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#### **OTHER RELEVANT INFORMATION (OTRA INFORMACIÓN RELEVANTE)**

Following the Relevant Information published on the 3rd of June 2021, with the registered number 9796, Colonial publishes the documentation to support the presentation to analysts and investors that will be held. The webcast will be held today Thursday 3rd of June 2021 at 6:30 PM (CET).

The information regarding the presentation is detailed below:

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The presentation can be followed online through the following link:

<https://onlinexperiences.com/Launch/QReg/ShowUUID=88462C1A-0034-4B13-9A4F-B28123A5A3E5>

In addition, the presentation will be available on the website of the company.

Madrid, June 3rd, 2021.

June 3<sup>rd</sup>, 2021



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- 01 Executive Summary
- 02 Transaction Structure
- 03 Rationale
- 04 Timeline & Execution
- 05 Conclusion
- 06 Appendix

PRESENTING MANAGEMENT TEAM

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**Pere Viñolas**  
Chief Executive Officer



**Carmina Ganyet**  
Corporate Managing Director



**Carlos Krohmer**  
Chief Corporate Development Officer



*Reinforcing the Colonial Prime Platform for international growth*

## Reinforcing the Colonial Prime Platform for international growth



### **THE TRANSACTION: ENHANCING THE OWNERSHIP PROFILE IN SFL**

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- > Acquisition of Predica's 13% SFL stake in exchange for new Colonial shares based on NDV 12/20<sup>1</sup> & 49% stake in new JVs on Paris Assets<sup>1</sup>
- > Voluntary tender-offer on remaining SFL shares not owned by Colonial at a discount to NTA & premium to share price
- > All steps are concurrent and subject to the same conditions precedent

### **RATIONALE 1: FLIGHT TO QUALITY THROUGH ACQUISITION OF PRIME PARIS ASSETS**

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Acquisition of circa €1bn<sup>2</sup> of Prime Paris assets

- > Increased exposure to high quality Prime Paris Portfolio
- > Increased exposure to value-accretive flagship projects in Paris
- > Capital recycling of assets in exchange for full access to ParHolding & W. Plaza with value optionality
- > Acceleration of Colonial's growth program

### **RATIONALE 2: STRONG CORPORATE RATIONALE**

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- > Simplification of shareholding structure of the Group & enhanced visibility in capital markets
- > Strengthened long-term partnership with Predica – a strong institutional partner
- > Consolidation of the Pan-European Prime Platform for further international growth

### **RATIONALE 3: ATTRACTIVE TRANSACTION TERMS FOR COLONIAL SHAREHOLDERS**

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- > Acquisition of circa €1bn<sup>2</sup> of Prime Paris assets at a discount to NAV/NTA
- > Neutral transaction in NAV/NTA and accretive in recurring EPS from day one
- > Acceleration of NAV/NTA and EPS accretion in the coming years
- > Enhanced capital structure with €0.4bn<sup>2</sup> of additional equity with LTV at solid Investment Grade levels
- > Transaction approved by Board of Directors of Colonial and supported by the SFL Board of Directors (including independent directors)
- > Rapid execution timetable with full transaction impact from September 2021 onwards

<sup>1</sup> Assets Swap in Paris and creation of new JVs based on NDV 12/20 (adjusted for dividend distributions)

<sup>2</sup> Final amounts subject to final outcome of tender-offer



## 02 Transaction Structure



*Enhancing the ownership profile in SFL*

Enhancing the ownership profile in SFL

- > Acquisition of Predica's 13% stake in SFL
- > Launch of a voluntary tender offer for SFL remaining minority shareholders

**The Colonial Group has approved the following concurrent transactions:**

**1. Acquisition of Predica's 13% stake through the following steps:**

- > The Board of Directors of SFL has agreed the acquisition of the remaining Predica's stake in existing JVs and 8% stake in SFL in exchange for a non controlling stake in 4 new JVs
  - SFL acquires 50% of ParHolding JV and 34% of Washington Plaza reaching full ownership on all these assets
  - Creation of 4 new JVs of assets in Paris with SFL owning 51% stake and Predica owning 49% stake
  - Excess acquisition volume paid by Predica with SFL shares at NDV 12/20<sup>1</sup> parity
- > The Board of Directors of Colonial has agreed to acquire Predica's 5% stake in SFL in exchange of new Colonial shares based on NDV 12/20<sup>1</sup> parity

**2. Launch of a voluntary mixed tender offer for the remaining 5% share capital not held by Colonial or Predica**

- > Mixed Offer of Shares and Cash based on NDV 12/20<sup>1</sup> parity and at a premium to SFL share price:
  - > €46.66 in cash and 5 Colonial shares for 1 SFL share

**Transaction approved by the Board of Directors of Colonial & publicly supported by the SFL Board of Directors (incl. independent directors)**

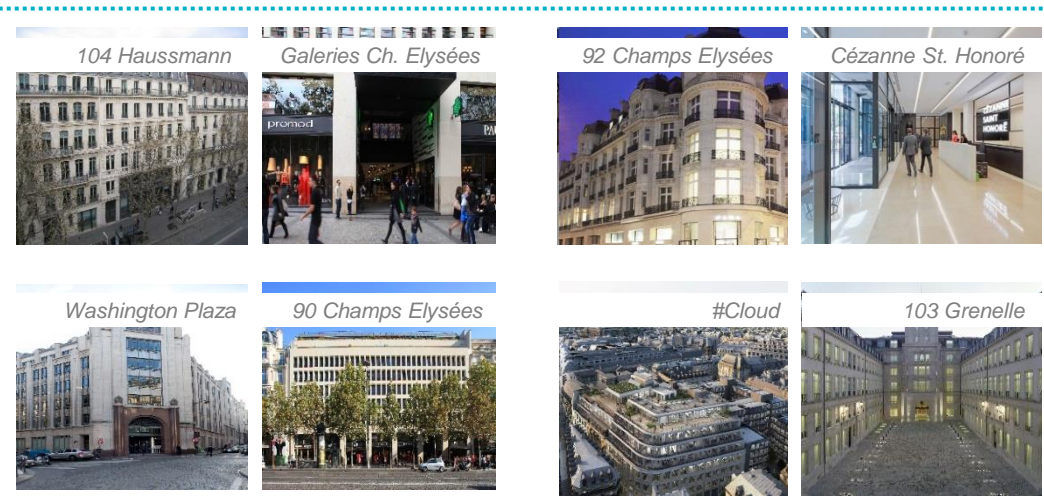
1. Transaction based on 12/20 NDV parity adjusted by dividends accrued on 2020 results in Colonial & SFL

