SOCIETE FONCIERE LYONNAISE

INTERIM FINANCIAL REPORT

Six months ended 30 June 2025

OVERVIEW

1. Interim Management Report Page 3

2. Risk Factors Page 11

3. Interim Consolidated Financial Statements for the six months ended 30 June 2025 Page 13

4. Statutory Auditors' Review Report Page 44

5. Statement by the Person Responsible for the Interim Financial Report Page 46

1. Interim Management Report

Board of Directors

As of 30 June 2025, the membership of the Board of Directors of SFL was as follows (unchanged since 7 April 2022):

Chairman:
- Pere Viñolas Serra

Directors:
- Ali Bin Jassim Al Thani
- Juan José Brugera Clavero
- Carmina Ganyet i Cirera
- Arielle Malard de Rothschild
- Alexandra Rocca

Senior Management

Aude Grant, Chief Executive Officer (from 21 December 2024).

First-Half 2025 Results

The consolidated financial statements for the six months ended 30 June 2025 were approved by the Board of Directors of Société Foncière Lyonnaise ("SFL") on 23 July 2025, at its meeting chaired by Pere Viňolas Serra.

“In a more mixed rental environment over the first half of the year, SFL continued to deliver excellent operating performances, in terms of both occupancy (99.7% economic occupancy rate for offices) and average nominal rent (€855/sq.m.). The Paris market remained extremely polarised, with leases on prime properties signed or rolled over at record high rents of over €1,000/sq.m. This is proof, if any were needed, that while the supply of available properties is growing, the attention paid to product quality still makes all the difference”, explained Aude Grant, SFL’s Chief Executive Officer.

The consolidated financial statements for the six months ended 30 June 2025 were approved by the Board of Directors of Société Foncière Lyonnaise ("SFL") on 23 July 2025, at its meeting chaired by Pere Viňolas Serra.
These financial statements show significant growth in EPRA earnings and a modest increase in the value of the asset portfolio. Physical and economic occupancy rates remained exceptionally high, at 99.1% and 99.3% respectively, and properties let during the period commanded increasingly high rents, attesting to the appeal of prime Paris office properties and the relevance of SFL's business model.

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

Consolidated data (€ millions)

	H1 2024	H1 2025	Change
Rental income	121.6	122.6	+0.8%
Adjusted operating profit*	109.8	108.2	-1.5%
Attributable net profit	76.7	100.0	+30.4%
EPRA earnings	60.1	64.5	+7.4%
per share	€1.40	€1.50	+7.2%

* Before fair value adjustments to property assets

	31/12/2024	30/06/2025	Change
Attributable equity	3,642	3,623	-0.5%
Consolidated portfolio value excluding transfer costs	7,571	7,650	+1.0%
Consolidated portfolio value including transfer costs	8,075	8,191	+1.4%
EPRA NTA	3,779	3,657	-3.2%
per share	€88.0	€85.0	-3.4%
EPRA NDV	3,739	3,701	-1.0%
per share	€87.0	€86.0	-1.1%

I. Economic occupancy rate kept at a record high 99.3%

Despite a rise in the Paris region vacancy rate to 10.8% (up 8.0% over six months), SFL has carved a niche for itself with its very high quality portfolio of outstanding assets in prime locations (99% in central Paris) and its policy of investing continuously to deliver first-class services and high levels of customer satisfaction. The physical occupancy rate continued to top 99.0% at 30 June 2025 (99.4% at 31 December 2024). The EPRA vacancy rate was 0.7% (0.5% at 31 December 2024).

SFL signed 13 leases in the first half, on over 10,500 sq.m. including 10,300 sq.m. of office space let mainly to new tenants. In addition, renegotiated leases on around 2,400 sq.m. were signed with existing tenants, in some cases ahead of the lease-break date in response to tenants' needs and to allow SFL to capture the reversionary potential in advance.

This sustained rental activity primarily concerned the following properties:

- Louvre Saint-Honoré, with 1,600 sq.m. let for a non-cancellable period of nine years to La Caisse, a leading Canadian institutional investor;
- Haussman Saint-Augustin, with 2,000 sq.m. let for a non-cancellable period of nine years to an international law firm;
- Washington Plaza, with 1,900 sq.m. let for a non-cancellable period of six years to Citadel;
- Edouard VII, with 1,100 sq.m. let for a non-cancellable period of nine years to AFG;
- office space in the Washington Plaza, Cézanne Saint-Honoré and 103 Grenelle properties; and
- around 230 sq.m. of retail units.

A new record was set for rents on the new office leases, with the average nominal rent hitting €1,002 per sq.m., corresponding to an average effective rent of €860 per sq.m., for an average non-cancellable period of 7.2 years.

II. Modest increase in portfolio appraisal value amid continuing uncertainty

The appraisal value of the Group's portfolio at 30 June 2025 was €7,650 million excluding transfer costs, up 1.0% from €7,571 million at 31 December 2024 (up 1.4% including transfer costs). No properties were purchased or sold during the first half of 2025.

The increase in appraisal values mainly reflected the application of rent escalation clauses and the rise in rental values in the prime segment of the Paris property market. Discount rates and exit capitalisation rates narrowed slightly, by an average of 12 bps and 3 bps respectively, in an unfavourable macroeconomic environment which reduced the prospect of rent indices increasing in future periods.

The average EPRA topped-up net initial yield (NIY) was 3.8% at 30 June 2025, unchanged from 31 December 2024. The potential rental yield was 4.2% at 30 June 2025 (4.1% at 31 December 2024).

III. Development pipeline offering a €79.0 million annual reversionary potential

At 30 June 2025, the portfolio's total reversionary potential (vacant space, pipeline properties, lease renegotiations) was estimated at around €79.0 million per year. The sharp €13 million increase compared with 31 December 2024 was mainly due to the departure of GRDF from the Condorcet building and McKinsey from 90 Champs-Elysées. By efficiently anticipating these departures, SFL was able to begin redeveloping the two properties as soon as the tenants handed back the keys.

Pipeline properties mainly comprise the following projects:

- Renovation of the Haussmann Saint-Augustin building (around 12,600 sq.m.). Following the departure of the tenant (WeWork) on 30 June 2024, work has been undertaken to improve the quality of the service areas and the organisation of the office floors. The first new tenant is preparing to move in on 1 October 2025.
- Redevelopment of the Scope office building on Quai de la Râpée in Paris (around 22,700 sq.m.). Preparatory work for the redevelopment project was launched in September 2022 and redevelopment work began in August 2024, with delivery scheduled for summer 2026.
- Redevelopment of the Condorcet building (around 25,000 sq.m.). GRDF moved out of its former headquarters building at the end of January 2025, allowing work to begin on the restructuring of the building for delivery at the end of 2027.

Capitalised work carried out in the first half of 2025 totalled €61.1 million, including the above three projects for a combined amount of €42.6 million and refurbishment of complete floors and common areas, mainly in the Cézanne Saint-Honoré, 103 Grenelle, Louvre Saint-Honoré and Edouard VII buildings.

IV. A stronger financial structure

SFL continued to adapt its financial structure in preparation for the planned merger with Colonial, taking advantage of the liquidity offered by its shareholder:

- In February 2025, undrawn confirmed credit lines for a total nominal amount of €485 million were cancelled (leaving undrawn confirmed credit lines of €1,085 million at 30 June 2025);
- In May 2025, the €500 million bond issue that matured during the same month was refinanced by drawing down a long-term intra-group loan for the same amount;
- In June 2025, interest rate hedges on a notional amount of €300 million were unwound in advance, after which, 81% of the Group's debt was at fixed rates or converted to fixed rate using hedging instruments, compared with 80% at 31 December 2024.

During the period, the average maturity of debt was extended from 3.3 years at 31 December 2024 to 3.8 years at 30 June 2025.

Net debt at 30 June 2025 amounted to €2,808 million compared to €2,660 million at 31 December 2024, representing a loan-to-value ratio of 34.3% including transfer costs. At the same date, the average cost of debt after hedging was 2.2% and the interest coverage ratio (ICR) was 3.7x.

