



Paris, 23 July 2024

SFL – First-Half 2024 Results

<p>EPRA earnings per share: €1.40 (up 12.9%) Portfolio value (excluding transfer costs): €7,406m (up 1.0% vs. end-2023, as reported) Occupancy rate: 99.8% (100% for offices) EPRA NTA: €85.0 per share</p>

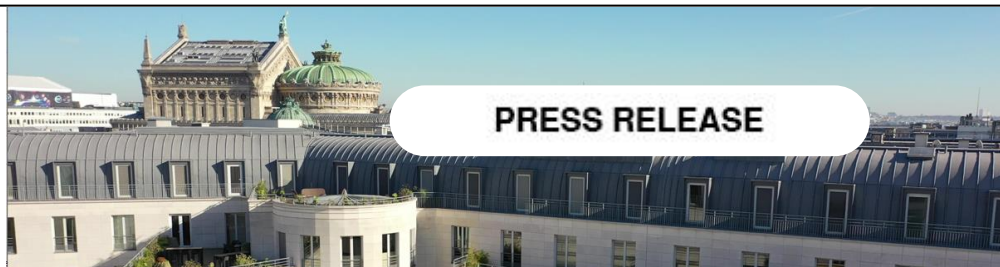
The consolidated financial statements for the six months ended 30 June 2024 were approved by the Board of Directors of Société Foncière Lyonnaise (“SFL”) on 23 July 2024, at its meeting chaired by Pere Viñolas Serra.

These financial statements reflect sharp growth in operating profit, stable portfolio appraisal values and a significant increase in EPRA earnings. The occupancy rate remained at an exceptionally high 99.8% and properties let during the period commanded increasingly high rents, attesting to the attractiveness of prime Paris office properties and the quality of SFL's business model.

“This is a very interesting time in the market – our appraisal values are holding firm after falling steadily over the past 18 months and our rental income is rising. These encouraging performances, in a still very uncertain environment, can be put down to a number of differentiating factors: our rigorous property selection processes, our commitment to ensuring that redevelopment projects comply with the highest technical and environmental standards, and finally our determination to constantly improve the satisfaction of our tenants and their staff.”

SFL will be celebrating its 145th anniversary this year: this remarkable longevity means that we have to adapt our products to the trends and expectations of employees in the Paris region, and always question ourselves. I believe this is testament to our legacy as builders of a portfolio of exceptional properties, and an illustration of our determination to play our part in a fast-changing world, in our segment of choice, the Paris prime office market”, said Dimitri Boulte, SFL's Chief Executive Officer.

The auditors have completed their review of the financial statements and issued their report on the interim financial information, which does not contain any qualifications or emphasis of matter.



Consolidated data (€ millions)

	H1 2023	H1 2024	Change
Revenue*	111.4	127.0	+14.0%
Rental income	111.4	121.6	+9.2%
Adjusted operating profit**	97.2	109.8	+12.9%
Attributable net profit/(loss)	(177.5)	76.7	n/a
EPRA earnings per share	53.2 €1.24	60.1 €1.40	+13.0% +12.9%

* Including the cancellation of a rent accrual in an amount of €5.4 million in the first half of the year

** Operating profit before disposal gains and losses and fair value adjustments

	31/12/2023	30/06/2024	Change
Attributable equity	3,540	3,527	-0.4%
Consolidated portfolio value excluding transfer costs	7,332	7,406	+1.0%
Consolidated portfolio value including transfer costs	7,817	7,899	+1.0%
EPRA NTA per share	3,752 €87.5	3,649 €85.0	-2.7% -2.9%
EPRA NDV per share	3,673 €85.7	3,673 €85.5	0.0% -0.2%

Strong revenue growth in a still uncertain environment

Rental income up 7.4% like-for-like

Revenue came to €127 million in the first half of 2024, including €121.6 million in rental income and the cancellation of a rent accrual in an amount of €5.4 million.

Rental income for the period was up by a strong €10.2 million (up 9.2%) compared with the first half of 2023. The period-on-period change can be explained as follows:

- On a like-for-like basis (revenue-generating properties, excluding all changes in the portfolio affecting period-on-period comparisons), rental income was €8.1 million higher (up 7.4%), including the €4.6 million impact of rent indexation clauses and the contribution from new leases signed in 2023 and 2024 (with long-standing tenants such as Infravia, Havea and Fast Retailing, and new tenants such as a leading luxury goods company and Brunswick). These new leases drove significant growth in rental income from the Washington Plaza, Cézanne Saint-Honoré and #cloud.paris complexes.
- Rental income from spaces being redeveloped during the periods under review rose by €10.1 million. This included the €7.8 million contribution for the whole of first-half 2024 from the retail area of the Louvre Saint-Honoré project, which was delivered in July 2023 to the Cartier Foundation upon completion of the lessor-funded redevelopment work, and the €3.3 million contribution of the new Adidas flagship store on the Champs-Élysées.