## 02 Transaction Structure

### Simplification of Group Structure & Capital Recycling

#### ASSET SWAP

Capital recycling of assets in exchange for full access to ParHolding Portfolio & Washington Plaza with value optionality



#### SFL ACQUISITION AT NDV

#### NEW JOINT VENTURES SFL - PREDICA

	<b>SFL</b>	<b>SFL</b>
	<u>Stake Pre</u>	<u>Stake Post</u>
ParHolding	50%	100%
Washington Plaza	66%	100%

	<b>SFL</b>	<b>PREDICA</b>
	<u>Stake</u>	<u>Stake</u>
New Joint Ventures	51%	49%

#### SOURCES & USES at NDV<sup>1</sup>

SOURCES		USES	
Cash <sup>2</sup>	€110m	13% SFL owned by Predica	€592m
New Colonial Shares <sup>2</sup>	€342m	Tender offer for 5% SFL Minorities <sup>2</sup>	€214m
<b>Net Asset Swap</b>			
	<b>€354m<sup>3</sup></b>		
<b>TOTAL</b>	<b>€806m</b>	<b>TOTAL</b>	<b>€806m</b>

#### STRUCTURING CONSIDERATIONS

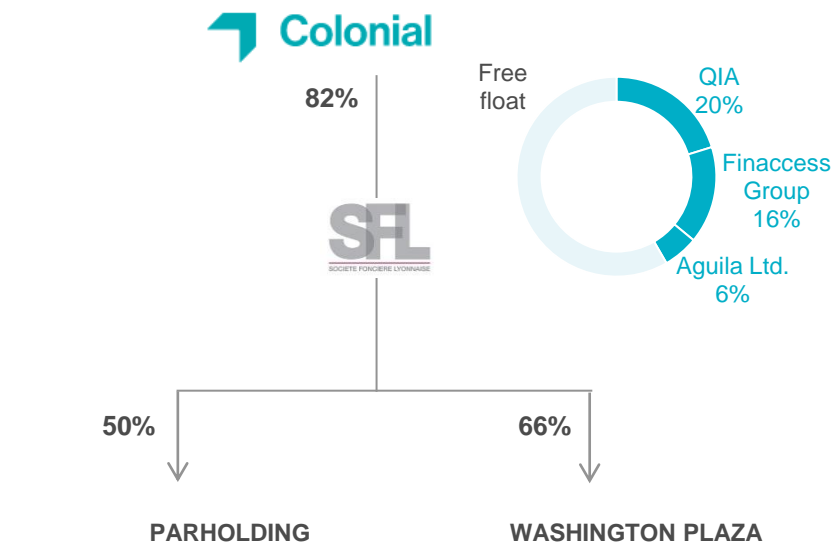
- > Capital recycling of the portfolio owned by the Group
- > Simplified shareholding structure strengthening long-term partnership with Predica
- > Preservation of SFL SIIC regime & Colonial SOCIMI status
- > Full access to ParHolding assets; optionality to improve tax profile by converting into the SIIC regime

1. Transaction based on 12/20 NDV parity adjusted by dividends accrued on 2020 results in Colonial & SFL  
 2. Final figures subject to final outcome of tender offer. All figures based on SFL remaining shares (without Colonial & Predica stakes) and excluding treasury shares as of March 2021  
 3. Net Asset Swap at NTA amounts to €293m

