half of 2023, SFL obtained an €835 million revolving credit facility, raising to €1,470 million (or 79%) the amount of bank financing incorporating a margin adjustment mechanism based on ESG performance indicators (mainly greenhouse gas emission reduction targets).

3) Other potential effects on the financial statements

Other potential climate-related effects, none of which had an impact on the 2023 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 2023.

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. 2022	Additions	Disposals	Reclassifications	31 Dec. 2023
Software	8,001			694	8,695
Intangible assets in progress	759	970		(573)	1,156
Total	**8,760**	**970**	**-**	**121**	**9,851**

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. 2022	Amortisation and impairment for the year	Amortisation and impairment written off on disposals and other	31 Dec. 2023
Software	6,922	1,531		8,453
Intangible assets in progress	-			-
Total	**6,922**	**1,531**	**-**	**8,453**

Amortisation and impairment of intangible assets relate to computer software.

A - 1.2) Property and equipment

(in thousands of euros)	31 Dec. 2022	Additions	Disposals	Reclassifications	31 Dec. 2023
Land	551,553		2,242		549,311
Buildings	404,718		5,348	101,208	500,578
Fixtures and fittings	352,879		7,907	93,907	438,879
Furniture and equipment	3,973			108	4,081
Assets under construction	232,866	47,222	3,901	(195,344)	80,843
Prepayments to suppliers of property and equipment	843		843		-
Total	**1,546,832**	**47,222**	**20,241**	**(121)**	**1,573,692**

Decreases for the year result from the sale of the Hanovre building.

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 €195,344 thousand to property, plant and equipment mainly concerns delivery of the redeveloped Louvre Saint-Honoré building.

The change in accumulated depreciation can be analysed as follows:

(in thousands of euros)	31 Dec. 2022	Depreciation and impairment for the year	Depreciation and impairment written off on disposals and other	Sales	31 Dec. 2023
Buildings	50,149	7,759		2,684	55,224
Fixtures and fittings	197,330	16,983		3,775	210,538
Furniture and equipment	3,413	184			3,597
Total	250,892	24,926	-	6,459	269,359

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

Geographic area	Value excluding transfer costs at 31 December 2023 (in millions of euros, on a 100% basis)	Inputs	Range of values[1]	Weighted average[1]
Paris Central Business District	2,407	Market rents Exit yield Discount rate	€778 - €1,072 4.10% - 4.75% 5.00% - 5.75%	€938 4.16% 5.14%
Other Paris	566	Market rents Exit yield Discount rate	€686 - €698 4.30% - 4.60% 5.40% - 6.60%	€690 4.41% 5.82%
Western Crescent	85	Market rents Exit yield Discount rate	€607 - €607 4.45% - 4.45% 5.45% - 5.45%	€607 4.45% 5.45%
Total	3,488			

(1) Offices.

A - 1.3) Non-current financial assets

(in thousands of euros)	31 Dec. 2022	Increases	Decreases	31 Dec. 2023
Shares in subsidiaries and affiliates	1,789,412	22,685	373,713	1,438,384
Advances to subsidiaries and affiliates	36,608	35,344	36,608	35,344
Technical adjustments		348,219		348,219
Deposits	447	90		537
Total	1,826,467	406,338	410,321	1,822,484

Shares in subsidiaries and affiliates are presented below (list of subsidiaries and affiliates).

In accordance with Article 745-5 of the French General Chart of Accounts, on the SAS Parholding merger date, SFL allocated technical adjustments to the various financial assets transferred and recognised in its accounts.

Changes in impairment provisions can be analysed as follows:

(in thousands of euros)	31 Dec. 2022	Increases	Decreases	31 Dec. 2023
SAS Maud shares	2,450			2,450
SCI Pasteur shares	-	25,670		25,670
SAS Cloud shares	-	28,831		28,831
SAS 92 Champs-Élysées shares	6,934	10,349		17,283
Other shares	59	1		60
Total	9,443	64,851	-	74,294