- The decision by a tenant to break their lease led to the cancellation of the related rent accrual in the IFRS financial statements, which was partly offset by a provision reversal, and the recognition of a lease termination penalty paid by the tenant. The net impact on rental income was a negative €1.9 million.

Adjusted operating profit (i.e., operating profit before disposal gains and losses and fair value adjustments to investment property) rose by a strong 12.9% to €109.8 million in first-half 2024, from €97.2 million in the year-earlier period.

Stable appraisal values against a backdrop of ongoing uncertainty

The portfolio's appraisal value rose by 1.0% over the six months to 30 June 2024 on a comparable basis, leading to positive fair value adjustments to investment property of €27.4 million for the period versus negative adjustments of €327.8 million in first-half 2023.

The stabilisation of appraisal values reflected the application of rent escalation clauses and the sharp rise in rental values in the prime segment of the Paris property market. The discount rate declined (by an average of 2 bps), while the average exit capitalisation rate continued to rise (by an average of 3 bps).

Higher net profit despite the increase in finance costs

Net finance costs stood at €28.3 million in first-half 2024, versus €26.1 million in the same period of 2023, representing an increase of €2.2 million. Excluding non-recurring items, the increase was €4.7 million, reflecting the impact on recurring finance costs of higher interest rates and the increase in average debt.

After taking account of these key items, EPRA earnings came in at €60.1 million in first-half 2024 versus €53.2 million in the year-earlier period.

EPRA earnings per share stood at €1.4 in first-half 2024, up 12.9% from €1.24 in first-half 2023.

The Group ended the period with attributable net profit of €76.7 million, versus a loss of €177.5 million in first-half 2023.

Occupancy rate kept at a record high of 99.8%

SFL's strategic positioning means it can take full advantage of the very positive momentum in the Paris property rental market and particularly higher market rents. The physical occupancy rate remained at a record high of 99.8% at 30 June 2024 (99.7% at 31 December 2023). The EPRA vacancy rate was 0.2% (unchanged from 31 December 2023).

SFL signed leases on around 12,000 sq.m. in the first half, including 11,300 sq.m. of office space, mainly with new tenants.



This sustained rental activity primarily concerned the following properties:

- #cloud.paris, with 3,500 sq.m. let for a non-cancellable period of nine years to an international fund management company;
- Cézanne Saint-Honoré, with 2,700 sq.m. let for a non-cancellable period of nine years to an international law firm;
- Edouard VII, with 1,230 sq.m. let for a non-cancellable period of six years to Brunswick;
- 103 Grenelle, with 1,315 sq.m. let for a non-cancellable period of ten years to Beau de Loménie;
- office space in the Washington Plaza and 176 Charles de Gaulle properties;
- residential units representing around 500 sq.m. and retail units representing 200 sq.m.

Average nominal rents for the new office leases rose sharply to €998 per sq.m., corresponding to an effective rent of €883 per sq.m., for an average non-cancellable period of 8.7 years. These lease terms attest to the attractiveness of the Group's properties.

Efficiently managed pipeline offering a €31.4 million annual reversionary potential

Properties undergoing redevelopment at 30 June 2024 represented 10% of the total portfolio. They include the Scope office building (formerly Rives de Seine) on the Quai de la Râpée in Paris (around 23,000 sq.m.). Site clearance and asbestos removal work has now been completed, and the works contract with the general contractor was signed on 17 June, with delivery still scheduled for mid-2026.

Capitalised work carried out in first-half 2024 amounted to €27.5 million, including the Scope project for a total of €6.3 million and floor-by-floor renovations, primarily in the Edouard VII complex.

No acquisitions/disposals

No properties were purchased or sold during first-half 2024.

Disciplined and resolutely green financing

During first-half 2024, the Group rolled over its €100 million credit line with BNP Paribas. The new facility agreement includes a spread adjustment mechanism based on the achievement of three ambitious targets concerning carbon emissions reduction, environmental certification of assets and Global Real Estate Sustainability Benchmark (GRESB) rating.

The five-year facility (with two one-year extension options) replaces the existing credit line.

The €300 million Term Loan and the €835 million RCF were extended by one year, increasing the average maturity of debt to 3.6 years.



Net debt at 30 June 2024 amounted to €2,688 million compared to €2,539 million at 31 December 2023, representing a loan-to-value ratio of 34.0% including transfer costs. At the same date, the average cost of debt after hedging was 2.1% and the Interest Coverage Ratio (ICR) was 3.5x.