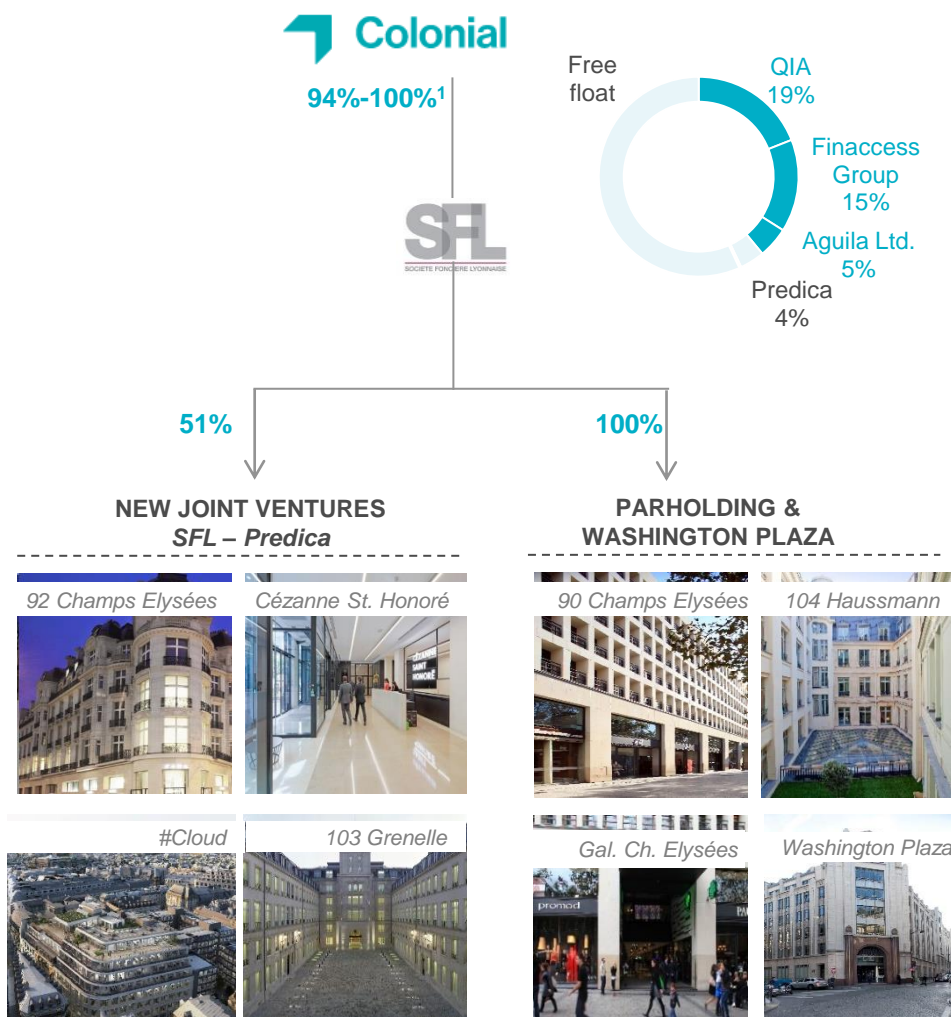
## 02 Transaction Structure

### Simplification of Group Shareholding Structure

#### CORPORATE STRUCTURE – PRE TRANSACTION



#### CORPORATE STRUCTURE – POST TRANSACTION<sup>1</sup>



1. Final stakes subject to final outcome of takeover bid



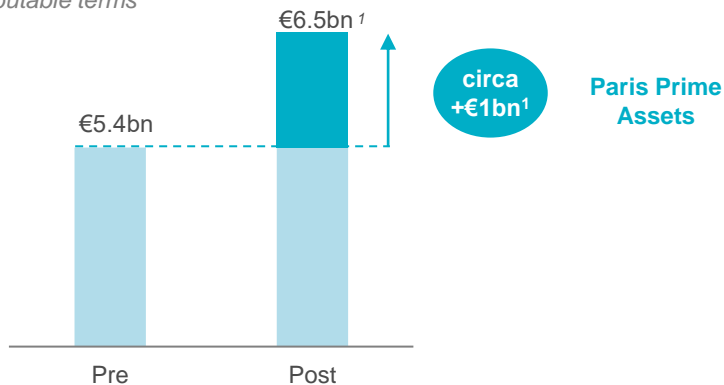
*Flight to quality through acquisition of Prime Assets in Paris*

1 Flight to quality through acquisition of Prime Paris Assets

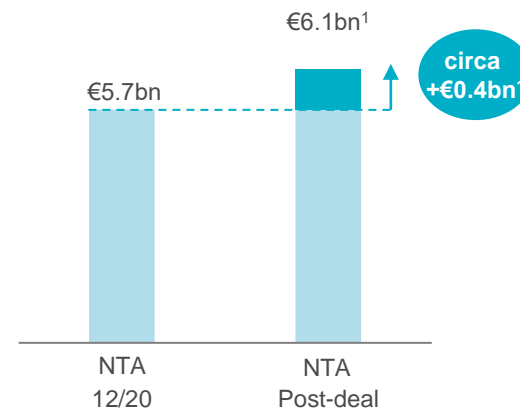
- > Acquisition of circa €1bn<sup>1</sup> additional exposure in Prime Assets in Paris at NDV
- > Increased exposure to value-accretive Paris Flagship Projects
- > Equity post transaction increases by €0.4bn<sup>1</sup>

ACQUISITION OF PRIME PARIS ASSETS AT NDV...

GAV in attributable terms



... INCREASING EQUITY VALUE BY €0.4bn<sup>1</sup>



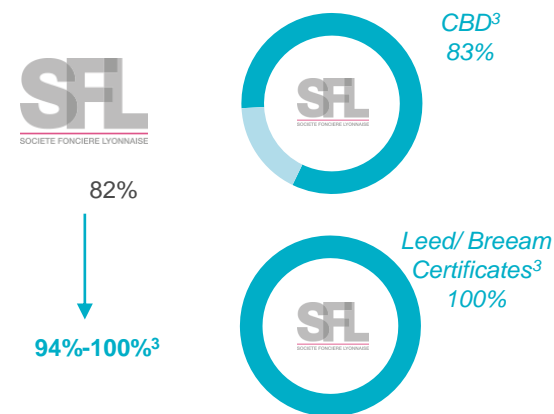
ENHANCEMENT OF PARIS PROJECT EXPOSURE

Increased exposure to value-accretive Paris Flagship Projects

€0.6bn<sup>2</sup>


€0.66bn<sup>2</sup>

Flagship projects Paris

Source: SFL public information

1. Final amounts subject to final outcome of tender-offer
2. Values at Total Cost = Acquisition price + capex
3. SFL Portfolio as of 12/20

## 2 Strong Corporate Rationale

- > Simplification of shareholding structure of the Group
- > Enhanced visibility in capital markets
- > Solid capital structure

### Simplified structure with enhanced visibility in Capital Markets

- > Simplification of the Group's shareholding structure with preservation of REIT status for Colonial & SFL<sup>1</sup>
- > Incorporation of French institutional investor in Colonial corporate shareholder base: Predica & SFL minorities free float
- > Increase of free float market cap. of circa €0.4bn<sup>3</sup>, +20% vs pre-transaction

