

Colonial



Colonial – Investor Day
BUSINESS CASES FRANCE

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SFL Chief Operating Officer



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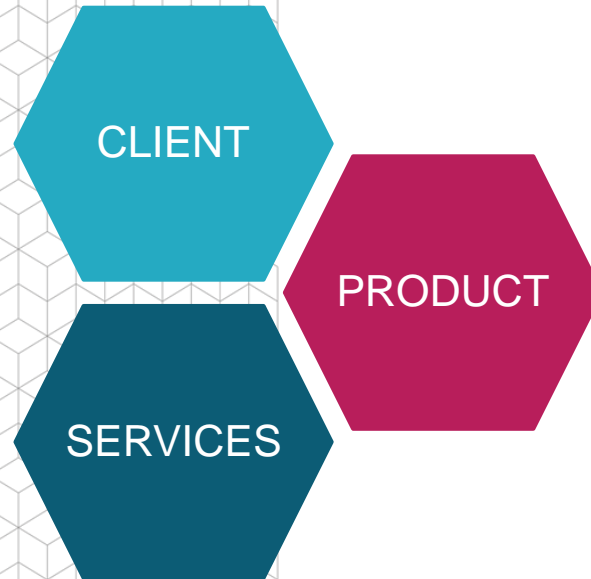
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SFL ASSET STRATEGY

THREE VALUE CREATION LEVERAGES



1. CLIENT

SFL FOCUSES ON UNDERSTANDING CLIENTS NEEDS



ENABLES SFL TO COLLECT INFORMATION TO DESIGN AND IMPROVE ITS BUILDINGS IN LINE WITH FUTURE TENANTS EXPECTATIONS

CUSTOMER SATISFACTION SURVEY

STATISTICAL SURVEYS EACH YEAR ALLOW SFL TO GET A CLEARER PICTURE OF THE NEEDS EXPRESSED BY ITS CLIENTS

A portfolio of very high value-added tenants in each business unit



2. PRODUCT

ASSETS IN BEST LOCATIONS

UPGRADE BUILDINGS / EQUIPMENTS AND INTRODUCE DESIGN WITH FAMOUS ARCHITECTS AND DESIGNERS

DEVELOP MODULAR AND LARGE FLOOR PLATES IN PARIS TO OFFER BEST WORKING ENVIRONMENT AND MAXIMIZE USER COMFORT AND OCCUPATION RATIO

