

**THE ART OF TRANSFORMATION
OFFICE ENGINEERING**

“

Office engineering: SFL's corporate DNA

”

In 2020, companies experimented with novel forms of organization that transformed employee usage patterns, behaviours, practices and relationships with work.

For the first time, everyone, without exception, had to comply with unusually strict health standards that reaffirmed their expectations in terms of space, commutes and mobility in general, with a demand for greater accessibility, convenience, flexibility and quality of life.

These are all issues that SFL, the leader in the prime Parisian office market, has always addressed in its model, in ways that enhance a company's ability to responsively adapt to any situation.

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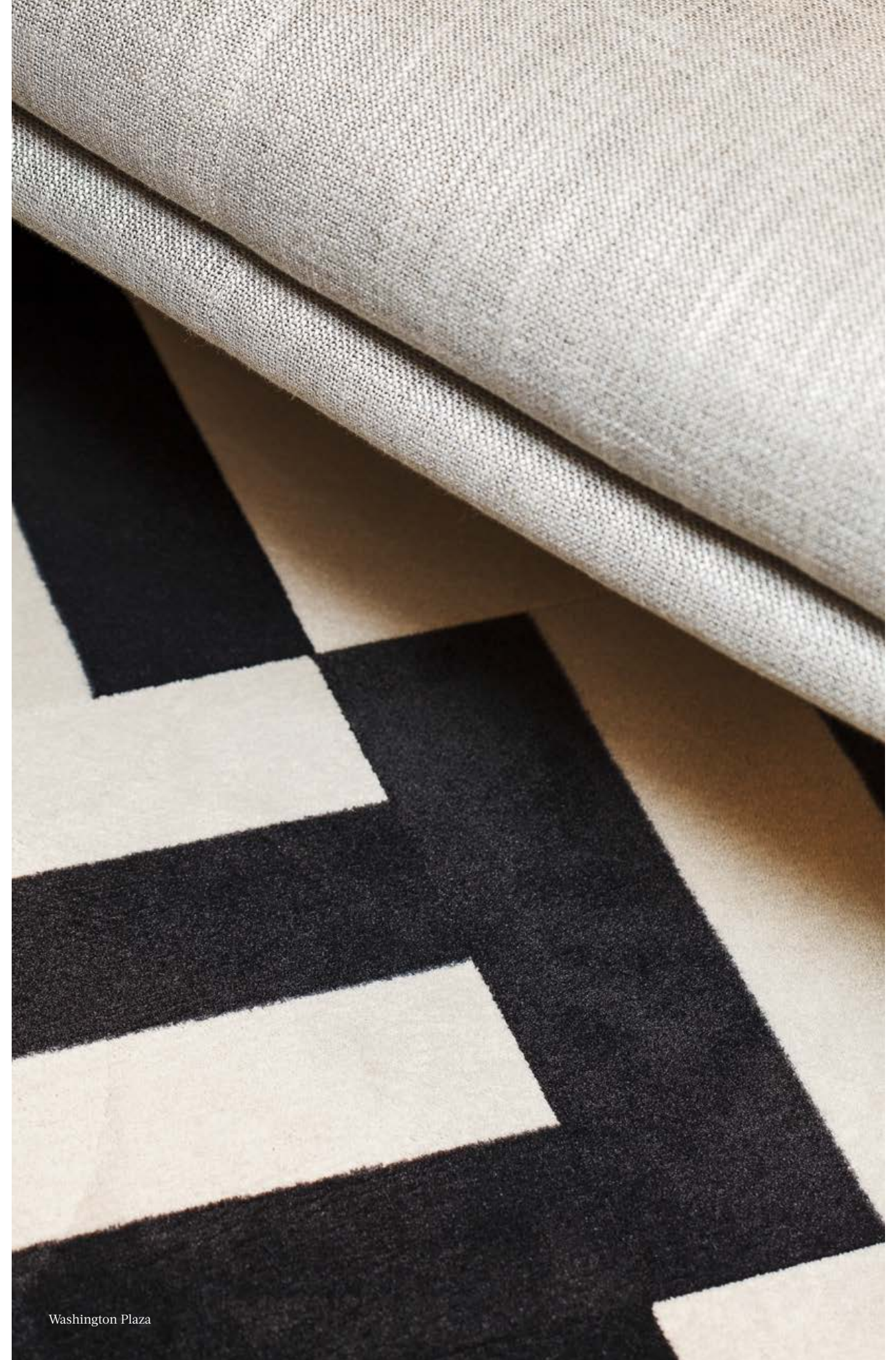
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INSPIRED BY THE UNRIVALLED ARCHITECTURE AND BEAUTY OF ITS ASSETS, SFL STANDS OUT FOR ITS BUSINESS MODEL, WHICH IS ROBUST, ENDURING AND RESILIENT, AND ITS BOLD TRANSFORMATIONS THAT UNDERPIN EACH BUILDING'S SUSTAINABLE PERFORMANCE.



An Unprecedented Health Crisis

“ In 2020, SFL teams devoted their full attention to responding to the coronavirus health crisis ”



Initiatives were assertively deployed throughout the year to attenuate the impacts of the health crisis on our business and financial results.

Examples include:

→ **All the office buildings remained open and available for use by tenants** and the necessary measures deployed in the buildings' common areas were regularly updated to comply with successive government directives.

→ **Management of the conference centres and the Indigo hotel** focused on limiting as far as possible the effects of government-mandated closures.

→ **Government measures** concerning very small businesses and small retail outlets were applied and tenant requests for help were managed on a case-by-case basis in order to provide them with the necessary support as far as possible.

→ **Property leasing activities continued** in a very slow rental market.

→ **Agreements were signed with the general contractors** working on the main redevelopment projects to keep the sites running under optimized conditions.

→ **The financial impacts of the crisis were carefully managed.** All told, the Covid-19 crisis had an €8.2 million negative impact on rental income for the year (including €6.8 million in income lost due to the closure of the Édouard VII and #cloud.paris conference centres, the Indigo hotel and the Édouard VII public car park) and a €5.4 million negative impact on net property rentals.

→ **Business continued uninterrupted thanks to home-working.**

To ensure business continuity while also protecting its teams, all of SFL's teams worked from home during the lockdowns and gradually returned to the office when this was possible. The home-working option meant that no employees had to be furloughed.

→ **€550,000**

SFL contributed to the collective effort to fight the pandemic by donating €550,000 to the Fondation de France's programmes in support of hospitals and health workers, medical research and assistance for vulnerable people.

Fondation de France

SFL

**COVID-19:
United against the virus**

Significant Events of the Year



83 avenue Marceau, metamorphosed

Thanks to the dedication of our partners, renovation work on 83 Marceau quickly resumed despite the health crisis and continued throughout the year. In addition, all of the space had already been pre-let, at a record average rent for an office property. Delivery is scheduled for Q3 2021.

17 — %

OF THE SFL PORTFOLIO WAS REDEVELOPED IN 2020



Biome, unmatched

Biome is being redeveloped on an entire block of tree-filled grounds, covering an exceptionally large space of almost 6,300 sq.m. in the 15th *arrondissement*. Following completion of partial demolition work in 2020, structural work has begun. The building will be delivered in H2 2020.



Louvre Saint-Honoré, reborn

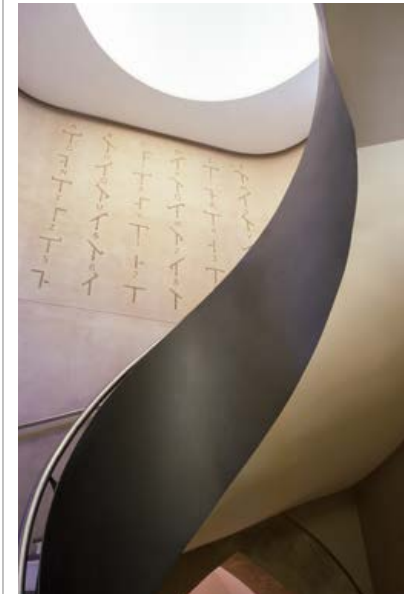
Site clearance and asbestos removal work is in progress. The retail space in the Louvre Saint-Honoré complex was vacated during the year so that asbestos removal and site cleaning and preparation work could begin. Delivery is scheduled for 2024 under a turnkey lease on more than 20,000 sq.m.



New leases

Goldman Sachs chooses 83 Marceau to house its Paris-based teams

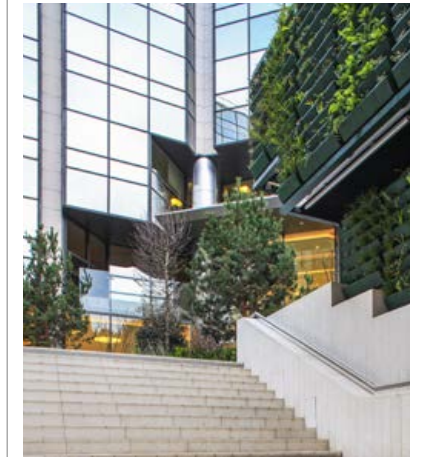
The uncertainty caused by the health crisis did not dampen Goldman Sachs' commitment to housing its Parisian teams in a one-of-a-kind office building. Just minutes away from Place de l'Étoile and featuring a superbly appointed business centre, panoramic terrace and unusually large office floor plates for the neighbourhood, 83 Marceau plays host to all of SFL's transformation expertise and premium services. The 12-year lease, with a non-cancellable term of nine years, was signed in June 2020. It will take effect in 2021, after the complete transformation of this remarkable building, as reimagined by French architect Dominique Perrault (*Grand Prix d'Architecture, Praemium Imperiale*) and interior designer Ana Moussinet.



Financing

Active debt management

In the first half of 2020, SFL issued €500 million worth of 1.50% seven-year bonds due on 5 June 2027 and obtained a new five-year €150 million revolving line of credit from BNP Paribas. Then, in September, a public offer was launched to buy back two bond issues due in November 2021 and November 2022. Bonds with an aggregate face value of €160.7 million were tendered to the offer. These operations have extended the average maturity of the Group's debt and reduced its future average borrowing costs, as part of its proactive balance sheet management strategy. The funds will be used for general corporate purposes.



Social responsibility

SFL, a responsible property company

In 2020, SFL received three distinctions for its corporate social responsibility (CSR) commitment.

- **Green Star** label for the seventh year in a row, with a score of 91/100, from the Global Real Estate Sustainability Benchmark (GRESB 2020).
- **Ranked in the Top 10** (#7) of French low-carbon project owners by the Bâtiment Bas Carbone association (BBCA 2020).
- **Gold Award** (BPR & sBPR) from the European Public Real Estate (EPRA 2020).

SFL at a Glance

(all figures at 31 December 2020)

20 sites

INCLUDING 10 LARGE PROPERTY COMPLEXES

A fully integrated property company

SFL has chosen to develop fully integrated, in-house expertise across the value chain. This not only makes us more agile and responsive, it also gives us an overall vision of each project by enabling us to address all of its multiple dimensions (urban planning, architecture, environmental performance, leasing, etc.). In-sourcing these capabilities, which fosters collective intelligence, proved to be a source of real strength during the health crisis, enabling us to respond quickly, case by case, to the needs of our tenants.

➔ INVESTMENT DIVISION

Legal, property, technical and financial due diligence, acquisition, transformation, disposal

➔ ASSET MANAGEMENT DIVISION

Tenant support, needs analysis and understanding, works definition and supervision and continuous improvement of services

➔ DEVELOPMENT DIVISION

Acquisition due diligence, feasibility and scheduling reviews, design studies, management of refurbishment, redevelopment and transformation works

393,300 sq.m.

PROPERTY PORTFOLIO

94

OCCUPANCY RATE

83

OF ASSETS ARE CONCENTRATED IN THE CENTRAL BUSINESS DISTRICT

99

OF SFL ASSETS ARE LOCATED IN PARIS

€7,485m

PORTFOLIO VALUE EXCL. TRANSFER COSTS

80

OFFICES

19

RETAIL UNITS

“
The crisis has
been more of a
catalyst than a trigger.
”

← JUAN JOSÉ BRUGERA CLAVERO, *Chairman*
& NICOLAS REYNAUD, *Chief Executive Officer*



—
How do you see the past year?
—

J.J.B.C.: The coronavirus health crisis affected everything we do – our ways of living, getting around and working. It was the major, unpredictable event of 2020, which has profoundly altered our lifestyles and will continue to have a significant impact in 2021. Above all, it has left us in a period of uncertainty, where it is difficult to predict which of these changes will be long-lasting, and it is still too soon to measure the economic impact of lockdowns on corporate worklife. However, I see the crisis as more of a catalyst than a trigger, particularly in the case of our business.

—
How has your business been impacted?
—

N.R.: The March 2020 lockdown was exceptionally strict. The economy came to a screeching halt, and offices just emptied out amidst a general sense of uncertainty, where nobody had any visibility on anything. We had to adapt and respond very quickly. First, we organised the safe resumption of work on our projects as soon as possible. In this way, we were able to pursue our three flagship development programs with only a limited impact from their interruption. Then, we deployed all the measures needed to keep our buildings operating and ease user concerns when



“
Prime Parisian
office real estate
remains
active and
sought-after.
”

offices reopened. Lastly, we endeavoured to manage our tenants with care and attention, to provide them with all the support they needed, on a case-by-case basis and to the extent possible. This was particularly true for our retailer tenants.