### Solid Capital Structure

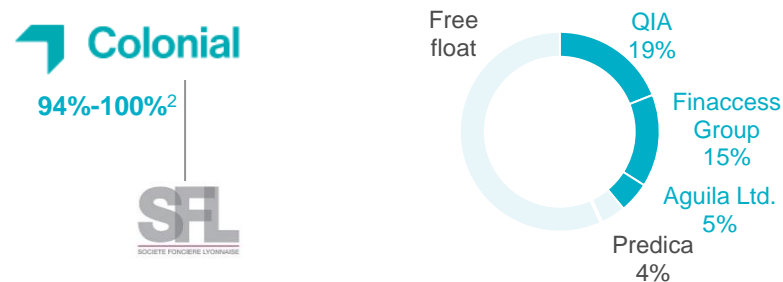
- > Additional equity – NTA increase of circa €0.4bn<sup>3</sup>
- > LTV remains at solid Investment Grade levels
- > Increased exposure to Prime Paris assets
- > Pan-European diversification

### Enhanced Pan-European Prime platform for international growth

- > Consolidation of Colonial's leadership in Pan-European Prime Office
- > Predica remains as strong partner in Paris
- > Enhanced leadership in ESG through integrated best practices
- > Enhanced platform for further international growth

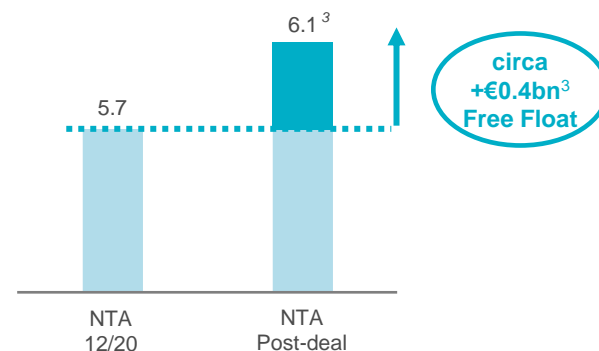
1. Preservation of REIT's status: in Spain SOCIMI and in France SIIC  
 2. Final stakes post transaction subject to final outcome of tender-offer  
 3. Final amount subject to final outcome of tender-offer

### Simplified Structure<sup>2</sup>



### Solid capital structure with increased free float market cap

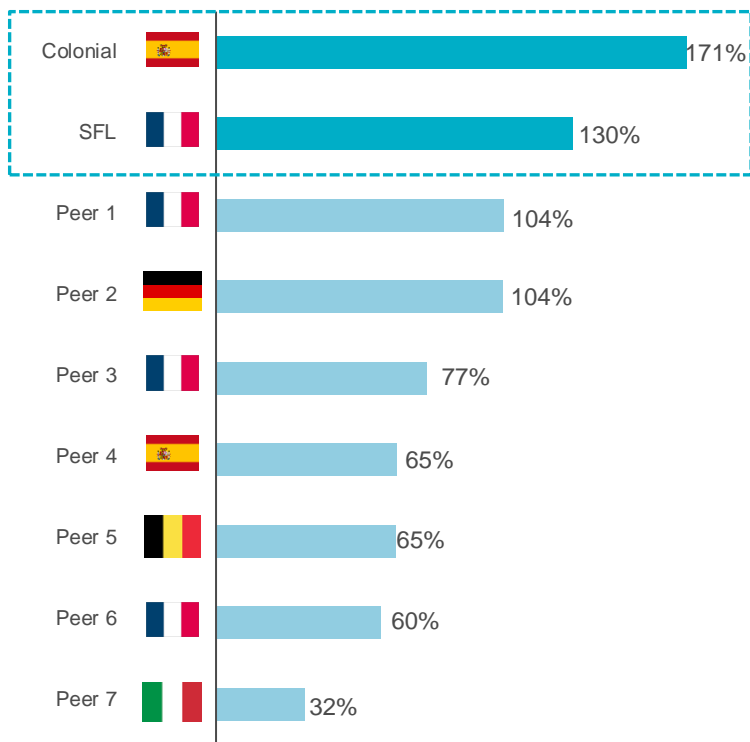
In €bn



2 Strong Corporate Rationale

- > Colonial and SFL with superior Total Shareholder Returns<sup>1</sup> among peers
- > Combination of management teams in Spain & France with strong track records
- > Enhanced operational efficiencies & growth opportunities through strengthened Pan-European Platform

SUPERIOR TOTAL SHAREHOLDER RETURN<sup>1</sup> 6/14-12/20



Source: Colonial, based on Public information

1. NAV per share increase + dividend

PAN-EUROPEAN FRANCHISE WITH STRONG TRACK RECORD

- > Colonial and SFL managing teams delivering superior Total Shareholder Returns<sup>1</sup> in their sector
- > Combination of management teams in Spain & France with strong track records
- > Enhanced operational efficiencies & growth opportunities through strengthened Pan-European Platform





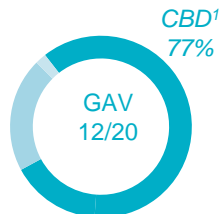
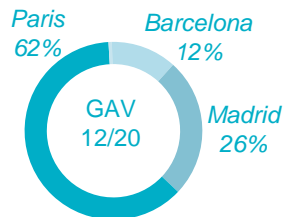
2 Strong Corporate Rationale

- > Reinforcing the Colonial Prime Platform for international growth
- > Strong Capital value creation through prime factory approach
- > Superior Returns for Shareholders

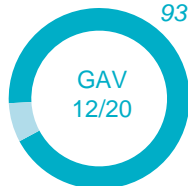
PAN-EUROPEAN LEADERSHIP IN PRIME OFFICES ...

€12bn GAV

€6bn NTA



Leed/ Breeam Certificates<sup>2</sup>  
93%



European Property Investment Awards  
WINNER 2020



Source: Colonial and SFL public information

1. GAV 12/20 Office portfolio.
2. GAV 12/20 Office portfolio in operation
3. NAV per share increase + dividend

... WITH STRONG FUNDAMENTALS

TOTAL RETURN<sup>3</sup> € /sh.