SPECIAL ATTENTION TO SUSTAINABILITY ISSUES: ALL ASSETS CERTIFIED **BREEAM® - IN - USE**

3. SERVICES

SFL IMPLEMENTS A FULL RANGE OF HIGH VALUE-ADDED AMENITIES TO PROVIDE STIMULATING WORKPLACE ENVIRONMENT

RECEPTION LOUNGES

CORPORATE CONCIERGE SERVICES

INFORMAL MEET-UP SPACES

PREMIUM FOOD COURTS

FITNESS ROOMS

RECEPTION AND CONFERENCE ROOMS

DIGITAL APP TO CONNECT THE USER TO ITS ENVIRONMENT



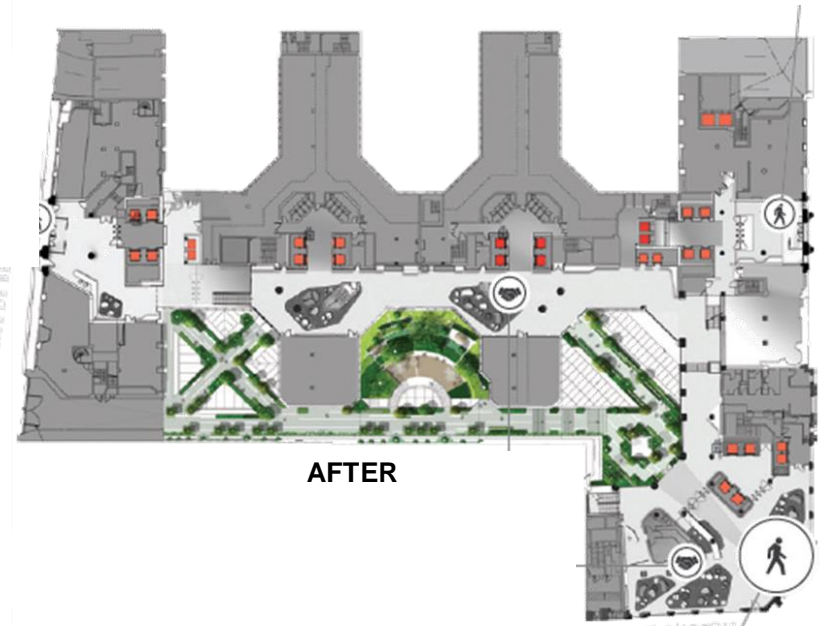
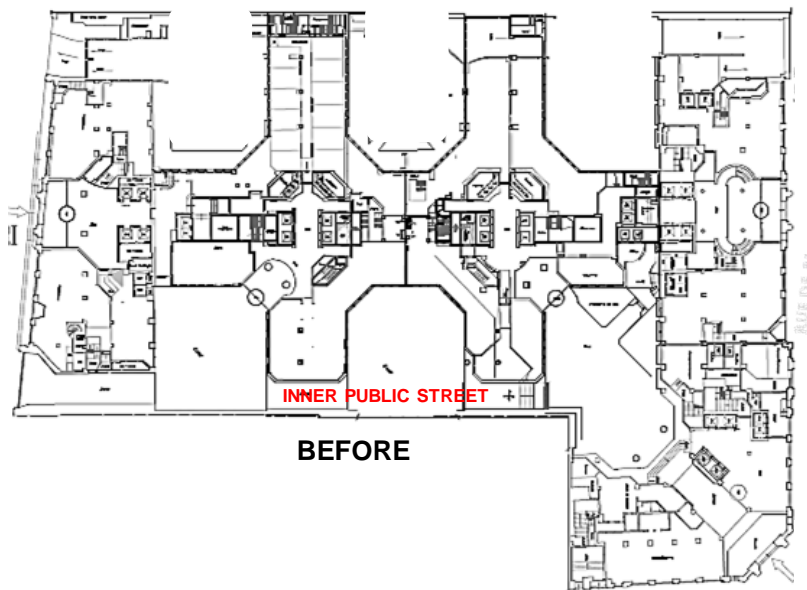


Washington Plaza

47.000 sq.m of office space in a Business center in the heart of Paris CBD

SFL Strategy : OVERALL UPGRADE AND REPOSITIONNING OF THE ASSET IN THE PRIME MARKET SEGMENT

1 Optimize common spaces and promote new uses



- ❑ Private access to the whole building
- ❑ Creation of a **large lobby** to become the **unique address of the asset**

- ❑ Direct access to pool of services, restaurant and cafeteria
- ❑ **238 sq.m** of leasable space **created**