At 30 June 2024, the Group had access to €1,570 million in undrawn confirmed lines of credit.

EPRA Net Asset Value stable overall, taking into account a dividend payout of €2.40/share

The portfolio's consolidated appraisal value at 30 June 2024 was €7,406 million excluding transfer costs, up 1.0% from €7,332 million at 31 December 2023.

The average EPRA topped-up Net Initial Yield (NIY) was 3.8% at 30 June 2024, unchanged from 31 December 2023.

At 30 June 2024, EPRA Net Tangible Assets (NTA) stood at €85.0 per share (€3,649 million in total, down 2.9% over the first half of the year) and EPRA Net Disposal Value (NDV) was €85.5 per share (€3,673 million, unchanged from 31 December 2023), after payment of a dividend of €2.40 per share in April 2024.

Lastly, during the period, Pargal SAS elected to be taxed as an SIIC, with retroactive effect from 1 January 2024. The election had the effect of reducing EPRA NTA by €48.1 million and increasing EPRA NDV by €21.1 million.

EPRA indicators

	H1 2023	H1 2024
EPRA Earnings (€m)	53.2	60.1
<i>/share</i>	<i>€1.24</i>	<i>€1.40</i>
EPRA Cost Ratio (including vacancy costs)	13.7%	12.0%
EPRA Cost Ratio (excluding vacancy costs)	12.7%	11.5%

	31/12/2023	30/06/2024
EPRA NRV (€m)	4,173	4,076
<i>/share</i>	<i>€97.3</i>	<i>€94.9</i>
EPRA NTA (€m)	3,752	3,649
<i>/share</i>	<i>€87.5</i>	<i>€85.0</i>
EPRA NDV (€m)	3,673	3,673
<i>/share</i>	<i>€85.7</i>	<i>€85.5</i>
EPRA Net Initial Yield (NIY)	2.6%	2.5%
EPRA topped-up NIY	3.8%	3.8%
EPRA Vacancy Rate	0.2%	0.2%



	31/12/2023	30/06/2024
LTV	32.5%	34.0%
<i>100%, including transfer costs</i>		
EPRA LTV (including transfer costs)		
100%	34.3%	35.5%
Attributable to SFL	39.6%	41.0%
EPRA LTV (excluding transfer costs)		
100%	36.6%	37.9%
Attributable to SFL	42.2%	43.6%

Alternative Performance Indicators (APIs)

EPRA Earnings API

€ millions	H1 2023	H1 2024
Attributable net profit/(loss)	(177.5)	76.7
Less:		
Fair value adjustments to investment property	327.8	(27.4)
Profit on asset disposals	0.2	0.0
Fair value adjustments to financial instruments, discounting adjustments to debt and related costs	0.6	(1.8)
Tax on the above items	(12.0)	(4.8)
SIIC exit tax	0	(21.1)
Non-controlling interests in the above items	(85.9)	38.5
EPRA earnings	53.2	60.1
<i>Average number of shares (thousands)</i>	<i>42,879</i>	<i>42,918</i>
EPRA earnings per share	€1.24	€1.40


EPRA NRV/NTA/NDV APIs:

€ millions	31/12/2023	30/06/2024
Attributable equity	3,540	3,527
Treasury shares	0	0
Fair value adjustments to owner-occupied property	34	34
Unrealised capital gains on intangible assets	4	4
Elimination of financial instruments at fair value	6	(7)
Elimination of deferred taxes	173	97
Transfer costs	416	421
EPRA NRV (Net Reinstatement Value)	4,173	4,076
Elimination of intangible assets	(1)	(2)
Elimination of unrealised gains on intangible assets	(4)	(4)
Elimination of transfer costs*	(416)	(421)
EPRA NTA (Net Tangible Assets)	3,752	3,649
Intangible assets	1	2
Financial instruments at fair value	(6)	7
Fixed-rate debt at fair value	98	112
Deferred taxes	(173)	(97)
EPRA NDV (Net Disposal Value)	3,673	3,673

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

Net debt API

€ millions	31/12/2023	30/06/2024
Long-term borrowings and derivative instruments	1,983	1,480
Short-term borrowings and other interest-bearing debt	644	1,217
Debt in the consolidated statement of financial position	2,628	2,697
Less:		
Accrued interest and deferred recognition of debt arranging fees	8	23
Cash and cash equivalents	(97)	(33)
Net debt	2,539	2,688

More information is available at www.fonciere-lyonnaise.com/en/publications/results

About SFL

A benchmark player 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 €7.4 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. 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. With its sights firmly set on the future, SFL is committed to sustainable real estate with the aim of building the city of tomorrow and helping to reduce carbon emissions in its sector.

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

S&P rating: BBB+ stable outlook