6/14 to 12/20

Alpha Prime Factory

+€3.9

Rental Price Increase

+€1.6

Yield & others

+€1.3

DPS paid

+€0.9

Total Return per share

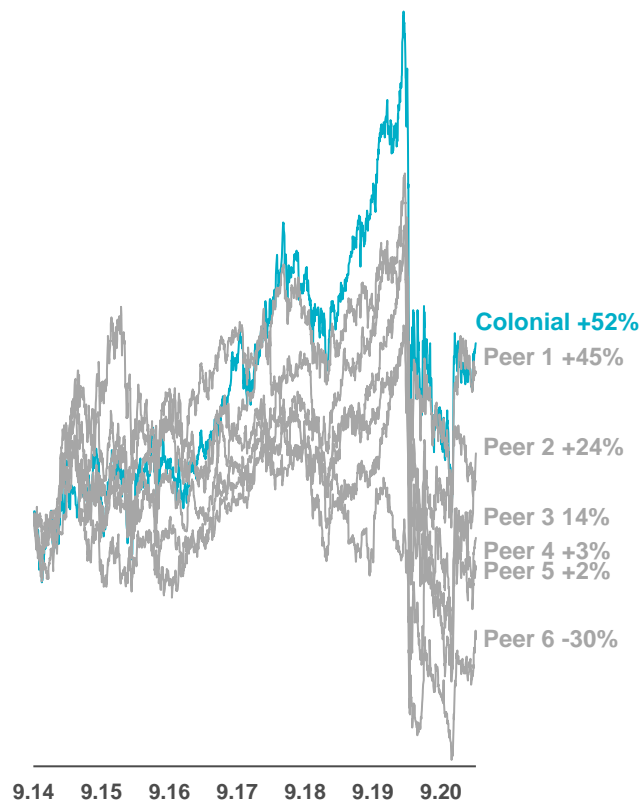
+€7.7

Total Return 6/14-12/20

+171%

... DELIVERING SUPERIOR RETURNS

As of 26<sup>th</sup> May 2021



Source: Bloomberg

### 3 Attractive transaction terms for Colonial Shareholders

- > Acquisition of circa €1bn<sup>1</sup> of Prime Paris assets at a discount to NAV/NTA
- > Neutral transaction in NAV/NTA and accretive in recurring EPS
- > Acceleration of NTA and EPS accretion in the coming years

#### Accretive Transaction from day one

- > Neutral transaction in NTA
- > Accretive transaction in recurring EPS
- > LTV remains at solid Investment Grade levels with circa €0.4bn<sup>1</sup> additional equity

#### Strong mid-term NTA and EPS accretion

- > Increased access to Paris's portfolio reversion
- > Enhanced exposure to Paris project Pipeline
- > Solid Cash Flows
- > Strengthened platform for further international growth

#### IMPACT PER SHARE

Return metric	Short term	Mid term
EPRA NTA	-	↑ ↑
EPS recurring	↑	↑ ↑
Dividends	↑	↑ ↑
Total Shareholder Return	↑	↑ ↑

1. Final amount subject to final outcome of tender-offer

### 3 Attractive transaction terms for Colonial & SFL Shareholders

- > Offer price at a discount to SFL latest reported NAV (NTA)
- > Access to liquidity for SFL shareholders at attractive pricing levels
- > Mixed offer gives SFL shareholders access to liquid Colonial shares of an enhanced Pan-European Platform

#### OFFER PRICE VS. REFERENCES

EPRA NAV 12/20 References	12/20 (€/sh.)	Offer Price <sup>1</sup> vs reference
NRV	112.0	<b>(21%)</b>
NAV (NTA)	102.8	<b>(14%)</b>
NDV	98.8	<b>(11%)</b>

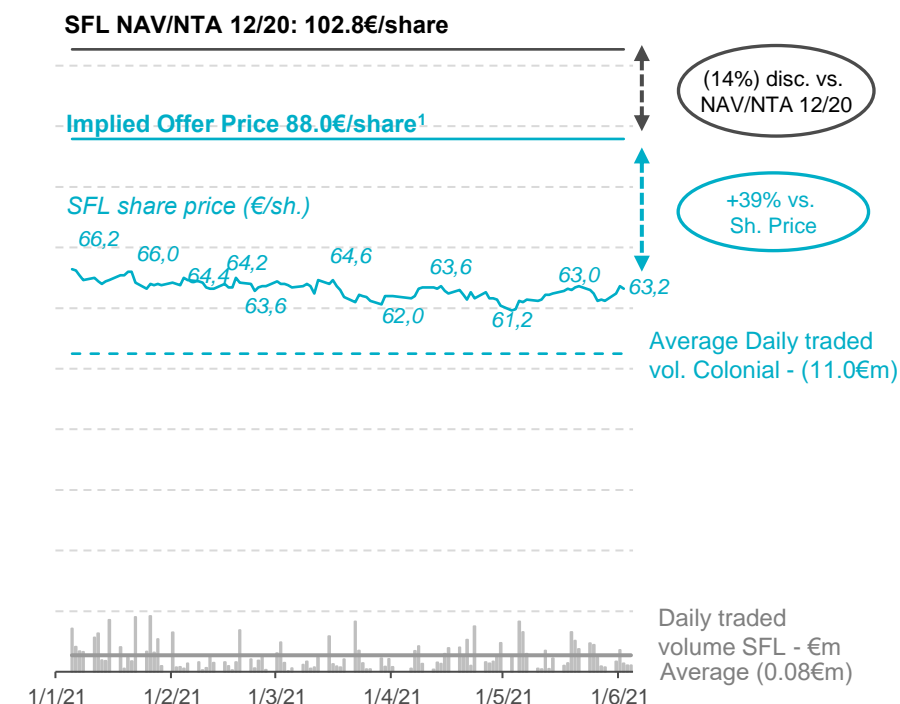
  

Share Price references	€/sh.	Offer Price <sup>1</sup> vs reference
Share Price (pre-closing <sup>2</sup> )	63.2	<b>+39%</b>
3M VWAP <sup>3</sup>	62.4	<b>+41%</b>
6M VWAP <sup>3</sup>	63.4	<b>+39%</b>

