SOCIÉTÉ FONCIÈRE LYONNAISE

CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024

FINANCIAL STATEMENTS

The consolidated financial statements were approved for publication by the Board of Directors on 18 February 2025.

A – Consolidated Statement of Financial Position

(in thousands of euros) ASSETS	Notes Section E	31 Dec. 2024	31 Dec. 2023
Intangible assets	V – 1	3,955	1,421
Property and equipment	V – 2	21,676	22,761
Investment property	V – 4	7,358,814	7,156,813
Non-current financial assets	VII – 5	237	237
Other non-current assets	VI – 4	141,764	112,880
Total non-current assets		**7,526,446**	**7,294,112**
Trade and other receivables	VI – 3	55,460	33,360
Non-current financial assets	VII – 5	171	612
Other current assets	VI – 4	934	4,662
Cash and cash equivalents	VII – 6	84,696	96,776
Total current assets		**141,261**	**135,410**
Total Assets		**7,667,706**	**7,429,521**

(in thousands of euros) EQUITY AND LIABILITIES	Notes Section E	31 Dec. 2024	31 Dec. 2023
Share capital	VIII – 1	85,901	85,771
Reserves		3,348,825	4,093,159
Profit/(loss) for the year		206,925	(638,767)
Equity attributable to owners of the parent		**3,641,652**	**3,540,164**
Non-controlling interests		986,950	941,976
Total non-controlling interests		**986,950**	**941,976**
Total equity		**4,628,602**	**4,482,140**
Long-term borrowings and derivative instruments	VII – 1	1,491,844	1,983,226
Long-term provisions	IX – 1	1,485	1,348
Deferred tax liabilities	XI – 2	97,236	172,955
Other non-current liabilities	VI – 6	72,394	50,157
Total non-current liabilities		**1,662,958**	**2,207,686**
Trade and other payables	VI – 5	57,341	28,075
Short-term borrowings and other interest-bearing debt	VII – 1	1,253,112	644,429
Short-term provisions	IX – 1	1,673	836
Other non-current liabilities	VI – 6	64,020	66,355
Total current liabilities		**1,376,146**	**739,695**
Total equity and liabilities		**7,667,706**	**7,429,521**

B – Consolidated Statement of Comprehensive Income

(in thousands of euros)	Notes Section E	2024	2023
Rental income		**248,829**	**234,420**
Gross property expenses		(52,024)	(53,497)
Property expenses recovered from tenants		44,305	41,992
Property expenses, net of recoveries		(7,719)	(11,505)
Net property rentals	**VI – 1**	**241,110**	**222,915**
Other income	VI – 2	7,058	10,528
Depreciation, amortisation and impairment	V – 3	(1,551)	(1,906)
Provision expense, net	IX – 2	1,712	(6,021)
Employee benefits expense	X – 1	(20,120)	(15,514)
Other expenses	VI – 7	(10,443)	(8,433)
Profit/(loss) on disposal of investment property	V – 5	0	(158)
Fair value adjustments to investment property	V – 4	104,535	(960,277)
Operating profit/(loss)		**322,299**	**(758,865)**
Finance costs and other financial expenses	VII – 2	(63,562)	(57,654)
Financial income	VII – 2	3,557	1,644
Profit/(loss) before income tax		**262,294**	(814,876)
Income tax benefit	XI – 1-2	24,176	28,005
Net profit/(loss)		**286,470**	**(786,872)**
Attributable to owners of the parent		**206,925**	**(638,767)**
Attributable to non-controlling interests	VIII – 6	79,545	(148,105)
Earnings per share	VIII – 4	€4.82	€(14.90)
Diluted earnings per share	VIII – 4	€4.81	€(14.90)
Other comprehensive income			
Actuarial gains and losses	IX – 1	(38)	132
Items that will not be reclassified to profit or loss		*(38)*	132
Valuation gains and losses on financial instruments (cash flow hedges)	VII – 3	(6,882)	(23,994)
Items that may be reclassified subsequently to profit or loss		*(6,882)*	(23,994)
Other comprehensive income/(expense)		**(6,920)**	**(23,862)**
Comprehensive income/(expense)		**279,550**	**(810,734)**
Attributable to owners of the parent		**200,005**	**(662,629)**
Attributable to non-controlling interests	VIII - 6	79,545	(148,105)

C – Consolidated Statement of Changes in Equity

(in thousands of euros)	Share capital	Share premium account	Revaluation reserve	Treasury shares	Cash flow hedging reserve	Other reserves	Profit/(loss) for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	**Total equity**
Equity at 31 December 2022	**85,729**	**160,003**	**22,621**	**(18,318)**	**30,684**	**3,954,857**	**143,430**	**4,379,003**	**1,097,432**	**5,476,435**
Profit/(loss) for the year	-	-	-	-	-	-	(638,767)	(638,767)	(148,105)	(786,872)
Other comprehensive income/(expense), net of tax	-	-	-	-	(23,994)	132	-	(23,862)	-	(23,862)
Comprehensive income	**-**	**-**	**-**	**-**	(23,994)	**132**	**(638,767)**	**(662,629)**	**(148,105)**	**(810,734)**
Appropriation of profit/(loss)	-	-	-	-	-	143,430	(143,430)	-	-	-
Share issues	42	(42)	-	-	-	-	-	-	-	-
Treasury share transactions	-	-	-	3,878	-	-	-	3,878	-	3,878
Gains and losses on sales of treasury shares	-	-	-	(3,744)	-	-	-	(3,744)	-	(3,744)
Share-based payments	-	-	-	-	-	3,755	-	3,755	-	3,755
Dividends paid to owners of the parent	-	-	-	-	-	(180,100)	-	(180,100)	(7,351)	(187,451)
Equity at 31 December 2023	**85,771**	**159,961**	**22,621**	**(18,184)**	**6,690**	**3,922,074**	**(638,767)**	**3,540,164**	**941,976**	**4,482,140**
Profit/(loss) for the year	-	-	-	-	-	-	206,925	206,925	79,545	286,470
Other comprehensive income/(expense), net of tax	-	-	-	-	(6,882)	(38)	-	(6,920)	-	(6,920)
Comprehensive income/(expense)	-	-	-	-	(6,882)	(38)	206,925	200,005	79,545	279,550
Appropriation of profit/(loss)	-	-	-	-	-	(638,767)	638,767	-	-	-
Share issues	130	(130)	-	-	-	-	-	-	-	-
Treasury share transactions	-	-	-	830	-	-	-	830	-	830
Gains and losses on sales of treasury shares	-	-	-	(630)	-	-	-	(630)	-	(630)
Share-based payments	-	-	-	-	-	3,851	-	3,851	-	3,851
Dividends paid to owners of the parent	-	-	-	-	-	(103,076)	-	(103,076)	(34,571)	(137,646)
Other						505	-	505	-	505
Equity at 31 December 2024	**85,901**	**159,831**	**22,621**	**(17,983)**	**(192)**	**3,184,550**	**206,925**	**3,641,652**	**986,950**	**4,628,602**

D – Consolidated Statement of Cash Flows

(in thousands of euros)	Notes Section E	2024	2023
Cash flows from operating activities			
Profit/(loss) for the year attributable to owners of the parent		206,925	(638,767)
Fair value adjustments to investment property	V – 4	(104,534)	960,277
Depreciation and amortisation expense (excluding impairment)	V – 3	1,551	1,906
Net additions to/(reversals of) provisions	IX – 1	937	(486)
Net (gains)/losses from disposals of investment property	V – 6	-	158
Deferral of rent-free periods and key money	VI – 1	(31,206)	(44,820)
Employee benefits	X – 3	3,851	3,755
Non-controlling interests in profit/(loss) for the year	VIII – 6	79,545	(148,105)
Cash flow after finance costs and other financial income and expense and income tax		**157,069**	**133,918**
Finance costs and other financial income and expense	VII – 2	60,005	56,010
Income tax	XI – 1-2	(24,176)	(28,005)
Cash flow before finance costs and other financial income and expense and income tax		**192,899**	**161,924**
Change in working capital		(10,641)	10,889
Interest paid		(69,667)	(54,511)
Interest received		1,982	1,244
Income tax paid		(14,596)	(4,229)
Net cash provided by operating activities		**99,977**	**115,318**
Cash flows from investing activities			
Acquisitions of and improvements to investment property	XIII – 1	(97,466)	(62,380)
Acquisitions of intangible assets and property and equipment		(3,001)	(5,053)
Amounts due on asset acquisitions		16,998	(15,147)
Proceeds from disposals of investment property, intangible assets and property and equipment	V – 5	-	58,296
Investment property disposal costs	V – 5	-	(421)
Other cash inflows and outflows		(615)	397
Net cash provided by (used in) investing activities		**(84,085)**	**(24,308)**
Cash flows from financing activities			
Purchases and sales of treasury shares		201	134
Dividends paid to owners of the parent	VIII – 3	(103,076)	(180,100)
Dividends paid to non-controlling interests		(34,571)	(7,351)
Proceeds from borrowings	XIII – 2	3,757,500	3,403,736
Repayments of borrowings	XIII – 2	(3,647,882)	(3,279,994)
Other movements in financing items		(144)	(92)
Net cash provided by (used in) financing activities		**(27,972)**	**(63,666)**
Net change in cash and cash equivalents		**(12,080)**	**27,344**
Cash and cash equivalents at beginning of period		96,776	69,433
Cash and cash equivalents at end of period	XIII – 1	84,696	96,776
Net change in cash and cash equivalents		**(12,080)**	**27,344**

E – Notes to the Consolidated Financial Statements

I - Accounting Policies

I – 1) Accounting standards

As required under European Commission regulation (EC) 16/06/2002 dated 19 July 2002, the consolidated financial statements of the SFL Group have been prepared in accordance with the International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs) and related interpretations (SICs and IFRICs) adopted by the European Union.

The following amendments published by the IASB are applicable in accounting periods beginning on or after 1 January 2024:

- Amendment to IAS 1 (Presentation of Financial Statements) clarifying the criteria for classifying liabilities as current or non-current (in particular those with covenants).

- Amendments to IAS 7 and IFRS 7 (Supplier Finance Arrangements), requiring entities to disclose in the notes qualitative and quantitative information that enables users of the financial statements to assess the impact of supplier finance arrangements on the entity's liabilities and cash flows, understand the impact of such arrangements on the entity's exposure to liquidity risk, and understand what the impact would be on the entity if it no longer had access to such arrangements.