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	87,303	51%	148,842	148,842	-	-	11,848	7,064	-	-
SCI 103 Grenelle	-	167,029	51%	81,861	81,861	-	-	10,899	7,475	-	-
SCI Washington	94,872	25,070	100%	330,533	330,533	151,305	-	28,888	17,267	-	-
SAS Maud	1,480	(2,866)	100%	2,450	-	3,101	-	6,611	(128)	-	-
SAS 92 Champs-Élysées	101,971	269,884	51%	206,929	189,646	-	-	13,089	(20,293)	-	-
SAS Cloud	178,195	476,272	51%	362,609	333,778	-	-	13,422	(31,732)	1,344	-
SCI Pasteur 123	14,365	7,929	100%	282,175	256,505	180,984	-	17,616	5,995	1,082	-
SAS Parhaus	1,500	8,555	100%	7,611	7,611	71,049	-	9,626	3,376	3,214	-
SAS Parchamps	1,558	5,797	100%	5,922	5,922	45,934	-	6,260	1,960	3,072	-
SAS Pargal	9,120	(492)	100%	9,152	9,152	82,492	-	4,630	(1,918)	2,993	-
2 - Affiliates (10-50%-owned)											
B - Aggregate information about investments not listed in A above:											
Subsidiaries (at least 50%-owned)				300	240	191,423	-	-	6,554	434	-
Affiliates (less than 50%-owned)				-	-	-	-	-	-	-	-

A - 2) Receivables

Receivables can be analysed as follows by maturity:

Analysis by maturity at 31 December 2023	Total	o/w accrued income	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Prepayments to suppliers	53	-	53		
Trade receivables	5,349	1,717	5,349		
Other					
. Employee advances	2		2		
. Prepaid and recoverable taxes	6,427		6,427		
. Current account advances	726,288	6,720	726,288		
. Miscellaneous receivables	727	612	727		
Prepaid expenses	1,006	-	1,006		
Total	739,852	9,049	739,852	-	-

"Current account advances" include dividends receivable from subsidiaries.

Provisions for impairment of receivables	31 Dec. 2022	Increases	Decreases	31 Dec. 2023
Rental receivables	748	51	617	182
Subsidiary current accounts	1,265	129		1,394
Total	2,013	180	617	1,576

A - 3) Current financial assets

Marketable securities consist exclusively of treasury shares.

The carrying amount of treasury shares held by SFL at 31 December 2023 was €208 thousand.

Treasury shares	31 Dec. 2022	Increases(*)	Decreases	31 Dec. 2023
Number of shares	51,715	30,167	78,999	2,883
Average purchase/sale price	€56.98	€77.78	€64.37	€72.18
Total	2,947	2,346	5,085	208

* With no shares allocated to the performance share plan.

Treasury shares allocated to performance share plans concern SFL Group companies and are carried at cost.

Treasury shares	Number of shares	Cost	Provisions	Net	Market value	Gross gain or loss
Available treasury shares						
Shares held for future stock-for-stock acquisitions	-	-	-	-	-	-
Shares held for external growth transactions	-	-	-	-	-	-
Shares held under the liquidity contract	2,883	208	18	190	190	-
Total	2,883	208	18	190		

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 one to 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 2023, the rates applied were 200% for the 2021 plan (probable ranking: no. 1) and 100% for the 2022 and 2023 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	Plan no. 6 and no. 7
Date of General Meeting	**20 Apr. 2018**	**15 Apr. 2021**	**15 Apr. 2021**
Date of Board meeting	**11 Feb. 2021**	**18 Feb. 2022**	**14 Feb. 2023**
End of vesting period	31 Dec. 2023	31 Dec. 2024	31 Dec. 2025
Initial expected vesting rate	100.00%	100.00%	100.00%
Target number of shares	31,948	29,140	25,896
SFL share price at the grant date	€63.20	€86.20	€82.20
SFL share price at 31 December 2023	€67.00	€67.00	€67.00

(number)	Plan no. 5	Plan no. 6	Plan no. 6 and no. 7
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)	(428)	(456)	(512)
Expected vesting rate at 31 December 2023	200.00%	100.00%	100.00%
Number of shares expected to vest at 31 December 2023	**64,948**	**31,208**	**28,628**

A - 4) Financial instruments

(in thousands of euros)	Amortisation period	Total	Accumulated amortisation	Disposals	Net
CIC PRIME SWAP 100 - Sept. 2022	6 months	58	58	-	-
Total		58	58	-	-