V. Strong revenue growth in a still uncertain environment

❖ Rental income up 6.3% like-for-like

First-half 2025 consolidated rental income totalled €122.6 million, up €1.0 million or 0.8% from the €121.6 million reported for the same period of 2024. The very limited change, which was expected, was due to the combined effect of:

- The €7.0 million year-on-year net decline in revenue, with major pipeline projects at the Haussmann Saint-Augustin and Condorcet buildings leading to €7.6 million in "lost" rental income.
- The recognition in first-half 2025 of penalties received from tenants for breaking their leases, partly offset by the cancellation of the related rent accruals in the IFRS financial statements, which added a net €1.0 million to rental income for the period versus first-half 2024.

- Rent increases (excluding all changes in the portfolio affecting period-on-period comparisons), which boosted rental income by €7.0 million or 6.3%, reflecting: (i) the €3.3 million positive impact of applying rent escalation clauses; (ii) pre-marketing of offices vacated before the end of the original lease, which were taken up by other tenants that needed more space (mainly in Washington Plaza and Edouard VII), a proactive asset management initiative that enabled SFL to capture the offices' reversionary potential earlier than expected (€2.7 million positive impact) and; (iii) the positive contribution from property management contracts related to the Edouard VII and #cloud.paris properties (approximately €1.0 million).

Adjusted operating profit (i.e., operating profit before disposal gains and losses and fair value adjustments to investment property) down 1.5% to €108.2 million in first-half 2025, from €109.8 million in the year-earlier period.

❖ **Higher net profit despite the increase in finance costs**

Positive fair value adjustments to investment property amounted to €7.2 million in first-half 2025 compared with positive adjustments of €27.4 million in the year-earlier period.

Net finance costs stood at €30.9 million in first-half 2025, vs €28.3 million in the same period of 2024, representing an increase of €2.6 million. Excluding non-recurring items, mainly the cost of unwinding hedging instruments and unused confirmed credit lines, recurring financial expenses fell by €2.1 million.

The Group recorded a net tax benefit of €30.3 million in the first half of 2025, compared with a benefit of €23.6 million in the year-earlier period. These non-recurring items relate to the election for SIIC status by the last three entities holding property assets, which were previously still subject to corporation tax (elections by SAS Pargal in 2024 and SAS Parhaus and SAS Parchamps in 2025).

After taking account of these key items, EPRA earnings came in at €64.5 million in first-half 2025 (€60.1 million in first-half 2024), representing €1.50 per share, up 7.2% on the prior-year period.

The Group recorded attributable net profit of €100.0 million during the period (€76.7 million in first-half 2024).

VI. EPRA Net Asset Value stable overall, taking into account a dividend payout of €2.85/share

At 30 June 2025, EPRA Net Tangible Assets (NTA) stood at €85.0 per share (€3,657 million in total, down 3.2% vs 31 December 2024) and EPRA Net Disposal Value (NDV) was €86.0 per share (€3,701 million, down 1.0% vs 31 December 2024), after payment of a dividend of €2.85 per share in April 2025.

Lastly, the election of SAS Parhaus and SAS Parchamps for SIIC status during the first half of the year, with retroactive effect from 1 January 2025, reduced EPRA NTA by €66.8 million and increased EPRA NDV by €30.5 million.

VII. Ownership structure

The following stages in the planned merger with Inmobiliaria Colonial were completed during the first half of 2025:

- The merger agreement was signed and approved by the Colonial and SFL Boards of Directors;
- The proposed merger was approved by SFL and Colonial shareholders at the General Meetings held in April and May 2025 respectively.

The French regulatory formalities were completed. Subject to successful completion of the Spanish formalities in September 2025, the merger is expected to be completed in October 2025.

VIII. EPRA indicators

	H1 2024	H1 2025
EPRA Earnings (€m)	60.1	64.5
/share	*€1.40*	*€1.50*
EPRA Cost Ratio (including vacancy costs)	12.0%	14.0%
EPRA Cost Ratio (excluding vacancy costs)	11.5%	12.7%

	31/12/2024	30/06/2025
EPRA NRV (€m)	**4,218**	**4,128**
/share	*€98.2*	*€96.0*
EPRA NTA (€m)	**3,779**	**3,657**
/share	*€88.0*	*€85.0*
EPRA NDV (€m)	**3,739**	**3,701**
/share	*€87.0*	*€86.0*
EPRA Net Initial Yield (NIY)	2.9%	3.0%
EPRA topped-up NIY	3.8%	3.8%
EPRA Vacancy Rate	0.5%	0.7%

	31/12/2024	30/06/2025
LTV	**32.9%**	**34.3%**
100%, including transfer costs		
EPRA LTV (including transfer costs)		
100%	35.3%	36.5%
Attributable to SFL	40.7%	41.8%
EPRA LTV (excluding transfer costs)		
100%	37.6%	39.1%
Attributable to SFL	43.3%	44.7%

Alternative Performance Indicators (APIs)

EPRA Earnings API

€ millions	H1 2024	H1 2025
Attributable net profit	**76.7**	**100.0**
Less:		
Fair value adjustments to investment property	(27.4)	(7.2)
Profit on asset disposals	0	0
Fair value adjustments to financial instruments, discounting adjustments to debt and related costs	(1.8)	2.8
Expenses related to asset contributions	0	1.9
Tax on the above items	(4.8)	0
Tax impact of the SIIC regime election	(21.1)	(30.5)
Non-controlling interests in the above items	38.5	(2.5)
EPRA earnings	**60.1**	**64.5**
Average number of shares (thousands)	*42,879*	*42,970*
EPRA earnings per share	**€1.40**	**€1.50**

EPRA NRV/NTA/NDV APIs

€ millions	31/12/2024	30/06/2025
Attributable equity	**3,642**	**3,623**
Treasury shares	0	**0**
Fair value adjustments to owner-occupied property	35	**33**
Unrealised capital gains on intangible assets	4	**4**
Elimination of financial instruments at fair value	9	**5**
Elimination of deferred taxes	97	**0**
Transfer costs	431	**463**
EPRA NRV (Net Reinstatement Value)	**4,218**	**4,128**
Elimination of intangible assets	(4)	(4)
Elimination of unrealised gains on intangible assets	(4)	(4)
Elimination of transfer costs*	(431)	(463)
EPRA NTA (Net Tangible Assets)	**3,779**	**3,657**
Intangible assets	4	4
Financial instruments at fair value	(9)	(5)
Fixed-rate debt at fair value	62	45
Deferred taxes	(97)	0
EPRA NDV (Net Disposal Value)	**3,739**	**3,701**

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

Net debt API

€ millions	31/12/2024	30/06/2025
Long-term borrowings and derivative instruments	**1,492**	**2,346**
Short-term borrowings and other interest-bearing debt	**1,253**	**542**
Debt in the consolidated statement of financial position	**2,745**	**2,889**
Less:		
Accrued interest and deferred recognition of debt arranging fees	**7**	**4**
Cash and cash equivalents	**(85)**	**(85)**
Net debt	**2,667**	**2,808**

2. Risk Factors

The Group regularly reviews the mapping of specific risk exposures that could have a material adverse effect on its business, financial position, results, outlook or ability to fulfil its objectives.

The main risks and uncertainties that SFL and its subsidiaries may face in the second half of 2025 are set out in section 6 "Risk Factors" on pages 17 to 31 of the 2024 Universal Registration Document filed with the French securities regulator (*Autorité des Marchés Financiers* - AMF) on 1 April 2025 under number D. 25-0212 (the "2024 Universal Registration Document").

The 2024 Universal Registration Document is available on the Company's website and via the following link: *https://www.fonciere-lyonnaise.com/wp-content/uploads/2025/04/sfl-rideu-2024-va.pdf*

During the first half of 2025, there were no material changes in these risk factors, which remained applicable as of the date of this report.