—
How has this environment impacted office properties?
—

N.R.: Letting volumes fell by around 45% in the greater Paris area, as companies understandably hesitated to commit, given the uncertainty about their future office needs. This led to a fairly significant increase in the vacancy rate, to 6.3% from 4.9% at 31 December 2019. Still, Paris itself and particularly its central business district remains generally under-supplied, especially in prime products,

with a vacancy rate that remains under control at 4.2%. Once again, we can see that our highly “core asset” profile plays an effective defensive role in times of crisis. What’s more, we completely pre-let 83 Marceau during the year, almost a year ahead of delivery, and we were able to maintain close to a 94% occupancy rate in our surface area in use, demonstrating that prime Parisian office real estate remains active and sought-after.

—
How would you describe the current financial situation?
—

J.J.B.C.: Investors remained interested in the Paris market’s core assets, whose yields continued to narrow, meaning that the value of our assets and our NAV further increased in 2020. Our operating results declined during the year, especially in comparison with our record performance in 2019, but they remain robust and in line with our 2016-2018 figures. Overall, our financial aggregates and indicators have demonstrated very strong resilience, confirming the validity of SFL’s positioning.

-

Office life has been very chaotic this year. How do you see the future?

-

N.R.: Office life has indeed been seriously disrupted, but the health crisis is not the only factor driving change. Covid-19 highlighted a number of underlying trends that we had already identified. The future of the office was not suddenly determined in 2020. The new trends and aspirations concerning the way work is organised and how companies operate have been emerging for many years. Issues like working from home, flexible office spaces and porous work-life boundaries are not recent. We've seen a significant acceleration in a process that was already under way. I'm confident in our ability to address these developments, thanks to the responsiveness of our teams and the quality of our buildings.

-

Do you think that this is the end of the office as we know it?

-

J.J.B.C.: It's not the end of office life, far from it. In fact, the crisis has shown us that just the opposite is true – after a short while, lockdowns and social distancing weigh heavily on people, leading employees to reaffirm the need to see each other, to work together, to have lunch together. That's also what our 2019 Paris Workplace survey pointed out. One of the main reasons for going to the office is still to enjoy social interaction with colleagues. Because people who work from home don't like feeling isolated. On the other hand, the crisis is going to make certain organizational practices and products increasingly obsolete, and increasingly rejected by companies and employees alike.

“
2020 is not the end of office life, far from it.
 ”

-

What changes can we expect?

-

J.J.B.C.: We have to take time to think about things, companies can't reorganise their practices in just a few months. The trend towards reducing total office space is still purely theoretical. Creating a workplace involves analysing how it will be used and how work is organised, and an increase in working from home does not feed through to a corresponding reduction in office space. We have already observed that reducing individual workspaces resulted in the creation of new spaces, conducive to convivial sharing and exchange, that have become essential aspects of office life. For more than a decade, every one of our transformation projects has expressed this very important social dimension of the modern office.

-

So the crisis has just given all of this new momentum?

-

N.R.: Absolutely. The crisis has simply amplified and accelerated these underlying trends and rising aspirations. In the Paris office market, SFL – which is focused exclusively on excellent, centrally located, prime properties – is well equipped to respond effectively to these shifts, both through the quality of its properties and the services it provides, and through the exceptional locations of its assets. More than ever, we are listening carefully to the needs of companies, so as to meet their expectations as effectively as possible.



Governance

→ **MANAGEMENT COMMITTEE**



Nicolas Reynaud
Chief Executive Officer



Dimitri Boulte
Managing Director,
Chief Operating Officer



Fabienne Boileau
Chief Financial Officer



Aude Grant
Deputy Managing Director, Asset Management
and Investment



Pierre-Yves Bonnaud
Asset Management and Client Management Director



François Derrian
Human Resources Director



Émilie Germane
General Secretary,
Secretary to the Board



Éric Oudard
Technical and Development Director

Members of the Board of Directors and Advisory Committees at 11 February 2021

→ **BOARD OF DIRECTORS**

Chairman of the Board of Directors
Juan José Brugera Clavero

Directors
Pere Viñolas Serra (Vice-Chairman)
Najat Aasqui
Angels Arderiu Ibars
Ali Bin Jassim Al-Thani
Jean-Jacques Duchamp
Carlos Fernandez-Lerga Garralda
Carmina Ganyet I Cirera
Carlos Krohmer
Arielle Malard de Rothschild
Luís Maluquer Trepas
Nuria Oferil Coll
Alexandra Rocca
Anthony Wyand

→ **COMMITTEES**

AUDIT COMMITTEE

Chairman
Carlos Fernandez-Lerga Garralda
Members
Jean-Jacques Duchamp
Carmina Ganyet I Cirera
Arielle Malard de Rothschild

REMUNERATION AND SELECTION COMMITTEE

Chairman
Anthony Wyand
Members
Arielle Malard de Rothschild
Pere Viñolas Serra

EXECUTIVE AND STRATEGY COMMITTEE

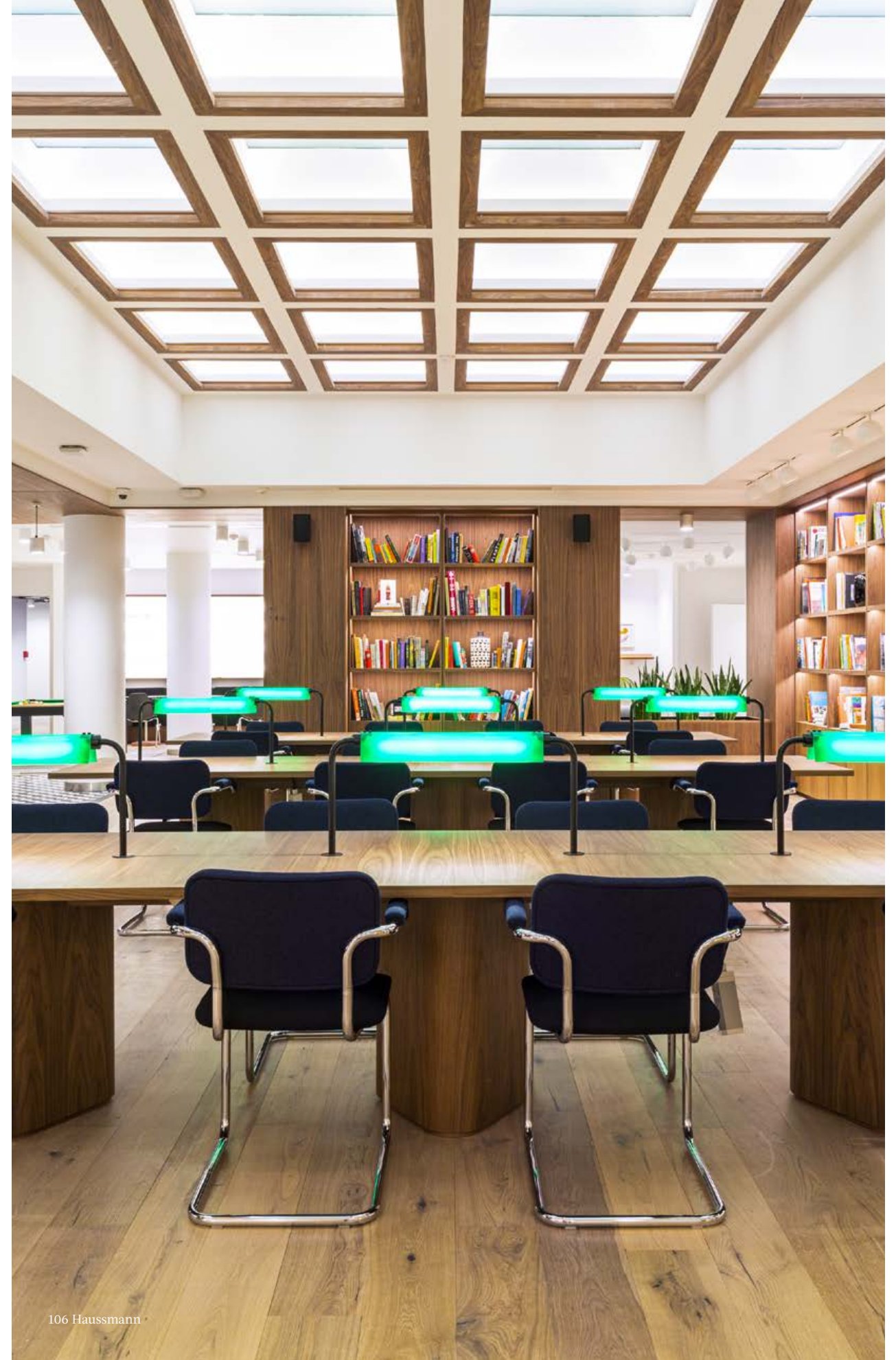
Chairman
Juan José Brugera Clavero
Members
Jean-Jacques Duchamp
Carmina Ganyet I Cirera
Pere Viñolas Serra

COMMITTEE OF INDEPENDENT DIRECTORS

Members
Arielle Malard de Rothschild
Alexandra Rocca
Anthony Wyand

VALUES

OUR UNDERPINNINGS, OUR FUNDAMENTALS AND OUR VALUES EMERGED EVEN STRONGER IN THIS PECULIAR YEAR. THE HEALTH CRISIS PROVED TO BE A CATALYST THAT AMPLIFIED NEEDS THAT WE HAD ALREADY IDENTIFIED AND NEVER STOPPED MEETING.



SOCIAL BILITY

“Changing the world is a lot easier to do together than by yourself at home.”

Mercedes Erra,
Founder of BETC, France's largest advertising agency, and Chairman of the BETC Group



“Going forward, I don't think that “two days in the country, two days in the office” will become the new normal. The new world will be difficult to create because it implies that all employees live close to their workplace. We need to restore the principal whereby employees spend more time in the office than working from home, because we obtain the best results when we work together.”

Full interview in Paris Workplace 2020 Magazine.

1.

INTER ACTION

“
For SFL,
the office is above all
a place for
interaction, not just
production.
”



INTERVIEW WITH DIMITRI BOULTE,
MANAGING DIRECTOR,
CHIEF OPERATING OFFICER

83 — %

OF EMPLOYEES

prefer talking with their
colleagues face-to-face

Tell us about the social role offices play...

D.B.: Now that digital technology plays a predominant role in our daily lives, the quality of face-to-face social interaction has taken on new importance. The focus is on relationships, and the office is no exception. A place to interact, to work together, to see each other... the office is a real source of motivation for employees. With its deep belief in the social and relational role of offices, SFL designs innovative spaces and amenities that encourage interaction, relationships, collective intelligence and personal well-being.

How are you responding to your tenants' current needs?

D.B.: Employee aspirations, working methods and corporate needs are constantly evolving, and offices must respond to this reality. Our role is to create meeting and work spaces that can be used by anyone, at any time of day and for any purpose. From highly-equipped meeting rooms to more informal spaces, SFL offices are designed to be easily reconfigurable thanks to the technical quality of the floor plates – a characteristic that is of huge value to our tenants. In this way, as companies become more agile, more mobile and open to new uses, they have offices that are scalable, more user-friendly and more sustainable.



83 Marceau - digital rendering

How does the new work-life balance influence office life?

D.B.: Days at the office are no longer structured solely around work-related meetings. The boundaries between work and home life are increasingly porous, creating new needs and expectations. In a few years, we have developed a variety of premium office amenities, including concierge services, gyms, wellness centres, food-service areas and business centres. These exclusive amenities are inspired by the finest upscale hospitality design codes and facilitate every aspect of contemporary worklife and the daily lives of employees. They are highly appreciated by occupants.



92 Champs-Élysées

SFL, leading the trend

1. THE OFFICE AS A WORKLIFE ENVIRONMENT: A CORE SFL BELIEF

SFL identified the need for informal meeting places several years ago, particularly in its Paris Workplace and customer satisfaction surveys.

Today, we are leading transformations in our buildings that foster interactions, relationships and collective intelligence with innovative, user-friendly spaces, such as upscale cafeterias, on-demand meeting and work rooms, and communal areas designed to promote social interaction.

2. MUST-HAVE OFFICES

SFL pays close attention to the architecture and aesthetic features of its assets, each of which has its own unique history, design and location. Each transformation is led by SFL with the support of a renowned architectural or design firm tasked with metamorphosing an obsolete building into a prime asset.

The beauty of the premises, the user amenities and the all-round excellence are enhanced by the interior fittings, reimagined by designers from diverse backgrounds.

The care taken in redeveloping the shell and organising the interior space also contributes to the appeal of the companies we are proud to call our tenants.

“Our industry has been talking about how offices are used for nearly ten years now. This time, it’s really happening!”

WITH MOST OFFICE EMPLOYEES FORCED TO WORK FROM HOME DURING THE LOCKDOWNS, THE OFFICE ITSELF FOUND ITSELF IMBUED WITH NEW EXPECTATIONS AND ITS “TRANSFORMATION” BECAME A RECURRING THEME DURING THE YEAR. BUT WERE THESE REALLY NEW ASPIRATIONS?

“An office is a sophisticated place, where we create working relationships, but also deep social connections with each other.”

What do you think of when you hear “transforming the office”?