2 Refurbishment of common spaces



4 High end services area



Concierge



Restaurant



Outdoor spaces and terraces



Club



Lobby

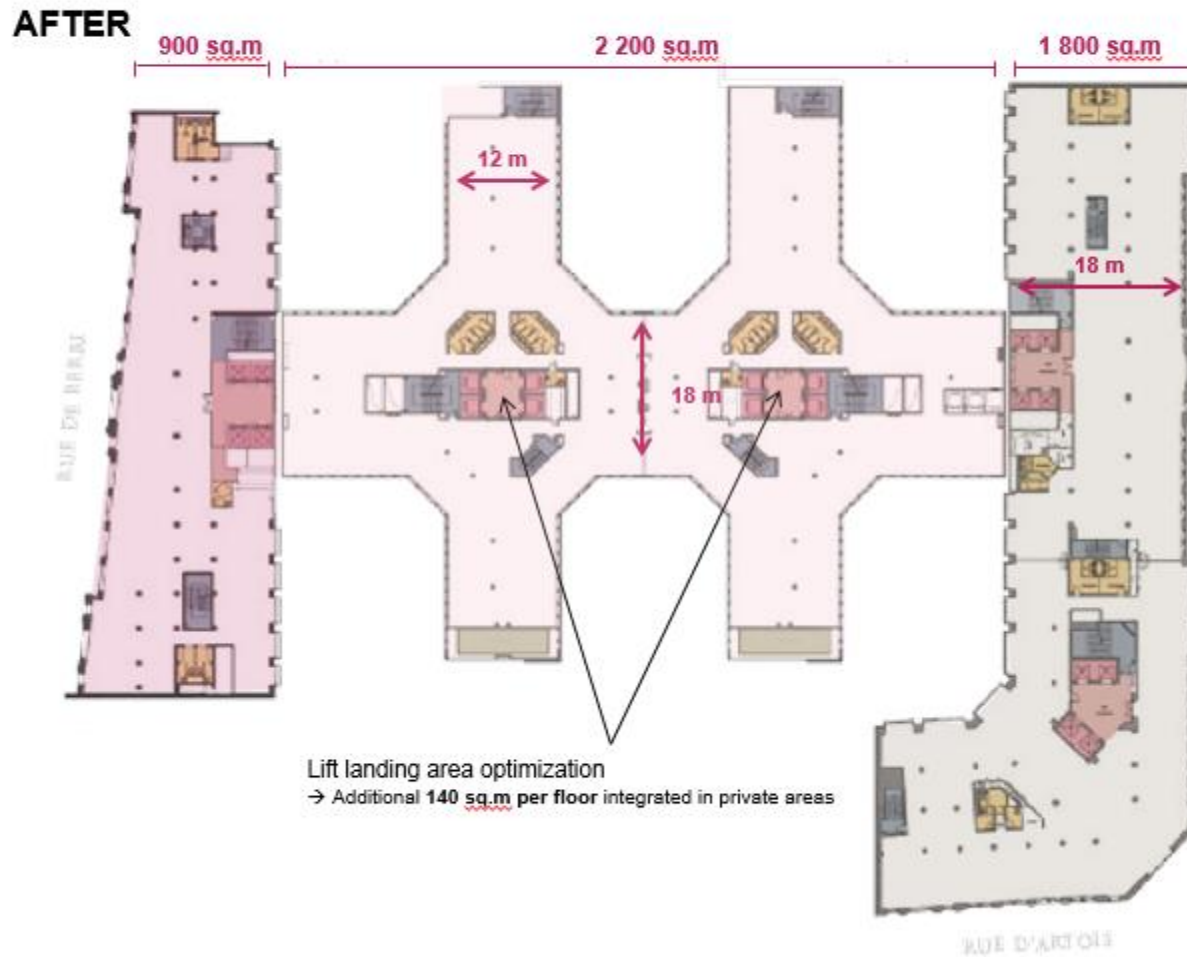


5 Large and flexible office floor > 1 000 sq.m

BEFORE



5 Large and flexible office floor > 1 000 sq.m



6 Key indicators evolution and value creation

□ **GAV evolution 2012 / 2016 = x 1,4**

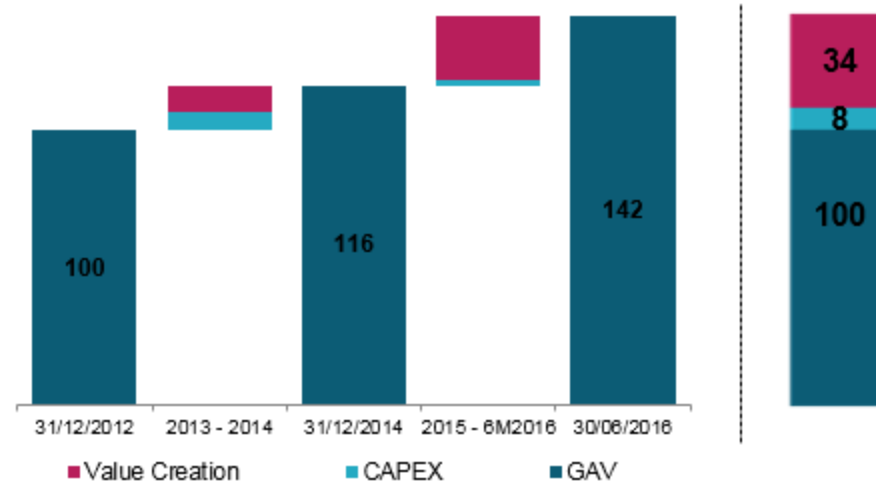
Basis 100 in 2012

□ **ERV : + 13 % (on average)**

- Before refurbishment : 610 €/sq.m
- After refurbishment : 690 €/sq.m

□ **Occupancy rate : + 11 pts**