RISK MAP

The risk map, as updated at 31 December 2024, remained unchanged in the first half of 2025, particularly in light of the geopolitical and economic situation.

Identified risk factors	Effect	Probability	Net risk
A - Macroeconomic risks			
1. Risk of a change in the property market	Critical	High	**Very high**
2. Risks related to political and economic uncertainty	Major	Very high	**Very high**
B - Operational risks			
3. Asset valuation risks	Major	High	**High**
4. Strategic risks	Moderate	High	**Moderate**
5. Property utilisation and development risks	Major	Average	**Moderate**
6. Tenant risks	Moderate	Average	**Moderate**
C – Financial risks			
7. Interest rate risk	Major	Average	**High**
8. Liquidity risk	Moderate	Average	**Moderate**
D – Environmental, social and governance risks			
9. Environmental risks	Major	High	**High**
10. Social risks	Moderate	High	**High**
11. Governance risks	Minor	Low	**Low**
E – Legal and tax risks			
12. Legal and tax risks related to regulatory compliance	Moderate	Average	**Moderate**
F – Information system and cyber risks			
13. Risk of information system failures and cyber attacks	Moderate	Average	**Moderate**

During the second half of the year, any developments with a significant impact on the Company will be taken into account, as will the positioning of these risks.

3. Interim consolidated financial statements for the six months ended 30 June 2025

FINANCIAL STATEMENTS

A – Consolidated Statement of Financial Position
B – Consolidated Statement of Comprehensive Income
C – Consolidated Statement of Changes in Equity
D – Consolidated Statement of Cash Flows
E – Notes to the Consolidated Financial Statements
- I – Accounting Policies
- II – Significant Events of the Period
- III – Effects of Climate Change
- IV – Segment Information
- V – Intangible Assets, Property and Equipment, and Investment Property
- VI – Operating Activities
- VII – Financing Activities
- VIII – Equity and Earnings Per Share
- IX – Provisions
- X – Remuneration and Other Employee Benefits
- XI – Income Taxes
- XII – Off-Balance Sheet Commitments
- XIII – Note to the Statement of Cash Flows
- XIV – Scope of Consolidation

The consolidated financial statements were approved for publication by the Board of Directors on 23 July 2025.

A – Consolidated Statement of Financial Position

(in thousands of euros) ASSETS	Notes Section E	30 June 2025	31 Dec. 2024
Intangible assets	V – 1	3,632	3,955
Property and equipment	V – 2	23,667	21,676
Investment property	V – 4	7,427,127	7,358,814
Non-current financial assets	VII – 5	233	237
Other non-current assets	VI – 4	163,732	141,764
Total non-current assets		**7,618,391**	**7,526,446**
Trade and other receivables	VI – 3	58,636	55,460
Current financial assets	VII – 5	-	171
Other current assets	VI – 4	581	934
Cash and cash equivalents	VII – 6	85,341	84,696
Total current assets		**144,559**	**141,261**
Total assets		**7,762,950**	**7,667,706**

(in thousands of euros) EQUITY AND LIABILITIES	Notes Section E	30 June 2025	31 Dec. 2024
Share capital	VIII – 1	86,020	85,901
Reserves		3,437,075	3,348,825
Profit for the period		100,006	206,925
Equity attributable to owners of the parent		**3,623,101**	**3,641,652**
Non-controlling interests		947,183	986,950
Total non-controlling interests		**947,183**	**986,950**
Total equity		**4,570,284**	**4,628,602**
Long-term borrowings and derivative instruments	VII – 1	2,346,324	1,491,844
Long-term provisions	IX – 1	1,724	1,485
Deferred tax liabilities	XI – 2	-	97,236
Other non-current liabilities	VI – 6	115,680	72,394
Total non-current liabilities		**2,463,727**	**1,662,958**
Trade and other payables	VI – 5	47,992	57,341
Short-term borrowings and other interest-bearing debt	VII – 1	542,329	1,253,112
Short-term provisions	IX – 1	840	1,673
Other current liabilities	VI – 6	137,777	64,020
Total current liabilities		**728,938**	**1,376,146**
Total equity and liabilities		**7,762,950**	**7,667,706**

B – Consolidated Statement of Comprehensive Income

(in thousands of euros)	Notes Section E	First-half 2025	First-half 2024
Rental income		**122,563**	**121,578**
Gross property expenses		(29,430)	(28,616)
Property expenses recovered from tenants		24,398	25,110
Property expenses, net of recoveries		(5,032)	(3,505)
Net property rentals	**VI – 1**	**117,531**	**118,073**
Other income	VI – 2	6,006	1,875
Depreciation, amortisation and impairment	V – 3	(667)	(716)
Net change in provisions and impairment	IX – 2	59	4,288
Employee benefits expense	X – 1	(9,311)	(8,441)
Other expenses	VI – 7	(5,489)	(5,275)
Profit/(loss) on disposal of investment property	V – 5	0	0
Fair value adjustments to investment property	V – 4	7,179	27,412
Operating profit		**115,309**	**137,217**
Finance costs and other financial expenses	VII – 2	(34,942)	(31,435)
Financial income	VII – 2	4,085	3,093
Profit before income tax		**84,452**	**108,876**
Income tax benefit/(expense)	XI – 1-2	30,301	23,585
Net profit		**114,753**	**132,460**
Attributable to owners of the parent		**100,006**	**76,697**
Attributable to non-controlling interests	VIII – 6	14,747	55,763
Earnings per share	VIII – 4	€2.33	€1.79
Diluted earnings per share	VIII – 4	€2.32	€1.78
Other comprehensive income			
Actuarial gains and losses	IX – 1	(79)	14
Items that will not be reclassified to profit or loss		*(79)*	*14*
Valuation gains and losses on financial instruments (cash flow hedges)	VII – 3	1,629	10,936
Items that may be reclassified subsequently to profit or loss		*1,629*	*10,936*
Other comprehensive income		**1,551**	**10,951**
Comprehensive income		**116,303**	**143,411**
Attributable to owners of the parent		**101,556**	**87,648**
Attributable to non-controlling interests	VIII – 6	14,747	55,763

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 period	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
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 period	-	-	-	-	-	-	76,697	76,697	55,763	132,460
Other comprehensive income, net of tax	-	-	-	-	10,936	14	-	10,951	-	10,951
Comprehensive income	-	-	-	-	10,936	14	76,697	87,648	55,763	143,411
Appropriation of profit/(loss)	-	-	-	-	-	(638,767)	638,767	-	-	-
Share issues	130	(130)	-	-	-	-	-	-	-	-
Treasury share transactions	-	-	-	77	-	-	-	77	-	77
Gains and losses on sales of treasury shares	-	-	-	(13)	-	-	-	(13)	-	(13)
Share-based payments	-	-	-	-	-	1,764	-	1,764	-	1,764
Dividends paid to owners of the parent	-	-	-	-	-	(103,076)	-	(103,076)	(34,571)	(137,647)
Other	-	-	-	-	-	506	-	506	-	506
Equity at 30 June 2024	**85,902**	**159,831**	**22,621**	**(18,120)**	**17,626**	**3,182,516**	**76,697**	**3,527,072**	**963,168**	**4,490,240**
Profit/(loss) for the period	-	-	-	-	-	-	130,228	130,228	23,782	154,010
Other comprehensive income, net of tax	-	-	-	-	(17,819)	(53)	-	(17,871)	-	(17,871)
Comprehensive income	**-**	**-**	**-**	**-**	**(17,819)**	**(53)**	**130,228**	**112,357**	**23,782**	**136,139**
Appropriation of profit/(loss)	-	-	-	-	-	-	-	-	-	-
Share issues	-	-	-	-	-	-	-	-	-	-
Treasury share transactions	-	-	-	753	-	-	-	753	-	753
Gains and losses on sales of treasury shares	-	-	-	(617)	-	-	-	(617)	-	617
Share-based payments	-	-	-	-	-	2,087	-	2,087	-	2,087
Dividends paid to owners of the parent	-	-	-	-	-	-	-	-	-	-
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**
Profit/(loss) for the period	-	-	-	-	-	-	100,006	100,006	14,747	114,753
Other comprehensive income, net of tax	-	-	-	-	1,629	-79	-	1,550	-	1,550
Comprehensive income/(expense)	**-**	**-**	**-**	**-**	**1,629**	**(79)**	**100,006**	**101,556**	**14,747**	**116,303**
Appropriation of profit/(loss)			-	-	-	206,925	(206,925)	-	-	-
Share issues	118	(118)	-	-	-	-	-	-	-	-
Treasury share transactions	-	-	-	271	-	-	-	271	-	271
Gains and losses on sales of treasury shares	-	-	-	(265)	-	-	-	(265)	-	(265)
Share-based payments	-	-	-	-	-	2,305	-	2,305	-	2,305
Dividends paid to owners of the parent	-	-	-	-	-	(122,410)	-	(122,400)	(54,514)	(176,924)
Equity at 30 June 2025	**86,019**	**159,713**	**22,621**	**(17,978)**	**1,437**	**3,271,290**	**100,006**	**3,623,108**	**947,183**	**4,570,291**