A.G.: We’re living in a time when office users are all asking themselves the same questions at the same time: What kind of offices do I really need? Where should they be located? What image will they project? This is both new and exciting. It’s perfectly natural to talk about transformation. The health crisis rather strikingly revealed that for everyone, flexibility and working from home were the only way to keep working in such a situation. This meant devising new ways of organising workflows and doing our jobs, that many companies had not been very interested in or prepared for. But in recent years, employees have been expressing a strong desire for more flexibility, autonomy and freedom of movement. At SFL, we’ve already incorporated these aspirations into all of our renovation projects, so the concept of transforming the office is not new to us. On the contrary – that’s our positioning. We believe that the office is a living space that has to be constantly realigned with emerging employee work practices and corporate organisations.

What has the health crisis revealed about office needs?

A.G.: I’m not sure it has revealed any new needs. Rather, I’d say that it has confirmed existing trends and aspirations. I’m thinking in particular about employee expectations for mobility. There were a lot of worries about public transport during the crisis,

which helped us to realize that the most attractive companies were the ones located in the most accessible, most central neighbourhoods.

I’m also thinking about working from home, which is an increasingly important criterion when choosing to work for a company. What’s interesting is that the number of people wanting to work from home did not “explode” after the first lockdown. In February 2020, for example, 86% of people surveyed by Ifop for our annual Paris Workplace Survey wanted to work from home “ideally” at least once a week. In September 2020, the figure was 87%. So nothing new there. The expectations are the same. They’re just more visible and more pronounced.

What will be the main draw of offices once the crisis is over?

A.G.: A few years ago, we observed a shift in the centre of gravity of people’s daily lives, from the neighbourhood where they lived to the neighbourhood where they worked. That’s where we organize our lives now, where we make doctor’s appointments, where we go to the gym. Offices located in lively, exciting mixed-use neighbourhoods are, and will remain the most attractive. Because convenience has become an essential quality. Building ergonomics will also be a critical factor. If they haven’t done so already, companies are going to have to think carefully about how to allocate space to meet the need for both flexibility and social connections. An office is this physical place that allows people to fulfil their need for cross-functional, face-to-face interaction; it’s a sophisticated space.



INTERVIEW WITH AUĐE GRANT,
DEPUTY MANAGING DIRECTOR,
ASSET MANAGEMENT AND
INVESTMENT AT SFL

Before the health crisis, the main reason why employees wanted to go to the office was to see their colleagues. This is even truer today! We need warm, convivial spaces, with quality amenities...

What does this mean for the much talked about “office of tomorrow”?

A.G.: Our industry has been talking about how offices are used for nearly ten years now. This time, it’s really happening! Once again, employees’ aspirations for their workspaces have not been radically altered by the period we’ve just been through. On the other hand, companies can no longer ignore them if they want to reconnect with employees who in some cases haven’t been to the office in almost 12 months. With the growing use of part-time working from home, some companies may be tempted to cut back their office space. This could raise some sensitive issues. You don’t want to give up square meters if it’s going to have an adverse impact on employee well-being and workspace quality. The crisis will separate the companies that have understood these issues from those that haven’t. At SFL, we’re continuing to focus on top-drawer properties for discerning tenants.

Paris Workplace 2020

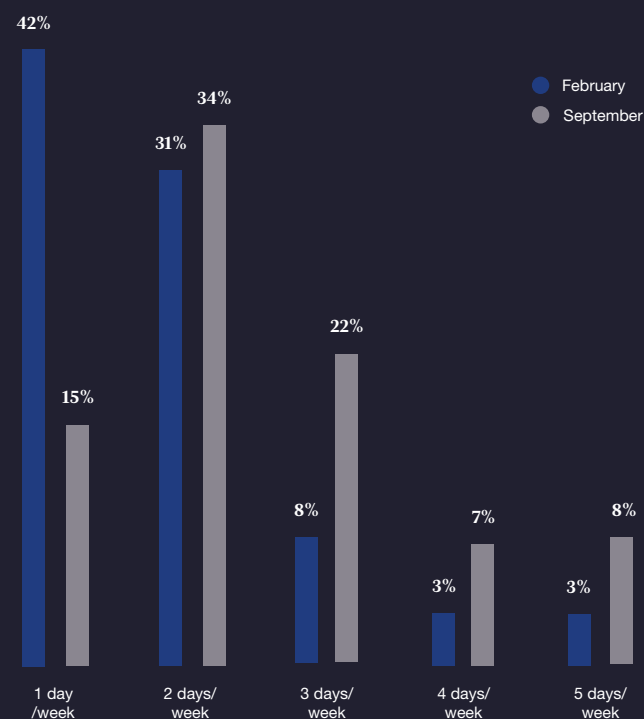
After the crisis, where will we work?

EVERY YEAR, THE IFOP/SFL SURVEY ASKS 1,500 EMPLOYEES TO RATE THEIR OFFICES.

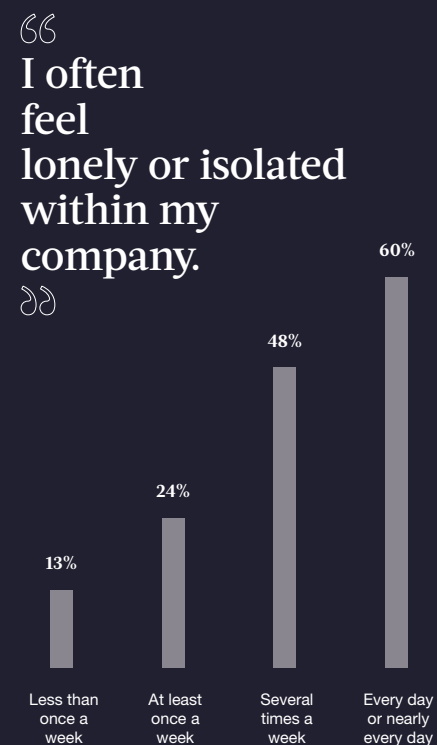
FOR THE PAST SEVEN YEARS, THIS INVALUABLE TOOL HAS ENABLED SFL TO DECIPHER AND UNDERSTAND THE ASPIRATIONS AND NEEDS OF THE PEOPLE WHO USE ITS PROPERTIES THE MOST.

FOR THE FIRST TIME, THE 2020 SURVEY WAS CARRIED OUT IN TWO PHASES, BEFORE AND AFTER LOCKDOWN, TO ASSESS HOW EMPLOYEES FEEL ABOUT GOING TO THE OFFICE AND WORKING FROM HOME. IT REVEALED HOW MUCH EMPLOYEES ARE ATTACHED TO THE SOCIAL ROLE THE OFFICE PLAYS IN THEIR WORKLIVES.

→ What changed with the lockdown was the number of days that employees would ideally like to work from home, which increased from one on average to two.



→ Because the feeling of isolation when working from home increases with the number of days spent at home.



→ The lockdown highlighted the social role of offices:

“ The main reason I go into the office is to socialise with my co-workers. ”



September 2020



February 2020



March 2019

The Paris Workplace 2020 Survey also asked questions about the purpose of an office, office geography and the aspirations of Generation Y. Read more about the full results on paris-workplace.fr.

→ And in the minds of employees, the office should remain the main workplace:



want to spend the majority of their working hours in the office,



from home full time.

→ The overwhelming majority of employees, regardless of generation, prefer to talk to their co-workers face-to-face.

“ I prefer talking with my co-workers face-to-face. ”



IDENTITY

26

2.



"In recent years, we've seen a renewed interest in city-centre offices that are seamlessly integrated in their neighbourhoods and conducive to convivial interaction. Their excellent 'relational connectivity' is what makes them so attractive.

Office properties have to be designed to embrace comings and goings, to facilitate exchange. With competition from working from home and co-working spaces, an office building has to be a locus of identity, events and togetherness; an interface with society, in which its full meaning is expressed."

Full interview in Paris Workplace 2020 Magazine.

“
City centres, due to their density of services and accessibility, will remain the ideal location for offices.
”

Gilbert Emont,
Director, Institut Palladio

LIBERTY

27

In the heart of the city, SFL office buildings are well known for their unrivalled flexibility and strong appeal.



Freedom of movement in every day life

A working day is no longer just one business meeting after another. Public transport access, local amenities, freedom of movement and a vibrant neighbourhood are all big draws for potential employees, especially the younger generation, for whom office location has become just as important as the company's reputation. The idea that office buildings should be centrally located and easily accessible is one of the core pillars of the SFL model.

Freedom of layout and flexibility

SFL is also well known for the technical quality of its office floor plates and its ability to transform building shells. SFL-developed spaces offer tenants total freedom in terms of interior design, with the possibility of any number of uses and operating layouts enabling the offices to evolve in line with the company. This agility has become even more important in the current environment, while offering the advantage of slowing the obsolescence of building facilities.

The crucible of the company

SFL offices are designed to reflect the values and mission of their tenant companies. They represent a space where a company's culture is expressed and its values are shared. They are no longer just a workplace or a production unit, but a living environment nurturing a community of people pursuing a common goal. An SFL office is designed to express a company's vibrant identity, project its image and attract young talent, who are increasingly sensitive to the quality of their working environment. The careful attention paid to design, architecture and location has become a full-fledged criterion for choosing a place to work, sometimes on the same level as salary. For its tenants, SFL designs premium offices whose unique, incomparable features mirror their own.

99 — %
OF SFL ASSETS

are located in Paris proper.

Location: a key factor in deciding to join a company

Today, employees want to be able to carry out personal activities in or close to their office, rather than where they live.

For the under-35s, the boundary between work and personal life is somewhat blurred, so that the office and work neighbourhood merge into one giant "service area" where they can access amenities previously used in their residential neighbourhood.

Younger employees would even be willing to take a cut in salary in exchange for more conveniently located offices.

Source: Paris Workplace 2020



SFL, leading the trend

1. POROUS WORK-LIFE BOUNDARIES

SFL has long been interested in the permeability of boundaries between work and home life. This deep underlying trend is shifting work-life balances and employee expectations for their workplace.

SFL-designed offices address this issue by integrating innovative amenities that meet both employees' professional and personal needs, such as private fitness rooms inside the larger business centres.

Throughout, the focus is on quality and excellence, with service hubs that are aligned with the highest hospitality industry standards.

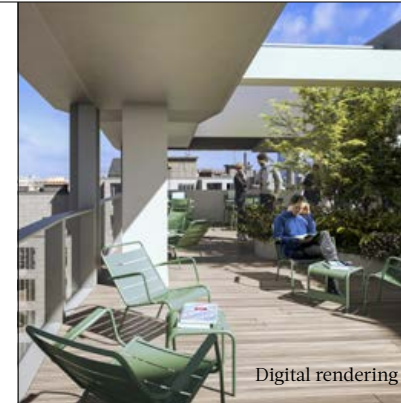
2. THE ALCHEMY OF DESIGN AND LOCATION

Today, potential employees no longer choose just a company, but a place to work, based on its design, architecture and location.

SFL designs and develops incomparably well-appointed offices that reflect the image of the tenant companies.

In 2020, the seventh annual Paris Workplace Survey revealed that this aspiration for ideally located offices is particularly present among younger employees.

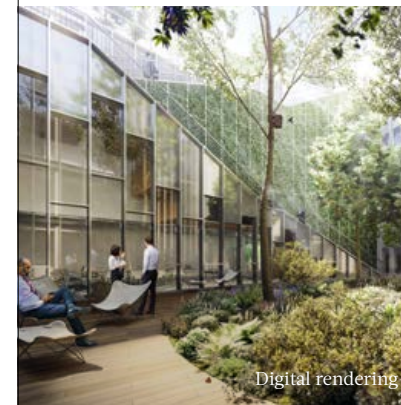
Outstanding technical quality combined with maximum freedom of layout



Digital rendering

Biome, a one-of-a-kind user experience

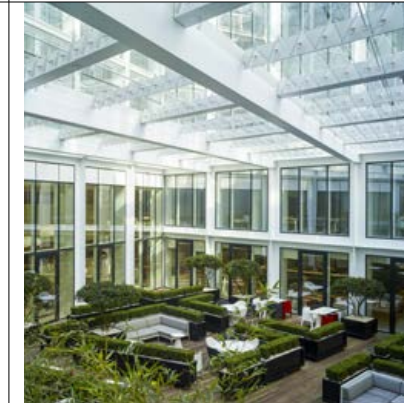
The Biome business centre is exceptionally large, with 24,500 sq.m. of office space, a 6,300 sq.m. plot and 2,500 sq.m. of landscaped grounds. It offers outstanding environmental performance. Located in the heart of the 15th *arrondissement*, it is undergoing a top-to-bottom transformation to ensure that it blends harmoniously into the neighbourhood.



Digital rendering

Groundscaping

At 83 Marceau, architect Dominique Perrault (DPA) applied his groundscaping technique, which excavates the grounds to recreate lower levels lit with natural light. In this way, basements are no longer treated as a surface, with a top and a bottom, but as vertical structures reaching up into the building itself. In this case, the building has been dug down to the basement, while the inner courtyard has been excavated to a depth of seven metres to transform three underground parking levels into two levels with restaurants, a staff cafeteria and meeting and conference rooms, all bathed in natural light.



Free to evolve, free to redesign

A compelling illustration of the multi-purpose flexibility offered by a state-of-the-art business centre is #cloud.paris. The complex is home to leading companies in a variety of industries, such as Facebook, Coty and Exane, which operates its own trading room in the building. #cloud.paris's redevelopment was also honoured with an MIPIM Award in the Best Offices & Business Development category.