A - 5) Cash at bank and in hand

(in thousands of euros)	31 Dec. 2022	31 Dec. 2023
Cash at bank and in hand	20,796	4,695
Total	20,796	4,695

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. 2022	Amortisation for the year	Accumulated amortisation at 31 Dec. 2023	Net
2018 bonds	7 years	1,946	1,274	278	1,552	394
2020 bonds	7 years	2,277	840	326	1,166	1,111
2020 bonds - 2022 tap	5 years	215	25	43	68	147
2021 bonds	6.5 years	2,275	408	350	758	1,517
2021 bonds - 2022 tap	6 years	285	32	47	79	206
2017 Banque Postale loan	7 years	263	206	57	263	-
2018 Société Générale loan	5 years	450	271	64	335	115
2019 BNP Paribas loan	5 years	1,478	1,035	443	1,478	-
2020 BNP Paribas loan	7 years	620	320	182	502	118
2022 CA loan	3 years	468	91	182	273	195
2022 CA loan, 2023 extension	3 years	166	-	8	8	158
2022 BECM loan	5 years	800	67	332	399	401
2022 BECM loan, addendum 1	5 years	30	-	3	3	27
2021 Intesa Sanpaolo loan	6 years	393	79	62	141	252
2021 Intesa Sanpaolo loan, 2022 extension	6 years	100	-	20	20	80
2021 Intesa Sanpaolo loan, 2023 extension	6 years	100	-	2	2	98
Caixa Bank, 2022 loan	5 years	400	67	80	147	253
Sabadell, 2022 loan	5 years	178	3	35	38	140
2022 loan from the 5-member banking pool	5 years	1,887	31	365	396	1,491
2022 loan from the 5-member banking pool, 2023 extension	5 years	300	-	10	10	290
2023 loan from the 11-member banking pool	5 years	4,041	-	471	471	3,570
Total		18,672	4,749	3,360	8,109	10,563

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
2018 bonds	7 years	4,005	572	3,194	811
2020 bonds	7 years	2,105	301	1,078	1,027
2020 bonds - 2022 tap	5 years	6,512	1,302	2,062	4,450
2021 bonds	6.5 years	3,870	595	1,290	2,580
2021 bonds - 2022 tap	6 years	11,613	1,935	3,226	8,387
Total		28,105	4,705	10,850	17,255

A - 8) Equity

A - 8.1) Changes in equity

A. Equity at 31 December 2022 before appropriation of profit for the year	**1,273,126**
Dividend decided by the Annual General Meeting of 13 April 2023	(180,100)
B. Contributions received with retroactive effect to the beginning of the reporting period	**-**
C. Equity at 1 January 2023 after appropriation of 2022 profit	**1,093,026**
D. Movements for the year:	
1. Reduction in capital	42
2. Changes in share premium account, reserves, retained earnings	(42)
3. Changes in untaxed provisions and government grants	1,137
4. Profit for the year	11,402
E. Equity at 31 December 2023 before appropriation of profit for the year	**1,105,565**
F. Change in equity during the year	**167,561**
G. Other changes in equity during the year	**167,561**

At 31 December 2023, the Company's share capital comprised 42,885,672 ordinary shares with a par value of €2. The number of voting rights at that date was 42,148,182.

Société Foncière Lyonnaise is a subsidiary of Spanish company Inmobiliaria Colonial SA, which owned 98.29% of the capital at 31 December 2023.

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. 2022	Increases	Decreases	31 Dec. 2023
Excess tax depreciation	24,858	1,341	204	25,995
Total	24,858	1,341	204	25,995

A - 8.2) Dividends

(in thousands of euros)	2022		2023	
	Paid	Per share	Paid	Per share
Dividend paid in the reporting year	179,828	€4.20	180,100	€4.20
Total	179,828	€4.20	180,100	€4.20

A - 8.3) Provisions for contingencies and charges

(in thousands of euros)	31 Dec. 2022	Increases	Decreases	31 Dec. 2023
Provisions for employee benefits	9,157	654	8,680	1,131
Short-term provisions for contingencies	152	-	152	-
Total	9,309	654	8,832	1,131

