SOCIÉTÉ FONCIÈRE LYONNAISE

CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2023

FINANCIAL STATEMENTS

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

A – Consolidated Statement of Financial Position

(in thousands of euros) **ASSETS**	**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**

(in thousands of euros) **EQUITY AND LIABILITIES**	**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	Reclassi-fications	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	Reclassi-fications	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 - €1000	€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)	**-25bps**	**-15bps**	**Reference value**	**+15bps**	**+25bps**
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)	**-25bps**	**-15bps**	**Reference value**	**+15bps**	**+25bps**
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	Reclassifications	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:

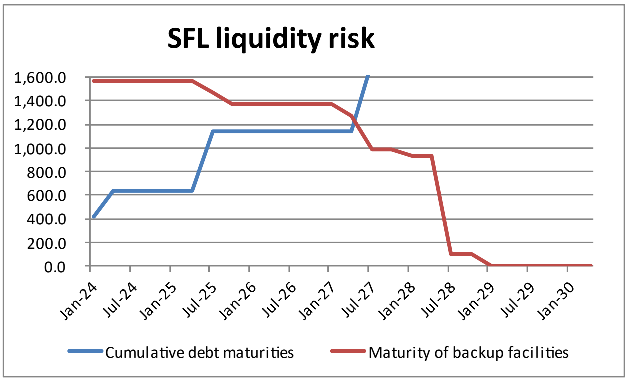
(in thousands of euros)	Date on which the instrument was unwound	Gains/losses accumulated in equity 31 Dec. 2022	Reclassified to profit or loss for the period	Gains/losses accumulated in equity 31 Dec. 2023
CA-CIB Nov. 2021 swap at -0.3475%	Oct. 2021	821	(254)	567
CIC Nov. 2021 swap at -0.4525%	Oct. 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.



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.

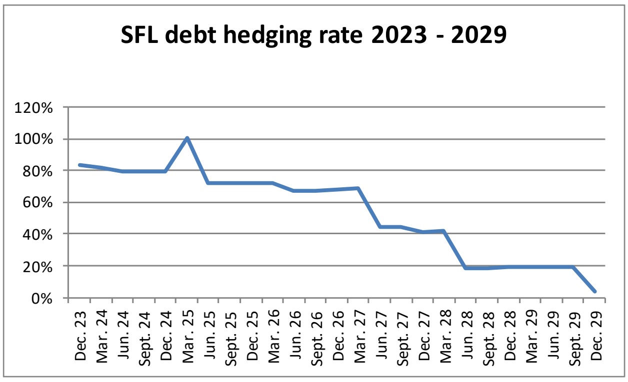
3/ Market risk

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).



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 Elysées	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 Elysées	SAS Cloud	Total 2022
Rental income	7,443	5,173	5,562	9,617	27,796
Fair value adjustments to investment property	3,225	4,048	(10,532)	14,864	11,604
Finance costs and other financial income and expense	(11)	(12)	(16)	(29)	(68)
Other	(16)	(28)	(220)	(882)	(1,146)
Total	**10,641**	**9,182**	**(5,206)**	**23,570**	**38,186**

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	Reclassifications	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 arranging 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-Elysées	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.