- Amendment to IFRS 16 specifying the measurement method for liabilities arising from sale and leaseback transactions.

These amendments, which became effective on 1 January 2024, do not have a material impact on the Group.

I – 2) Accounting conventions

The consolidated financial statements are presented in thousands of euros. They include the financial statements of SFL and its subsidiaries. The financial statements of subsidiaries cover the same period as those of SFL and have been prepared according to the same accounting policies. Intragroup transactions are eliminated in consolidation.

Subsidiaries are consolidated from the date when control is acquired and are removed from the scope of consolidation when control is transferred outside the Group. When SFL ceases to exercise control over a subsidiary, the consolidated financial statements include the subsidiary's results for the period from the beginning of the period to the date when control is transferred.

Material companies in which the Group exercises control, pursuant to the terms of a shareholders' pact that gives *de facto* control, through ownership of the majority of voting rights or otherwise, are fully consolidated.

The Group has chosen to measure investment property using the fair value model (see Note V – 4).

I – 3) Critical accounting estimates and judgements

Certain amounts recognised in the consolidated financial statements reflect estimates and assumptions made by management in the context of the current uncertain geopolitical and economic environment. It is difficult to assess the impact of these factors on the future outlook. Management has taken these uncertainties into account based on the reliable information available at the date of preparation of the consolidated financial statements, particularly for the fair value measurement of investment property and financial instruments.

Estimates are inherently uncertain and are reviewed by the Group based on regularly updated information. Actual results may ultimately differ from estimates made as of the date of preparation of the consolidated financial statements.

The most significant estimates concern:

- Measurement of investment property: the rental portfolio is valued by independent valuers. The valuers independently estimate current and future cash flows, and apply risk factors either in the cash flow projections (e.g. risk factors affecting future rents, growth rates, capital expenditure needs, vacancy periods, rent concessions), or in the yields, discount rates or exit capitalisation rates used to calculate the terminal value by capitalising the expected rent over 10 years; (see note V-4).

- Fair values of financial instruments: all of the Group's financial instruments are measured at fair value using standard market valuation models (see Note VII – 4).

II – Significant Events of the Period

II – 1) Planned merger

On 6 November 2024, the Boards of Directors of SFL and its majority shareholder, Inmobiliaria Colonial, decided to examine in detail a proposal to merge SFL into Inmobiliaria Colonial.

II – 2) Executive management change

Dimitri Boulte stepped down as Chief Executive Officer of SFL on 21 December 2024. On the same date, Aude Grant, Managing Director and Chief Operating Officer, was appointed Chief Executive Officer of SFL with immediate effect.

II – 3) Property transactions and renovation programmes

During 2024, leases were signed on around 21,000 sq.m of mainly office space.

The most significant leases were for 3,523 sq.m in the #cloud.paris building let to Squarepoint and 2,722 sq.m in the Cézanne Saint Honoré building let to Skadden.

Properties undergoing redevelopment at 31 December 2024 represented around 14% of the total portfolio.

They include the Scope office building (formerly Rives de Seine) on Quai de la Râpée in Paris (around 23,000 sq.m). The property is being completely restructured following the departure of its tenant on 30 September 2022. The site clearance and asbestos removal phase of the project was delivered in May 2024. Restructuring work began in August, following the signature of the works contracts in June 2024, with delivery scheduled for the summer of 2026.

The Haussmann Saint-Augustin building (around 12,000 sq.m) is also being restructured following the departure of its tenant, WeWork, on 30 June 2024. Work began in October 2024, following delivery of the site clearance phase of the project. Delivery is scheduled for May 2025.

Planning permission for the redevelopment of the former GRDF headquarters on rue Condorcet (around 23,000 sq.m) was obtained in October 2024.

No properties were purchased or sold during the year.

II – 4) Financing

In June 2024, the €100 million bilateral credit line obtained from BNP Paribas in May 2018 was rolled over for five years (with two one-year extension options). The facility includes a spread adjustment mechanism based on the Group's performance in relation to three sustainable development criteria.

In July 2024, the maturity of the €300 million syndicated term loan obtained in December 2022 was extended by another year, until December 2029.

Also in July 2024, a €2.5 billion Euro Medium Term Notes (EMTN) programme was set up to prepare for new bond issues.

In November 2024, SFL obtained a €500 million long-term loan from Inmobiliaria Colonial. This loan had not been drawn down at 31 December 2024. It is in addition to a €600 million short-term shareholder advance set up in 2023, of which €562 million had been drawn down at 31 December 2024.

Lastly, also in November 2024, SFL and Inmobiliaria Colonial updated SFL's Green Financing Framework.

II – 5) Taxes

During the first half of 2024, SAS Pargal elected to be taxed as an SIIC, with retroactive effect from 1 January 2024. This election led to the recognition of an exit tax liability in the Group's accounts (see Note XI – 3), as well as the reversal of the SAS Pargal deferred taxes.

II – 6) Information system

SFL migrated to a new ERP (SAP 4/HANA) on 1 January 2024. The audited consolidated financial statements for the year ended 31 December 2024 have been prepared using this new system.

II – 7) Subsequent events

Merger between Colonial and SFL: exchange ratio set

On 18 February 2025, as part of the analysis of the proposed merger between Colonial and its subsidiary SFL, the Boards of Directors of the two companies set the exchange ratio at 13 Colonial shares for 1 SFL share, and the exit price at €77.5 per SFL share (*cum* dividend). The exit price would be adjusted by the amount of the 2024 dividend to be decided by the shareholders prior to completion of the merger. The exchange ratio and exit price were determined using a multi-criteria approach. The signing of the merger agreement including the exchange ratio and exit price, which is expected to take place in early March, remains subject to the approval of the Boards of Directors of Colonial and SFL. The merger is expected to be completed in the second half of 2025, subject to the approval of SFL and Colonial shareholders at the general meetings to be held between now and the end of April 2025, and the usual formalities required for this type of transaction.

III – Effects of Climate Change

Climate change is bringing about profound changes in the economy, which is why increasing attention needs to be paid to its effects on companies' financial and non-financial performance. To address the major challenges associated with these changes, very ambitious objectives have been set in the European Green Deal, the Glasgow Climate Pact (COP26) and the Paris Agreement (COP21). Meeting these objectives will involve radical transformations.

The purpose of this note is to present the impact of these changes on the Group's business and performance, as well as the main impacts on the consolidated financial statements.

III – 1) Effects of climate change on the Group's financial position

The construction industry accounts for nearly one quarter of all greenhouse gas emissions in France. For this reason, the Group has developed a strategy to monitor the risks and impacts of climate change, supported by measures to address them.

The main effects of climate change on the consolidated financial statements have been identified. These effects cannot be measured with perfect accuracy, as it is difficult to separate them from other factors that influence developments over the reporting period. However, the main effects on the Group's financial information can be summarised as follows:

- Capital expenditure and building operating costs have increased due to the cost of work needed to reduce greenhouse gas emissions and adapt the buildings to the effects of climate change. This involves, for example, obtaining "low-carbon building" labels for all major redevelopment projects, re-using materials and equipment, building with low-carbon concrete, using bio-sourced materials, limiting deconstruction work, installing LED lights throughout the buildings, implementing more efficient heating and cooling systems, measuring energy use more reliably, installing electric recharging points and bicycle parking facilities, and promoting energy efficient practices among tenants. Capital expenditure directly linked to ESG objectives included in the 5-year capex plan amounts to €16 million.

- Various other expenditures will be necessary, such as environmental certification costs (mainly Building Research Establishment Environmental Assessment Method (BREEAM), Global Real Estate Sustainability Benchmark (GRESB), and European Public Real Estate Association (EPRA)), ESG data publication costs (data collection, preparation of reports, other external resources), and the cost of bonuses paid to certain employees and/or members of the Management Committee for meeting ESG objectives.

III – 2) Green financing

All outstanding bonds (representing a total principal amount of €1,698 million) held by the Group at 31 December 2024 are green bonds.

SFL's objective is to further strengthen the convergence between its environmental performance and its financial structure. These bonds are an alternative to traditional corporate financing, responding to growing corporate sensitivity to sustainability issues. Going forward, the Group intends to carry out all bond issues under its Green Financing Framework. Green financing gives the Group a competitive advantage and the bonds are attractive for capital market investors, who continue to turn more and more to this type of investment.

In addition to these ESG-labelled project finance instruments, SFL also holds bank financing instruments indexed to ESG performance objectives. During 2024, the Group obtained a €100 million revolving credit facility, raising to €1,570 million (or 84%) the amount of bank financing incorporating a margin adjustment mechanism based on ESG performance indicators (mainly greenhouse gas emission reduction targets).

III – 3) Climate change considerations taken into account in the appraisal value of investment property

The Group collected the information needed to produce the ESG grids for office properties developed by the *Association Française des Sociétés d'Expertise Immobilière* (AFREXIM) and sent it to the independent valuers.

This data has enabled the valuers to gain a more detailed view of the assets, in terms of primary energy use, greenhouse gas emissions, and the results of measures to improve the properties' environmental performance, such as energy audits (currently, DPE energy performance certificate audits), performance in relation to the Carbon Risk Real Estate Monitor (CRREM) trajectory, and compliance with the decree on energy-saving objectives applicable to owners of office and retail properties (*Décret Tertiaire*). Work is currently underway to identify opportunities for action to reduce energy use, asset by asset.

The valuers considered that, at this stage, insufficient information is available to rationalise the exact impact of climate-related aspects and other ESG components on market values, because many investors have only recently finalised their strategies and are only just beginning to collect performance indicators. Similarly, the existence or otherwise of a green premium for the most sustainable buildings is currently being monitored and discussed among market participants.

The independent valuers' appraisals took account of climate change aspects, based on current knowledge of the market and recent transactions.

III – 4) Other potential effects on the consolidated financial statements

Other potential climate-related effects, none of which had an impact on the consolidated financial statements, include:

- Provisions for environmental levies (IAS 37): the Group's investment choices have ensured that it is in compliance with climate-related regulations. As a result, the Group has not received any penalties for non-compliance. A regulatory watch system has been set up to anticipate changes in climate-related legal requirements and proactively initiate any necessary compliance measures. For this reason, no provision has been set aside at 31 December 2024 for levies or penalties for non-compliance with emerging regulatory standards.