- Before refurbishment : 86 %
- After refurbishment : 97 %





90 Champs Élysées

8 900 sq.m with a signature location delivered in March 2015

SFL Strategy : FROM AN OUTDATED MULTI TENANT ASSET TO A BUILDING MEETING ALL THE REQUIREMENTS FOR A VERY PRIME CLIENT

1 Creation of of large and efficient floors

- ❑ Capacity: 99 people
- ❑ Ceiling height: 2,55 m
- ❑ Total space: 1 286 sam



2 Refurbishment of the lobby and the common areas



BEFORE

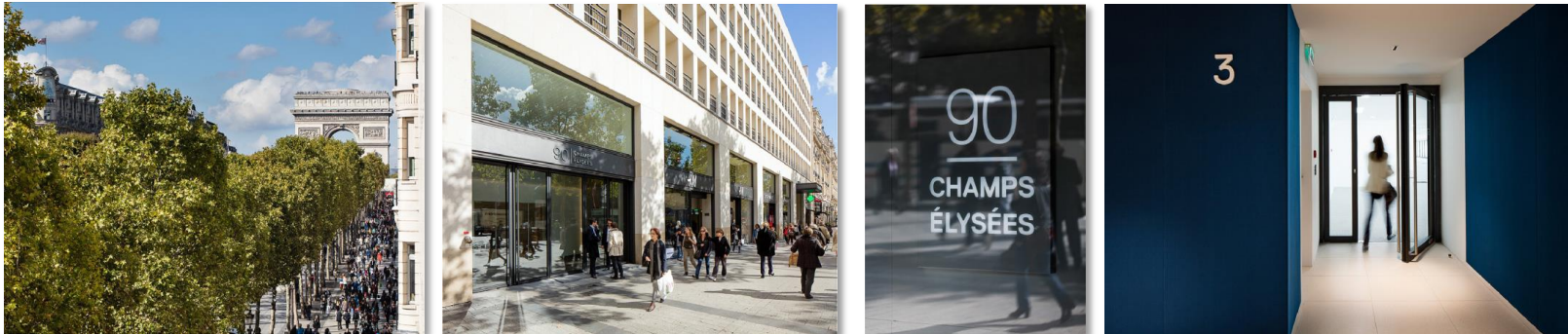
2 Refurbishment of the lobby and the common areas



