

OFFRE PUBLIQUE MIXTE SIMPLIFIÉE VISANT LES ACTIONS DE LA SOCIÉTÉ



Initiée par



Présentée par

Morgan Stanley

Morgan Stanley Europe SE

Banque présentatrice

Morgan Stanley

Morgan Stanley Bank AG

Banque présentatrice et garante

INFORMATIONS RELATIVES AUX CARACTÉRISTIQUES, NOTAMMENT JURIDIQUES, FINANCIÈRES ET COMPTABLES D'INMOBILIARIA COLONIAL



Le présent document relatif aux autres informations notamment juridiques, financières et comptables de la société Immobiliaria Colonial (« **Colonial** ») a été déposé auprès de l'Autorité des marchés financiers (l'« **AMF** ») le 20 juillet 2021, conformément aux dispositions de l'article 231-28 du règlement général de l'AMF, à l'instruction de l'AMF n°2006-07 modifiée le 29 avril 2021 relative aux offres publiques d'acquisition et à l'instruction de l'AMF n°2019-21 modifiée le 29 avril 2021 relative aux modalités de dépôt et de publication des prospectus. Ce document a été établi sous la responsabilité de la société Colonial.

Le présent document complète la note d'information relative à l'offre publique mixte simplifiée visant les actions de Société Foncière Lyonnaise¹ (« **SFL** ») initiée par Colonial, visée par l'AMF le 20 juillet 2021, sous le numéro 21-340, en application de la décision de conformité datée du même jour.

¹ À l'exception des 5.992.903 actions SFL que Predica s'est engagée à ne pas apporter à l'Offre.

Le présent document et la note d'information sont disponibles sur le site internet de Colonial (www.inmocolonial.com) et sur le site internet de l'AMF (www.amf-france.org). Ils peuvent être obtenus sans frais sur simple demande auprès de :

Inmobiliaria Colonial
Paseo de la Castellana 52, 28046 Madrid
Espagne

Morgan Stanley Europe SE
(Succursale à Paris)
61 rue de Monceau, 75008 Paris
France

Conformément aux dispositions de l'article 231-28 du règlement général de l'AMF, un communiqué sera diffusé au plus tard la veille du jour de l'ouverture de l'Offre, afin d'informer le public des modalités de mise à disposition du présent document.

1. RAPPEL DES PRINCIPAUX TERMES DE L'OFFRE

En application du Titre III du Livre II, et plus particulièrement des articles 233-1 et suivants du règlement général de l'AMF, Inmobiliaria Colonial, SOCIMI, S.A., société anonyme de droit espagnol, ayant un capital social de 1.270.286.952,50 euros, dont le siège social est sis au Paseo de la Castellana 52, 28046 Madrid (Espagne), immatriculée au registre du commerce de Madrid sous le numéro A-28027399 (« **Colonial** » ou l'« **Initiateur** ») dont les actions sont admises aux négociations sur les marchés réglementés de Barcelone et Madrid, sous le code ISIN ES0139140174, s'est engagée de manière irrévocable à offrir aux actionnaires de Société Foncière Lyonnaise, société anonyme de droit français ayant un capital social de 93.057.948 euros, dont le siège social est sis au 42 rue de Washington, 75008 Paris (France), immatriculée sous le numéro 552 040 982 R.C.S. Paris (« **SFL** » ou la « **Société** »), dont les actions sont admises aux négociations sur le compartiment A d'Euronext Paris (« **Euronext Paris** »), sous le numéro ISIN FR0000033409, d'acquérir la totalité des actions SFL qu'ils détiennent dans les conditions décrites de manière plus détaillée dans la note d'information (l'« **Offre** »).

Au titre de l'Offre, l'Initiateur offre aux actionnaires de la Société d'acquérir les actions SFL qu'ils détiennent en contrepartie pour une action SFL (coupon détaché) apportée à l'Offre :

- d'une somme en numéraire de 46,66 euros ; et
- 5 actions ordinaires nouvelles Colonial à émettre (coupon détaché) (la « **Parité** »).