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 social security charges calculated based on performance share plan costs, deferred over three years from the grant date. Delivery of shares awarded under the 2020 plan led to the reversal of €8,680 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	Due in 1 to 5 years	Due beyond 5 years
Bonds	1,709,689	11,689	11,689	1,698,000	-
Bank borrowings	300,445	445	445	300,000	
Other borrowings and financial liabilities					
. Tenant deposits	21,396	-	1,063	1,442	18,891
. Negotiable European commercial paper (NEU CP)	292,000		292,000	-	-
. Other bonds (Colonial facility)	347,410	2,410	347,410	-	-
. Current account advances	5,176	18	5,176	-	-
Prepaid property rentals	5,815	-	5,815	-	-
Trade payables	5,133	5,053	5,133	-	-
Accrued payroll costs	8,597	7,964	8,597	-	-
Accrued taxes	460	2	460	-	-
Due to suppliers of property	12,663	12,614	12,663	-	-
Other liabilities	9,420	398	9,420	-	-
Total	2,718,204	40,593	699,871	1,999,442	18,891

The amounts reported under "Due to suppliers of property" correspond mainly to invoices for redevelopment work on the Louvre Saint-Honoré, and Scope.

Accrued payroll costs include statutory and discretionary profit-sharing and bonus accruals. The change in bonds can be analysed as follows:

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022	Year-on-year change
2018 bonds	504,447	504,459	-12
2020 bonds	604,155	604,170	-15
2021 bonds	601,087	601,092	-5
Total	1,709,689	1,709,721	-32

B - Notes to the Profit and Loss Account

B - 1) Net revenue

(in thousands of euros)	2023	2022
Property rentals	60,180	61,180
Property and facility management fees	2,536	2,265
Sub-total	**62,716**	**63,445**
Payments received for seconded employees	1,923	1,563
Other service revenue	180	184
Sub-total	**2,103**	**1,747**
Total	64,819	65,192

The Company reported revenue of €64,819 thousand in 2023 compared with €65,192 thousand in 2022, a decrease of €373 thousand (down 0.6%).

B - 2) Reversals of provisions and impairment losses, and expense transfers

(in thousands of euros)	2023	2022
Reversals of provisions for doubtful receivables	617	160
Reversals of provisions for contingencies and charges	8,832	5,130
Impairment loss reversed on the sale of a building	-	2,767
Sub-total	**9,449**	**8,057**
Costs and taxes recovered from tenants	16,321	14,084
Other expense transfers	5,811	10,857
Sub-total	**22,132**	**24,941**
Total	31,581	32,998

B - 3) Other purchases and external charges

(in thousands of euros)	2023	2022
Reinvoiced costs	10,183	8,372
Other purchased services and expenses	16,733	20,298
Total	26,916	28,670

B - 4) Taxes other than on income

(in thousands of euros)	2023	2022
Recoverable taxes	6,561	5,432
Other taxes	3,482	2,752
Total	10,043	8,184

B - 5) Payroll costs

(in thousands of euros)	Administrative staff	Building staff	2023 total	2022 total
Wages and salaries				
Wages and salaries	9,669	136	9,805	16,090
Sub-total	**9,669**	**136**	**9,805**	**16,090**
Payroll taxes and other employee benefits expenses				
Social security taxes and disability/health insurance premiums	3,162	35	3,197	3,473
Other employee benefits expenses	555	-	555	570
Sub-total	**3,717**	**35**	**3,752**	**4,043**
Total	13,386	171	13,557	20,133

The remuneration awarded to senior management (including bonuses, benefits in kind, corporate savings plan rights, termination benefits, etc.) amounted to €3,143 thousand in 2023 (2022: €4,764 thousand).

Directors' fees for the year awarded to the members of the Board of Directors represented a total of €157 thousand in 2023.