#### ACCESS TO LIQUIDITY FOR SFL SHAREHOLDERS

- > Offer provides liquidity for SFL shareholders at attractive pricing levels
- > SFL's share price liquidity very limited with current average daily trading volume of €0.08m
- > Access to Colonial, a liquid stock with broad analyst coverage

#### OFFER PRICE VS. REFERENCES 2021 YTD<sup>2</sup>



Source: Bloomberg

1. 5 Colonial Shares (at 6MVWAP price) for 1 SFL share + 46.66€ cash per share
2. Market Data as of 2<sup>nd</sup> June 2021
3. Source: Bloomberg

04 Timeline & Execution



*Rapid execution with full impact from 09/21 onwards*

## Rapid execution with full impact from 09/21 onwards

- > Recommended transaction with short timetable
- > Extraordinary Shareholder meeting by the end of June 2021
- > Full transaction impact from September 2021 onwards

### Execution Milestones<sup>1</sup>

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June 3<sup>rd</sup>

Transaction fully executed by Colonial, SFL, and Predica

June 4<sup>th</sup>

Filing of draft prospectus (*projet de note d'information*)

End of June

Colonial Extraordinary Shareholders Meeting

July / August

Completion of the tender Offer & transaction closing

September

Full transaction impact from September 2021 onwards

1. Indicative timeline, subject to change

## 05 Conclusion



## Reinforcing the Colonial Prime Platform for international growth



### FLIGHT TO QUALITY THROUGH ACQUISITION OF PRIME PARIS ASSETS

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Acquisition of circa €1bn<sup>1</sup> Prime Paris assets

- > Increased exposure to high quality Prime Paris Portfolio
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- > Capital recycling of assets in exchange for full access to ParHolding & W.Plaza with value optionality
- > Acceleration of Colonial's growth program

### STRONG CORPORATE RATIONALE

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- > Simplification of shareholding structure of the Group & enhanced visibility in capital markets
- > Strengthened long-term partnership with Predica – a strong institutional partner
- > Consolidation of the Pan-European Prime Platform for further international growth

### ATTRACTIVE TRANSACTION TERMS FOR COLONIAL SHAREHOLDERS

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- > Acquisition of circa €1bn<sup>1</sup> Prime Paris assets at a discount to NAV/NTA
- > Neutral transaction in NAV/NTA and accretive in recurring EPS from day one
- > Acceleration of NAV/NTA and EPS accretion in the coming years
- > Enhanced capital structure with €0.4bn<sup>1</sup> of additional equity with LTV at solid Investment Grade levels
- > Rapid execution timetable with full transaction impact from September 2021 onwards



Reinforcing the Colonial Prime Platform for further international growth

<sup>1</sup>Final amounts subject to final outcome of tender-offer





**GROUP KEY PORTFOLIO METRICS**

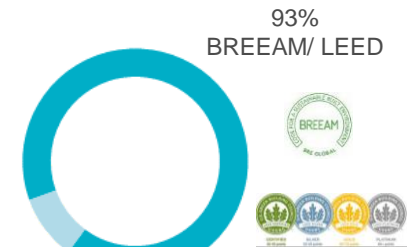
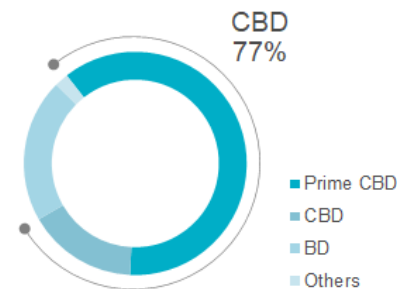
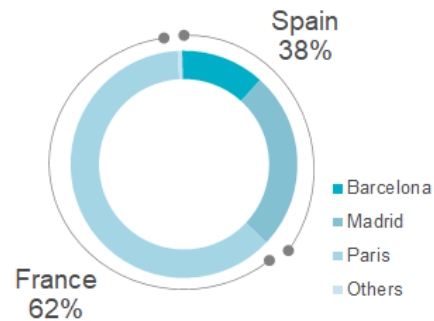
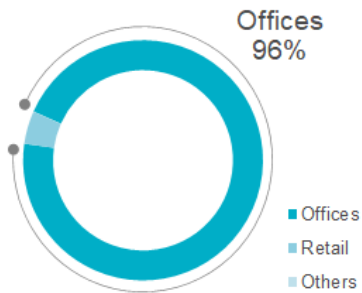
GAV Group 12/20	€12.1bn
# of assets 2020	64 Spain 20 France
Surface above ground 2020	1,256,326 sq. m
EPRA Vacancy 12/20	4.8%

**CAPITAL STRUCTURE METRICS**

Net Total Assets	€5.7bn
Total Shareholder Return 6/14-12/20	+171%
LTV Group Q1 21	34.9% LTV
Rating Investment Grade	STANDARD & POORS <b>BBB+ Stable Outlook</b>
	MOODY'S <b>Baa2 Stable Outlook</b>