- Impairment of assets (IAS 36) or adjustment of the useful lives and residual values of plant, property and equipment (IAS 16): the Group's portfolio consists mainly of investment properties measured using the Fair Market Value option; consequently, the application of IAS 36 and IAS 16 has no impact on the consolidated financial statements.

IV – Segment Information

The Group's properties are similar in nature and, although they are managed separately in the same manner, none are large enough to be treated as a separate reportable segment. They are grouped into geographical segments.

Comprehensive income can be analysed as follows by geographical segment:

(in thousands of euros)	Paris CBD	Other Paris	Western Crescent	Corporate	2024
Rental income	**191,495**	**54,145**	**3,189**	**-**	**248,829**
Gross property expenses	(40,156)	(10,933)	(935)	-	(52,024)
Property expenses recovered from tenants	31,761	11,700	844	-	44,305
Property expenses, net of recoveries	(8,395)	768	(91)	-	(7,719)
Net property rentals	**183,100**	**54,913**	**3,097**	**-**	**241,110**
Other income	4,384	1,588	142	943	7,058
Depreciation, amortisation and impairment	(167)	-	-	(1,383)	(1,551)
Provision expense, net	3,390	-	(672)	(1,006)	1,712
Employee benefits expense	-	-	-	(20,120)	(20,120)
Other expenses	-	-	-	(10,443)	(10,443)
Profit/(loss) on disposal of investment property	-	-	-	-	-
Fair value adjustments to investment property	85,706	21,136	(2,307)	-	104,535
Operating profit/(loss)	**276,414**	**77,637**	**260**	**(32,010)**	**322,299**
Finance costs and other financial expenses	0	1,699	(0)	(65,260)	(63,562)
Financial income	-	0	0	3,555	3,557
Profit/(loss) before income tax	**276,414**	**79,335**	**260**	**(93,715)**	**262,294**
Income tax benefit	74,048	-	-	(49,872)	24,176
Net profit/(loss)	**350,462**	**79,335**	**260**	**(143,587)**	**286,470**
Attributable to SFL	**278,607**	**72,742**	**260**	**(144,683)**	**206,925**
Attributable to non-controlling interests	**71,855**	**6,594**	**-**	**1,096**	**79,545**
Other comprehensive income					
Actuarial gains and losses	-	-	-	(38)	(38)
Items that will not be reclassified to profit or loss	-	-	-	(38)	***(38)***
Valuation gains and losses on financial instruments (cash flow hedges)	-	-	-	(6,882)	(6,882)
Items that may be reclassified subsequently to profit or loss	-	-	-	(6,882)	***(6,882)***
Other comprehensive income/(expense)	-	-	-	(6,920)	**(6,920)**
Comprehensive income/(expense)	350,462	79,335	260	(150,507)	279,550
Attributable to SFL	278,607	72,742	260	(151,603)	200,005
Attributable to non-controlling interests	71,855	6,594	-	1,096	79,545

(in thousands of euros)	Paris CBD	Other Paris	Western Crescent	Corporate	31 Dec. 2024
Segment assets	5,607,636	1,625,357	85,391	349,324	7,667,706
Total assets	**5,607,636**	**1,625,357**	**85,391**	**349,324**	**7,667,706**

The segment analysis for 2023 is as follows:

(in thousands of euros)	Paris CBD	Other Paris	Western Crescent	Corporate	2023
Rental income	**177,361**	**53,873**	**3,186**	**-**	**234,420**
Gross property expenses	(39,373)	(13,050)	(1,075)	-	(53,497)
Property expenses recovered from tenants	29,954	11,169	869	-	41,992
Property expenses, net of recoveries	(9,419)	(1,880)	(205)	-	(11,505)
Net property rentals	**167,942**	**51,992**	**2,980**	**-**	**222,915**
Other income	7,771	1,102	219	1,436	10,528
Depreciation, amortisation and impairment	-	-	-	(1,906)	(1,906)
Provision expense, net	(5,164)	-	-	(857)	(6,021)
Employee benefits expense	-	-	-	(15,514)	(15,514)
Other expenses	-	-	-	(8,433)	(8,433)
Profit/(loss) on disposal of investment property	(158)	-	-	-	(158)
Fair value adjustments to investment property	(681,110)	(266,542)	(12,624)	-	(960,277)
Operating profit/(loss)	(510,720)	(213,448)	(9,425)	(25,273)	(758,865)
Finance costs and other financial expenses	-	-	-	(57,654)	(57,654)
Financial income	-	-	-	1,644	1,644
Profit/(loss) before income tax	**(510,720)**	**(213,448)**	**(9,425)**	**(81,283)**	**(814,876)**
Income tax benefit	-	-	-	28,005	28,005
Net profit/(loss)	**(510,720)**	**(213,448)**	**(9,425)**	**(53,279)**	**(786,872)**
Attributable to owners of the parent	**(377,939)**	**(197,804)**	**(9,425)**	**(53,600)**	**(638,767)**
Attributable to non-controlling interests	**(132,782)**	**(15,644)**	**-**	**320**	**(148,105)**
Other comprehensive income					
Actuarial gains and losses	-	-	-	132	132
Items that will not be reclassified to profit or loss	-	-	-	*132*	*132*
Valuation gains and losses on financial instruments (cash flow hedges)	-	-	-	(23,994)	(23,994)
Items that may be reclassified subsequently to profit or loss	-	-	-	*(23,994)*	*(23,994)*
Other comprehensive income/(expense)	-	-	-	(23,862)	(23,862)
Comprehensive income/(expense)	**(510,720)**	**(213,448)**	**(9,425)**	**(77,141)**	**(810,734)**
Attributable to owners of the parent	**(377,939)**	**(197,804)**	**(9,425)**	**(77,462)**	**(662,629)**
Attributable to non-controlling interests	**(132,782)**	**(15,644)**	**-**	**320**	**(148,105)**

(in thousands of euros)	Paris CBD	Other Paris	Western Crescent	Corporate	31 Dec. 2023
Segment assets	5,634,069	1,559,374	85,300	125,430	7,404,173
Unallocated assets	-	-	-	25,348	25,348
Total assets	**5,634,069**	**1,559,374**	**85,300**	**150,778**	**7,429,521**

Segment assets correspond mainly to the Group's property assets. No segment analysis of liabilities is presented, as they correspond primarily to unsecured financing for general corporate purposes and unsecured bonds that are not allocated to any specific segment.

The Group's main geographical segments are as follows:

* **Paris Central Business District (CBD):** market comprising the Golden Triangle and the Financial District, spanning parts of the 1st, 2nd, 9th, 8th, 16th and 17th *arrondissements* of Paris. The segment extends from Porte Maillot, avenue de Malakoff and Trocadéro in the west to rue Montmartre and rue du Louvre in the east, and from Porte de Champerret, avenue de Villiers and Saint-Lazare railway station in the north to rue de Rivoli in the south.
* **Other Paris:** corresponding to the rest of Paris, outside the CBD.
* **Western Crescent:** located to the west of Paris on the other side of the *boulevard périphérique* ring-road, comprising notably Neuilly-sur-Seine, Boulogne-Billancourt, Issy-les-Moulineaux and Levallois-Perret.

These geographic segments have been defined by the main Paris-based real estate professionals by combining neighbourhoods with similar economic features.

V – Intangible Assets, Property and Equipment, and Investment Property

V – 1) Intangible assets

Accounting policy

Intangible assets correspond mainly to purchased software and software development costs incurred in connection with the Group's systems upgrades, accounted for in accordance with IAS 38.
Intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets with a finite useful life are amortised on a straight-line basis over their useful life. Intangible assets with an indefinite useful life are not amortised but are tested for impairment annually (in accordance with IAS 36) or more frequently if there is an indication that they may be impaired.

Software development costs for the main projects are amortised over the software's expected period of use from the date it is put in production. Other software development costs are amortised over the period in which they are capitalised.

(in thousands of euros)	31 Dec. 2023	Increases	Decreases	Reclassifications	31 Dec. 2024
Cost					
Computer software	8,741	3,061	-	1,107	12,909
Other	1,179	-	-	(1,156)	23
Amortisation and impairment					
Computer software	(8,453)	(477)	-	-	(8,930)
Other	(46)	-	-	-	(46)
Carrying amount	**1,421**	**2,583**	**-**	**(49)**	**3,955**

V – 2) Property and equipment

Accounting policy

Property and equipment consist mainly of furniture, computer equipment and owner-occupied property.

Owner-occupied property is property held by the owner for use in the production or supply of goods or services or for administrative purposes. The only property in this category is the section of the Washington Plaza building used by the Group for administrative purposes.

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses, in accordance with IAS 16. Depreciation is calculated by the straight-line method over the asset's estimated useful life. Each part of an item of property or equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Washington Plaza owner-occupied property:

Shell	105 to 118 years
Roof, windows, doors	8 to 24 years
Fixtures, fittings and installations	5 to 29 years

Other:

Fixtures and installations	2 to 20 years
Fittings and equipment	5 to 10 years
Computer and other equipment	2 to 5 years

The gain or loss arising from derecognition of an item of property or equipment, corresponding to the difference between the net disposal proceeds and the carrying amount of the item, is included in profit when the item is derecognised.

(in thousands of euros)	31 Dec. 2023	Increases	Decreases	Reclassifications	31 Dec. 2024
Cost					
Owner-occupied property	21,238	-	-	-	21,238
Other property and equipment	10,000	(60)	-	49	9,989
Depreciation and impairment					
Owner-occupied property	(4,251)	(102)	-	-	(4,353)
Other property and equipment	(4,226)	(972)	-	-	(5,198)
Carrying amount	**22,761**	**(1,134)**	**-**	**49**	**21,676**

The fair value excluding transfer costs of owner-occupied property – corresponding to the Company's headquarters – was €51,860 thousand at 31 December 2024 and €51,437 thousand at 31 December 2023.

V – 3) Depreciation, amortisation and impairment

(in thousands of euros)	2024	2023
Amortisation and impairment of intangible assets	(477)	(1,532)
Depreciation and impairment of property and equipment	(1,074)	(374)
Total	**(1,551)**	**(1,906)**

Amortisation and impairment of intangible assets relate to computer software. Depreciation and impairment of property and equipment concern owner-occupied property (corresponding to the Company's headquarters) and other property and equipment.

V – 4) Investment property

Accounting policy

Investment property is property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both.

Acquisitions of property companies that do not meet the definition of a business combination under IFRS 3 are treated as direct acquisitions of the underlying investment property.