B - 6) Number of employees

(number)	2023	2022
Building caretakers	1	2
Supervisors	12	8
Managers	54	51
Total	67	61

B - 7) Net financial expense

(in thousands of euros)	2023	2022
Dividends received:		
. SAS Parholding	-	13,115
. SAS Parhaus	3,214	-
. SAS Parchamps	3,072	-
. SAS Pargal	2,993	-
. SA Segpim	434	179
. SAS 92 Champs-Élysées	-	312
. SAS Cloud	1,344	909
. SCI Pasteur	1,082	-
Income from long-term investments:		
. SCI Paul Cézanne	3,603	3,043
. SNC Condorcet Holding	4,666	9,964
. SCI Washington	17,267	14,212
. SCI 103 Grenelle	3,812	3,265
. SCI Pasteur 123	5,995	6,125
Exceptional dividend payments by subsidiaries:		
. SAS 92 Champs-Élysées	-	5,543
. SAS Cloud	-	12,741
. SCI Paul Cézanne	-	12,239
. SCI 103 Grenelle	-	2,550
Sub-total	**47,483**	**84,197**
Interest income from derivative instruments	3,793	-
Interest income from current account advances to subsidiaries	33,890	3,311
Other financial income (a)	12	15,300
Sub-total	**37,695**	**18,611**
Capitalised interest expense (b)	2,880	3,576
Sub-total	**2,880**	**3,576**
Net gains from sales of current financial assets	251	-
Sub-total	**251**	**-**
Financial income	**88,309**	**106,384**
Change in provisions for bond redemption premiums	4,705	3,571
Impairment of shares in subsidiaries and affiliates (c)	64,851	6,993
Impairment of current financial assets	18	-
Sub-total	**69,574**	**10,564**
Interest expense on bonds and bank loans	33,230	25,655
Interest expense on current account advances from subsidiaries	7,345	475
Interest expense on bank overdrafts	64	19
Interest on other bonds (Colonial facility)	6,872	-
Interest on negotiable European commercial paper (NEU CP)	13,434	1,145
Bank loan arranging fees	5,450	3,950
Expenses on financial instruments	478	293
Sub-total	**66,873**	**31,537**
Financial expenses	**136,447**	**42,101**

(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 and Scope buildings in 2023.
(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)	2023	2022
Capital gains on disposals of assets (a)	44,936	(2,822)
Value of shares allocated to holders of vested performance share rights	(2,407)	(4,030)
Transaction costs on purchases of shares in subsidiaries and affiliates	-	(14,885)
Capital gains and losses on share buybacks	(65)	13
Charges to/(reversals from) depreciation, amortisation and untaxed provisions	(1,137)	(1,349)
Other non-recurring income and expenses, net	141	(3)
Tax rebates received	14	951
Total	**41,482**	**(22,125)**

(a) The capital gain of €44,936 thousand corresponds to the disposal of the Hanovre building.

B - 9) Income tax expense

(in thousands of euros)	2023	2022
Corporate income tax expense	-	(42)
Total	**-**	**(42)**

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	9,112	3,701	2,168	3,243
Guarantees received from suppliers	9,273	9,273		
Undrawn confirmed lines of credit				
BECM loan	140,000		140,000	
Caixabank	100,000		100,000	
Banco Sabadell	50,000		50,000	
Cadif loan	145,000		145,000	
Société Générale loan	100,000		100,000	
2023 BNP Paribas loan	835,000		835,000	
Intesa Sanpaolo loan	100,000		100,000	
2020 BNP Paribas loan	100,000		100,000	

Hedging portfolio

At 31 December 2023, derivatives held by the Group for hedging purposes included:

- 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.
- 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.
- 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.
- 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.
- Counterparty: CACIB. 5-year interest rate swap on a notional amount of €100,000 thousand, whereby CACIB pays the 3-month Euribor and SFL pays a fixed rate of 2.3750%. The forward swap will come into effect on 28 January 2025 and is a cash flow hedge qualifying for hedge accounting.

During the year, one hedging instrument held by the Group expired. The instrument concerned was a cap with the following characteristics:

- 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.

Fair value of hedging instruments	Notional amount	Maturity	31 Dec. 2023	31 Dec. 2022
CIC cap at 2%	100,000	March 2023[1]	-	10
CIC swap at 2.625%	100,000	Nov. 2027	(993)	1,873
Soc. Gen swap at 2.492%	100,000	Dec. 2029	(935)	3,200
CIC swap at 2.4240%	100,000	Dec. 2029	(562)	3,635
Cadif swap at 2.4925%	200,000	Dec. 2029	(1,874)	6,396
CACIB swap at 2.375%	100,000	Jan. 2030	(1,190)	-
			(5,554)	**15,114**

(1) Date on which the instrument was unwound.