Digital rendering

A metamorphosis of the Louvre Saint-Honoré's lower floors

SFL opted to thoroughly redefine and upgrade the interior spaces on the first underground level, ground floor and first floor with an extensive transformation of the building's structure. Extra-clear glass skylights, aerial gardens and vast spaces filled with natural light will support the rebirth of this legendary property.

BIOME:

**HQE®
certification**
Exceptional rating

**BREEAM
certification**
Excellent rating

**LEED®
certification**
Gold rating

83 MARCEAU:

**7m
OF EXCAVATION**

to dig the building down
to the third basement

3.

“An asset doesn’t just increase in financial value. It also gains intangible value.”

Éric Oudard,
SFL Technical and
Development Director

ENVIRONMENT

INNOVATION



“Our business is based on two fundamental values, sustainability and collective intelligence, both in enhancing the value of our assets and in fulfilling our social responsibility and environmental commitments. For SFL, these aspects are inseparable. Together, they enable us to take a long-term view of our business, to slow down the obsolescence of buildings and optimize their operation by striving for the very best energy performance.”

SFL properties are capable of blending intelligently into the city of tomorrow



Responding to climate risks

As extreme weather events become more frequent, SFL has responded with a heatwave and extreme cold plan, in place since 2016. It provides for a number of simple measures, such as communication with the occupants and technical adjustments, to effectively and efficiently support tenants in managing their energy performance during these events.

Energy efficiency

SFL does not simply develop its assets, it also lays the groundwork for their sustainable energy performance. After investing heavily in infrastructure over the past ten years to install the latest generation equipment, SFL is now focusing on software, to support an even more efficient facilities management, operation and control model.

A preference for the nearby

All of SFL's property transformation projects are part of a broader vision to drive the environmental transition for the city of tomorrow. That's why SFL advocates a general reconsideration of the role private cars play in a city,

and backs this position by making its buildings accessible via public transport and reducing the number of parking spaces in favour of clean or soft mobility solutions.

This vision is also embodied in the #cloud.paris, 83 Marceau and Biome complexes, where lower ground floors have been restructured to create new workspaces and amenities.

Managing project worksites during the lockdowns

Procedures adjusted for each worksite. Work suspended during the implementation of protocols/resumed quickly on large sites, thanks to constructive dialogue with partners and contractors. Development value of the renovation/construction project maintained thanks to the intangible value of partnerships. Restart label, validation of the restart action plans.

62,400 sq.m.
IN THE DEVELOPMENT PIPELINE

SFL, leading the trend

1. DISTRICT COOLING NETWORKS

With seven properties already hooked up and five more to come, SFL boasts the second largest number of connections to district cooling networks in France.

2. LANDSCAPING AND BIOPHILIA

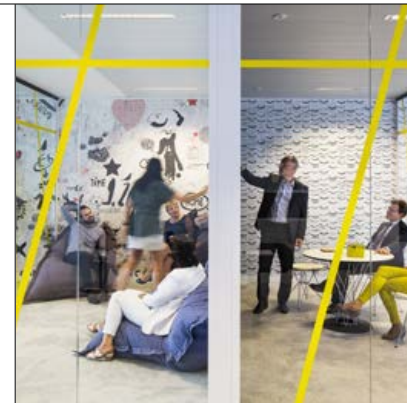
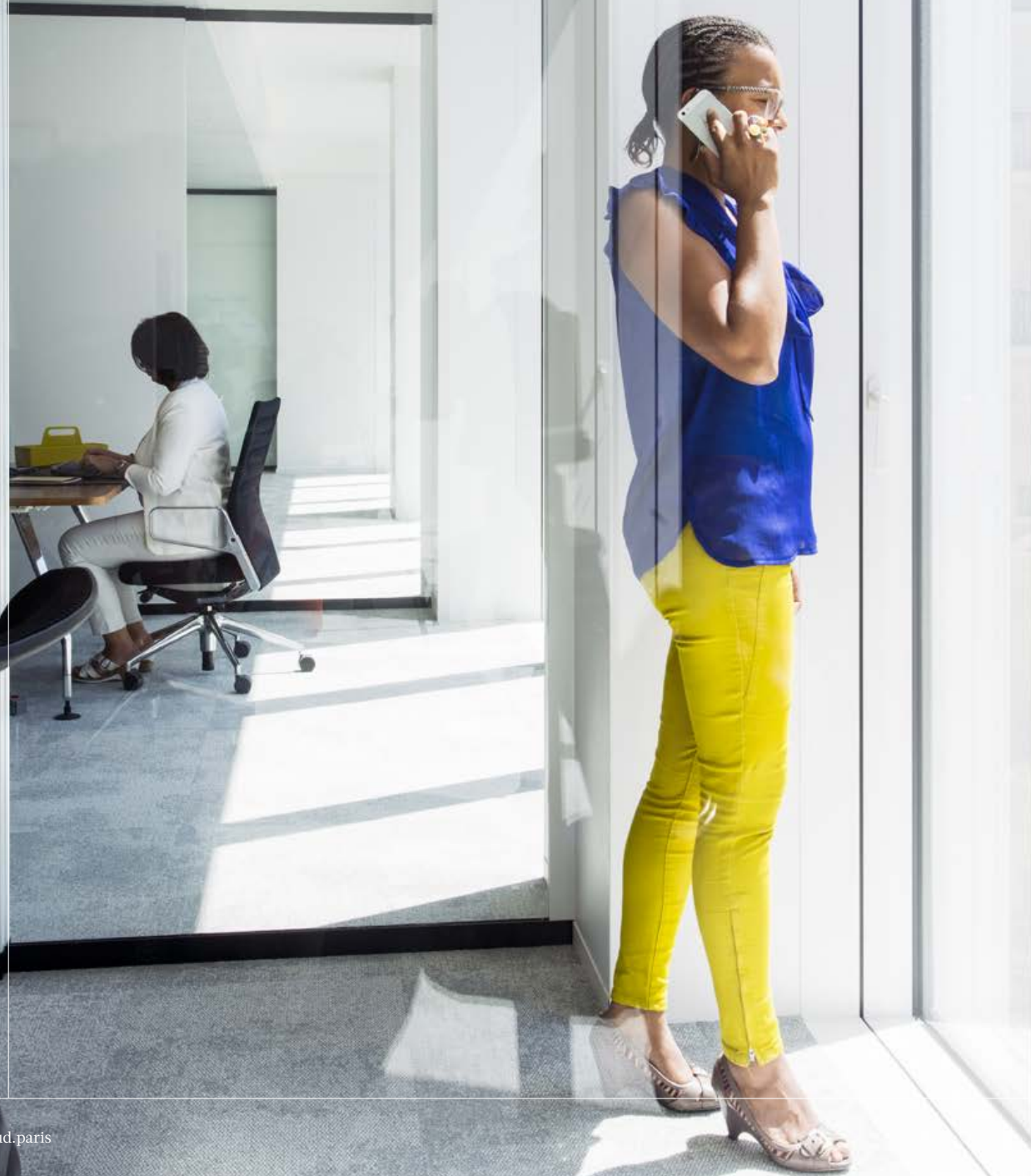
SFL is deeply committed to reconnecting its properties with nature, as seen in the outstanding examples of #cloud.paris, with its green roof terraces, Washington

Plaza, which has the largest private-sector green wall in France, and Biome, 20% of whose total footprint is planted and landscaped.

#cloud.paris



Technological innovation for useful, desirable high-performance buildings



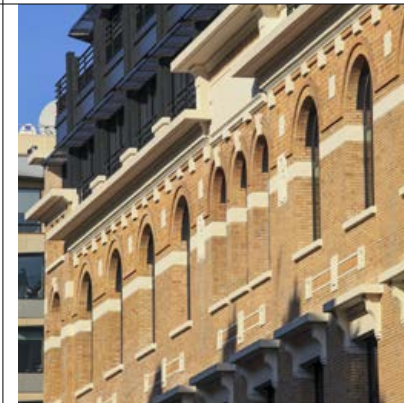
Great strides in digitalisation

SFL is stepping up the digitalisation of data, with projects to map facilities, digitalise water and energy usage data, prepare roadmaps, and measure and analyse key metrics for decision-support, all with the goal of driving a 40% reduction in building energy use by 2030.



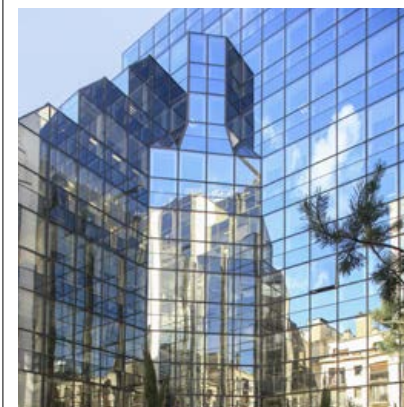
Installing a heat-pump in the Galerie des Champs-Élysées

Initial results following start-up of the new heat pump in the Galerie des Champs-Élysées on 19 November 2020 have been very encouraging. Average daily energy use has declined, feeding through to significant reductions in both average daily cost (down 56%) and CO₂ emissions (down 74%).



An innovative solution to optimize energy use

Since 2020, 112 Wagram has been equipped with metering devices to measure temperature, humidity, luminosity and movement. In this way, the building's behaviour can be modelled to manage facilities in response to actual needs, while integrating feedback on how comfortable occupants feel. Developed by an École Polytechnique research laboratory, the solution is one of the first forms of artificial intelligence applied to building management systems.



SFL's first e-park in Washington Plaza

In 2020, SFL defined its technical and service policies in regard to electric vehicle recharging infrastructure and is responding to the growing popularity of electric vehicles in Paris. The first e-park has been installed in Washington Plaza, which now offers 20 recharging stations. Other properties are scheduled for upgrades in the near future.

100 — %

OF REVENUE-GENERATING PROPERTIES ARE CERTIFIED TO THE BREEAM IN-USE STANDARD

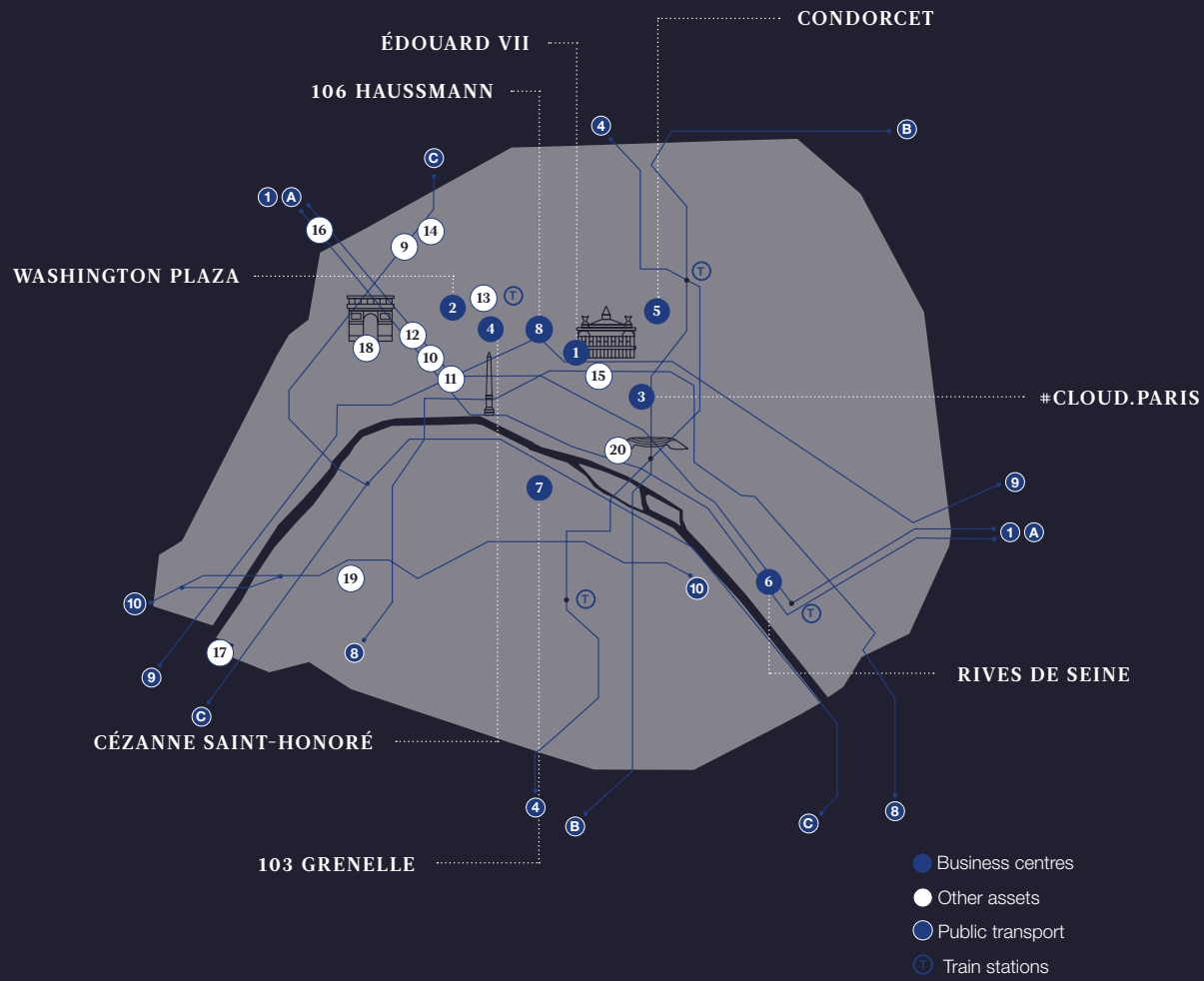
PORTFOLIO

← WHETHER IT'S A RENOVATED ART DECO GEM OR A BOLDLY TRANSFORMED FACTORY BUILDING, A PREMIUM SERVICE HUB OR A MORE PRIVATE SPACE, EVERY SFL PROPERTY HAS ITS VERY OWN ARCHITECTURAL STYLE AND RICH HERITAGE.