**BUSINESS MIX**

**GAV GROUP**

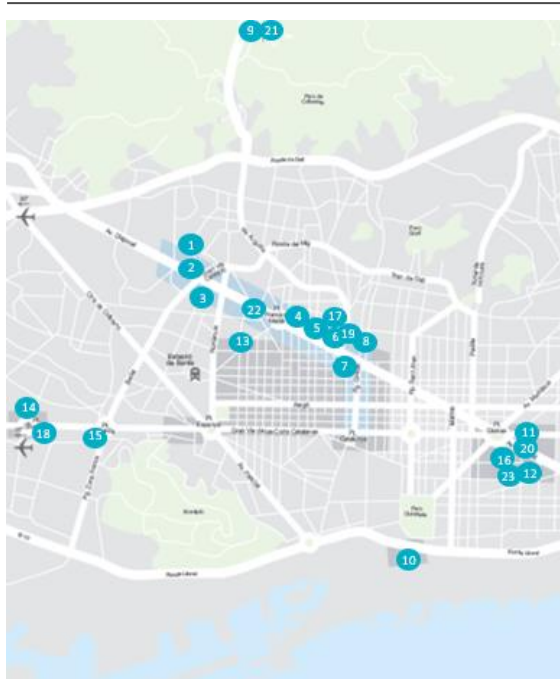


Colonial as largest property owner in offices in the City Centre of Madrid, Barcelona and Paris

- > Strong market share increases negotiation power
- > Colonial best positioned to capture the rental cycle in its markets