Contractual redevelopment and renovation obligations

At 31 December 2023, the Group's contractual commitments relating to investment property undergoing renovation totalled €25,082 thousand (€38,522 thousand at 31 December 2022), of which €13,749 thousand concerned the Louvre Saint-Honoré and Scope 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 €882 thousand at 31 December 2023.

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 3.44% at 31 December 2023 (31 December 2022: 3.12%) and a 2.30% rate of future salary increases (compared to 2.50% at 31 December 2022).

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 AUDITOR'S *REPORTS*

04

The financial statements were approved for publication by the Board of Directors on 14 February 2024.

Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2023

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 2023.

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 2023 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 2023 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.821-53 and R.821-180 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 2023 is €7,157 million, representing a decrease over the year of €895 million, of which €960 million was recorded through loss. 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 current macroeconomic conditions 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 2023, PricewaterhouseCoopers Audit and Deloitte & Associés were in the 29th and 19th 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.821-55 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.821-27 to L.821-34 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, 22 February 2024
The Statutory Auditors

PricewaterhouseCoopers Audit
Laurent Daniel

Deloitte & Associés
Sylvain Durafour

Statutory Auditors' report on the Company financial statements

Year ended 31 December 2023

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 2023.

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 2023 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 2023 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.821-53 and R.821-180 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.

Valuation and impairment risk of property and equipment

Notes I - b), II - 1) 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 2023 for an amount of €1,304 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 current macroeconomic conditions 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.

Valuation and impairment risk of shares in subsidiaries and affiliates and their related technical adjustments

Notes I - c), II - 1) and IV - A- 1.3) to the Company financial statements

Description of risk	How our audit addressed this matter
At 31 December 2023, Société Foncière Lyonnaise held shares in subsidiaries and affiliates with a gross value of €1,438 million, to which technical adjustments of €348 million were allocated. These shares were impaired to the amount of €74 million, including a €65 million addition to provisions for impairment during the year. Shares in subsidiaries and affiliates and related technical adjustments are recognised at cost or contribution value, and are recorded if their value in use falls below cost plus the related technical provisions. 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 technical adjustments assigned to said shares 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 technical adjustments assigned to said shares 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 technical adjustments assigned to said shares 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 the market value of these assets had been properly taken into account for the purpose of determining the value in use of shares in subsidiaries and affiliates and their related technical adjustments. We also verified that the value in use of the shares and technical adjustments assigned to said shares was at least equal to their historical cost. If not, we verified that a provision for the impairment of the technical adjustments related to said shares and of the shares themselves 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 and 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 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.

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 2023, PricewaterhouseCoopers Audit and Deloitte & Associés were in the 29th and 19th 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.821-55 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 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.821-27 to L.821-34 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, 22 February 2024
The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Laurent Daniel	Sylvain Durafour

Statutory Auditors' report on related party agreements

Annual General Meeting held to approve the financial statements for the year ended 31 December 2023

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 2023 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 2023

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.

Amendments to the amount and term of the financing facility under the agreement between Société Foncière Lyonnaise ("SFL") and Inmobiliaria Colonial Socimi SA, 98.28% shareholder in SFL, authorised by the Board of Directors on 14 February 2023 and signed on 28 February 2023.

Authorised at the Board of Directors' meeting of:
16 November 2023;

Persons concerned:
Pere Viñolas Serra, Juan José Brugera Clavero and Carmina Ganyet i Cirera, directors representing Inmobiliaria Colonial Socimi SA;

Modifications authorised by the Board of Directors on 16 November 2023:
- increase in the financing limit under the authorised Facility Agreement from €250 million to €600 million;
- extension of the Facility's expiry date from 21 December 2024 to 31 December 2025.

Reasons why these changes are in the interest of the SFL:
An intra-group facility with a maximum outstanding amount of €600 million will enable SFL to:
- For 2024:
  - continue to benefit from another source of increased short-term financing, other than the NEU CP programme, which is close to its maximum;
- For 2024 and 2025:
  - ensure that it can finance the budgets for the years concerned without having to draw on its RCF back-up financing facilities, even at the peak of its financing needs,
  - save money compared to printing back-up facilities.

By the end of 2023, SFL had drawn down €95 million of this additional credit facility.