D – Consolidated Statement of Cash Flows

(in thousands of euros)	Notes Section E	First-half 2025	First-half 2024
Cash flows from operating activities			
Profit for the period attributable to owners of the parent		100,006	76,697
Fair value adjustments to investment property	V – 4	(7,179)	(27,412)
Depreciation and amortisation expense (excluding impairment)	V – 3	667	716
Net additions to/(reversals of) provisions	IX – 1	(674)	(445)
Net (gains)/losses from disposals of investment property	V – 6		
Deferral of rent-free periods and key money	VI – 1	(10,527)	(12,654)
Employee benefits	X – 3	2,305	1,764
Non-controlling interests in profit for the period	VIII – 6	14,747	55,763
Cash flow after finance costs and income tax		**99,345**	**94,429**
Finance costs and other financial income and expense	VII – 2	30,857	28,342
Income tax	XI – 1-2	(30,301)	(23,585)
Cash flow before finance costs and income tax		**99,900**	**99,186**
Change in working capital		(15,982)	(21,747)
Interest paid		(31,832)	(39,495)
Interest received		188	2,167
Income tax paid		(1,672)	(1,324)
Net cash provided by operating activities		**50,602**	**38,787**
Cash flows from investing activities			
Acquisitions of and improvements to investment property	XIII – 1	(61,134)	(29,024)
Acquisitions of intangible assets and property and equipment		(2,327)	(1,361)
Amounts due on asset acquisitions		0	(19,586)
Proceeds from disposals of investment property, intangible assets and property and equipment			
Investment property disposal costs			
Other cash inflows and outflows		(54)	(71)
Net cash provided by (used in) investing activities		**(63,515)**	**(50,042)**
Cash flows from financing activities			
Net purchases and sales of treasury shares		7	64
Dividends paid to owners of the parent	VIII – 3	(122,410)	(103,076)
Dividends paid to non-controlling interests		(12,039)	(34,571)
Proceeds from borrowings	XIII – 2	2,279,000	2,273,980
Repayments of borrowings	XIII – 2	(2,131,000)	(2,189,000)
Other movements in financing items			(144)
Net cash provided by (used in) financing activities		**13,558**	**(52,747)**
Net change in cash and cash equivalents		**645**	**(64,002)**
Cash and cash equivalents at beginning of period		84,696	96,776
Cash and cash equivalents at end of period	XIII – 1	85,341	32,775
Net change in cash and cash equivalents		**645**	**(64,002)**

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 to existing standards published by the IASB are applicable in accounting periods beginning on or after 1 January 2025:

- Amendments to IAS 21 – Lack of Exchangeability. These amendments adopted by the European Commission on 12 November 2024 provide guidance on how to assess whether a currency is exchangeable and how to determine a spot exchange rate if it is not. The Group has not identified any transactions in non-exchangeable currencies at 30 June 2025.

These amendments, which became effective on 1 January 2025, 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, which has led to inflationary pressures, rising interest rates, higher raw materials and energy costs, supply shortages and exchange rate volatility. Assessing the impact of these factors on the future outlook remains difficult. 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:

- Investment property appraisal values: the property portfolio is valued by independent experts using assumptions concerning future cash flows and interest rates that have a direct impact on appraisal values. A reduction in the value assessed by these experts would lead to a decrease in the Group's earnings (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 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 €74.65 per SFL share. The exchange ratio and exit price were determined using a multi-criteria approach.

The following milestones were crossed in the first half of 2025:

- The merger agreement was signed and approved by the Colonial and SFL Boards of Directors;
- The proposed merger was approved by SFL and Colonial shareholders at the General Meetings held in April and May 2025 respectively.

The merger is expected to be completed in the second half of 2025, subject to the usual formalities for this type of transaction.

II - 2) Redevelopment and renovation programmes

Properties undergoing redevelopment at 30 June 2025 represented around 19% of the total portfolio. They mainly concern the large-scale redevelopment of the Scope, Condorcet and Haussmann Saint-Augustin properties.

No properties were purchased or sold during first-half 2025.

During the period, leases were signed on over 10,500 sq.m of mainly office space, at rents of around €1,000 per sq.m.

II - 3) Financing

Between January and March 2025, SFL cancelled four bilateral credit facilities for a total of €485 million in order to optimise its liquidity management and the associated costs.

In March 2025, it obtained a new €350 million loan from its shareholder Inmobiliaria Colonial. The fixed-rate loan is for a five-year period expiring in March 2030. It has been used to repay short-term shareholder loans for the same total amount.

On 28 May 2025, the Group's €500 million May 2018 bond issue was redeemed in full. The debt was refinanced by drawing down a 5-year fixed rate loan for the same amount obtained from Inmobiliaria Colonial in November 2024 which expires in March 2030.

Lastly, the maturity of the €835 million syndicated revolving credit facility obtained in June 2023 was extended by one year to June 2030, following the exercise of a contractually agreed extension option.

II – 4) Taxes

During the first half of 2025, SAS Parhaus and Parchamps elected to be taxed as an SIIC, with retroactive effect from 1 January 2025. 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 deferred taxes.

II – 5) Subsequent events

None.

III – Effects of Climate Change

The consolidated financial statements take into account the impact of climate change and sustainable development commitments, in particular through:

- implementationof the acquisition and disposal strategy,taking account of environmental, social and governance criteria;

- deployment of a sustainable financing policy using instruments aligned with the Group's climate objectives;

- targeted investments that comply with environmental regulations and improve the energy performance of assets;

- inclusion of climate impacts in the Group's asset and liability valuation methods, in accordance with the applicable IFRSs.

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	Corporate	First-half 2025
Rental income	**98,653**	**23,910**	**-**	**122,563**
Gross property expenses	(21,652)	(7,744)	(35)	(29,430)
Property expenses recovered from tenants	17,309	7,089	-	24,398
Property expenses, net of recoveries	(4,343)	(655)	(35)	(5,032)
Net property rentals	**94,310**	**23,255**	**(35)**	**117,531**
Other income	2,227	3,537	242	6,006
Depreciation, amortisation and impairment	(143)	-	(524)	(667)
Provision expense, net	502	421	(864)	59
Employee benefits expense	-	-	(9,311)	(9,311)
Other expenses	-	-	(5,489)	(5,489)
Profit/(loss) on disposal of investment property	-	-	-	-
Fair value adjustments to investment property	12,313	(5,134)	-	7,179
Operating profit/(loss)	**109,210**	**22,079**	**(15,980)**	**115,309**
Finance costs and other financial expenses	1,105	1,829	(37,877)	(34,942)
Financial income	2,713	0	1,371	4,085
Profit/(loss) before income tax	**113,029**	**23,909**	**(52,486)**	**84,452**
Income tax benefit/(expense)	30,798	-	(497)	30,301
Net profit/(loss)	**143,828**	**23,909**	**(52,983)**	**114,753**
Attributable to owners of the parent	**129,444**	**23,886**	**(53,324)**	**100,006**
Attributable to non-controlling interests	**14,384**	**22**	**341**	**14,747**
Other comprehensive income				
Actuarial gains and losses	-	-	(79)	(79)
Items that will not be reclassified to profit or loss	**-**	**-**	***(79)***	***(79)***
Valuation gains and losses on financial instruments (cash flow hedges)	-	-	1,629	1,629
Items that may be reclassified subsequently to profit or loss	**-**	**-**	***1,629***	***1,629***
Other comprehensive income	**-**	**-**	**1,550**	**1,550**
Comprehensive income/(expense)	**143,828**	**23,909**	**(51,433)**	**116,303**
		-		
Attributable to owners of the parent	**129,444**	**23,886**	**(51,774)**	**101,556**
Attributable to non-controlling interests	**14,384**	**22**	**341**	**14,747**

