

## SFL – Third-Quarter 2022 Financial Information

**With an exceptional 17% increase in rental income (8% increase on a like-for-like basis), SFL demonstrates the effectiveness of its strategy, which focuses on continuously enhancing the architecture, technical characteristics and environmental performance of its properties. In addition to the growth in rental income, the portfolio's EPRA vacancy rate stands at an extremely modest 0.6%.**

**Rental income up by a sharp 16.7% to €151.7 million:**

**Consolidated revenue by business segment (€000's)**

Rental income:	2022 (9 months)	2021 (9 months)	Change
Paris CBD	116,743	105,571	+10.6%
Paris Other	32,825	22,842	+43.7%
Western Crescent	2,163	1,569	+37.9%
<b>Total rental income</b>	<b>151,731</b>	<b>129,982</b>	<b>+16.7%</b>

Consolidated rental income for the first nine months of 2022 amounted to **€151.7 million**, up by a sharp **€21.7 million or 16.7%** from the €130.0 million reported for the same period of 2021. The increase breaks down as follows:

- **€9.3 million** in like-for-like growth (i.e., excluding all changes in the portfolio affecting period-on-period comparisons), or **7.8%**, buoyed by higher rental income from the Edouard VII, 103 Grenelle and Washington Plaza properties, particularly on new lettings. Index-linked rent increases also contributed in an amount of approximately €1.3 million (1.1%).
- **€5.6m** in rental income from spaces being redeveloped or renovated in the periods concerned, mainly following delivery in second-half 2021 of the 83 Marceau building, which is fully occupied.
- **€6.8m** relating to the acquisition of the Pasteur building in April 2022, which generated a significant increase in rental income, partially offset by the disposal of the 112 Wagram and 9 Percier buildings at the beginning of 2021.

**SFL is reaping the full benefits of both its strategy focused on prime property and the current momentum in the Paris rental market. Rental activity was brisk during the period despite a 99% occupancy rate, with 36,000 sq.m. let in the year to September 2022:**

Dimitri Boulte, SFL's Chief Executive Officer, commented: *"Despite challenging geopolitical and economic conditions, the market for commercial property rentals in the Paris region is becoming increasingly polarized, as companies opt for high-value added properties located in central Paris. In this environment, SFL's strategy is paying off – our performance indicators are sound across the board, demonstrating the effectiveness of our business model despite ongoing uncertainty."*

The upturn in the central Paris rental market observed since late 2021 has led to some notable commercial successes for SFL – particularly for high-quality properties in prime locations – for example at Biome.

In the first nine months, SFL signed leases on **nearly 36,000 sq.m. of space** with an average nominal rent of **€704 per sq.m.**, an **average non-cancellable term of 8.2 years** and an incentive rate of **around 17%**. These figures attest to the strength of the Paris market and the resilience of SFL's business model. Lease deals include:

- **Biome**, with the complex's **22,000 sq.m.** of office space pre-let to La Banque Postale and SFIL;
- 103 Grenelle, with three new leases signed with Atalante, Promontoria MMB and Netgem on a total of 3,400 sq.m.;
- Edouard VII, with leases signed on 2,700 sq.m., including one on a 1,700 sq.m. retail unit with Fabriques de Styles;
- 176 Charles de Gaulle in Neuilly, with leases signed on 1,900 sq.m., including one on a 1,200 sq.m. retail unit with Ovelo Cycles.

At 30 September 2022, the occupancy rate for revenue-generating properties stood at a record high of **99.5%** (up from 98.0% at 31 December 2021). The EPRA vacancy rate was **0.6%** (versus 1.7% at 31 December 2021).

Following the acquisition of the Pasteur building (approximately 40,000 sq.m. located in Paris' 15<sup>th</sup> *arrondissement*) for €484 million including transfer costs and the sale of the Le Vaisseau property (approximately 6,300 sq.m. located in Issy-les-Moulineaux) for €27 million excluding transfer costs in the first half of 2022, SFL did not carry out any other acquisitions or disposals in the third quarter.

**Financing: a very reasonable loan-to-value ratio**

SFL's consolidated net debt stood at €2,473 million at 30 September 2022, compared with €1,792 million at 31 December 2021, representing a **loan-to-value ratio of 27.7%** based on the portfolio's appraisal value at 30 June 2022. The average cost of debt after hedging was **1.2%** and the average maturity was **4.1 years**. At end-September 2022, the interest coverage ratio stood at 5.9x.

In addition, SFL had €940 million in undrawn lines of credit at 30 September 2022.



**Biome** (Paris 15<sup>e</sup>) – *Photo: Alexis Paoli*

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## 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 €8.4 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