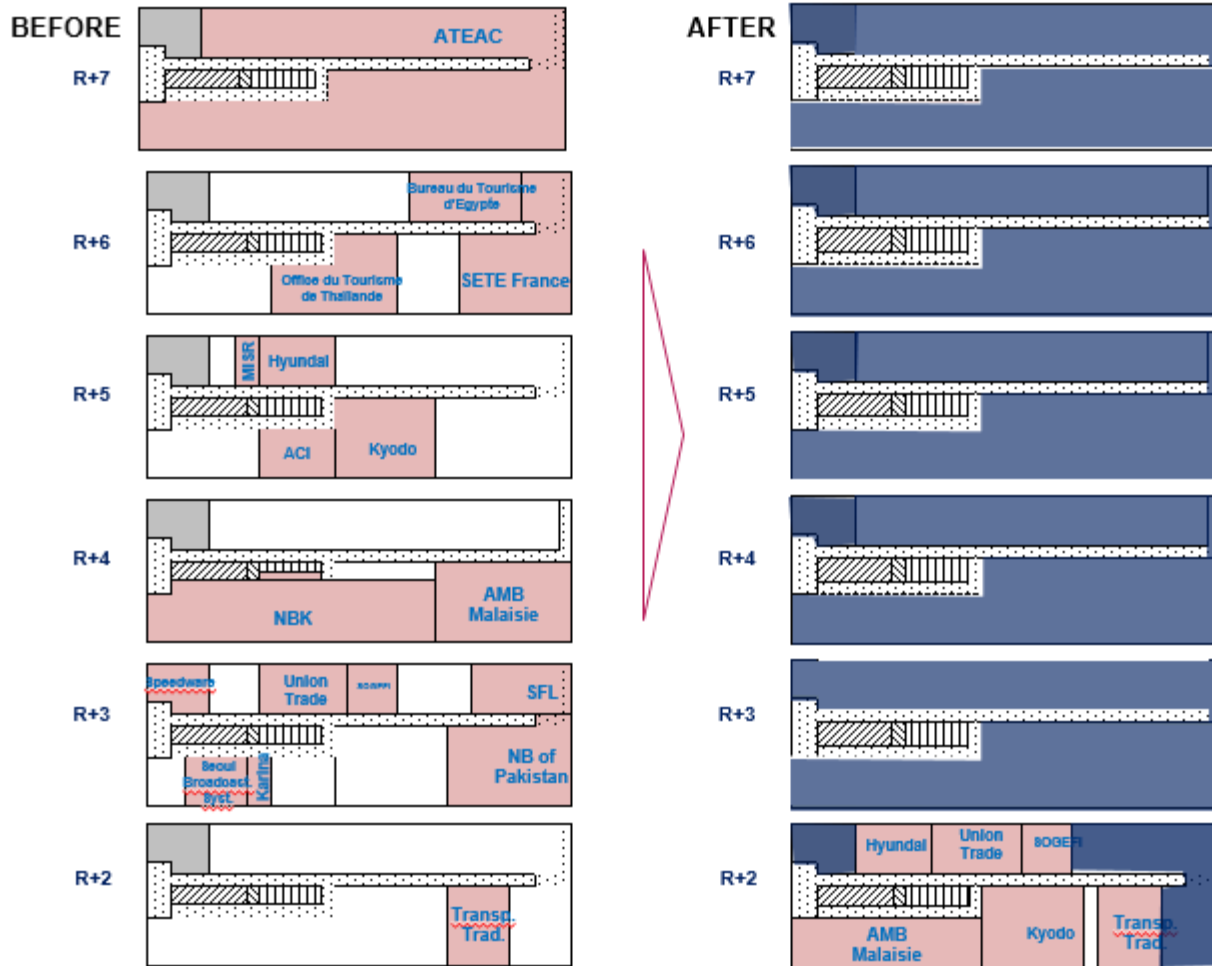
AFTER

3 A successful time line management

- ❑ Negotiation of the **departure of former tenants in coordination with the beginning of the works**
- ❑ **75% of the building pre let to a leading consulting company 6 months before delivery**
- ❑ **Tenant's fit-out works included in the overall refurbishment process**

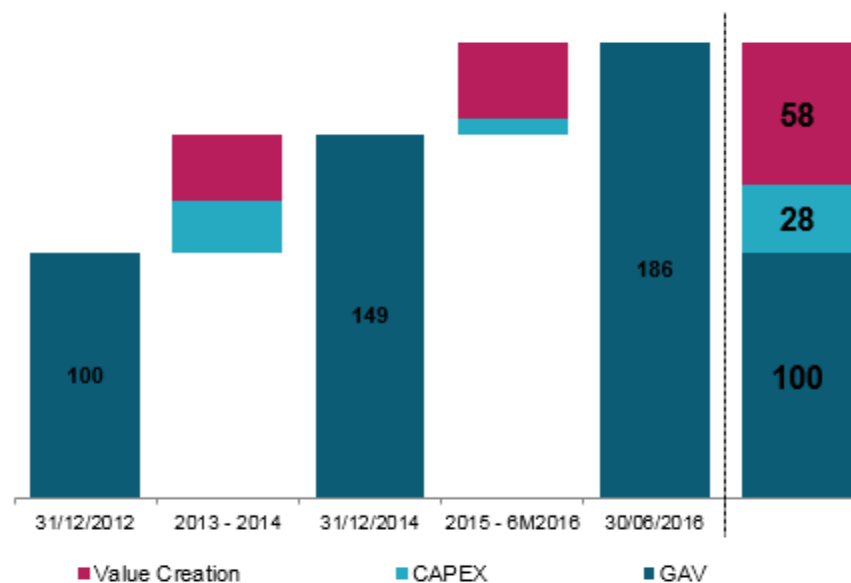


4 Value creation strategy



5 Key indicators evolution and value creation

- **GAV evolution 2012 / 2016 = x 1,9**
Basis 100 in 2012
- **AVERAGE RENTAL VALUE : + 40 %**
 - Before refurbishment : 500 €/sq.m
 - After refurbishment : 700 €/sq.m





Cézanne saint-honoré

A prime office complex in a signature location

SFL Strategy : FOCUS ON SPOT VALUE ADDED PROJECTS

1 Development of 1 052 sq.m of offices and 205 sq.m of terraces overlooking Paris

Creation of office spaces on the top of the building & valorisation of outdoor spaces :



BEFORE



AFTER

- Administrative agreement to develop office space (**formerly technical units and vacant spaces**)
- **12 months project** (delivered in September 2015)