(in thousands of euros)	Paris CBD	Other	Corporate	30 June 2025
Segment assets	5,674,922	1,766,830	321,197	7,762,950
Total assets	**5,674,922**	**1,766,830**	**321,197**	**7,762,950**

The segment analysis for first-half 2024 is as follows:

(in thousands of euros)	Paris CBD	Other	Corporate	First-half 2024
Rental income	**92,731**	**28,847**	**-**	**121,578**
Gross property expenses	(21,002)	(7,614)	-	(28,616)
Property expenses recovered from tenants	17,719	7,391	-	25,110
Property expenses, net of recoveries	(3,283)	(222)	-	(3,505)
Net property rentals	**89,448**	**28,625**	**-**	**118,073**
Other income	550	839	487	1,875
Depreciation, amortisation and impairment	(0)	-	(715)	(716)
Provision (expense)/reversals, net	4,855	(159)	(408)	4,288
Employee benefits expense	-	-	(8,441)	(8,441)
Other expenses	-	-	(5,275)	(5,275)
Profit/(loss) on disposal of investment property	-	-	-	-
Fair value adjustments to investment property	30,341	(2,929)	-	27,412
Operating profit/(loss)	**125,194**	**26,375**	**(14,352)**	**137,217**
Finance costs and other financial expenses	-	-	(31,435)	(31,435)
Financial income	-	-	3,093	3,093
Profit/(loss) before income tax	**125,194**	**26,375**	**(42,694)**	**108,876**
Income tax benefit/(expense)	(0)	(0)	23,585	23,585
Net profit/(loss)	**125,194**	**26,375**	**(19,109)**	**132,460**
		-		
Attributable to owners of the parent	**74,447**	**22,065**	**(19,815)**	**76,697**
Attributable to non-controlling interests	**50,748**	**4,310**	**706**	**55,763**
Other comprehensive income				
Actuarial gains and losses	-	-	14	14
Items that will not be reclassified to profit or loss	-	-	***14***	***14***
Valuation gains and losses on financial instruments (cash flow hedges)	-	-	10,936	10,936
Items that may be reclassified subsequently to profit or loss	-	-	***10,936***	***10,936***
Other comprehensive income	**-**	**-**	**10,951**	**10,951**
Comprehensive income/(expense)	**125,194**	**26,375**	**(8,158)**	**143,411**
		-		
Attributable to owners of the parent	**74,447**	**22,065**	**(8,864)**	**87,648**
Attributable to non-controlling interests	**50,748**	**4,310**	**706**	**55,763**

(in thousands of euros)	Paris CBD	Other	Corporate	30 June 2024
Segment assets	5,738,222	1,662,385	61,566	7,462,173
Total assets	**5,738,222**	**1,662,385**	**61,566**	**7,462,173**

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:** 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:__ includes the rest of Paris (outside the Central Business District) and the Western Crescent, corresponding to the market to the west of Paris on the other side of the ring-road

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. 2024	Increases	Decreases	Reclassifications	30 June 2025
Cost					
Computer software	12,909	-	-	-	12,905
Other	23	2	-	-	25
Amortisation and impairment					
Computer software	(8,930)	(325)	-	-	(9,256)
Other	(46)	-	-	-	(46)
Carrying amount	**3,955**	**(323)**	**-**	**-**	**3,632**

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. 2024	Increases	Decreases	Reclassifications	30 June 2025
Cost					
Owner-occupied property	21,238	2,325	-	-	23,563
Other property and equipment	9,989	-	-	-	9,989
Depreciation and impairment					
Owner-occupied property	(4,353)	(121)	-	-	(4,474)
Other property and equipment	(5,198)	(212)	-	-	(5,411
Carrying amount	**21,676**	**1,991**	**-**	**-**	**23,667**

The fair value excluding transfer costs of owner-occupied property – corresponding to the Company's headquarters – was €51,832 thousand at 30 June 2025 and €51,860 thousand at 31 December 2024.

V – 3) Depreciation, amortisation and impairment

(in thousands of euros)	First-half 2025	First-half 2024
Amortisation and impairment of intangible assets	(325)	(477)
Depreciation and impairment of property and equipment	(341)	(1,074)
Total	**(667)**	**(1,551)**

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.

The fair value of investment property is the amount at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. 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. At 30 June 2025, the valuations 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."

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): 47%
- CBRE (in charge of appraisals at SFL since 2019): 53%

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 period other than for half-yearly and annual appraisals totalled less than €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 8.0% 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. 2024	Acquisitions	Increases	Positive fair value adjust-ments	Decreases	Negative fair value adjustments	Reclassif-ications	30 June 2025
Investment property	7,358,814	-	61,134	35,849	-	(28,670)	-	7,427,127
Total	**7,358,814**	**-**	**61,134**	**35,849**	**-**	**(28,670)**	**-**	**7,427,127**

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)	30 June 2025	31 Dec. 2024
Appraisal value of investment property, excluding transfer costs	7,649,662	7,570,849
Deduction of owner-occupied property (see Note V – 2)	(51,832)	(51,860)
Adjustments to reflect specific lease terms and other adjustments	(170,703)	(160,176)
Reclassification of investment property held for sale	-	-
Fair value of investment property in the statement of financial position	**7,427,127**	**7,358,814**

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

Geographical area	Value excluding transfer costs 30 June 2025 (in € millions, on a 100% basis)	Inputs	Range of values[1]	Weighted average[1]
Paris CBD	5,896	ERV[2]	€800 - €1,150	€971
		Exit yield	3.90 - 5.00%	4.02%
		Discount rate	4.75 - 6.00%	4.88%
Other	1,754	ERV[2]	€635 - €891	€749
		Exit yield	4.30 - 4.75%	4.51%
		Discount rate	5.10 - 6.00%	5.51%
Total	**7,650**			

[1] *Offices.*

[2] *Estimated rental value.*

Investment property valuation inputs used at 31 December 2024 were as follows 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	1,719	ERV[2]	€627 – €880	741
		Exit yield	4.30% – 4.75%	4.52%
		Discount rate	5.30% – 6.05%	5.57%
Total	**7,571**			

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

Sensitivity analysis

For each key parameter used for fair value measurement purposes, sensitivity tests were performed at 30 June 2025, 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	7,649,662	7,782,173	7,915,984
Induced change in value	**-**	**+132,511**	**+266,322**

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	8,033,570	7,874,396	7,649,662	7,439,115	7,305,695
Induced change in value	**+383,908**	**+224,734**	**-**	**-210,547**	**-343,967**

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	7,842,951	7,764,182	7,649,662	7,537,378	7,465,474
Induced change in value	**+193,288**	**+114,520**	**-**	**-112,284**	**-184,188**

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

The Group did not dispose of any investment property in first-half 2025.

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 98.6% of rental income. Rental income includes the €10,677 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 €5,559 thousand.