Édouard VII

Business Centres



SFL'S BUSINESS CENTRES ARE FULLY FLEDGED LIVING ENVIRONMENTS DEDICATED TO ENHANCING THE PERFORMANCE OF THEIR TENANTS THEY HAVE REINVENTED THE USER EXPERIENCE AND OFFICE *ART DE VIVRE*, IN RESONANCE WITH THE EXPECTATIONS OF COMPANIES THAT RANK WORKPLACE WELL-BEING AS A KEY SELECTION CRITERION.

1

16-30, boulevard des Capucines
75009 Paris

ÉDOUARD VII

Year of acquisition: 1999
Main tenants: Ashurst, Boulanger, Comgest, Klépierre, Netflix, and L'Olympia
Surface area: 54,100 sq.m.
Certification: BREEAM In-Use

Built on a 1.5-hectare plot, the Haussmann-style Édouard VII complex is located in the heart of one of Paris's liveliest neighbourhoods. The property's surroundings and distinguished architectural style – the result of extensive remodelling – make it an outstanding showcase. Following on from the installation of colourful rue Édouard VII store façades, which instilled a modern, attractive feel to the entire complex, a programme to replant the interior courtyards and upgrade the passages was conducted to support the business centre's move upmarket.



2



38-44 rue
Washington
75008 Paris

WASHINGTON PLAZA

Year of acquisition:
2000

Main tenants:
Candriam,
Mylan, Liberty Speciality
Markets and Finastra

Surface area:
48,200 sq.m.

Certification:
BREEAM In-Use

Located just off the Champs-Élysées on an 8,000 sq.m. site, Washington Plaza is one of the capital's finest office complexes. An ambitious refurbishment programme was undertaken to radically transform its operation, identity and image. The business centre features a suite of high-quality tenant amenities, including concierge services, a fitness centre, flexible meeting rooms and break rooms.



3



81-83, rue de Richelieu,
75002 Paris

#CLOUD.PARIS

Year of acquisition: 2004

Main tenants:
BlaBlaCar, Coty, Exane
and Facebook

Surface area: 35,000 sq.m.

Certifications:
BREEAM, Construction,
BREEAM In-Use, HQE®,
LEED®

#cloud.paris, a latest generation business centre in the very heart of Paris, offers beautiful, innovative, flexible offices designed to offer environmental excellence. Delivered in November 2015 and home to such prestigious companies as Facebook, BlaBlaCar and Exane, its outstanding features earned it the French SIIC industry's 2015 "Ville et Avenir" Award and the 2016 MIPIM Award for Best Office & Business Development.



4



1-6, rue Paul Cézanne,
75008 Paris

CÉZANNE SAINT-HONORÉ

Years of acquisition:
2001 and 2007

Main tenants:
Apax Partners,
EssilorLuxottica, LEK,
Quartus and Sumitomo
Mitsui Banking

Surface area:
29,000 sq.m.

Certification:
BREEAM In-Use

This exceptional property complex comprises two standalone buildings that straddle a 100-metre long private street. The property features a tenant amenities centre. Inspired by hospitality industry design codes, the interior has been completely rethought by Studio Putman, with a food court, 100-seat auditorium, meeting rooms and VIP lounge.



5



4-8, rue Condorcet,
75009 Paris

CONDORCET

Year of acquisition: 2014

Tenant: GrDF

Surface area: 24,900 sq.m.

Certification:
BREEAM In-Use

Composed of seven buildings dating from the late 19th century, the Condorcet complex remains steeped in history thanks to the conservation of its original features. The building interiors are set off by a myriad of neo-classical touches, such as sculpted columns, painted ceilings and a variety of decorative elements in marble and wood.



6

68-74 quai de la Râpée
75012 Paris

RIVES DE SEINE

Year of acquisition: 2004
Tenant: Natixis
Surface area: 22,700 sq.m.
Certification: BREEAM In-Use

Located on the banks of the Seine close to the Gare de Lyon train station and public transit hub, Rives de Seine was built in 1974 and renovated in 2000. The 16-storey building offers remarkable panoramic views over the Seine and excellent transport links.



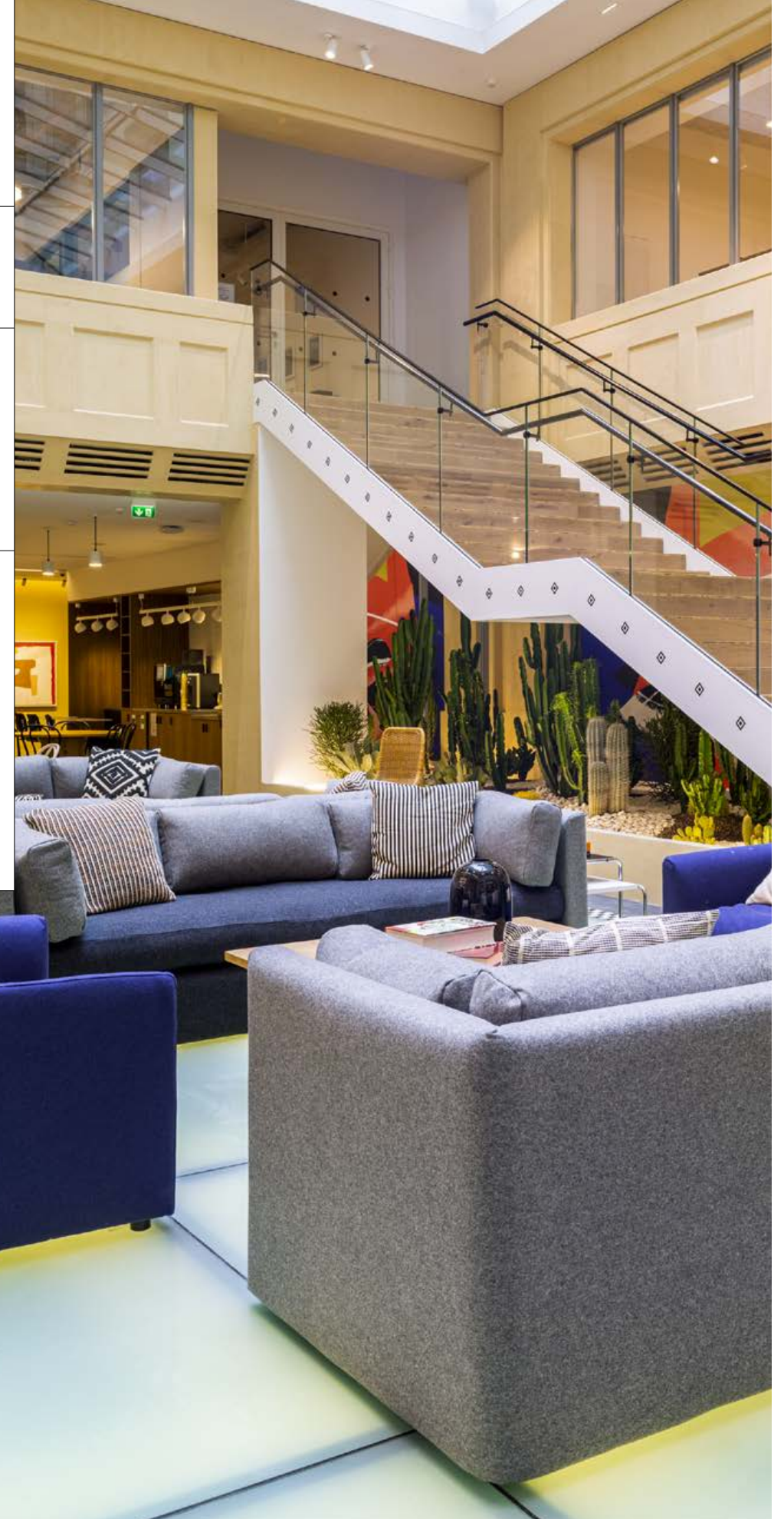
8

104-110, boulevard
Haussmann,
75008 Paris

106 HAUSSMANN

Years of acquisition: 2002
and 2004
Main tenant:
WeWork
Surface area: 13,400 sq.m.
Certification:
BREEAM In-Use

In 2007, four adjoining buildings on boulevard Haussmann were transformed into a luxury office complex. Designed around a vast central patio naturally lit from a glass roof, it features an 82-metre long freestone façade and a total surface area of more than 13,000 sq.m. on seven floors. Inaugurated in January 2021, the entire complex has been let to WeWork, the world leader in shared workspaces.



7

103, rue de Grenelle,
75007 Paris

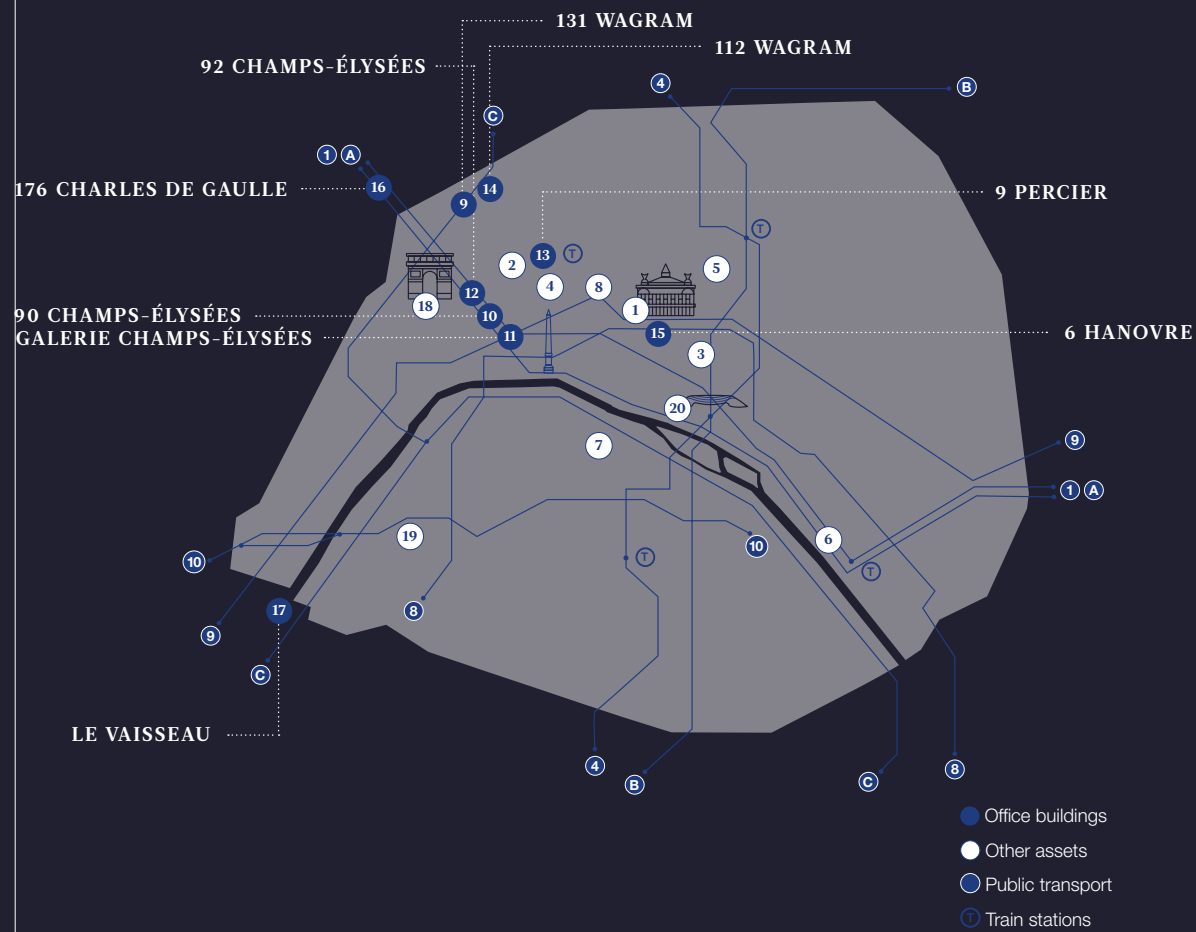
103 GRENELLE

Year of acquisition: 2006
Main tenants: ADP, Amiral
Gestion, Edouard Denis,
Huawei and Molotov TV
Surface area: 18,900 sq.m.
Certifications: HQE®,
BREEAM In-Use

Located on the Left Bank in the 7th arrondissement, this historical complex is dominated by a tower that housed the first Chappe telegraph system in the 19th century and later the French Telegraph Administration. The building offers nearly 20,000 sq.m. of prime rental office space with HQE® certification. The reception area and building amenities were upgraded in 2017.