2 1 000 sq. m services rehabilitation on G-1 floor

BEFORE



AFTER



Refurbishment of the space and implementation of a new high-end restaurant



Creation of a 100 seat auditorium and meeting rooms dedicated to the tenants of the building

3 Successful results



Signature of a lease agreement 8 months after delivery to a prime property developer firm

2 613 sq.m
6 years firm lease period
Rent level : 750€/sq.m (ERV at 730€/sqm)



ROI of the project : 6 %



#Cloud. Paris

35.000 sq.m delivered by the end of 2015 fully let to high value-added tenants

**REFURBISHMENT OF THE OFFICE COMPLEX OCCUPIED BY LCL TO
CREATE A STATE-OF-THE-ART ASSET IN THE 'BOURSE' BUSINESS
DISTRICT**

1 #Cloud.paris : a large-scale redevelopment in Paris



- A recognized **contemporary architectural projet**



- From four different buildings to **one single office building**
- Creation of an **internal atrium to enhance natural light and comfort**

3 High-end pool of services and shared spaces

- ❑ Several terraces and outdoor spaces
- ❑ 3 restaurants
- ❑ Auditorium with 200 seats
- ❑ Lounge
- ❑ Conciergerie
- ❑ Fitness center



4 Successful time line management and a commercial success

- 100% of the building let 3 months after delivery to high value added companies :

				
Signature date	<u>4 months before delivery</u>	<u>3 months before delivery</u>	<u>1 month before delivery</u>	<u>3 months after delivery</u>
Lease period	<u>9 years</u>	<u>6/9 years</u>	<u>4/6/9 years</u>	<u>8/9 years</u>

5 Key indicators evolution and value Creation

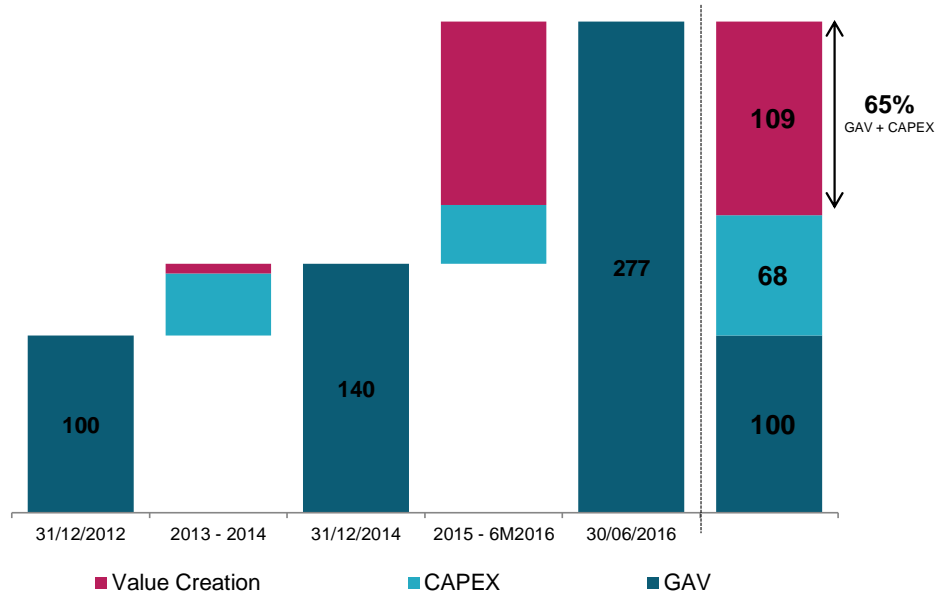
□ **GAV EVOLUTION 2012 / 2016 = x 2,8**

Basis 100 in 2012

□ **AVERAGE OFFICE RENT : + 40 %**

- Before refurbishment : 500 €/sq.m
- After refurbishment : > 700 €/sq.m

□ **IRR (pre tax / free CF) : 18 %**



SFL ASSET STRATEGY

1. BEST BUSINESS LOCATIONS
2. ANTICIPATE LEADING WORLDWIDE COMPANIES REQUIREMENTS
3. PROMOTE « GOODWILL » IN TENANT REAL ESTATE STRATEGY
4. UPGRADE PRODUCTS IN LARGE SCALE OFFICE COMPLEX
5. DEVELOP SERVICES AND CLIENTS RELATIONSHIP



STRONG PERFORMANCE OF RENT LEVEL, OCCUPANCY RATE AND GROSS ASSET VALUE.

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