At 30 June 2025, 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	1,504,677	229,772	220,248	199,342	162,892	153,560	538,863

At 31 December 2024, 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	1,483,796	203,782	202,739	190,895	172,533	138,058	575,789

VI – 2) Other income

(in thousands of euros)	First-half 2025	First-half 2024
Own-work capitalised	398	459
Other income	5,608	1,416
Total	6,006	1,875

The caption "Other income" corresponds mainly to work billed to third parties, repair costs rebilled to tenants and payments received from departing tenants to cover refurbishment costs.

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)	30 June 2025	31 Dec. 2024
Trade receivables	27,971	24361
Provisions	(4,075)	(4,148)
Trade receivables	**23,896**	**20213**
Prepayments to suppliers	20,020	21,458
Employee advances	3	5
Tax receivables (other than income tax)	14,717	13,683
Other operating receivables	-	-
Other receivables	-	100
Other receivables	**34,740**	**35,247**
Total	**56,543**	**55,460**

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 €6,971 thousand (31 December 2024: €18,412 thousand). Receivables do not bear interest.

Cost of risk can be analysed as follows:

(in thousands of euros)	First-half 2025	First-half 2024
Increases in provisions	(630)	(712)
Reversals of provisions	703	5,408
Bad debt write-offs, net of recoveries	-	-
Total	**73**	**4,696**
Rental income	122,563	121,578
Cost of risk as a % of rental income	**-0.06%**	**-3.86%**

VI – 4) Other current and non-current assets

(in thousands of euros)	30 June 2025	31 Dec. 2024
Other trade receivables	163,732	141,764
Total other non-current assets	**163,732**	**141,764**
Income tax prepayments	404	764
Current prepayments	177	170
Total other current assets	**581**	**934**

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)	30 June 2025	31 Dec. 2024
Trade payables	46,345	20,026
Amounts due within one year on asset acquisitions	1,647	37,285
Total	**47,992**	**57,341**

VI – 6) Other current and non-current liabilities

(in thousands of euros)	30 June 2025	31 Dec. 2024
Deposits	45,569	49,485
Accrued taxes	70,111	22,909
Total other non-current liabilities	**115,680**	**72,394**
Deposits	3,467	-
Customer prepayments	36,520	33001
Accrued employee benefits expense	4,372	8,393
Accrued taxes	44,555	15,600
Other liabilities	45,228	661
Accruals	3,634	6,364
Total other current liabilities	**137,777**	**64,020**

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 30 June 2025 correspond mainly to the exit tax due following its election to be taxed as an SIIC, made in April 2024 by SAS Pargal and in April 2025 by SAS Parchamps and SAS Parhaus (see Note XI – 3).

VI – 7) Other expenses

(in thousands of euros)	First-half 2025	First-half 2024
Fees	(2,690)	(1,588)
Taxes other than on income	(779)	(786)
Other	(2,020)	(2,902)
Total	**(5,489)**	**(5,275)**

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	30 June 2025	31 Dec. 2024	30 June 2025	31 Dec. 2024
			Short-term portion		Long-term portion	
Bonds						
€500 million bond issue, 2021-2028	0.50%	21 April 2028	583	2,092	599,000	599,000
€500 million bond issue, 2020-2027	1.50%	5 June 2027	640	5,169	599,000	599,000
€500 million bond issue, 2018-2025	1.50%	29 May 2025	-	504,459	-	-
Bank loans						
Syndicated term loan	3-month Euribor + margin	11 Dec. 2029	243	323	300,000	300,000
Negotiable European commercial paper (NEU CP)	Fixed rate (payable in advance)	Within 1 year	74,923	184,524	-	-
Other						
Short-term shareholder loan	1-month/3-month Euribor + margin	Within 1 year	471,942	563,518	-	-
Long-term shareholder loan	Fixed rate	March/May 2030	-	-	855,106	-
Other	Other	-	163	-	-	-
Hedging instruments with a negative fair value			-	-	5,110	8,638
Bank overdrafts	Various	-	-	-	-	-
Impact of deferred recognition of debt arranging fees		-	(6,276)	(6,974)	(11,892)	(14,794)
Total			**542,329**	**1,253,112**	**2,346,324**	**1,491,844**

The following table analyses borrowings by maturity:

(in thousands of euros)	30 June 2025	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	31 Dec. 2024
Bonds	1,199,223	1,223	1,198,000	-	1,709,721
BNPP syndicated term loan	300,243	243	300,000	-	300,323
NEU CP	74,923	74,923	-	-	184,524
Other	1,327,321	472,216	855,116	-	563,518
Fair value of hedging instruments	5,110	-	5,110	-	8,638
Bank overdrafts	-	-	-	-	-
Deferred debt arranging fees	(18,168)	(6,276)	(11,892)	-	(21,769)
Total	**2,888,654**	**542,329**	**2,346,324**	**-**	**2,744,956**

At 30 June 2025, the main covenants and acceleration clauses, which were applicable to all the bank credit lines, were as follows:

Applicable ratios	Actual ratios at 30 June 2025	Actual ratios at 31 Dec. 2024	Main acceleration clauses
Loan-to-value (LTV) <= 50%	34.3%	32.9%	Default Termination of operations
Interest cover >= 2x	3.7	3.5	Bankruptcy proceedings
Secured LTV <= 20%	0.0%	0.0%	Material adverse event
Unrestricted property portfolio value >= €2bn	€8.2bn	€8.1bn	

The Group was not in breach of any of its financial covenants at 30 June 2025.

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

(in thousands of euros)	First-half 2025	First-half 2024
Interest on bank loans, bonds and commercial paper	(30,021)	(31,916)
Interest on hedging instruments	(130)	3,571
Other financial expenses	(7,526)	(3,907)
Capitalised interest expense	2,734	817
Finance costs and other financial expenses	**(34,942)**	**(31,435)**
Interest income	437	158
Other financial income	952	1,019
Discounting adjustments to receivables and payables	2,697	1,916
Financial income	**4,085**	**3,093**
Finance costs and other financial income and expense	**(30,857)**	**(28,342)**

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

In first-half 2025, capitalised interest expense corresponds to interest capitalised at the rate of 2.3% over the redevelopment period for the Scope building (first-half 2024) and the Condorcet and Haussmann Saint-Augustin buildings (2024 and first-half 2025).

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 30 June 2025, derivatives held by the Group for hedging purposes included:

- 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: 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.

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

(in thousands of euros)	Notional amount	Maturity	30 June 2025	31 Dec. 2024
CIC swap at 2.6250%	100,000	Nov. 2027	-	(1,472)
Société Générale swap at 2.4920%	100,000	Dec. 2029	(1,702)	(1,594)
CIC swap at 2.4240%	100,000	Dec. 2029	-	(1,276)
Cadif swap at 2.4925%	200,000	Dec. 2029	(3,408)	(3,193)
CA-CIB swap at 2.375%	100,000	Jan. 2030	-	(1,103)
Total			**(5,110)**	**(8,638)**

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 an increase of €1,629 thousand in first-half 2025 (first-half 2024: increase of €10,936 thousand).

(in thousands of euros)	First-half 2025	First-half 2024
Interest rate hedges	1,629	10,936
Total	**1,629**	**10,936**

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:

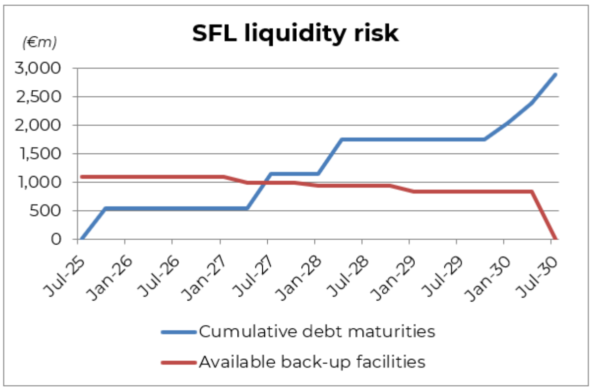
(in thousands of euros)	Date on which the instrument was unwound	Gains/losses accumulated in equity 31 Dec. 2024	Reclassified to profit or loss for the year	Gains/losses accumulated in equity 30 June 2025
CA-CIB Nov. 2021 swap at -0.3475%	Oct. 2021	367	(100)	267
CIC Nov. 2021 swap at -0.4525%	Oct. 2021	558	(152)	406
CIC collar -0.25% cap/-0.52% floor	April 2022	4,971	(865)	4,107
SG collar -0.11% cap/-0.60% floor	June 2022	2,608	(782)	1,825
Total		**8,504**	**(1,899)**	**6,605**

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 30 June 2025, SFL had access to confirmed undrawn lines of credit representing €1,085 million, down €485 million from 31 December 2024. 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 April 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.