Office Buildings



WHETHER CHARACTER BUILDINGS, ONE-OF-A-KIND PROPERTIES OR FORMER MANSIONS, SFL'S OFFICE BUILDINGS OFFER TENANTS AN OUTSTANDING WORKPLACE ENVIRONMENT. THEY PROVIDE AN ALTERNATIVE TO LARGE BUSINESS CENTRES, WHILE RETAINING A RANGE OF PRIME, PEOPLE-FRIENDLY AMENITIES.

9

131, avenue de Wagram,
75017 Paris

131 WAGRAM

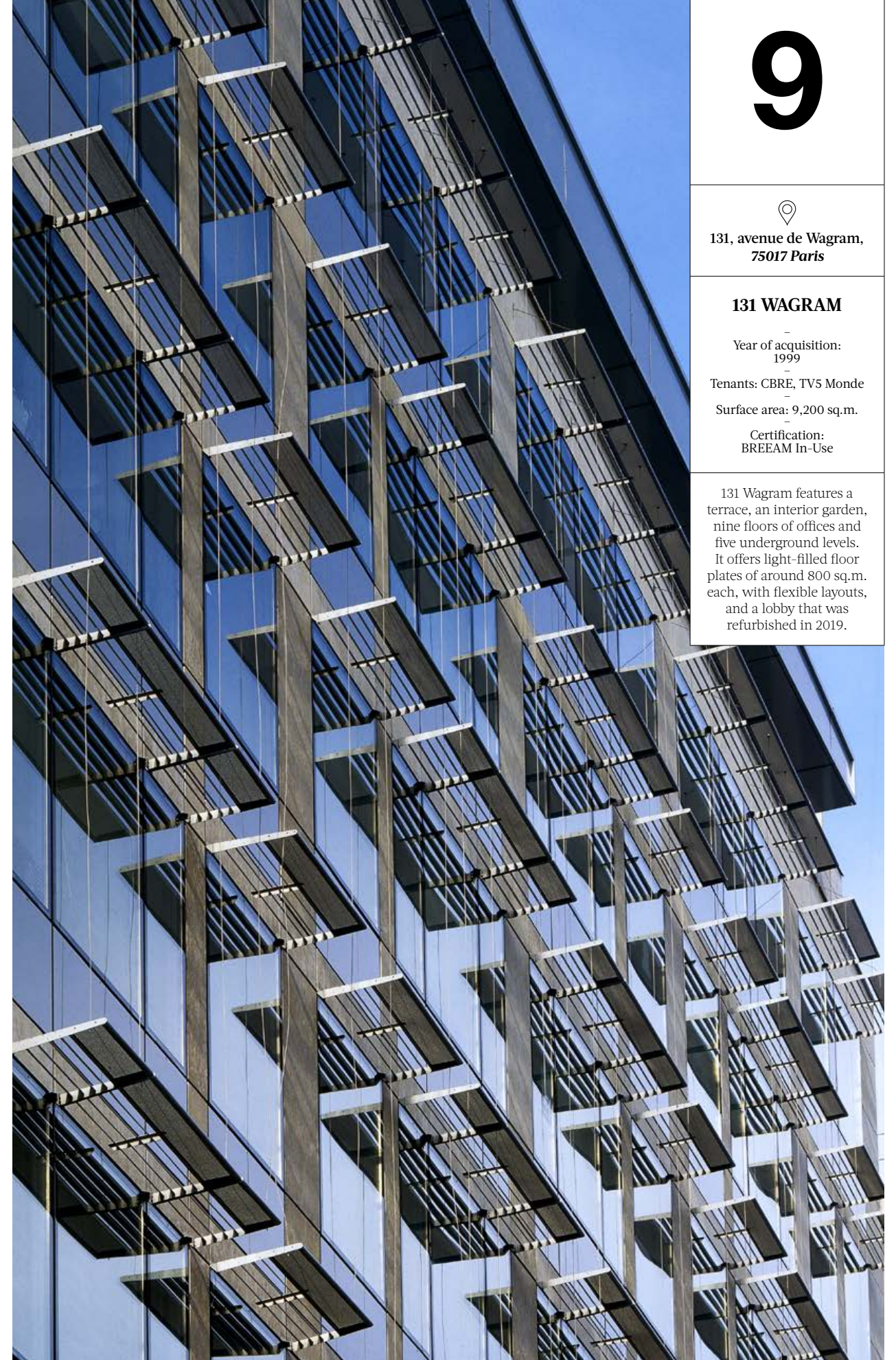
Year of acquisition:
1999

Tenants: CBRE, TV5 Monde

Surface area: 9,200 sq.m.

Certification:
BREEAM In-Use

131 Wagram features a terrace, an interior garden, nine floors of offices and five underground levels. It offers light-filled floor plates of around 800 sq.m. each, with flexible layouts, and a lobby that was refurbished in 2019.



10

90, avenue
des Champs-Élysées,
75008 Paris

90 CHAMPS-ÉLYSÉES

Years of acquisition:
2002 and 2009

Main tenants:
McKinsey, National Bank
of Kuwait and Bank
of Communications

Surface area: 8,900 sq.m.

Certification:
BREEAM Construction,
BREEAM In-Use

Located above the Galerie
des Champs-Élysées
shopping arcade, this
contemporary complex
features a façade of
freestone like that found
in the most stunning
Haussmann-inspired
buildings, but entirely
transformed by Jean
Nouvel. The property
has been meticulously
redeveloped and offers
very attractive, bright floor
plates of 1,200 sq.m. each.



11

82-88, avenue
des Champs-Élysées,
75008 Paris

GALERIE CHAMPS-ÉLYSÉES

Year of acquisition: 2002

Tenant: H&M, Häagen-Dazs,
L'Occitane, Pierre Hermé,
McDonald's and Paul

Surface area: 8,700 sq.m.

Certification:
BREEAM In-Use

Enjoying one of the most
prestigious locations in
Paris, on the sunny side of
the most popular section
of the Champs-Élysées,
this shopping arcade
has been extensively
redeveloped in recent
years, and has regained
its sleek, elegant and eye-
catching looks following a
complete redesign by
Jean Nouvel. The arcade's
86 Champs-Élysées
address is home to a
L'Occitane-Pierre Hermé
concept store and a variety
of pop-up boutiques.

12

92, avenue
des Champs-Élysées,
75008 Paris

92 CHAMPS-ÉLYSÉES

Year of acquisition: 2000

Main tenants: WeWork and
Zara

Surface area: 7,700 sq.m.

Certifications:
HQE®, BREEAM In-Use

Home to Thomas Jefferson
when he lived in Paris
from 1785 to 1789, this is
one of the best-situated
buildings on the Champs-
Élysées, on the corner of
rue de Berri. A top-to-
bottom redevelopment to
restore its former glory
was delivered in late 2012,
with offices certified to
HQE® standards.



13

9, avenue Percier,
75008 Paris

9 PERCIER:

Year of acquisition: 2015

Main tenants:
Fondation EDF, Helvetia,
Arp Astrance

Surface area: 6,700 sq.m.

Certification:
BREEAM In-Use

Acquired in 2015 and
completely renovated
floor by floor, 9 Percier
is a 6,700 sq.m. office
building located in the
heart of the Paris central
business district. It
enjoys excellent intrinsic
amenities, including Art
Deco façades, historic
courtyards, a double
lobby, 800 sq.m. floor
plates, exceptionally high
ceilings and bright natural
lighting. The building was
sold to Deka Immobilien
on 17 February 2021 for
€143.5 million, excluding
transfer costs.

14

108-112,
avenue de Wagram,
75017 Paris

112 WAGRAM

Year of acquisition:
2008, purchased off plan

Main tenant:
Zürich France

Surface area: 6,000 sq.m.

Certifications:
HQE®, BREEAM In-Use

Nestled between Place de l'Étoile and Porte de Champerret, 112 Wagram stands out for its elegant industrial architecture, contemporary interior design, use of noble materials and impressive volumes, with three vast terraces and an interior courtyard. The building was sold to Aviva Investors on 13 January 2021 for around €120 million, excluding transfer costs.



15

6, rue de Hanovre,
75002 Paris

6 HANOVRE

Year of acquisition: 1958

Tenant: Pretty Simple

Surface area: 4,600 sq.m.

Certification:
BREEAM In-Use

In the heart of the Paris financial district, this 1908 building featuring an Art Nouveau façade by architect Adolphe Bocage is a registered national heritage site. The vast entrance lobby leads to a majestic horseshoe staircase, while the concrete lobby façade and elevator shaft are decorated with ceramic tiles by Alexandre Bigot.

16

176, avenue Charles
de Gaulle,
92200 Neuilly-sur-Seine

176 CHARLES DE GAULLE

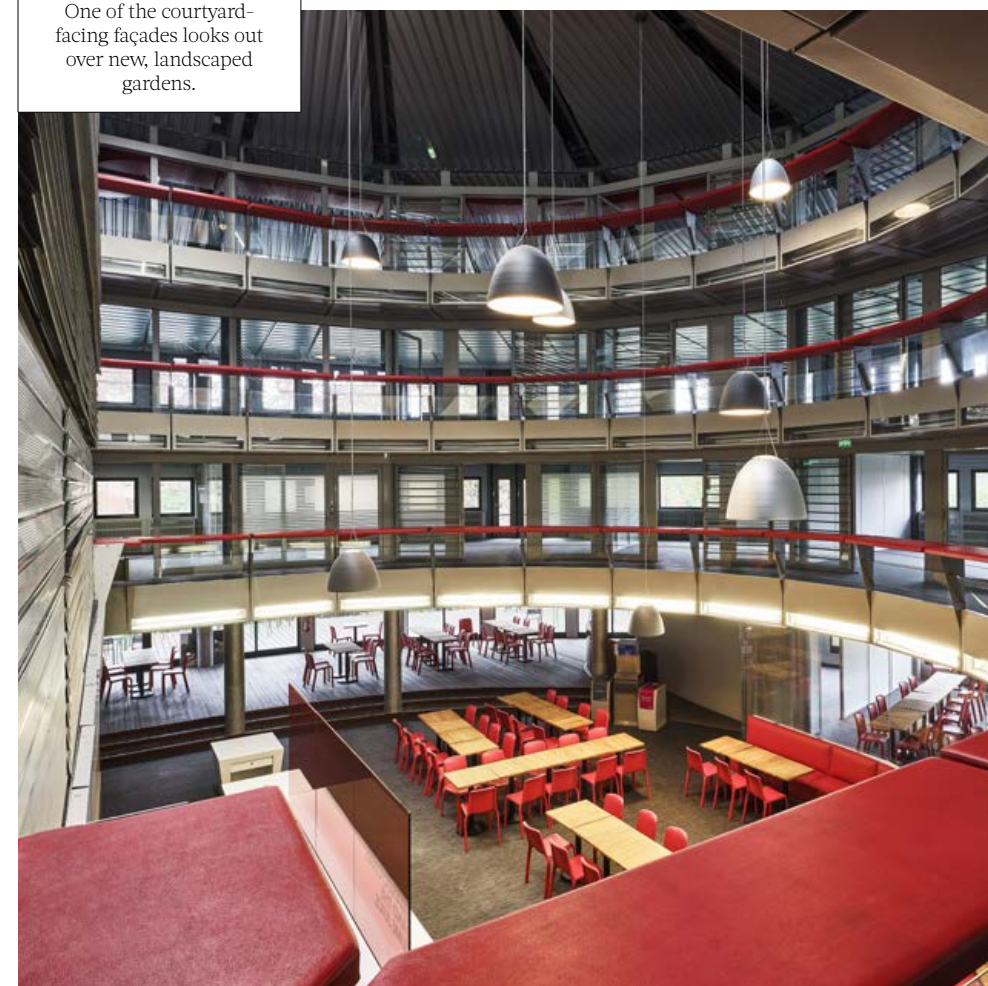
Year of acquisition: 2000

Main tenants:
FHB, Manpower and Sacem

Surface area: 7,400 sq.m.

Certification:
BREEAM In-Use

Located on the thoroughfare linking Place de l'Étoile to the La Défense business district, 176 Charles de Gaulle is composed of stylish, recently renovated offices floors, a large retail space on the ground floor and excellent transport links. One of the courtyard-facing façades looks out over new, landscaped gardens.