Dans la mesure où les actions Colonial remises en échange dans le cadre de l'Offre sont des titres liquides (voir Section 3.3.1 de la note d'information) admis aux négociations sur le marché réglementé de Madrid et de Barcelone, l'Offre ne comporte pas d'option en numéraire.

À la connaissance de l'Initiateur, le nombre d'actions existantes de la Société est, à la date du présent document, de 46.528.974 actions représentant autant de droits de vote théoriques.

À la date du présent document, l'Initiateur détient directement 38.018.307 actions et autant de droits de vote théoriques de la Société, représentant 81,71% du capital et des droits de vote théoriques de la Société².

À la connaissance de l'Initiateur et à l'exception des Actions Gratuites Non Acquises (tel que ce terme est défini à la Section 2.6.1 de la note d'information), il n'existe aucun autre titre de capital, ni aucun instrument financier émis par la Société ou droit conféré par la Société (y compris des plans d'options) pouvant donner accès, immédiatement ou à terme, au capital ou aux droits de vote de la Société.

Par ailleurs, Predica Prévoyance Dialogue du Crédit Agricole S.A., société anonyme de droit français régie par le Code des assurances, dont le siège social est sis au 16-18 boulevard de Vaugirard, 75015 Paris (France), immatriculée sous le numéro 334 028 123 R.C.S. Paris (« **Predica** »), s'est engagée dans le cadre du Contrat d'Apport et du Contrat d'Asset Swap³ à

² Sur la base d'un nombre total de 46.528.974 actions et autant de droits de vote théoriques de la Société (informations au 7 juillet 2021). Conformément à l'article 223-11 du règlement général de l'AMF, le nombre total de droits de vote est calculé sur la base de toutes les actions auxquelles sont rattachés des droits de vote, en ce compris les actions dépourvues de droit de vote telles que les actions auto-détenues.

³ Tels que définis à la Section 1.4 de la note d'information.

n'apporter à l'Offre aucune des 5.992.903 actions SFL qu'elle détient dans la mesure où Predica s'est engagée, sous conditions suspensives, à :

- (i) apporter à Colonial 2.328.644 actions SFL dans le cadre de l'Apport ; et
- (ii) échanger avec SFL 3.664.259 actions SFL au titre de l'Asset Swap mis en œuvre dans le cadre du programme de rachat de SFL en vue d'une réduction de capital de SFL (voir Section 1.4 de la note d'information),

étant précisé que Predica a accepté de mettre lesdites actions SFL sous séquestre (à l'exception de 25 actions SFL détenues par Predica au nominatif pur) jusqu'à la clôture définitive de l'Offre (sauf pour mettre en œuvre l'Apport et l'Asset Swap) aux termes d'un contrat conclu en date du 3 juin 2021 désignant Caceis comme tiers séquestre.

En conséquence, l'Offre vise la totalité des actions SFL d'ores et déjà émises et non détenues par l'Initiateur, à l'exception des 5.992.903 actions SFL que Predica s'est engagée à ne pas apporter à l'Offre, soit à la date du document et à la connaissance de l'Initiateur, un nombre maximum de 2.517.764 actions SFL.

Sous réserve des cas de levée des indisponibilités prévus par les dispositions légales ou réglementaires applicables (tels que le décès ou l'invalidité du bénéficiaire), les 200.664 Actions Gratuites Non Acquises et les 130.134 Actions Gratuites Acquises encore en Période de Conservation ou en Période de Conservation Renforcée (tel que ces termes sont définis à la Section 2.6.1 de la note d'information), à la date estimée de la clôture de l'Offre ne pourront pas être apportées à l'Offre et bénéficieront du mécanisme de liquidité décrit à la Section 2.6.2 de la note d'information.

Il est précisé dans la note d'information que l'Initiateur n'agit pas et n'entend pas agir de concert vis-à-vis de la Société avec un tiers ou un actionnaire de la Société.

Conformément aux dispositions de l'article 231-13 du règlement général de l'AMF, le 16 juin 2021, Morgan Stanley Europe SE et Morgan Stanley Bank AG (ensemble les « **Établissements Présentateurs** »), ont déposé, en qualité d'établissements présentateurs de l'Offre, l'Offre auprès de l'AMF pour le compte de l'Initiateur. Seule Morgan Stanley Bank AG garantit la teneur et le caractère irrévocable des engagements pris par l'Initiateur dans le cadre de l'Offre, conformément à l'article 231-13 du règlement général de l'AMF.