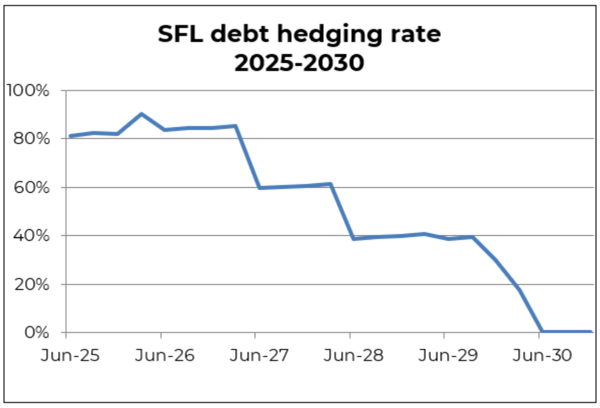
3/ Market risk

The Group did not have any exposure to currency risk at 30 June 2025. 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 30 June 2025, 81% 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 2.23% at 30 June 2025, versus 1.98% at 31 December 2024.

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 2.28%, driving up finance costs by €681 thousand or 2.1%. 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 2.19%, reducing finance costs for the period by €681 thousand or 2.1%.

A 25-basis point increase in interest rates would have had the effect of increasing the fair value of hedging instruments by €2,882 thousand at 30 June 2025, while a 25-basis point decrease would have had the effect of reducing their fair value by €3,022 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 30 June 2025.

(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)	75,000	-	-	-	-	-	75,000
Other	470,000	-	-	-	-	-	470,000
BNPP syndicated term loan	-	-	-	-	300,000	-	300,000
Total floating rate debt	**545,000**	**-**	**-**	**-**	**300,000**	**-**	**845,000**

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 30 June 2025 was €1,153,195 thousand, as follows:

(in thousands of euros)	Notional amount	Maturity	30 June 2025	31 Dec. 2024
May 2018 bonds	500,000	May 2025	-	496,358
June 2020 bonds (+ May 2022 tap)	599,000	June 2027	588,877	579,491
Oct. 2021 bonds (+ April 2022 tap)	599,000	April 2028	564,318	560,251
Total			**1,153,195**	**1,636,100**

Fair value of fixed rate intra-group loans
As the long-term loans from Inmobiliaria Colonial were granted only recently, their fair value is considered to be equivalent to their nominal value at 30 June 2025 (€850,000 thousand).

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)	30 June 2025	31 Dec. 2024
Deposits	233	237
Total non-current financial assets	**233**	**237**
Interest rate hedges	-	171
Total current financial assets	**-**	**171**

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)	30 June 2025	31 Dec. 2024
Cash and cash equivalents	30,793	8,381
Short-term investments	54,559	76,316
Total	**85,341**	**84,696**

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 2025, 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 30 June 2025, the capital stood at €85,902 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. 2024	Increases	Decreases	30 June 2025
Number of treasury shares	110	3,493	(3,580)	23
Value (in thousands of euros)	**7**	**265**	**(271)**	**2**

VIII – 3) Dividends

(in thousands of euros)	First-half 2025		First-half 2024	
	Total payout	Per share	Total payout	Per share
Dividends paid out during the period	122,410	€2.85	103,076	€2.40
Total	**122,410**	**€2.85**	**103,076**	**€2.40**

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)	First-half 2025	First-half 2024
Profit used to calculate basic earnings per share	100,006	76,697
Average number of ordinary shares	42,970,493	42,918,236
Average number of treasury shares	(288)	(2,671)
Average number of ordinary shares excluding treasury shares	**42,970,206**	**42,915,565**
Basic earnings per share	**€2.33**	**€1.79**
Profit used to calculate basic earnings per share	100,006	76,697
Average number of ordinary shares	42,970,493	42,918,236
Average number of treasury shares	(288)	(2,671)
Average potential ordinary shares corresponding to dilutive instruments	(30,577)	(24,906)
Diluted weighted average number of ordinary shares excluding treasury shares	**42,939,628**	**42,890,659**
Diluted earnings per share	**€2.33**	**€1.79**

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 - 5) 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 First-half 2025
Rental income	2,892	5,256	5,751	3,181	17,080
Fair value adjustments to investment property	(3,029)	1,547	(976)	(64)	(2,522)
Finance costs and other financial income and expense	70	137	128	97	432
Other	146	(293)	58	(154)	(243)
Total	**79**	**6,647**	**4,961**	**3,060**	**14,747**

The first-half 2024 breakdown was as follows:

(in thousands of euros)	SCI Paul Cézanne	SCI 103 Grenelle	SAS 92 Champs Elysées	SAS Cloud	Total First-half 2024
Rental income	5,134	2,981	3,084	5,466	16,664
Fair value adjustments to investment property	12,692	1,177	741	23,970	38,580
Finance costs and other financial income and expense	131	141	213	339	824
Other	(335)	230	(47)	(153)	(306)
Total	**17,621**	**4,529**	**3,991**	**29,622**	**55,763**

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. 2024	Increases	Decreases	*o/w utilisations*	Actuarial gains and losses	Reclassifications	Other	30 June 2025
Provisions for employee benefits	1,485	145	(584)		79	-	-	1,125
Other provisions for contingencies and charges	-	615	-	-	-	(17)	-	598
Long-term provisions	**1,485**	**760**	**(584)**	**-**	**79**	**(17)**	**-**	**1,724**
Provisions for employee benefits	823	840	(840)	*(840)*	-	17	-	840
Other provisions for contingencies and charges	850		(850)					-
Short-term provisions	**1,673**	**840**	**(1,690)**	***(840)***	**-**	**17**	**-**	**840**
Total	**3,158**	**1,600**	**(2,274)**	***(840)***	**79**	**-**	**-**	**2,562**

Provisions for employee benefits include provisions for length-of-service awards payable to employees on retirement and jubilees for €1,232 thousand. See Note X – 2 for more details.

IX – 2) Net change in provisions and impairment

(in thousands of euros)	First-half 2025	First-half 2024
Charges to provisions for impairment of current assets	(630)	(712)
Charges to provisions for operating contingencies and charges	(760)	(325)
Charges to provisions for other contingencies and charges	-	(96)
Total charges	**(1,390)**	**(1,134)**
Reversals of provisions for impairment of current assets	703	5,408
Reversals of provisions for other contingencies and charges	746	14
Total reversals	**1,449**	**5,422**
Total	**59**	**4,288**

X – Remuneration and Other Employee Benefits

X – 1) Employee benefits expense

Employee benefits expense breaks down as follows:

(in thousands of euros)	First-half 2025	First-half 2024
Wages and salaries	(3,706)	(4,167)
Payroll taxes	(1,867)	(2,073)
Other employee benefits	(3,153)	(1,764)
Statutory and discretionary profit-sharing	(603)	(437)
Total	**(9,311)**	**(8,441)**

The Group had 75 administrative staff (including 1 corporate officer) at 30 June 2025, versus 75 and 2 respectively at 30 June 2024.

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)	First-half 2025	First-half 2024
Projected benefit obligation at beginning of period	**1,048**	**997**
Benefits paid during the period	(11)	(30)
Service cost	111	63
Interest cost	4	33
Actuarial gains and losses	79	(14)
Projected benefit obligation at end of period	**1,232**	**1,048**

The projected benefit obligation is calculated at six-monthly intervals based on actuarial assumptions, including a discount rate of 3.63% (31 December 2024: 3.10%) and a 2.00% rate of future salary increases (31 December 2024: 2.00%). Actuarial gains and losses are recognised in “Other comprehensive income”.

