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

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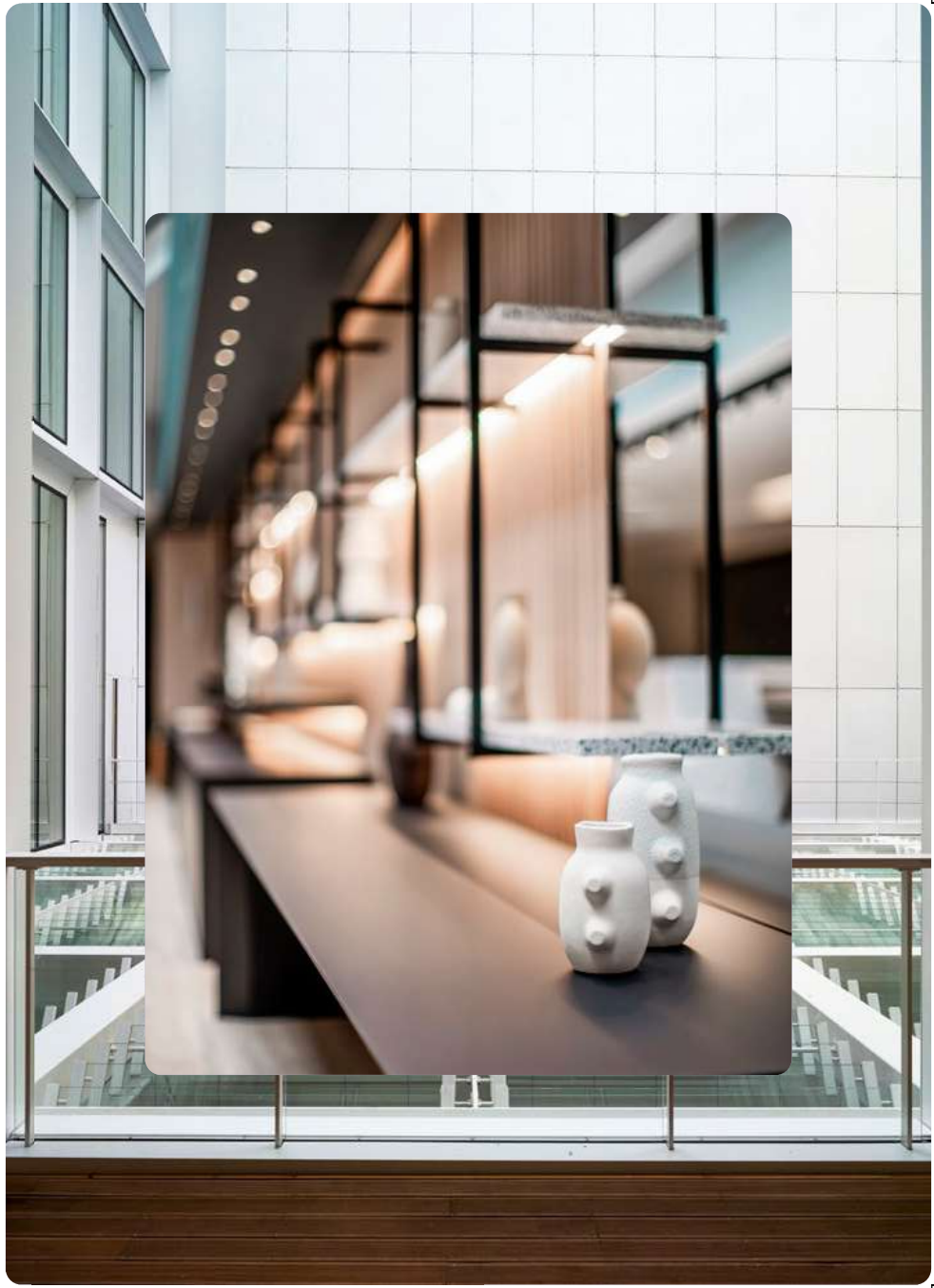
The financial statements were approved for publication by the Board of Directors on 14 February 2024.



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).