L'Offre sera réalisée selon la procédure simplifiée, conformément aux articles 233-1 et suivants du règlement général de l'AMF. L'Offre sera ouverte pendant une période de vingt-cinq (25) jours de négociation, soit du 22 juillet au 25 août 2021 inclus.

2. **INFORMATIONS REQUISES AU TITRE DE L'ARTICLE 231-28 DU REGLEMENT GENERAL DE L'AMF**

Les informations relatives aux caractéristiques, notamment juridiques, financières et comptables de la Société figurent dans le document d'exemption valant dispense de prospectus dans le cadre d'une d'offre publique d'échange, lequel contient des informations décrivant l'opération et son incidence sur l'émetteur, qui a été établi en langue anglaise par Colonial le 20 juillet 2021 (ci-après, avec les documents qu'il incorpore par référence, le « **Document d'Exemption** »).

Conformément au point 1.5 de l'annexe I du Règlement Délégué (UE) 2021/528 du 16 décembre 2020 :

- le Document d'Exemption ne constitue pas un prospectus au sens du Règlement (UE) 2017/1129 ;
- le Document d'Exemption n'a pas été soumis à l'examen et à l'approbation de l'autorité compétente concernée au sens de l'article 20 du règlement (UE) 2017/1129.

Le Document d'Exemption figure en annexe du présent document.

Le Document d'Exemption peut être consulté sur le site internet de Colonial (www.inmocolonial.com). Des exemplaires de ce Document d'Exemption sont également disponibles sans frais au siège de Colonial et des Etablissements Présentateurs.

Toutes les actions ordinaires nouvelles Colonial à remettre dans le cadre de l'Offre seront admises aux négociations sur les marchés réglementés de Barcelone et Madrid, sur la base du Document d'Exemption après la date de règlement-livraison de l'Offre. L'admission des actions Colonial sur un marché réglementé français ne sera toutefois pas demandée.

Aucun fait nouveau significatif n'est intervenu depuis la date de publication du Document d'Exemption.

3. PERSONNE ASSUMANT LA RESPONSABILITE DU PRESENT DOCUMENT

« J'atteste que le présent document qui a été déposé auprès de l'Autorité des marchés financiers le 20 juillet 2021 et qui sera diffusé au plus tard la veille du jour de l'ouverture de l'Offre, comporte l'ensemble des informations requises par l'article 231-28 du règlement général de l'AMF et par son instruction n°2006-07 dans le cadre de l'offre publique mixte initiée par Colonial et visant les actions de la société SFL à l'exception des 5.992.903 actions SFL que Predica s'est engagée à ne pas apporter à l'Offre.

Ces informations sont, à ma connaissance, conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée. »

INMOBILIARIA COLONIAL

Représentée par Mr. Pedro Viñolas Serra, en qualité de *Chief Executive Officer*

Annexe

Document d'Exemption établi par la société Colonial

THIS DOCUMENT, INCLUDING THE DOCUMENTS INCORPORATED BY REFERENCE, IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This document (the “**Exemption Document**”) does not constitute a prospectus within the meaning of *Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (“Regulation 2017/1129”)* but does constitute a document containing information describing the transaction and its impact on Inmobiliaria Colonial, SOCIMI, S.A. (“**Colonial**”, the “**Issuer**” or the “**Offeror**” together with its consolidated subsidiaries the “**Group**”) as referred to in article 1, sections 4 f) and 5 g) of Regulation 2017/1129 and an exemption document for the purposes of *Commission Delegated Regulation (EU) 2021/528 of 16 December 2020 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or a division (“Delegated Regulation 2021/528”)*. This Exemption Document has not been subject to the scrutiny and approval by the relevant competent authority in accordance with article 20 of Regulation 2017/1129. The statements contained herein are made as at the date of this Exemption Document, unless some other time is specified in relation to them, and service of this Exemption Document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

This Exemption Document is available on the Issuer’s website (www.inmocolonial.com).