Investment property is initially recognised at cost. SFL has chosen to measure investment property in subsequent periods using the fair value model as provided for in IAS 40 (paragraph 30). Under this model, investment property is measured at fair value and gains or losses arising from changes in fair value are recognised in profit or loss. Investment property is not depreciated.

IFRS 13 defines the fair value of investment property as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair values of investment property carried in the Group's statement of financial position correspond to the prices obtained from independent valuations performed using the method described below.

Changes in fair value, which are recognised in the income statement under "Fair value adjustments to investment property", are calculated as follows:
Change in fair value = Market value at the period-end – Market value at the prior period-end – Work and other costs capitalised during the period.

The change in fair value is adjusted to exclude the effects of specific lease terms or provisions recognised under other asset captions that are included in the fair value calculation, to avoid these effects being taken into account twice.

Investment property is reclassified as held for sale when their sale is considered as highly probable. It continues to be measured at fair value after reclassification in accordance with IFRS 5.

Valuation method

The Group's entire property portfolio is valued at six-monthly intervals by two firms of independent valuers. The valuations at 31 December 2024 were carried out by BNP Paribas Real Estate and CBRE.

The valuations are performed in accordance with the *Charte de l'Expertise en Evaluation Immobilière* (property valuation charter) included in the February 2000 report of France's securities regulator (COB, renamed AMF), and also complied with the standards issued by The European Group of Valuers' Associations (TEGOVA) as well as with Royal Institution of Chartered Surveyors (RICS) standards.

Independent experts are rotated in compliance with the SIIC code of ethics, which states: "Regardless of the number of independent experts used by the SIIC, the following principles must be upheld:
- Appointments should be based on a selection process evaluating each candidate's independence, qualifications and competency to value property within the asset classes and geographical locations concerned.
- When a firm of valuers is used, the SIIC should ensure that the firm's internal valuation teams are rotated after a period of seven years.
- An independent valuer may serve for no more than two four-year terms for any given client, unless that valuer is a company in which case the above team rotation rule applies."

In accordance with this rotation principle, BNP Paribas Real Estate was appointed to replace Cushman & Wakefield (in charge of half-yearly appraisals at SFL since 2017), following the selection process described above. BNP Paribas Real Estate carried out an appraisal of part of the portfolio at 31 December 2024, alongside CBRE.
The share of the portfolio (based on appraisal values assuming 100% ownership, excluding transfer costs) valued by each firm is defined below:
- BNP Paribas Real Estate (in charge of appraisals at SFL since 2024): 44%
- CBRE (in charge of appraisals at SFL since 2019): 56%

The firms ensure that their internal teams are rotated as required. In addition, certain properties are assigned to different valuers each year to ensure a gradual rotation of assets among them. The valuers' fees are agreed before the appraisal process begins and do not depend in any way on the value of the properties to be appraised. They are determined at a flat rate based exclusively on the number of properties to be valued and the complexity of the appraisal process. Fees paid to the valuers during the year other than for half-yearly and annual appraisals amounted to €5 thousand and mainly concerned market research.
The properties are valued primarily by the discounted cash flows method, which consists of discounting projected future cash flows. Assumptions concerning future revenue flows take into account passing rents, estimated market rents for the period beyond the lease expiry date, any rent-free periods and rent step-ups, vacancy risk and projected changes in the construction cost index (ICC), office rent index (ILAT) and retail rent index (ILC). Each property is analysed in detail, according to the type of use and the surface area of each unit, lease by lease.

Based on information provided by the Group, the valuers noted that rents on certain units were above or below market rents for the period on similar properties. These differences were taken into account to value the properties according to their current occupancy, based on the duration of the underlying leases.

Vacant units were valued on the basis of assumed rents, excluding rent for the estimated marketing period, the period needed to complete the renovation work and any rent-free period expected to be granted. Expenditure assumptions cover non-recoverable costs – determined on a lease-by-lease basis – and projected capital expenditure to achieve the asset's highest and best use as defined by IFRS 13. Asset valuations include the estimated cost of future work (based on expenditure budgets for properties in the process of being redeveloped), including any lessor contributions to the cost of work carried out by the tenant.

Net cash flows for the final year of the projection period are capitalised to calculate the terminal value, corresponding to the property's resale price at the end of the period.

The results obtained are then compared to market data and adjusted, if necessary, to obtain a market-consistent value. However, given that these appraisal values are essentially estimates that are sensitive to changes in rental values and discount rates, the proceeds from the sale of certain property assets may be different to their appraisal value, even if the sale takes place within a few months of the period-end.
The appraisal values are quoted both including transfer costs (calculated on the basis of a flat 7.5% rate for all properties subject to registration duty and 1.8% for properties subject to VAT) and excluding transfer costs and acquisition expenses.

Assets under redevelopment are measured at their fair value, as determined at half-yearly intervals by independent experts using the discounted cash flows method, which is considered to be reliable.

Fair value measurement of investment property

IFRS 13 – Fair Value Measurement establishes a single definition of fair value and describes all the information concerning fair value to be disclosed in the notes to the financial statements.

Fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The valuation of investment property takes into account this definition of fair value.

In IFRS 13, fair value measurements are categorised into a three-level hierarchy. Level 3 concerns unobservable inputs for the asset or liability. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Due to the nature of the investment property market in France and the characteristics of the Group's investment property, the most meaningful inputs, particularly market rents, investment yields and/or discount rates, represent Level 3 inputs.

(in thousands of euros)	31 Dec. 2023	Acquisitions	Increases	Positive fair value adjust-ments	Decreases	Negative fair value adjust-ments	Reclassi-fications	31 Dec. 2024
Investment property	7,156,813	-	97,466	184,229	-	(79,695)	-	7,358,814
Total	**7,156,813**	**-**	**97,466**	**184,229**	**-**	**(79,695)**	**-**	**7,358,814**

The “Increases” column above corresponds to subsequent expenditure (i.e. post-acquisition, mainly for work) added to the carrying amount of the assets.

Reconciliation of the appraisal values of investment property to their fair values in the statement of financial position:

(in thousands of euros)	31 Dec. 2024	31 Dec. 2023
Appraisal value of investment property, excluding transfer costs	7,570,849	7,332,131
Deduction of owner-occupied property (see Note V – 2)	(51,860)	(51,437)
Adjustments to reflect specific lease terms and other adjustments	(160,176)	(123,881)
Fair value of investment property in the statement of financial position	**7,358,814**	**7,156,813**

The table below shows the fair value measurement inputs for each asset class:

Geographic area	Value excluding transfer costs 31 December 2024 (in € millions, on a 100% basis)	Inputs	Range of values[1]	Weighted average[1]
Paris CBD	5,851	ERV[2]	€800 – €1,083	958
		Exit yield	3.90% – 5.00%	4.08%
		Discount rate	4.90% – 6.00%	5.02%
Other Paris	1,635	ERV[2]	€627 – €880	745
		Exit yield	4.30% – 4.75%	4.51%
		Discount rate	5.30% – 6.05%	5.56%
Western Crescent	85	ERV[2]	€656 – €656	656
		Exit yield	4.75% – 4.75%	4.75%
		Discount rate	5.75% – 5.75%	5.75%
Total	**7,571**			

[1] *Offices.*

[2] *Estimated rental value.*

Investment property valuation inputs used at 31 December 2023 were as follows for each asset class:

Geographic area	Value excluding transfer costs 31 December 2023 (in € millions, on a 100% basis)	Inputs	Range of values[(1)]	Weighted average[(1)]
Paris CBD	5,688	ERV[(2)]	€768 – €1,000	€928
		Exit yield	3.80% – 4.75%	4.16%
		Discount rate	4.80 – 5.75%	5.15%
Other Paris	1,559	ERV[(2)]	€607 – €837	€717
		Exit yield	4.20% – 4.90%	4.52%
		Discount rate	5.20 – 6.60%	5.74%
Western Crescent	85	ERV[(2)]	€607 – €607	€607
		Exit yield	4.45 – 4.45%	4.45%
		Discount rate	5.45 – 5.45%	5.45%
Total	**7,332**			

[(1)] *Offices.*
[(2)] *Estimated rental value.*

Sensitivity analysis

For each key parameter used for fair value measurement purposes, sensitivity tests were performed at 31 December 2024, using ranges reflecting reasonably possible variations given current macroeconomic conditions (notably taking into account forecasts for inflation and European Central Bank key interest rates, as well as historical trends in market rents for Paris-CBD properties over the last 18 months).

a/ Sensitivity of market rental values:

(in thousands of euros)	Reference value	+2.5%	+5%
Appraisal value of investment property, excluding transfer costs	7,570,849	7,701,860	7,834,472
Induced change in value	-	**+131,011**	**+263,623**

b/ Exit yield sensitivity:

(in thousands of euros)	-25 bps	-15 bps	Reference value	+15 bps	+25 bps
Appraisal value of investment property, excluding transfer costs	7,806,585	7,709,561	7,570,849	7,438,116	7,355,037
Induced change in value	**+235,736**	**+138,712**	-	**-132,732**	**-215,812**

c/ Discount rate sensitivity:

(in thousands of euros)	-25 bps	-15 bps	Reference value	+15 bps	+25 bps
Appraisal value of investment property, excluding transfer costs	7,822,293	7,718,832	7,570,849	7,428,975	7,340,031
Induced change in value	**+251,443**	**+147,983**	-	**-141,873**	**-230,817**

V – 5) Profit/(loss) on disposal of investment property

The Group did not dispose of any investment property in 2024. In first-half 2023, the 6 Hanovre investment property was sold, leading to the recognition of a capital loss of €158 thousand.

VI – Operating Activities

VI – 1) Net property rentals

Accounting policy

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount can be measured reliably. The specific revenue recognition criteria applied by the Group are as follows:

Rental income

Rental income from investment property is recognised on a straight-line basis over the fixed lease term. The economic benefits are transferred on the effective date stipulated in the contract, or the date the tenant moves into the property if stipulated in the contract. Rental income also comprises income from external management contracts. Variable rents are not material.

Specific lease terms

Current leases include various specific terms concerning rent-free periods, step-up clauses, key money and eviction compensation. In compliance with IFRS 16, the effects of rent-free periods and step-up clauses are recognised over the non-cancellable lease term.

Key money received by the lessor is recognised in rental income over the non-cancellable lease term.

Penalties paid by tenants for terminating their lease in advance of the expiry date are treated as revenue from the terminated lease and are recognised in revenue on the payment date.