17

2, allée des Moulineaux,
92130
Issy-les-Moulineaux

LE VAISSEAU

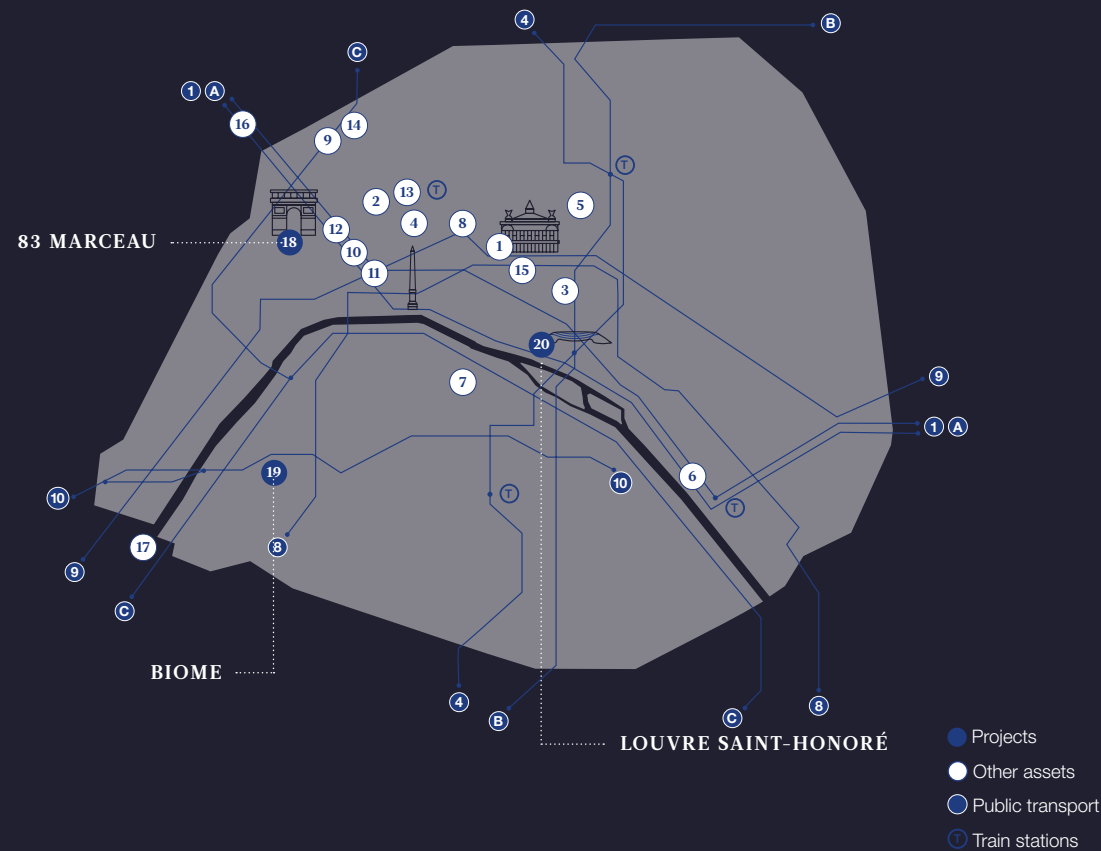
Year of acquisition: 2006

Surface area: 6,300 sq.m.

Certification:
BREEAM In-Use

Located on Île Saint-Germain, Le Vaisseau owes its name (the ship) to its unusual shape. The façade was inspired by naval architecture, with a moveable roof that can open upwards along its entire length. The entire site has been renovated to seamlessly reintegrate the building into its surroundings by reinterpreting the original concept.

Projects



SFL IS CURRENTLY DEVELOPING THREE LARGE-SCALE PROJECTS, EACH OF WHICH IS DESIGNED TO BECOME THE UNDISPUTED BENCHMARK IN ITS SEGMENT.

18

96, avenue d'Iéna
and 83, avenue Marceau,
75016 Paris

83 MARCEAU

Years of acquisition:
2001 and 2007

Main tenants:
Goldman Sachs
and Bryan Garnier

Surface area: 9,600 sq.m.
Certifications being sought:
BREEAM, HQE®, LEED®
and BBC

With an exceptional location right beside Place de l'Étoile, this six-storey property features an interior courtyard and terraces offering outstanding views of the Arc de Triomphe. The site's uniqueness is augmented by three street-facing façades, affording it a rare degree of visibility. Redevelopment is under way to transform the building from top to bottom, with highly flexible and efficient 1,200 sq.m. floor plates, a central atrium opening onto a patio bathed in natural light, and new amenities, such as a cafeteria, a public-access business centre, a lounge and a landscaped garden. The entirely pre-let complex will be delivered in third-quarter 2021.



Digital rendering



19



112-114
avenue Émile Zola,
75015 Paris
and 52-58 rue Violet,
75015 Paris

BIOME

Year of acquisition: 2017
Surface area: 24,500 sq.m.
Certifications being sought:
BREEAM, HQE®, LEED® and
BBCA

Biome enjoys a prized location in the 15th *arrondissement*, just minutes away from some of Paris' most iconic sights and surrounded by shops, commercial buildings and housing units. Built in 1966 by architects Raymond Lopez and Fernand Leroy, the building stretches over an entire block of tree-filled grounds, giving it two addresses. Vacated in November 2017 by its historic tenant, SMA, the property is now being completely redeveloped to create a major new business centre in the west of the capital. Delivery is scheduled for third-quarter 2022.

Digital rendering

20



2, place du Palais-Royal,
75001 Paris

LOUVRE SAINT-HONORÉ

Year of acquisition: 1995
Main tenants:
Cartier, Fast Retailing,
GIE Cartes Bancaires,
Hugo Boss, Proparco and
Swiss Life Asset Managers
Surface area: 47,700 sq.m.
Certification:
BREEAM In-Use

Louvre Saint-Honoré offers vast, highly functional 5,400 sq.m. floor plates in an exceptional location looking on to the Louvre museum. 20,000 sq.m. in retail space on the first underground level, ground floor and first floor is currently being fully renovated to provide a new home for the Cartier Foundation. Delivery is scheduled for 2024.



Digital rendering

PER FOR MAN CE

IN AN ECONOMIC ENVIRONMENT ROILED BY THE HEALTH CRISIS, SFL'S FINANCIAL RESULTS REMAINED ROBUST, DEMONSTRATING THE FIRM RESILIENCE OF ITS STRATEGIC POSITIONING.

Leasing

THE OFFICE RENTAL MARKET SAW A VERY STEEP DECLINE IN ACTIVITY IN 2020, AS DEMAND NATURALLY DRIED UP IN AN ENVIRONMENT THAT FORCED COMPANIES TO RETHINK THEIR ORGANIZATIONS AND THEIR ATTENDANT OFFICE NEEDS. IN ALL, 1.3 MILLION SQ.M. OF FLOOR SPACE WAS LEASED IN GREATER PARIS OVER THE YEAR, 45% LESS THAN IN 2019.

As a result, the stock of available office space turned upwards after four years of decline, rising to 3.7 million sq.m. in greater Paris, where the vacancy rate increased by 1.4 points to end the year at 6.3%. Supply remained relatively scarce in the Paris central business district, however, with a still low 4.2% vacancy rate. The impact of this environment on nominal rents varied by sector, but once again the CBD demonstrated its solid fundamentals with an increase in prime rents.

SFL bucked the trend, however, signing leases on some 23,000 sq.m. in 2020. The main leases concerned:

- **83 Marceau**: entire building pre-let to Goldman Sachs and Bryan, Garnier & Co, plus Caixa for the bank branch and Sodexo for the conference centre;
- **Cézanne Saint-Honoré**: lease on 2,600 sq.m. signed with Quartus;
- **Edouard VII**: new lease with Olympia, representing 6,000 sq.m.;
- **112 Wagram**, lease on 975 sq.m. signed with Sony Interactive.

In addition to these new leases, existing leases on around 24,000 sq.m. were renegotiated or adjusted by means of addenda, in line with SFL's policy of proactively managing tenant relations during the Covid-19 crisis. This focused approach helped to keep rent defaults and collection proceedings to a minimum, by talking to tenants experiencing temporary difficulties (particularly tenants of retail units) in order to find a mutually satisfactory solution.

Nominal office rents for leases signed in 2020 averaged €846 per sq.m., with effective rents averaging €717 per sq.m. for an average non-cancellable term of 7.2 years, reflecting the very high quality of SFL's buildings.

The physical occupancy rate was 93.7% at 31 December 2020 and the EPRA vacancy rate was 6%. Although less favourable than the excellent end-2019 rates of 97.4% and 1.6% respectively, these rates nevertheless attest to the Group's success in limiting the number of vacant units in revenue-generating properties.

93.7

— %
PHYSICAL OCCUPANCY
RATE

Development

PROPERTIES UNDERGOING DEVELOPMENT REPRESENTED ROUGHLY 17% OF THE TOTAL PORTFOLIO AT 31 DECEMBER 2020.



They consist mainly of the Group's three current flagship projects concerning:

- **83 avenue Marceau** (approximately 9,600 sq.m.). This building is in the process of being redeveloped, with delivery scheduled for the third quarter of 2021, and has been fully pre-let.
- the **Biome** office complex on avenue Émile Zola (approximately 24,500 sq.m.). Redevelopment work continued at a brisk pace in 2020 and will be delivered in the third quarter of 2022.
- the retail space in the **Louvre Saint-Honoré** building (approximately 20,000 sq.m.). Work to clear the space to be redeveloped began in September 2020 and delivery is scheduled for 2024 under the turnkey lease signed with the Cartier Foundation.

These three development programmes were pursued in 2020 with only limited disruption during the first lockdown from March to May.

Once these large-scale redevelopment projects are completed, they will enable SFL to deliver outstanding, superior quality buildings embodying its value creation strategy.

Similarly, refurbishment work on vacant units in other buildings (including Washington Plaza, 103 Grenelle and Édouard VII) also continued and the units were delivered under favourable conditions after minimal disruption during lockdown.

Capitalised work carried out in 2020 amounted to €111 million.

Property purchases and sales

THE INVESTMENT MARKET FELL BY A STEEP 33% IN VOLUME BUT REMAINED LIQUID, WITH €19.1 BILLION IN TRANSACTIONS IN THE GREATER PARIS REGION. MOST OF THE INVESTORS WERE FRENCH (71%) AND SHOWED A CLEAR PREFERENCE FOR OFFICE PROPERTIES (82%) AND CORE ASSETS.

While remaining attentive to the acquisition market, in the final quarter of 2020 SFL began seeking buyers for its [112 Wagram](#) and [9 Percier](#) properties, as part of its asset rotation strategy.

Given their mid-market size (6,000 and 6,700 sq.m., respectively) and SFL's redevelopment work, these two non-strategic properties offered all the features that today's investors are looking for in their core assets.

[112 Wagram](#) was sold on 13 January 2021, for a net price of €120.5 million, and [9 Percier](#) was sold on 17 February 2021 for €143.5 million.

Although the two disposals were completed after the close of the 2020 accounts, their sales prices were recognized as fair value at 31 December 2020, resulting in an average gain of 16% on their appraisal values at 31 December 2019. This outstanding performance confirms the quality of SFL's assets and strategic positioning.

393,300 — sq.m.
TOTAL SURFACE AREA

€**7.5** — bn (excl. TC)
PORTFOLIO VALUE

Rental income

RENTAL INCOME AMOUNTED TO €182.4 MILLION IN 2020 VERSUS €198.7 MILLION THE YEAR BEFORE, A DECLINE OF €16.3 MILLION (8.2%).

On a like-for-like basis (excluding changes in consolidation scope affecting period-on-period comparisons), rental income contracted by €7.0 million (3.8%). The decline was due to the effects of the Covid-19 crisis, which led to rent holidays or reductions being granted to certain tenants and to the closure of the [Édouard VII](#) and the [#cloud.paris](#) conference centres as well as the [Indigo hotel](#). Excluding these effects, the like-for-like change was an increase

of €1.3 million (0.7%), reflecting higher rental income from the [Washington Plaza](#), [103 Grenelle](#) and [Cézanne Saint-Honoré](#) buildings.

Rental income from units being redeveloped or renovated in the periods concerned was down by €6.2 million, due to the renovation of several floors that were vacated in late 2019 and early 2020, mainly in the [103 Grenelle](#) and [Édouard VII](#) buildings.

Lastly, income from various penalties was down by €3.2 million compared with 2019.

€**182.4** — m
IN CONSOLIDATED RENTAL INCOME

Results

IN A MARKET THROWN INTO TURMOIL BY THE COVID-19 CRISIS, RENTAL INCOME AND EPRA EARNINGS DECLINED IN 2020, BUT REMAINED HIGHLY ROBUST, ATTESTING TO THE GROUP'S STRATEGIC RESILIENCE.

Rental income amounted to €182.4 million for the year, down €16.3 million or 8.2% from €198.7 million in 2019. On a like-for-like basis and excluding the impact of the health crisis, rental income ended the year up slightly, with a 0.7% gain.

Operating profit before disposal gains and losses and fair value adjustments to investment property came to €152.6 million in 2020 versus €172.8 million the year before. The portfolio's appraisal value at 31 December 2020 was 4.2% higher on a like-for-like basis than at 31 December 2019. The increase led to the recognition of positive fair value adjustments to investment property of €176.5 million in

2020 compared with positive adjustments of €526.9 million in 2019. Net finance costs stood at €34.3 million in 2020, versus €28.1 million in 2019. The year-on-year increase of €6.2 million included €3.3 million in net non-recurring costs, primarily reflecting the €4.3 million payment made on the €160.7 million worth of bonds bought back in September 2020. Recurring finance costs were €2.9 million higher, due to increases in both average debt and the average cost of debt.

EPRA earnings came to €100.8 million in 2020, down 15.5% compared with the record high of €119.2 million in 2019, but in line with the Group's performance over the 2016 to 2018 period.

Attributable net profit for the year amounted to €286.9 million, versus €589.8 million in 2019.