Agreements already approved by the Annual General Meeting

Agreements approved in prior years that remained in force in 2023

In accordance with Article R.225-30 of the French Commercial Code, we were informed of the following agreements authorised in prior years that remained in force in 2023.

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 SFL, 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 SFL, 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 SFL 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.

Benefits of the agreement for the Company:
In recent years, Dimitri Boulte has demonstrated his ability to lead SFL towards new developments. This agreement strengthens Dimitri Boulte's commitment and engagement as Chief Executive Officer of SFL, and will further build his loyalty so that he continues to contribute his skills and expertise.

In 2023, Dimitri Boulte, under his mandate as Chief Executive Officer, received a gross annual salary of €430,000.

Dimitri Boulte's 2022 bonus paid in 2023, as calculated by the method decided by the Board of Directors on 14 February 2023, amounted to €520,034.

On 14 February 2023, the Board of Directors decided to award 20,000 Plan 7 performance shares to Dimitri Boulte, according to the terms regulating the granting of shares. These terms are set out in the Board of Directors' Special Report to the Annual General Meeting on 16 April 2024, which is annexed to the Management Report.

Lastly, Dimitri Boulte has the use of a company car and is covered by private unemployment insurance (*Garantie des Chefs et dirigeant d'Entreprise* – GSC) (benefits in kind).

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, purpose and terms 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 SFL.

An addendum to her employment contract has been signed, giving her the title of Chief Operating Officer from 1 July 2022.

Benefits of the agreement for the Company:
In recent years, Aude Grant has demonstrated her ability to lead SFL towards new developments. 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.

In 2023, Aude Grant received a gross annual salary of €240,000 under her employment contract.

Aude Grant's 2022 bonus paid to her in 2023 as a part of her work contract, amounted to €200,254. It was calculated using the method decided by the Board of Directors on 14 February 2023.

On 14 February 2023, the Board of Directors decided to award 6,000 Plan 7 performance shares to Aude Grant, according to the terms regulating the granting of shares. These terms are set out in the Board of Directors' Special Report to the Annual General Meeting of 16 April 2024, which is annexed to the Management Report. She also has the use of a company car (benefit in kind).

Agreements authorised during 2023

In addition, we were informed of the execution in 2023 of the following agreements, approved by shareholders at the Annual General Meeting of 13 April 2023 and covered in the Statutory Auditors' special report of 6 March 2023.

Agreement with Inmobiliaria Colonial Socimi SA, shareholder of SFL 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.

On 14 February 2023, the Board of Directors authorised SFL to draw up to €250 million on this Facility Agreement.

Benefits of the agreement for the Company:
The facility would allow SFL to avoid drawing down its back-up facilities in 2023 and 2024, and to save around €260,000 in 2023 and €33,000 in 2024, according to the Business Plan cash forecasts. Without the asset sale planned for the fourth quarter of 2023 in the Business Plan, this saving would increase to €370,000 in 2023 and €903,000 in 2024. It would also reduce SFL's NEU CP issuance, without affecting its future access to the NEU CP market.

In 2023, SFL drew down the entire amount (€250 million) from Inmobiliaria Colonial Socimi SA.

Neuilly-sur-Seine and Paris-La Défense, 22 February 2024
The Statutory Auditors

PricewaterhouseCoopers Audit
Laurent Daniel

Deloitte & Associés
Sylvain Durafour

ADDITIONAL *INFORMATION*

05

The financial statements were approved for publication by the Board of Directors on 14 February 2024.

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, 25 March 2024

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	13 April 2023	2028
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.
** After 24 years as Statutory Auditor, the term of office of PricewaterhouseCoopers Audit will expire at the close of the Annual General Meeting called to approve the financial statements for the year ending 31 December 2024. Pursuant to Article L.821-45 II of the French Commercial Code, PricewaterhouseCoopers Audit may not be reappointed. It will therefore have to be replaced.

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

Website

www.fonciere-lyonnaise.com

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

The provisions of the Articles of Association that require the Company to be informed if certain capital or voting rights thresholds are exceeded or fallen below are summarised on page 42 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 2023, the Company's issued share capital amounted to €85,771,344 divided into 42,885,672 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 38 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 44 of the Management Report, the Company is not aware of the existence of any shareholders' pact concerning it.