Eviction compensation may be paid to secure the departure of a tenant, either to allow renovation work to be performed or so that the property can be re-let at a higher rent. In both cases this has the effect of increasing the asset's value and the compensation is therefore capitalised as part of the cost of the asset.

Property expenses

An analysis of the principal versus agent distinction under IFRS 15 led to the conclusion that the Group acts as principal. Accordingly, gross property expenses are presented separately from property expenses recovered from tenants in the statement of comprehensive income.

The Group's principal business is the rental of office and retail properties which accounts for 97.6% of rental income. Rental income includes the €31,206 thousand positive net impact of the deferral over the non-cancellable lease term of rent-free periods, rent step-ups and key money. Revenue from external management contracts amounted to €9,862 thousand.

At 31 December 2024, future minimum lease payments receivable over the remaining term of non-cancellable operating leases break down as follows:

(in thousands of euros)	Total	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due beyond 5 years
Rental income	1,483,796	203,782	202,739	190,895	172,533	138,058	575,789

At 31 December 2023, future minimum lease payments receivable over the remaining term of non-cancellable operating leases broke down as follows:

(in thousands of euros)	Total	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due beyond 5 years
Rental income	1,516,480	175,849	189,689	183,960	172,947	157,372	636,663

VI – 2) Other income

(in thousands of euros)	2024	2023
Own-work capitalised	1,174	1,435
Other income	5,884	9,093
Total	7,058	10,528

The caption "Other income" corresponds mainly to rental repairs and other work billed to tenants.

VI – 3) Trade and other receivables

Accounting policy

Trade receivables are initially recognised at amortised cost, corresponding to the initial invoice amount. Upon origination, the receivables are written down using the simplified expected loss-to-maturity model, in accordance with IFRS 9. The model is based on observed actual historical losses and projections of expected future losses taking into account identified risk factors. A receivables ageing analysis is used to determine historical losses. Expected losses are then determined based on observed historical losses adjusted for a forward-looking component.

In subsequent periods, the collection risk is systematically reviewed on a case-by-case basis, and a loss allowance is recorded if necessary to reflect the incurred risk.

(in thousands of euros)	31 Dec. 2024	31 Dec. 2023
Trade receivables	24361	31,507
Provisions	(4,148)	(7,719)
Trade receivables	**20213**	**23,787**
Prepayments to suppliers	21,458	1,468
Employee advances	5	3
Tax receivables (other than income tax)	13,683	7,590
Other operating receivables	-	457
Other receivables	100	55
Other receivables	**35,247**	9,573
Total	**55460**	**33,360**

Trade receivables include outstanding receivables, and the short-term portion of receivables relating to the recognition of rent-free periods and rent concessions in accordance with IFRS for €18,412 thousand (31 December 2023: €16,390 thousand). Receivables do not bear interest.

Cost of risk can be analysed as follows:

(in thousands of euros)	2024	2023
Increases in provisions	(2,044)	(5,704)
Reversals of provisions	5,612	330
Bad debt write-offs, net of recoveries	-	(166)
Total	**3,568**	**(5,540)**
Rental income	248,829	234,420
Cost of risk as a % of rental income	**-1.43%**	**2.36%**

VI – 4) Other current and non-current assets

(in thousands of euros)	31 Dec. 2024	31 Dec. 2023
Other trade receivables	141,764	112,880
Total other non-current assets	**141,764**	**112,880**
Income tax prepayments	764	3,484
Current prepayments	170	1,178
Total other current assets	**934**	**4,662**

Other trade receivables recorded under “Other non-current assets” correspond to the long-term portion of receivables relating to the recognition of rent-free periods and rent concessions in accordance with IFRS. Current prepayments correspond mainly to office tax payments.

VI – 5) Trade and other payables

(in thousands of euros)	31 Dec. 2024	31 Dec. 2023
Trade payables	20,026	7,787
Amounts due within one year on asset acquisitions	37,285	20,288
Total	**57,341**	**28,075**

VI – 6) Other current and non-current liabilities

(in thousands of euros)	31 Dec. 2024	31 Dec. 2023
Deposits	49,485	50,157
Accrued taxes	22,909	-
Total other non-current liabilities	**72,394**	**50,157**
Deposits	-	4,200
Customer prepayments	33001	30,970
Accrued employee benefits expense	8,393	9,542
Accrued taxes	15,600	3,242
Other liabilities	661	16,423
Accruals	6,364	1,977
Total other current liabilities	**64020**	**66,355**

The caption "Deposits" corresponds mainly to security deposits and bonds received from tenants. Accrued employee benefits expense includes statutory and discretionary profit-sharing and bonus accruals.

Tax liabilities at 31 December 2024 correspond mainly to the exit tax payable by SAS Pargal following its election to be taxed as an SIIC, made in April 2024 with retroactive effect from 1 January 2024 (see Note XI – 3).

VI – 7) Other expenses

(in thousands of euros)	2024	2023
Fees	(3,307)	(2,431)
Taxes other than on income	(1,723)	(1,518)
Other	(5,413)	(4,485)
Total	**(10,443)**	**(8,433)**

Fees paid to the Auditors and the members of their networks were as follows:

(in thousands of euros)	2024		2023	
	PricewaterhouseCoopers	Deloitte & Associés	PricewaterhouseCoopers	Deloitte & Associés
Statutory and contractual audits	395	375	369	325
Other services	71	47	51	86
Total	**466**	**422**	**420**	**411**

In 2024, fees for other services concerned the review of the translation of financial information, the review, at the Group’s request, of ESG information published in the SFL management report, and issuance of comfort letters in connection with the new Euro Medium Term Notes (EMTN) programme.

VII – Financing Activities

VII – 1) Borrowings and other interest-bearing debt

Accounting policy

Loans and borrowings are initially recognised at fair value, corresponding to the consideration paid or received, net of directly attributable transaction costs.

Interest-bearing loans and borrowings must subsequently be measured at amortised cost, using the effective interest method. In principle, amortised cost takes into account all debt issuance costs and any difference between the initial amount and the amount at maturity. Finance costs are recalculated based on this amortised cost figure and the related effective interest rate.
For simplicity, the Group amortises debt issuance costs and premiums on a straight-line basis, as the results obtained using this method are almost identical to those obtained using the effective interest rate method.

Borrowing costs directly attributable to the acquisition, construction or production of property assets are capitalised as part of the cost of the asset.

(in thousands of euros)	Nominal rate (%)	Expiry date	31 Dec. 2024	31 Dec. 2023	31 Dec. 2024	31 Dec. 2023
			Short-term portion		Long-term portion	
Bonds						
€500 million bond issue, 2021-2028	0.50%	21 April 2028	2,092	2,087	599,000	599,000
€500 million bond issue, 2020-2027	1.50%	5 June 2027	5,169	5,155	599,000	599,000
€500 million bond issue, 2018-2025	1.50%	29 May 2025	504,459	4,447	-	500,000
Bank loans						
BNPP syndicated term loan	3-month Euribor + margin	11 Dec. 2029	323	438	300,000	300,000
Negotiable European commercial paper (NEU CP)	Fixed rate (payable in advance)	Within 1 year	184,524	292,000	-	-
Other	1-month/3-month Euribor + margin	Within 1 year	563,518	347,410	-	-
Hedging instruments with a negative fair value			-	-	8,638	5,554
Bank overdrafts	Various	-	-	382	-	-
Impact of deferred recognition of debt arranging fees		-	(6,974)	(7,491)	(14,794)	(20,328)
Total			**1,253 112**	**644,429**	**1,491 844**	**1,983,226**

The following table analyses borrowings by maturity:

(in thousands of euros)	31 Dec. 2024	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	31 Dec. 2023
Bonds	1,709,721	511,721	1,198,000	-	1,709,689
BNPP syndicated term loan	300,323	323	300,000	-	300,438
NEU CP	184,524	184,524	-	-	292,000
Other	563,518	563,518	-	-	347,410
Fair value of hedging instruments	8,638	-	7,535	1,103	5,554
Bank overdrafts	-	-	-	-	382
Deferred debt arranging fees	(21,769)	(6,974)	(14,794)	-	(27,818)
Total	**2,744,956**	**1,253,112**	**1,490,741**	**1,103**	**2,627,655**

At 31 December 2024, the main covenants and acceleration clauses, which were applicable to all the bank credit lines, were as follows:

Applicable ratios	Actual ratios at 31 Dec. 2024	Actual ratios at 31 Dec. 2023	Main acceleration clauses
Loan-to-value (LTV) <= 50%	32.9%	32.5%	Default Termination of operations
Interest cover >= 2x	3.5	3.7	Bankruptcy proceedings
Secured LTV <= 20%	0.0%	0.0%	Material adverse event
Unrestricted property portfolio value >= €2bn	€8.1bn	€7.8bn	

The Group was not in breach of any of its financial covenants at 31 December 2024.

VII – 2) Finance costs and other financial income and expenses

(in thousands of euros)	2024	2023
Interest on bank loans, bonds and commercial paper	(68,445)	(55,723)
Interest on hedging instruments	6,073	3,346
Other financial expenses	(2,889)	(8,157)
Capitalised interest expense	1,699	2,880
Finance costs and other financial expenses	**(63,562)**	**(57,654)**
Interest income	159	666
Other financial income	2,016	978
Discounting adjustments to receivables and payables	1,382	-
Financial income	**3,557**	**1644**
Finance costs and other financial income and expense	(60,005)	(56,010)

Other financial expenses relate to the deferral of debt issuance costs and bond issue premiums.

Capitalised interest expense corresponds to interest capitalised at the rate of 2.06% over the restructuring period for the Scope building (and the Louvre Saint-Honoré building in 2023).

VII – 3) Financial instruments

Accounting policy

The Group uses derivative instruments such as interest rate swaps and caps to hedge the risk of changes in interest rates. These instruments are measured at fair value at each period-end.

All of the derivative instruments held by the Group are considered as macro-hedges and qualify for hedge accounting. Prospective hedge effectiveness tests performed at the period-end showed that the hedges were 100% effective. All of the Group's hedging positions correspond to cash flow hedges. The portion of the gain or loss on these instruments that is determined as being an effective hedge is recognised directly in equity and the ineffective portion is recognised through profit or loss. When a hedging relationship is discontinued, it no longer qualifies for hedge accounting and any subsequent changes in fair value of the hedging instrument are recognised directly through profit or loss. The cumulative gains and losses on the instrument recorded in equity at that date are reclassified ("recycled") to the income statement over the remaining life of the hedged item.