€182.4 – m

IN RENTAL INCOME

€286.9 – m

ATTRIBUTABLE NET PROFIT

EPRA EARNINGS (in € millions)

	2020		2019	
	EPRA	Non-recurring	Recurring EPRA	Non-recurring
Rental income	182.4	0	198.7	0
Property expenses, net of recoveries	(8.3)	0	(9.9)	0
Net property rentals	174.1	0	188.8	0
Service and other revenues	4.3	0	9.0	0
Depreciation, amortisation and impairment	(2.6)	0	(2.1)	0
Employee benefits expense and other expenses	(23.2)	0	(22.9)	0
Operating profit (before disposals and fair value adjustments)	152.6	0	172.8	0
Profit on asset disposals	0	0	0	0
Fair value adjustments on investment property	0	176.5	0	526.9
Finance costs and other financial income and expense	(29.3)	(5.0)	(26.4)	(1.7)
Income tax	(6.3)	7.9	(9.8)	(14.0)
Profit for the year	117.0	179.4	136.6	511.1
Non-controlling interests	(16.2)	6.7	(17.4)	(40.6)
Attributable net profit	100.8	186.1	119.2	470.5
EPRA earnings per share	€2.17		€2.56	

Debt and financing

AT YEAR-END 2020, CONSOLIDATED DEBT STOOD AT €1.9 BILLION, REPRESENTING VERY CONSERVATIVE GEARING OF LESS THAN 24%. DURING THE YEAR, A NUMBER OF TRANSACTIONS WERE CARRIED OUT AS PART OF A PROACTIVE BALANCE SHEET MANAGEMENT STRATEGY, WITH A FOCUS ON FURTHER IMPROVING THE COMPANY'S FINANCIAL LIQUIDITY, EXTENDING THE AVERAGE MATURITY OF ITS DEBT AND OPTIMISING ITS FUTURE AVERAGE BORROWING COSTS.

In May 2020, SFL issued €500 million worth of 1.50% seven-year bonds due on 5 June 2027. In addition, a new five-year €150 million revolving line of credit was obtained from BNP Paribas. This new facility cancelled and replaced a previous €150 million revolving line of credit that was reduced to €100 million in 2019 and was due to expire in May 2021.

In September 2020, an offer was launched to buy back two bond issues due in November 2021 and November 2022 respectively. At the close of the offer period, on 8 September 2020, bonds with an aggregate face value of €160.7 million had been tendered to the offer, including

€100.3 million worth of bonds due in 2021 and €60.4 million due in 2022.

Net debt at 31 December 2020 amounted to €1,890 million compared with €1,732 million at the previous year-end, representing a loan-to-value ratio of 23.8%. At that same date, the average cost of debt after hedging was 1.5%, the average maturity was 4.4 years and the interest coverage ratio stood at 5.2x.

Lastly, at 31 December 2020, SFL had €1,040 million in undrawn lines of credit.

4.4 — years

AVERAGE MATURITY

1.5 — %

AVERAGE SPOT COST
(AFTER HEDGING)

23.8 — %

LOAN-TO-VALUE

BBB+ /A2

WITH A STABLE OUTLOOK

DEBT STRUCTURE (in € millions)

	31 Dec. 20	31 Dec. 19
Bonds	1,539	1,200
Bank loans	4	0
Mortgage loans	197	199
NEU CP	165	387
Total debt	1,906	1,786
Cash and cash equivalents	15	54
Net debt	1,890	1,732
Undrawn lines of credit	1,040	990
Property portfolio including transfer costs	7,946	7,632
Loan-to-value	23.8%	22.7%
Interest cover ratio	5.2x	6.6x
Average maturity (years)	4.4	4.2
Average spot cost (after hedging)	1.5%	1.4%

Property Portfolio and NAV

← THE CONSOLIDATED PORTFOLIO VALUE AT 31 DECEMBER 2020 WAS €7,458 MILLION, EXCLUDING TRANSFER COSTS. THE ESTIMATED REPLACEMENT VALUE, INCLUDING TRANSFER COSTS, WAS €7,946 MILLION.

The portfolio value increased by 4.2% compared with 31 December 2019, without any changes in the portfolio during the year. The increase in appraisal values primarily reflected:

- the value created by work on the Group's redevelopment projects: the entire 83 Marceau property was pre-let during the year, work continued on the Biome project with only limited disruption, and work began on clearing the retail space in the Louvre Saint-Honoré property;

- the focused narrowing of investment yields on the highest quality assets observed in 2020.
- the decline in the value of retail units, reflecting the less favourable outlook for rents on these units.

EPRA NDV (Net Disposal Value) stood at €4,596 million or €98.8 per share at 31 December 2020, an increase of 3.1% (5.8% including the dividend of €2.65 per share paid in April 2020) compared with €95.8 per share at 31 December 2019. The table opposite shows all the new net asset indicators, as defined by EPRA.

€4.6 — bn
EPRA NDV

€98.8 — /share

NET ASSET VALUE (in € millions)

	31 Dec. 20	31 Dec. 19
Attributable equity	4,647	4,485
Treasury shares and stock options	3	8
Unrealised gains on properties	22	20
Unrealised gains on intangible assets	2	2
Elimination of financial instruments at fair value	0	(4)
Elimination of deferred taxes	109	111
Transfer costs	427	413
EPRA NRV (Net Reinstatement Value)	5,210	5,036
EPRA NRV/share	€112.0	€108.2
Elimination of intangible assets	(1)	(1)
Elimination of unrealised gains on intangible assets	(2)	(2)
EPRA NTA (Net Tangible Assets)	5,206	5,033
EPRA NTA/share	€111.9	€108.2
Intangible assets	1	1
Financial instruments at fair value	0	4
Fixed-rate debt at fair value	(76)	(55)
Deferred taxes	(109)	(111)
Elimination of transfer costs	(427)	(413)
EPRA NDV (Net Disposal Value)	4,596	4,459
EPRA NDV/share	€98.8	€95.8
Number of shares (thousands)	46,529	46,529

EPRA performance indicators

SFL PRESENTS ITS PERFORMANCE INDICATORS IN ACCORDANCE WITH THE RECOMMENDATIONS ISSUED BY THE EUROPEAN PUBLIC REAL ESTATE ASSOCIATION (EPRA). THE MAIN INDICATORS, WHOSE DETAILED DEFINITIONS MAY BE FOUND ON WWW.EPRA.COM, ARE SUMMARISED BELOW:

EPRA PERFORMANCE INDICATORS

	2020	2019
EPRA Earnings	€100.8m	€119.2m
/share	€2.17	€2.56
EPRA Cost Ratio (incl. vacancy costs)	15.8%	13.3%
EPRA Cost Ratio (excl. vacancy costs)	14.0%	12.4%

	31 Dec. 20	31 Dec. 19
EPRA NRV	€5,210m	€5,036m
/share	€112.0	€108.2
EPRA NTA	€5,206m	€5,033m
/share	€111.9	€108.2
EPRA NDV	€4,596m	€4,459m
/share	€98.8	€95.8
EPRA Net Initial Yield	2.7%	2.7%
EPRA Topped-Up Net Initial Yield	2.9%	3.0%
EPRA Vacancy Rate ⁽¹⁾	6.0%	1.6%

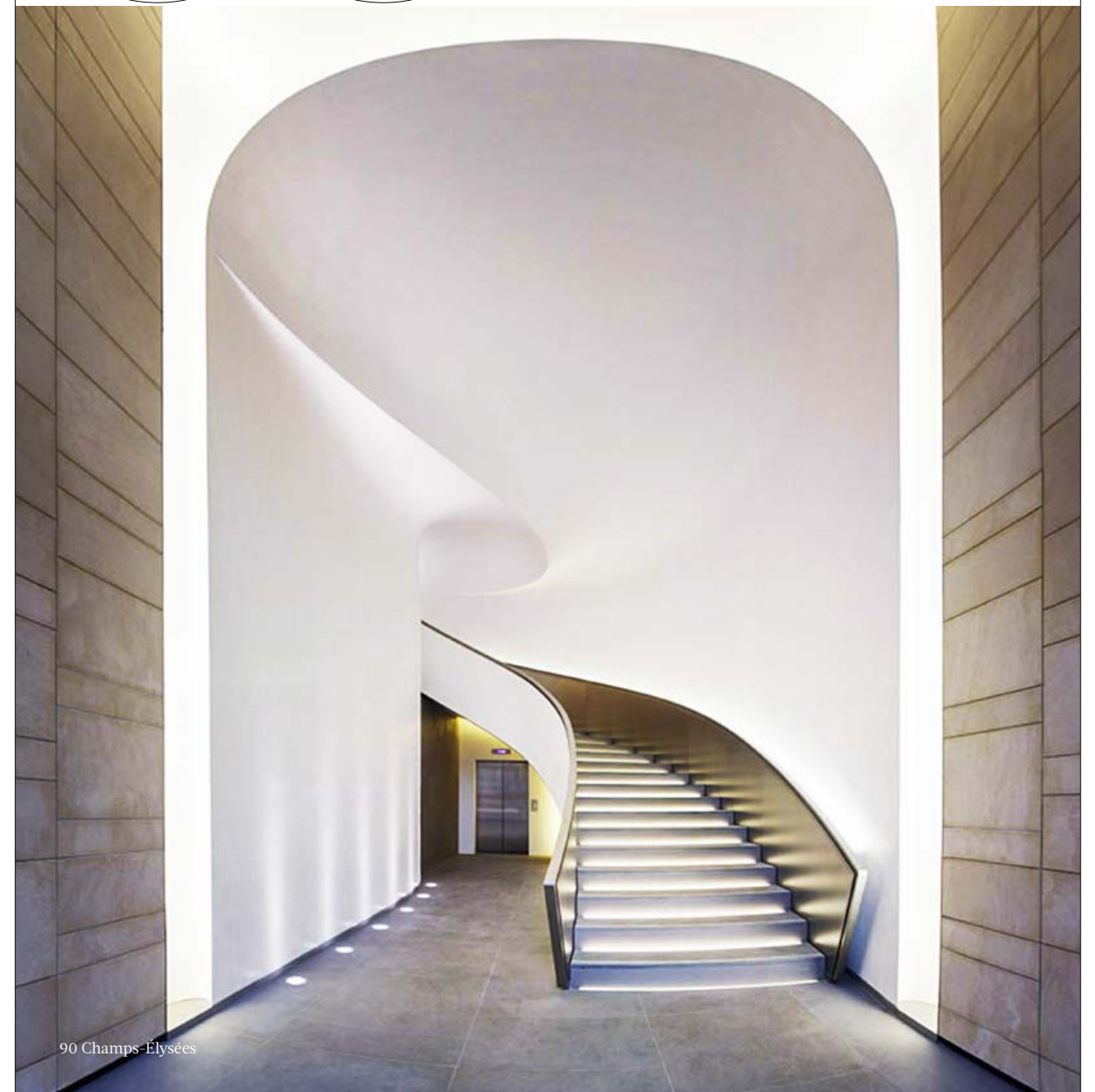
(1) Group share.

6.0—%

EPRA VACANCY RATE

€98.8

EPRA NDV/SHARE



90 Champs-Élysées

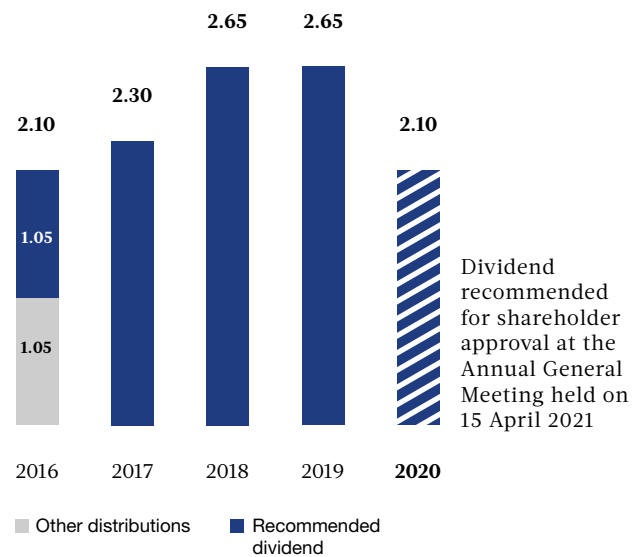
Investor information

THE SFL SHARE ENDED THE YEAR AT €64.60, REPRESENTING A DECLINE OF 12.5% ON THE 2019 CLOSING PRICE OF €73.80 (8.9% WITH REINVESTED DIVIDENDS). OVER THE SAME PERIOD, THE EPRA EUROPE INDEX WAS DOWN 13.2% AND THE CAC 40 INDEX LOST 7.1%.

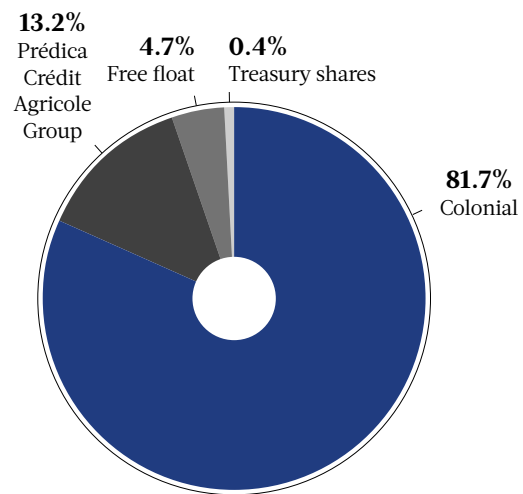
Trading volumes rose over the year, to an average 1,200 shares or €82,000 per day. In April 2020, SFL paid an annual dividend of € 2.65 per share.

The Board of Directors will recommend that shareholders at the Annual General Meeting on 15 April 2021 approve the payment in cash of a dividend of €2.10 per share for the year.

DIVIDEND PER SHARE
(€ per share)



SFL OWNERSHIP STRUCTURE
at 31 December 2020



2020 SHARE PERFORMANCE*



* Base 100: 31 December 2019; data to 31 December 2020. Source: Euronext/EPRA

SFL

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