3.5. Corporate governance

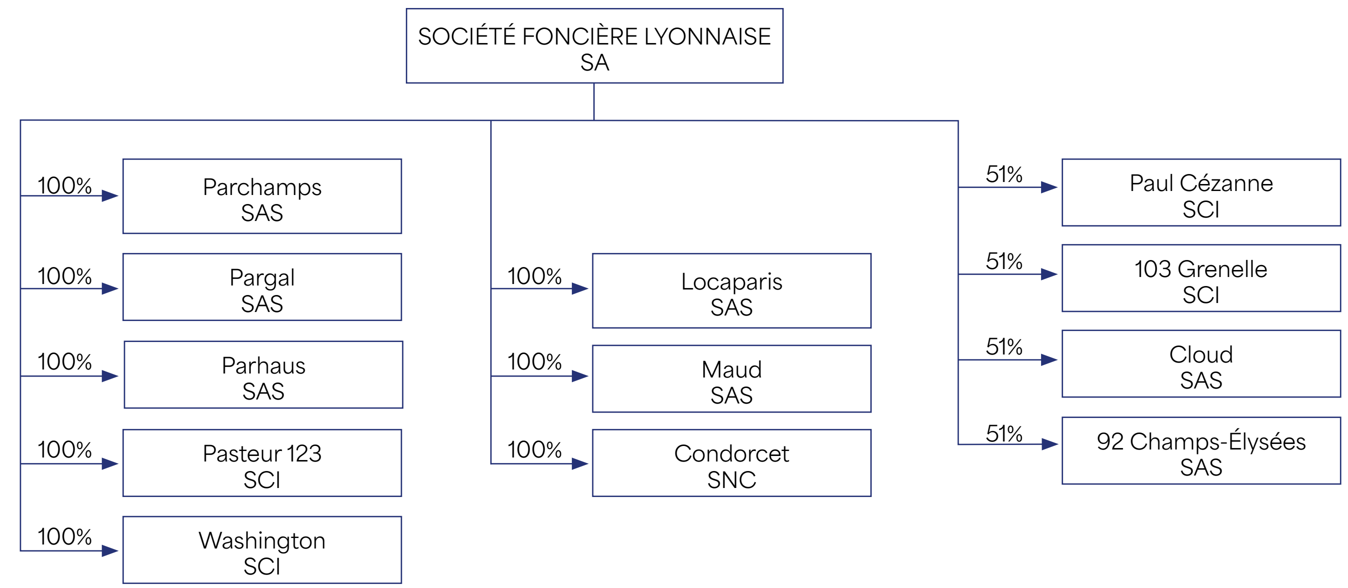
In application of Article 20 of the Articles of Association, the functions of Chairman and Chief Executive Officer were separated by decision of the Board of Directors on 27 January 2015.

The Board of Directors' corporate governance report is presented on pages 110 *et seq.* of this document.

The Company's Articles of Association can be found on the website (in French only): https://www.fonciere-lyonnaise.com/en/company/legal-information/

4. Additional Information about the Group's Operations and Organisational Structure

4.1. Organisation chart



At 31 December 2023, SFL directly or indirectly owned:
- 100% of the capital of eight 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' pact 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. In this context, SFL lends at the €STR + 0.60% with the bond (rate + margin) floored at zero, and borrows at the €STR floored at zero, with no additional margin.

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 2023 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 2023 rent-rolls, rents on certain units were above or below observed market rents for the second half of 2023 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%, 1.8% or 1.1% 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 2023 was:

- €6,414,353,355 excluding transfer costs and €6,830,427,149 including transfer costs for the Group's share;
- €7,332,131,195 excluding transfer costs and €7,817,008,927 including transfer costs on a 100% basis.

Appendix: Cross-Reference Table for the 2023 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		
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Historical Financial Information

Financial statements and Statutory Auditors' reports for 2023: 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 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.
- The consolidated financial statements for the year ended 31 December 2022, prepared in accordance with IFRS, and the related Statutory Auditors' reports, as presented on pages 160 to 194 and 218 to 221 of the 2022 Universal Registration Document (Financial and Legal Report) filed with the AMF on 20 March 2023 under No. D.23-0118.

SOCIETE FONCIERE LYONNAISE

French *société anonyme* with share capital of €85,771,344
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Integrated Report
Universal Registration Document
2023

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