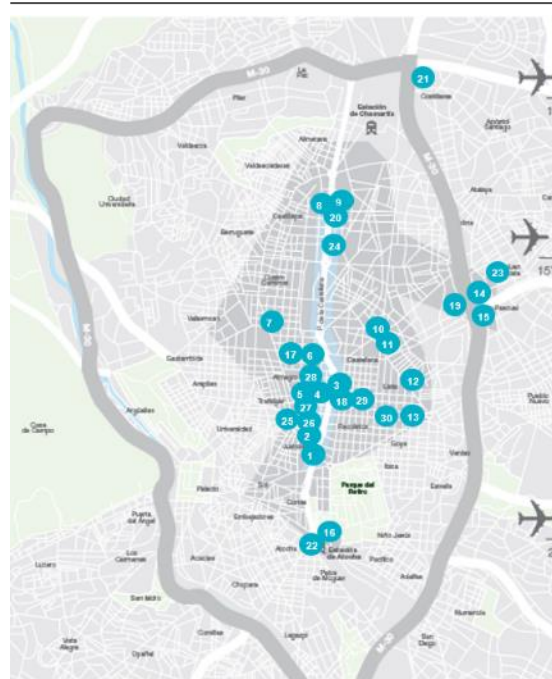
BARCELONA

Colonial Portfolio - max rent signed



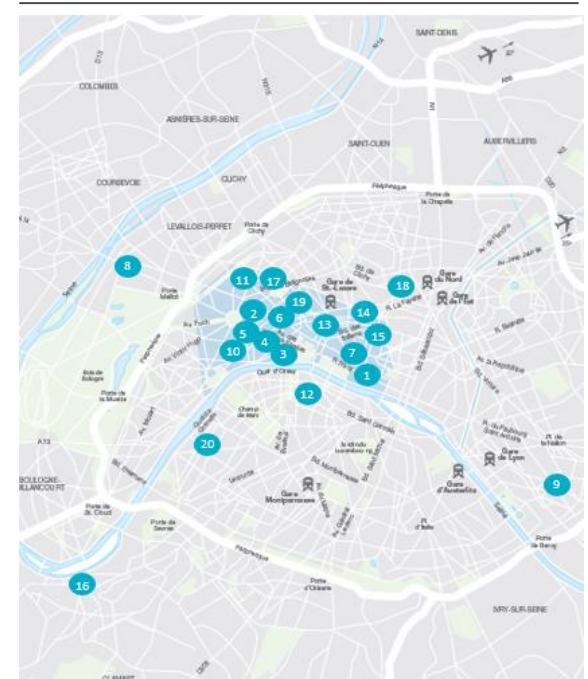
MADRID

Colonial Portfolio - max rent signed



PARIS

Colonial Portfolio - max rent signed



ALLEN & OVERY

Cartier



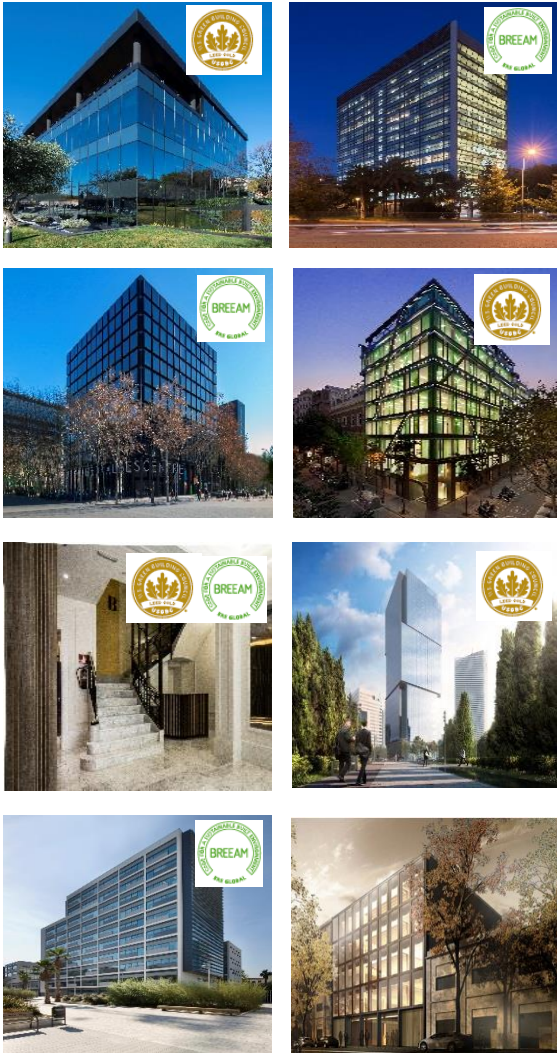
NETFLIX



COTY



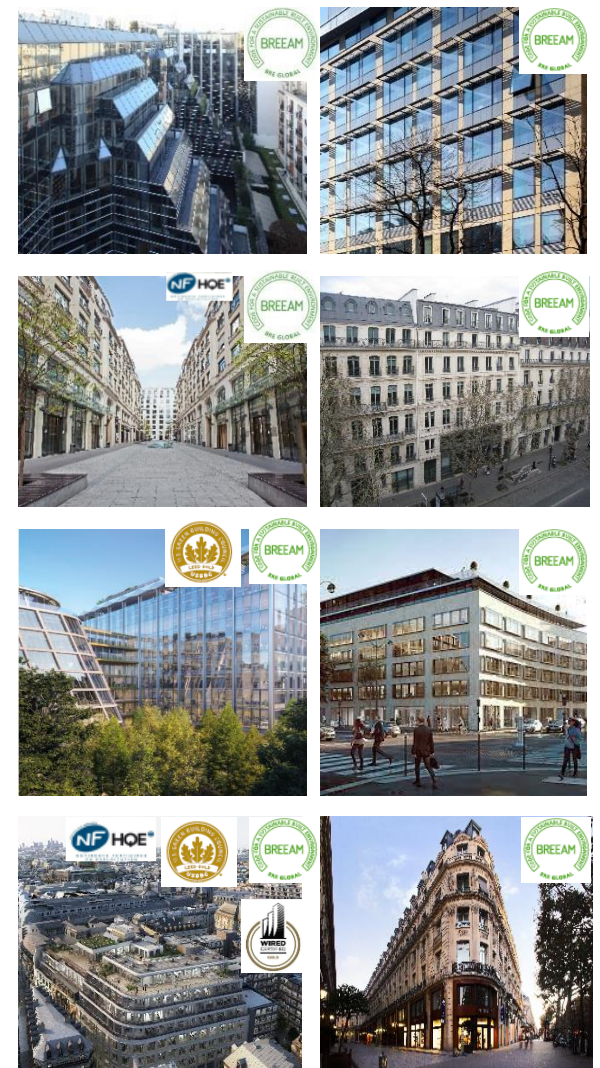
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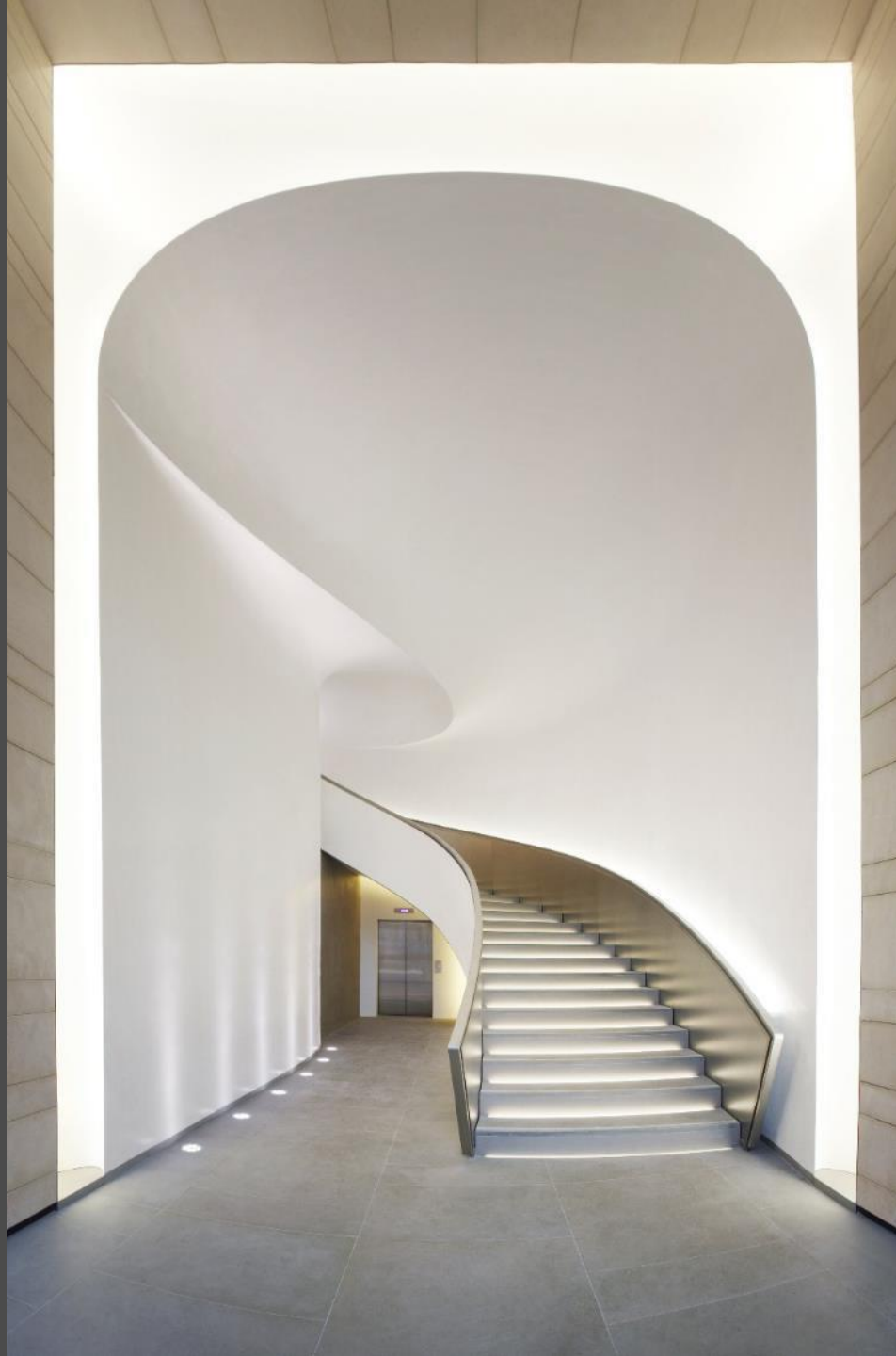
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