

SFL – Third-Quarter 2021 Financial Information

Rental income: €130.0 million

Consolidated revenue by business segment (€000's)

	2021 (9 months)	2020 (9 months)
Rental income	129,982	137,667
<i>o/w Paris Central Business District</i>	<i>105,571</i>	<i>121,877</i>
<i>Paris Other</i>	<i>22,842</i>	<i>25,786</i>
<i>Western Crescent</i>	<i>1,569</i>	<i>1,407</i>
Other revenue	0	0
Total consolidated revenue	129,982	137,667

Consolidated rental income for the first nine months of 2021 amounted to €130.0 million, down €7.7 million or 5.6% from the €137.7 million reported for the same period of 2020:

- On a like-for-like basis (i.e., excluding all changes in the portfolio affecting period-on-period comparisons), rental income climbed €2.9 million, up 2.4%, buoyed by higher rental income from the Edouard VII, Rives de Seine and 106 Haussmann properties.
- Rental income from units being redeveloped or renovated in the periods concerned was down by €6.1 million, due to the renovation of several floors that were vacated in late 2020, mainly in the Cézanne Saint-Honoré and Washington Plaza buildings, partially offset by initial revenues from the 83 Marceau property.
- The sale of the 112 Wagram and 9 Percier buildings in early 2021 led to a €4.5-million contraction in rental income for the period.

The rent recovery rate currently stands at 98%, a very satisfactory level, confirming that the vast majority of SFL's clients are seeing a return to normal levels of activity.

Business review

In a rental market significantly affected by a lacklustre four months at the start of the year, SFL maintained a strong level of business, signing leases on some 37,000 sq.m. in the first nine months. The main leases concerned:

- Cézanne Saint-Honoré: lease on 3,700 sq.m. signed with Wendel and a lease on 3,300 sq.m. with Lacourte Raquin Tatar, bringing the pre-lease rate for units scheduled for delivery in 2022 to 72%;
- #Cloud.paris: new lease and extensions signed with an existing tenant, for a total of nearly 13,700 sq.m.;
- Washington Plaza: leases signed on 8,600 sq.m., with four main agreements;
- Edouard VII: leases signed on 3,600 sq.m., with two main agreements;
- 103 Grenelle: three leases signed on 2,000 sq.m.;
- 92 Champs-Élysées: commercial lease on 900 sq.m. signed with PSG.

The new office leases were signed at an average nominal rent of €776 per sq.m., corresponding to an effective rent of €656 per sq.m, for an average non-cancellable term of 7.5 years, demonstrating that the rental conditions for the Group's properties are holding firm.

The physical occupancy rate for revenue-generating properties rose to 93.9% at 30 September 2021 compared with 93.7% at 31 December 2020. The remaining vacant units are located mainly in the Le Vaisseau building in Issy-les-Moulineaux and at Washington Plaza. The EPRA vacancy rate was 5.5%, versus 6.0% at 31 December 2020.

SFL/Predica partnership – Colonial transaction involving SFL shares

Operations relating to the change in the partnership between SFL and Predica were finalised on 4 August 2021 (see SFL press release of 4 August 2021) and the simplified mixed tender offer launched by Colonial for the SFL shares not yet held by Colonial and Predica closed on 25 August 2021.

Following these operations:

- SFL took over 100% of the former partnerships for the Washington Plaza, 106 Haussmann, 90 Champs-Élysées and Galerie des Champs-Élysées properties and entered into new partnerships for #Cloud.paris, Cézanne Saint-Honoré, 92 Champs-Élysées and 103 Grenelle of which it sold 49% to Predica while retaining overall control.
- Colonial holds 98.33% of SFL's share capital and voting rights.

Financing

SFL's consolidated net debt at 30 September 2021 amounted to €1,790 million, compared with €1,890 million at 31 December 2020, representing a loan-to-value ratio of 22.8% based on the portfolio's appraisal value at 30 June 2021. The average cost of debt after hedging was 1.1% and the average maturity was 3.8 years. At end-September 2021, the interest coverage ratio stood at 4.6x.

In addition, SFL had €890 million in undrawn lines of credit at 30 September 2021.

About SFL

Leader in the prime segment of the Parisian commercial real estate market, Société Foncière Lyonnaise stands out for the quality of its property portfolio, which is valued at €7.3 billion and is focused on the Central Business District of Paris (#cloud.paris, Edouard VII, Washington Plaza, etc.) and for the quality of its client portfolio, which is composed of prestigious companies in the consulting, media, digital, luxury, finance and insurance sectors. As France's oldest property company, SFL demonstrates year after year an unwavering commitment to its strategy focused on creating a high value in use for users and, ultimately, substantial appraisal values for its properties.

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

S&P rating: BBB+ stable outlook