Standard market valuation methods are used – corresponding to Level 2 inputs in the fair value hierarchy (see Note V – 4) – taking into account the risk of non-performance (particularly the Group's own credit risk), in line with IFRS 13.

Fair value of hedging instruments

At 31 December 2024, derivatives held by the Group for hedging purposes included:

- Counterparty: CIC. 5-year interest rate swap on a notional amount of €100,000 thousand, whereby CIC pays the 3-month Euribor and SFL pays a fixed rate of 2.6250%. The swap came into effect on 14 November 2022 and is a cash flow hedge qualifying for hedge accounting.

- Counterparty: Société Générale. 7-year interest rate swap on a notional amount of €100,000 thousand, whereby Société Générale pays the 3-month Euribor and SFL pays a fixed rate of 2.4920%. The swap came into effect on 6 December 2022 and is a cash flow hedge qualifying for hedge accounting.

- Counterparty: CIC. 7-year interest rate swap on a notional amount of €100,000 thousand, whereby CIC pays the 3-month Euribor and SFL pays a fixed rate of 2.4240%. The swap came into effect on 6 December 2022 and is a cash flow hedge qualifying for hedge accounting.

- Counterparty: Cadif. 7-year interest rate swap on a notional amount of €200,000 thousand, whereby Cadif pays the 3-month Euribor and SFL pays a fixed rate of 2.4925%. The swap came into effect on 6 December 2022 and is a cash flow hedge qualifying for hedge accounting.

- Counterparty: CACIB. 5-year interest rate swap on a notional amount of €100,000 thousand, whereby CACIB pays the 3-month Euribor and SFL pays a fixed rate of 2.3750%. The swap will come into effect on 28 January 2025 and is a cash flow hedge qualifying for hedge accounting.

The table below summarises the main characteristics and fair values of SFL's hedging instruments:

(in thousands of euros)	Notional amount	Maturity	31 Dec. 2024	31 Dec. 2023
CIC swap at 2.6250%	100,000	Nov. 2027	(1,472)	(993)
Société Générale swap at 2.4920%	100,000	Dec. 2029	(1,594)	(935)
CIC swap at 2.4240%	100,000	Dec. 2029	(1,276)	(562)
Cadif swap at 2.4925%	200,000	Dec. 2029	(3,193)	(1,874)
CA-CIB swap at 2.375%	100,000	Jan. 2030	(1,103)	(1,190)
Total			**(8,638)**	**(5,554)**

Fair value adjustments to hedging instruments through other comprehensive income

The change in the cash flow hedging reserve corresponding to gains and losses accumulated in equity was a decrease of €6,882 thousand in 2024 (2023: decrease of €23,994 thousand).

(in thousands of euros)	2024	2023
Interest rate hedges	(6,882)	(23,994)
Total	**(6,882)**	**(23,994)**

This change includes gains and losses accumulated in the cash flow hedging reserve in equity that were reclassified to profit or loss for the period in respect of cash flow hedging instruments that had already been unwound.

The change in gains and losses maintained in equity in respect of unwound hedges breaks down as follows:

(in thousands of euros)	Date on which the instrument was unwound	Gains/losses accumulated in equity 31 Dec. 2023	Reclassified to profit or loss for the year	Gains/losses accumulated in equity 31 Dec. 2024
CA-CIB Nov. 2021 swap at -0.3475%	Oct. 2021	567	(200)	367
CIC Nov. 2021 swap at -0.4525%	Oct. 2021	862	(304)	558
CIC collar -0.25% cap/-0.52% floor	April 2022	6,700	(1,729)	4,971
SG collar -0.11% cap/-0.60% floor	June 2022	4,173	(1,565)	2,608
Total		12,302	(3,798)	8,504

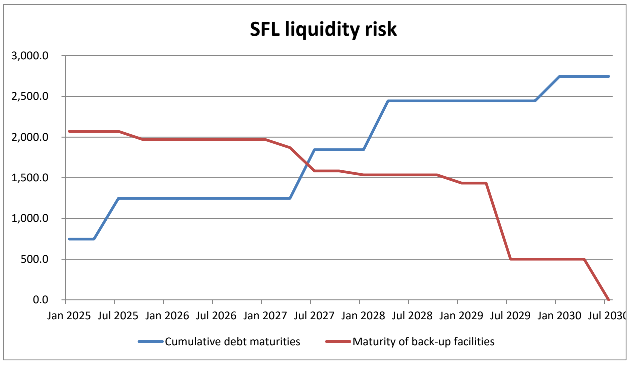
VII – 4) Financial risk management objectives and policy

The Group prudently manages its various financial risks.

1/ Liquidity risk

Liquidity risk is covered by confirmed undrawn lines of credit. At 31 December 2024, SFL had €2,070 million in undrawn confirmed credit facilities, including a €1,570 million line of credit from its banking partners and a €500 million loan from its shareholder Inmobiliaria Colonial. This shareholder loan was set up in November 2024 to finance the redemption at maturity of SFL's €500 million bond issue due in May 2025.

Total undrawn confirmed credit facilities increased by €500 million at 31 December 2024 compared with the previous year end. As shown in the graph below, the liquidity represented by these back-up facilities is sufficient to cover the Group's repayment obligations under its lines of credit up until June 2027.



In addition to its undrawn lines of credit, SFL has diversified sources of financing (comprising bilateral lines of credit, bonds, NEU CP commercial paper programme, etc.) and a portfolio of high quality assets, all of which reduce its exposure to liquidity risk.

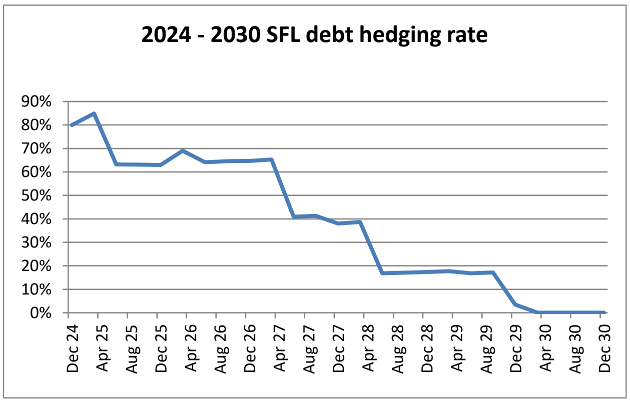
The acceleration clauses contained in the facility agreements are presented in Note VII – 1.

2/ Counterparty risk

All financial instrument contracts are entered into with leading financial institutions. The contracts concern either interest rate hedges or the short-term investment of available cash in money market funds. It should be emphasised that these same banks finance a portion of the Group's debt. The rental deposits obtained from tenants offer protection against the risk of rent default. The Group considers that its exposure to counterparty risk on operations is not material.

3/ Market risk

The Group did not have any exposure to currency risk at 31 December 2024. Interest rate risks are prudently and actively managed using an information system that tracks changes in the financial markets and calculates the fair value of hedging instruments in real time, thereby allowing the Group to efficiently quantify and analyse the risks associated with interest rate fluctuations.



a/ Objectives and strategy

Standard interest rate derivatives and fixed rate borrowings are used with the dual objective of reducing the sensitivity of borrowing costs to rising interest rates and minimising the cost of the derivatives. Steeper or flatter yield curves, market volatility, intrinsic interest rate levels and expected interest rate trends influence the choice of hedging instruments.

At 31 December 2024, 80% of debt was at fixed rates of interest (including variable rate debt swapped for fixed rate).

b/ Risk assessment

The average spot cost of debt stood at 1.98% at 31 December 2024, versus 2.07% at 31 December 2023.

A 25-basis point rise in interest rates across the yield curve would have had the effect of increasing the average cost of debt to 2.03%, driving up finance costs by €1,368 thousand or 2.5%. A 25-basis point decline in interest rates across the yield curve would have had the effect of decreasing the average cost of debt to 1.93%, reducing finance costs for the year by €1,368 thousand or 2.5%.

A 25-basis point increase in interest rates would have had the effect of increasing the fair value of hedging instruments by €6,231 thousand at 31 December 2024, while a 25-basis point decrease would have had the effect of reducing their fair value by €6,320 thousand.

c/ Interest rate risk

The following table provides an analysis by maturity of the notional amount of financial instruments exposed to interest rate risk at 31 December 2024.

(in thousands of euros)	Due within 1 year	Due in 1-2 years	Due in 2-3 years	Due in 3-4 years	Due in 4-5 years	Due beyond 5 years	Total
Negotiable European commercial paper (NEU CP)	185,000	-	-	-	-	-	185,000
Other	562,000	-	-	-	-	-	562,000
BNPP syndicated term loan	-	-	-	-	300,000	-	300,000
Total floating rate debt	**747,000**	**-**	**-**	**-**	**300,000**	**-**	**1,047,000**

The other financial instruments used by the Group are not listed in the table above because they do not bear interest or are not exposed to any interest rate risk.

Fair value of bonds

The fair value of the Group's outstanding bond issues at 31 December 2024 was €1,636,100 thousand, as follows:

(in thousands of euros)	Notional amount	Maturity	31 Dec. 2024	31 Dec. 2023
May 2018 bonds	500,000	May 2025	496,358	486,505
June 2020 bonds (+ May 2022 tap)	599,000	June 2027	579,491	574,929
Oct. 2021 bonds (+ April 2022 tap)	599,000	April 2028	560,251	538,142
Total			**1,636,100**	**1,599,576**

VII – 5) Financial assets

Accounting policy

Financial assets consist mainly of deposits paid to third parties and derivative instruments.

They are initially recognised at fair value, generally corresponding to their purchase price plus transaction costs.

The accounting treatment of derivative instruments is presented in Note VII – 3.

(in thousands of euros)	31 Dec. 2024	31 Dec. 2023
Deposits	237	237
Total non-current financial assets	**237**	**237**
Interest rate hedges	171	-
Other	-	612
Total current financial assets	**171**	**612**

VII – 6) Cash and cash equivalents

Accounting policy

Cash and cash equivalents carried in the statement of financial position include cash at bank and on hand and short-term deposits with original maturities of less than three months. They are short-term, highly liquid investments that are readily convertible into a known amount of cash and that are subject to an insignificant risk of changes in value.

Bank overdrafts represent a source of financing for the Group and they are therefore included in cash flows from financing activities in the statement of cash flows.