A 25-bps reduction in the discount rate at 30 June 2025 would lead to a €24 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.

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 30 June 2025

	Plan no. 6	Plan no. 7	Plan no. 8	Plan no. 8	Plan no. 9	Plan no. 9
Date of shareholder authorisation	15 April 2021	15 April 2021	15 April 2021	16 April 2024	16 April 2024	16 April 2024
Grant date (date of Board meeting)	14 Feb. 2023	14 Feb. 2023	14 Feb. 2024	18 Feb. 2025	21 Nov. 2024	1 April 2025
Initial target number of shares	4,980	22,500	31,507	28,180	1,500	7,383
Initial expected vesting rate	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Initial number of shares expected to vest	4,980	22,500	31,507	28,180	1,500	7,383
Fair value per share	€72.91	€72.91	€40.24	€60.99	€70.15	€73.55
Rights cancelled/forfeited	(1,440)	-	(2,885)	-	-	-
Expected vesting rate at end of period	200.00%	166.00%	100.00%	100.00%	100.00%	100.00%
Number of shares expected to vest at end of period	**7,080**	**37,350**	**28,622**	**28,180**	**1,500**	**7,383**

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 targets: Depending on the plan, the number of vested shares is determined by reference to the achievement of absolute or relative performance criteria that may relate to changes in SFL's share price, EPRA NAV and cumulative EPRA earnings, and the energy performance of SFL and its parent company Colonial.
- 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.

Shares awarded under Plan no. 9 have a one-year vesting period and are not subject to performance criteria.

Accounting treatment

The expected vesting rate is adjusted to reflect SFL's most probable performance level at the end of the vesting period.

During the period, a total of 59,024 performance shares vested under 2022 Plan no. 6.

The cost of performance share plans recognised during the period amounted to €2,305 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)	First-half 2025	First-half 2024
Short-term benefits, excluding payroll taxes(1)	2,565	2,466
Payroll taxes on short-term benefits	2,228	1,716
Share-based payments(2)	-	-
Directors' fees	141	17
Total	**4,934**	**4,199**

(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.

Current income tax expense for first-half 2025 amounted to €66,934 thousand (first-half 2024: €51,054 thousand). The amount for first-half 2025 corresponds for the most part to the exit tax payable by SAS Parhaus and SAS Parchamps following their election to be taxed as an SIIC (see Note XI - 3), with retroactive effect from 1 January 2025.

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. These temporary differences generate deferred tax assets and liabilities.

Prior to first-half 2025, SAS Parhaus and SAS Parchamps were the only two Group companies not taxed as SIICs. Their election for SIIC status led to the elimination of the temporary differences previously used to determine their deferred tax assets and liabilities. At 30 June 2025, there was no residual deferred tax liability.

(in thousands of euros)	31 Dec. 2024	Reclassifi-cations	Other	Income statement	30 June 2025
Fair value adjustments to investment property	(71,786)	-	-	71,786	-
Adjustment of depreciation and amortisation	(23,871)	-	-	23,871	-
Adjustment of rental income	-	-	-	-	-
Capitalisation of interest expense and transaction costs	(521)	-	-	521	-
Other	(1,058)	-	-	1,058	-
Net	**(97,236)**	**-**	**-**	**97,236**	**-**
Of which deferred tax assets	-	-	-	-	-
Of which deferred tax liabilities	(97,236)	-	-	97,236	-

XI – 3) Exit tax liability

Following the election for taxation as an SIIC made by SAS Pargal in 2024 and SAS Parhaus and SAS Parchamps in 2025, the three companies became liable for an exit tax payable in four annual instalments between 2024 and 2027 and between 2025 and 2028 respectively. This liability is reported in the Group's consolidated financial statements at its discounted present value. At 30 June 2025, the discounted amounts of the various instalments are as follows:

Due	2025	2026	2027	2028	Total
Amount payable	**28,341**	**27,698**	**27,070**	**15,343**	**98,452**

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])	67,124	2,200	20,166	44,758
Guarantees received from suppliers	22,481	5,379	17,102	-
Financial guarantees	110	110	-	-
Total commitments received	**73,116**	**18,909**	**14,500**	**39,706**

[1] *FDG: Independent first demand guarantee*

Contractual redevelopment and renovation obligations

At 30 June 2025, the Group's contractual commitments relating to investment properties undergoing renovation totalled €82,725 thousand (€115,773 thousand at 31 December 2024), of which €75,203 thousand concerned the Condorcet and Scope properties.

XII – 2) Off-balance sheet financing commitments

At 30 June 2025, off-balance sheet financing commitments 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	-
Syndicated loan	835,000	-	835,000	-
Intesa Sanpaolo	100,000	-	100,000	-
Caixabank	100,000	-	100,000	-
Total	**1,085,000**	**-**	**1,085,000**	**-**

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

At 30 June 2025, 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)	First-half 2025	First-half 2024
Acquisitions of and improvements to investment property		
Acquisitions	(1,001)	(2,468)
Work	(60,133)	(26,556)
Total	**(61,134)**	**(29,024)**
Cash and cash equivalents at end of period		
Cash at bank and in hand	30,793	6,238
Short-term investments	54,549	26,537

Total	85,341	32,775

XIII – 2) Changes in liabilities related to financing activities

Changes in liabilities related to financing activities are as follows:

(in thousands of euros)	2024	Cash flows			Non-cash changes			2025
		Proceeds from new borrowings	Repayments of borrowings	Interest paid[1]	Deferred recognition of debt arranging fees	Fair value adjustments	Other	
Borrowings (excluding accrued interest)	1,976,233		(500,000)	-	3,600	-	-	1,479,833
Accrued interest on borrowings	13,086	-		(4,375)	-	-	-	8,711
NEU Commercial Paper	185,000	399,000	(509,000)	-	-	-	-	75,000
Derivative instruments (liabilities)	8,638	-	-	-	-	(3,528)	-	5,110
Other	562,000	1,880,000	(1,122,000)	-	-	-	-	1,320,000
Bank overdrafts (including interest)	-		-	-	-	-	-	-
Total	**2,744,957**	**2,279,000**	**(2,131,000)**	**(4,375)**	**3,600**	**(3,528)**	**-**	**2,888,654**

[1] *These amounts do not include interest expense recognised in the income statement.*

XIV – Scope of Consolidation

The table below summarises the main information concerning the scope of consolidation at 30 June 2025:

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 30 June 2025. The Group and all of its subsidiaries have their registered office in the 8th *arrondissement* of Paris.

4. Statutory Auditors’ Review Report

Société anonyme

42 rue Washington

75008 Paris

Statutory Auditors' review report on the 2025 interim financial information

Six months ended 30 June 2025

This is a free translation into English of the Statutory Auditors’ review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying interim consolidated financial statements of the Company for the six months ended 30 June 2025;
- the verification of the information contained in the interim management report.

These interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

Conclusions concerning the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at 30 June 2025, and of the results of its operations for the six-month period then ended, in accordance with IFRSs as adopted by the European Union.

Specific verification

We have also verified the information given in the interim management report on the interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the interim consolidated financial statements.

Levallois-Perret and Paris-La Défense, 23 July 2025

The Statutory Auditors

Forvis Mazars SA	**Deloitte & Associés**
Johan Rodriguez	**Estelle Sellem**

5. Statement by the person responsible for the Interim Financial Report

I hereby declare that, to the best of my knowledge, the complete consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the issuer and the entities included in the scope of consolidation, and the interim management report on page 3 presents fairly the significant events of the period, their impact on the consolidated financial statements and the main related-party transactions, as well as a description of the principal risks and contingencies for the remaining six months of the year.

Paris, 23 July 2025

Aude Grant

Chief Executive Officer

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