(in thousands of euros)	31 Dec. 2024	31 Dec. 2023
Cash and cash equivalents	8,381	50,965
Short-term investments	76,316	45,811
Total	**84,696**	**96,776**

VIII – Equity and Earnings Per Share

VIII – 1) Equity

Equity is analysed in the consolidated statement of changes in equity included in the financial statements. At 1 January 2024, the Company's share capital amounted to €85,771 thousand, represented by 42,885,672 ordinary shares with a par value of €2. Following a share issue paid up by capitalising reserves, at 31 December 2024, the capital stood at €85,901 thousand, divided into 42,950,800 shares with a par value of €2.

VIII – 2) Treasury shares

Accounting policy

Acquisitions, disposals and cancellations of treasury shares are recorded
as a deduction from equity.

	31 Dec. 2023	Increases	Decreases	31 Dec. 2024
Number of treasury shares	2,883	9,479	(12,252)	110
Value (in thousands of euros)	**571**	**630**	**(830)**	**371**

VIII – 3) Dividends

(in thousands of euros)	2024		2023	
	Total payout	Per share	Total payout	Per share
Dividends paid out during the period	103,076	€2.40	180,100	€4.20
Total	**103,076**	**€2.40**	**180,100**	**€4.20**

VIII – 4) Earnings per share

Earnings per share are calculated by dividing profit attributable to ordinary owners of the parent by the weighted average number of shares outstanding during the period, i.e., the number of ordinary shares outstanding at the beginning of the period, net of treasury shares, adjusted for the time-weighted number of ordinary shares cancelled or issued during the period.

Diluted earnings per share are calculated by dividing profit attributable to ordinary owners of the parent by the weighted average number of ordinary shares outstanding during the period, net of treasury shares and adjusted for the dilutive effect of outstanding performance shares awarded to employees and corporate officers.

(in thousands of euros)	2024	2023

Profit/(loss) used to calculate basic earnings per share	206,925	(638,767)
Average number of ordinary shares	42,929,091	42,882,179
Average number of treasury shares	(2,760)	(19,981)
Average number of ordinary shares excluding treasury shares	**42,926,331**	**42,862,198**
Basic earnings per share	**€4.82**	**€(14.90)**
Profit/(loss) used to calculate basic earnings per share	206,925	(638,767)
Average number of ordinary shares	42,929,091	42,882,179
Average number of treasury shares	(2,760)	(19,981)
Average potential ordinary shares corresponding to dilutive instruments	(25,936)	-
Diluted weighted average number of ordinary shares excluding treasury shares	**42,900,394**	**42,862,198**
Diluted earnings per share	**€4.81**	**€(14.90)**

There were no other transactions on ordinary shares or potential ordinary shares between the period-end and the date when these financial statements were drawn up.

VIII – 6) Non-controlling interests in profit

Non-controlling interests in profit for the period break down as follows:

(in thousands of euros)	SCI Paul Cézanne	SCI 103 Grenelle	SAS 92 Champs Elysées	SAS Cloud	Total 2024
Rental income	10,150	5,262	5,828	12,962	34,201
Fair value adjustments to investment property	14,982	1,000	(811)	28,676	43,847
Finance costs and other financial income and expense	245	214	311	485	1,255
Other	197	300	42	(297)	242
Total	**25,573**	**6,776**	**5,370**	**41,826**	**79,545**

The 2023 breakdown was as follows:

(in thousands of euros)	SCI Paul Cézanne	SCI 103 Grenelle	SAS 92 Champs Elysées	SAS Cloud	Total 2023
Rental income	9,194	5,896	5,925	10,005	31,020
Fair value adjustments to investment property	(73,522)	(21,535)	(15,887)	(69,813)	(180,757)
Finance costs and other financial income and expense	71	57	186	81	394
Other	(175)	(29)	(166)	1,608	1,238
Total	**(64,433)**	**(15,611)**	**(9,943)**	**(58,118)**	**(148,105)**

IX – Provisions

IX – 1) Short- and long-term provisions

Accounting policy

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are recorded in the financial statements if, and only if, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions for contingencies and charges are determined using Management estimates and assumptions based on information and circumstances existing at the time of preparation of the financial statements, and therefore require the use of judgement.

When the Group expects reimbursement of some or all of the expenditure required to settle a provision, the reimbursement is recognised as a separate asset when, and only when, it is almost certain that it will be received. In the income statement, the provision expense is presented net of the amount recognised for the reimbursement.

(in thousands of euros)	31 Dec. 2023	Increases	Decreases	*o/w utilisations*	Actuarial gains and losses	Reclassifications	Other	31 Dec. 2024
Provisions for employee benefits	1,348	1,020	(97)	*(97)*	38	(823)	-	1,485
Provisions for taxes other than on income	-	-	-	-	-	-	-	-
Long-term provisions	**1,348**	**1,020**	**(97)**	***(97)***	**38**	**(823)**	**-**	**1,485**
Provisions for employee benefits	836	-	(836)	*(822)*	-	823	-	823
Other provisions for contingencies and charges	-	850	-	-	-	-	-	850
Short-term provisions	**836**	**850**	**(836)**	***(822)***	**-**	**823**	**-**	**1,673**
Total	**2,184**	**1,870**	**(933)**	***(919)***	**38**	**-**	**-**	**3,158**

Provisions for employee benefits include provisions for length-of-service awards payable to employees on retirement and jubilees for €1,083 thousand. See Note X – 2 for more details.

Short- and long-term provisions covering benefits payable to members of senior management amounted to €44.6 thousand at 31 December 2024 and €25.3 thousand at 31 December 2023.

IX – 2) Net change in provisions and impairment

(in thousands of euros)	2024	2023
Charges to provisions for impairment of current assets	(2,044)	(5,704)
Charges to provisions for operating contingencies and charges	(1,725)	(687)
Charges to provisions for other contingencies and charges	(145)	(164)
Total charges	**(3,913)**	**(6,556)**
Reversals of provisions for impairment of current assets	5,612	330
Reversals of provisions for other contingencies and charges	14	205
Total reversals	**5,625**	**535**
Total	**1,712**	**(6,021)**

X – Remuneration and Other Employee Benefits

X – 1) Employee benefits expense

Employee benefits expense breaks down as follows:

(in thousands of euros)	2024	2023
Wages and salaries	(9,693)	(7,164)
Payroll taxes	(4,779)	(3,672)
Other employee benefits	(3,892)	(3,755)
Statutory and discretionary profit-sharing	(1,756)	(922)
Total	**(20,120)**	**(15,514)**

The average number of administrative staff breaks down as follows:

	2024	2023
Officers	2	2
Managers	58	59
Supervisors	15	18
Administrative and technical staff	-	-
Total	**75**	**79**

X – 2) Length-of-service awards payable to employees on retirement

Accounting policy

IAS 19R requires companies to recognise all of their employee benefit liabilities in the statement of financial position. Employee benefit plan costs are recognised over the vesting period. The main employee benefit plans concern length-of-service awards payable to employees on retirement.

Measurement method

Long-term employee benefits are recognised in the period in which the qualifying service is rendered by the employee. They are discounted at a rate defined in IAS 19. Short-term employee benefits are recognised in current liabilities and in expenses for the period. They are calculated at six-monthly intervals based on actuarial assumptions. Actuarial gains and losses are included in "Other comprehensive income". The benefit cost is determined based on employee service rendered up to the measurement date, assuming employees retire at their own initiative.

Long-term employee benefits are allocated to the periods of service in which the obligation arises, in accordance with the 2021 IFRIC decision on this subject.

(in thousands of euros)	2024	2023
Projected benefit obligation at beginning of period	**997**	**1,036**
Benefits paid during the period	(97)	(71)
Service cost	112	133
Interest cost	33	31
Actuarial gains and losses	38	(132)
Projected benefit obligation at end of period	**1,083**	**997**

The projected benefit obligation is calculated at six-monthly intervals based on actuarial assumptions, including a discount rate of 3.10% (31 December 2023: 3.44%) and a 2.30% rate of future salary increases (31 December 2023: 2.30%). Actuarial gains and losses are recognised in “Other comprehensive income”.

A 25-bps reduction in the discount rate at 31 December 2024 would lead to an €26 thousand increase in the projected benefit obligation at that date.

The Group's employee benefit plans are as follows:

- Length-of-service awards payable to employees on retirement: benefits payable under this plan are specified in a corporate agreement signed with employee representatives.
- Post-employment medical care: this plan concerns a closed group of retired SFL employees. Benefits consist of the payment by SFL of two-thirds of the contributions due to the insurance company responsible for reimbursing medical costs.
- Jubilees: the agreements in force within the Group provide for the payment of one month's salary to administrative staff who complete 20, 30, 35 and 40 years of service with the SFL Group, and one month's salary to building staff who complete 25 years of service.

Employees are not covered by any defined benefit pension plan and are not entitled to any other post-employment benefits. As the Group does not have any defined benefit obligations, no sensitivity analyses are presented.

X – 3) Share-based payments

Accounting policy

IFRS 2 requires all share-based payment transactions to be recognised in the income statement.

Measurement method

The total cost of each performance share plan is calculated at the grant date by multiplying the number of performance share rights that are expected to vest by the fair value per share.

The fair value of the performance shares is determined using the Capital Asset Pricing Model (CAPM), based on the share price on the grant date, adjusted for the discounted present value of future dividends payable during the vesting period. The number of shares expected to vest corresponds to the target number of allocated shares multiplied by the estimated vesting rate, taking into account each plan's specific vesting conditions.

The total cost calculated as explained above is recognised on a straight-line basis over the vesting period. The estimated vesting rate and the resulting estimated total cost are adjusted at each period-end to take account of the latest estimate of the number of shares expected to vest.

Details of performance share plans at 31 December 2024

	Plan no. 6	Plan no. 6	Plan no. 7	Plan no. 8
Date of shareholder authorisation	15 April 2021	15 April 2021	15 April 2021	15 April 2021
Grant date (date of Board meeting)	18 Feb. 2022	14 Feb. 2023	14 Feb. 2023	14 Feb. 2024
Initial target number of shares	30,624	4,980	22,500	31,507
Initial expected vesting rate	100.00%	100.00%	100.00%	100.00%
Initial number of shares expected to vest	30,624	4,980	22,500	31,507
Fair value per share	€73.37	€72.91	€72.91	€40.24
Rights cancelled/forfeited	(1,012)	(1,040)	-	(2,321)
Expected vesting rate at end of period	200.00%	100.00%	100.00%	100.00%
Shares acquired	56	56	-	-
Number of shares expected to vest at end of period	**59,280**	**3,996**	**22,500**	**29,186**

Main features of the plans

The plans' main features are as follows:

- The shares will vest only if the grantee is still employed by the Group on the vesting date.
- Performance target: the number of shares that vest depends on SFL's ranking among a group of six listed property companies based on growth in consolidated ANAV per share.
- The performance shares will vest 15 business days after the publication, by the last of the Reference Companies to do so, of a press release announcing its results for the third financial year after the grant date.
- Lock-up period: the performance shares may not be sold or otherwise transferred before the end of a period of one to two years as from the vesting date.

Accounting treatment

The expected vesting rate is adjusted to reflect SFL's most probable ranking at the end of the vesting period. At 31 December 2024, the rates applied were 200% for the 2022 plan (probable ranking: no. 1), 100% for the 2023 plan (probable ranking: no. 3) and 100% for the 2024 plan.

During the period, a total of 65,128 performance shares vested under 2021 Plan no. 5.

The cost of performance share plans recognised during the period amounted to €3,851 thousand (excluding specific employer contributions).

X – 4) Related party information

The remuneration paid to the members of the Board of Directors and corporate officers breaks down as follows:

(in thousands of euros)	2024	2023
Short-term benefits, excluding payroll taxes[1]	5,443	3,419
Payroll taxes on short-term benefits	2,935	2,343
Share-based payments[2]	1,339	1,544
Directors' fees	191	157
Total	**9,908**	**7,463**

[1] *Gross salary and other remuneration, bonuses, statutory and discretionary profit-sharing, matching Company payments and termination benefits paid during the period.*

[2] *Cost recognised in the income statement for stock options and employee rights issues.*

XI – Income Taxes

XI – 1) Income tax expense

Accounting policy

The results of businesses subject to income tax are taxed at the standard rate. The Group entities that have elected to be taxed as an SIIC are not liable for income tax and the number of companies for which current and deferred taxes are recognised is therefore limited.

Income tax expense for 2024 amounted to €49,872 thousand (2023: €2,534 thousand). The 2024 amount corresponds for the most part to the exit tax payable by SAS Pargal following its election to be taxed as an SIIC (see Note XI – 3).

The global minimum tax (Pillar 2 - BEPS 2.0) applicable with effect from 1 January 2024 is designed to ensure that groups with revenue in excess of €750 million pay an effective tax rate of at least 15% per tax jurisdiction. SFL is not concerned by this measure.

XI – 2) Deferred taxes

Accounting policy

For businesses subject to income tax, deferred tax assets and liabilities are recognised by the liability method for all temporary differences between the book value of assets and liabilities and their tax basis.

SAS Pargal's election for taxation as an SIIC led to the elimination of the tax bases previously used to determine the SIICs' deferred tax assets and liabilities. The only remaining deferred tax assets and liabilities concern companies that are not eligible for taxation as a SIIC (mainly the businesses of SAS Parhaus and Parchamps).

Deferred tax assets and liabilities are calculated for all temporary differences using the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, i.e., 25%.

(in thousands of euros)	31 Dec. 2023	Reclassifications	Other	Income statement	31 Dec. 2024
Fair value adjustments to investment property	(134,382)	-	-	62,596	(71,786)
Adjustment of depreciation and amortisation	(33,375)	-	-	9,504	(23,871)
Adjustment of rental income	(4,635)	-	1,672	2,964	0
Capitalisation of interest expense and transaction costs	(521)	-	-	-	(521)
Other	(42)	-	-	(1,016)	(1,058)
Net	**(172,955)**	**-**	**1,672**	**74,048**	**(97,236)**
Of which deferred tax assets	-	-	-	-	-
Of which deferred tax liabilities	(172,955)	-	1,672	74,048	(97,236)

XI – 3) Exit tax liability

Following its election for taxation as an SIIC, SAS Pargal became liable for an exit tax, payable in four annual instalments between 2024 and 2027. This liability is reported in the Group's consolidated financial statements at its discounted present value. At 31 December 2024, the discounted amounts of the various instalments are as follows:

Due	2025	2026	2027	Total
Amount due (in thousands of euros)	**11,802**	**11,569**	**11,340**	**34,711**

XI – 4) Consolidated tax proof

(in thousands of euros)	2024	2023
Profit/(loss) after income tax	127,380	(786,872)
Income tax benefit	24,176	28,005
Profit/(loss) before income tax	103,204	(814,876)
Corporate income tax rate applicable in France	25.83%	25.83%
Theoretical income tax benefit/(expense)	**(26,653)**	**210,442**
Impact of differences in tax rates	60	70
Impact of permanent differences	(1,165)	756
Impact of unrecognised tax losses	(1,652)	(2,201)
Impact of unrecognised deferred tax assets	(2,301)	(2,633)
Effects of tax credits	-	42
Effects of the SIIC regime	55,678	(178,540)
Other	209	69
Actual income tax benefit	**24,176**	**28,005**
Effective tax rate	-23.43%	3.44%

Income tax expense is reconciled to book profit using the tax rate of the country where the parent company is located, i.e., France.

Unrecognised deferred tax assets arise from deductible temporary differences for which the recovery of the associated tax benefit is not considered probable.

SIICs are flow-through entities and are exempt from corporate income tax.

XII – Off-Balance Sheet Commitments

XII – 1) Operations-related commitments

Guarantees

(in thousands of euros)	Total	Within 1 year	In 1 to 5 years	Beyond 5 years
Commitments received				
Guarantees received from tenants (including FDG[1])	64,815	1,567	14,097	49,150
Guarantees received from suppliers	22,116	2,226	19,890	-
Financial guarantees	110	110		
Total commitments received	**87,021**	**3,903**	**33,987**	**49,150**

[1] FDG: Independent first demand guarantee

Contractual redevelopment and renovation obligations

At 31 December 2024, the contractual commitments given by the Group relating to investment property undergoing redevelopment totalled €115,773 thousand (€39,453 thousand at 31 December 2023) and primarily concerned the Scope (formerly Rives de Seine) and Condorcet properties.

XII – 2) Off-balance sheet financing commitments

At 31 December 2024, off-balance sheet financing commitments received only concerned unused confirmed credit lines.
They can be broken down as follows:

(in thousands of euros)	Total	Within 1 year	In 1 to 5 years	Beyond 5 years
Banco Sabadell	50,000	-	50,000	-
Cadif	145,000	-	145,000	-
Syndicated loan	835,000	-	835,000	-
BNPP	100,000	-	100,000	-
BECM	140,000	-	140,000	-
SG	100,000	100,000	-	-
Intesa Sanpaolo	100,000	-	100,000	-
Caixabank	100,000	-	100,000	-
Long-term shareholder loan	500,000	-	-	500,000
Total	**2,070,000**	**100,000**	**1,470,000**	**500,000**

XII – 3) Employee-related off-balance sheet commitments

At 31 December 2024, the Group had no employee-related off-balance sheet commitments.

XIII – Note to the Statement of Cash Flows

XIII – 1) Acquisitions of and improvements to investment properties and cash and cash equivalents

(in thousands of euros)	2024	2023
Acquisitions of and improvements to investment property		
Acquisitions	(2,879)	(1,910)
Work	(94,587)	(60,470)
Total	**(97,466)**	**(62,380)**
Cash and cash equivalents at end of period		
Cash at bank and in hand	8,381	50,965
Short-term investments	76,315	45,811
Total	**84,696**	**96,776**

XIII – 2) Changes in liabilities related to financing activities

Changes in liabilities related to financing activities are as follows:

(in thousands of euros)	31 Dec. 2023	Cash flows			Non-cash changes			31 Dec. 2024
		Proceeds from new borrowings	Repayments of borrowings	Interest paid[(1)]	Deferred recognition of debt arranging fees	Fair value adjustments	Other	
Borrowings (excluding accrued interest)	1,970,182	-	-	-	6,051	-	-	1,976,233
Accrued interest on borrowings and derivatives	14,538	-		(1,452)	-	-	-	13,086
NEU Commercial Paper	292,000	1,255,500	(1,362,500)	-	-	-	-	185,000
Derivative instruments (liabilities)	5,554	-	-	-	-	3,084	-	8,638
Other	345,000	2,502,000	(2,285,000)	-	-	-	-	562,000
Bank overdrafts (including interest)	382	-	(382)	-	-	-	-	-
Total	**2,627,655**	**3,757,500**	**(3,647,882)**	**(1,452)**	**6,051**	**3,084**	**-**	**2,744,956**

[(1)] This amount represents the impact of the change in accrued interest in calculating paid interest and not the actual interest payments.

XIV – Scope of Consolidation

The table below summarises the main information concerning the scope of consolidation at 31 December 2024:

Consolidated companies	Registration no.	Percentage (%)	
		Interest	Voting rights
Parent company			
SA Société Foncière Lyonnaise	552 040 982	-	-
Fully consolidated companies			
SA SEGPIM	326 226 032	100	100
SAS Locaparis	342 234 788	100	100
SAS Maud	444 310 247	100	100
SAS Parchamps	410 233 498	100	100
SAS Pargal	428 113 989	100	100
SAS Parhaus	405 052 168	100	100
SAS SB2	444 318 398	100	100
SAS SB3	444 318 547	100	100
SCI SB3	444 425 250	100	100
SCI 103 Grenelle	440 960 276	51	51
SCI Paul Cézanne	438 339 327	51	51
SCI Washington	432 513 299	100	100
SNC Condorcet Holding	808 013 890	100	100
SNC Condorcet Propco	537 505 414	100	100
SAS Cloud	899 379 390	51	51
SAS 92 Champs-Elysées	899 324 255	51	51
SCI Pasteur 123	789 738 556	100	100

Four companies are 51%-owned by SFL. A shareholders' pact gives SFL *de facto* control over these companies (through its ability to control the decisions that have the greatest impact on the yield generated by these investments). The four companies are therefore considered as being controlled exclusively by SFL.

As a result of the control exercised by the Group over all of its investments, all of the companies are fully consolidated.

Société Foncière Lyonnaise is a fully consolidated subsidiary of Spanish company Inmobiliaria Colonial SOCIMI, SA, which owned 98.3% of the capital at 31 December 2024. The Group and all of its subsidiaries have their registered office in the 8th *arrondissement* of Paris.