This Exemption Document refers to the mixed offer launched by Colonial for all the shares of Société Foncière Lyonnaise (“**SFL**”, the “**Company**” or the “**Offeree Company**”) not already owned by Colonial itself except for the 5,992,903 SFL shares that Predica Prévoyance Dialogue du Crédit Agricole⁽¹⁾ (“**Predica**”) has undertaken not to contribute to the Offer, offering as consideration to the SFL’s minority shareholders cash and newly issued shares of Colonial (the “**Offer**”). As a consequence of the Offer, Colonial will execute a capital increase by way of non-cash contribution for a nominal amount of up to 31,472,050 euros, through the issuance of up to 12,588,820 new outstanding ordinary shares of Colonial which will be subscribed by those minority shareholders of SFL who tender their SFL shares to the Offer (the “**SFL Minority Shareholders Capital Increase**”). The SFL Minority Shareholders Capital Increase has been approved by the Offeror’s general shareholders meeting held on 28 June 2021.

The Offer is part of the framework of the agreements reached on 3 June 2021 between SFL and Predica (and/or entities controlled by Predica), as well as between Colonial and Predica (the “**Agreements Reached**”), which were announced to the market by Colonial on 3 June 2021 through the publication of an “inside information” announcement on the website of the Spanish Securities and Exchange Commission (the “**CNMV**” as known by its acronym in Spanish) (www.cnmv.es) with registration number 923 and on Colonial’s corporate website (www.inmocolonial.com).

By virtue of the Agreements Reached, Predica will transfer to Colonial and SFL its entire direct stake in SFL’s share capital through:

- The subscription by Predica of a capital increase to be carried out by Colonial by way of non-cash contributions, by virtue of which Predica will transfer 2,328,644 SFL shares to Colonial, representing approximately 5.0% of SFL’s share capital (the “**Contribution**”), as consideration for the subscription of 22,494,701 newly issued shares of Colonial, representing approximately 4.1% of Colonial’s share capital after the capital increase to be subscribed by Predica (the “**Capital Increase to be subscribed by Predica**”) and the Capital Increase to be subscribed by SFL Minority Shareholders in the event that the latter is subscribed in full. The Capital Increase to be subscribed by Predica has been approved by the Offeror’s general shareholders meeting held on 28 June 2021.
- The transfer by Predica to SFL itself of 3,664,259 SFL shares, representing approximately 7.9% of SFL’s share capital, within the framework of a share buyback program of SFL for subsequent cancellation, concomitant with an exchange between SFL and Predica (or any entity controlled by Predica) of securities in joint ventures holding certain real estate assets of SFL in France (the “**Asset Exchange**”, together with the Contribution and the Offer as the “**Transaction**”).

As a consequence of the Asset Exchange:

- Predica will transfer to SFL the stake it currently has in SCI Washington (34%) and Parholding S.A.S. (50%), companies belonging to the SFL group, with SFL owning as a result of the aforementioned transfers, all the shares of the said SFL subsidiaries.
- Predica (or any entity controlled by Predica) will acquire 49% of the shares of certain joint ventures with SFL over certain real estate assets belonging to SFL, resulting in SFL owning 51% of their share capital. The real estate assets concerned are: #cloud.paris, 92 Champs Élysées, Cézanne Saint-Honoré and 103 Grenelle.

As of the date hereof, the Issuer holds 81,71% of the Offeree Company’ share capital. Therefore, the Offeree Company is fully consolidated by Colonial and is part of the Colonial Group. Morgan Stanley & Co. International plc as financial advisor to Colonial issued a fairness opinion addressed to the Issuer’s Board of Directors.

20 July 2021

(1): Predica Prévoyance Dialogue du Crédit Agricole S.A., a French société anonyme governed by the French Insurance Code, whose registered office is located at 16-18 boulevard de Vaugirard, 75015 Paris (France), registered under number 334 028 123 R.C.S. Paris.

IMPORTANT NOTICES

This Exemption Document has not been approved by or registered with the French Securities and Exchange Commission (the “AMF” as known by its acronym in French), the CNMV nor any other supervisory authority in any other jurisdiction.

THE PUBLICATION OR DISTRIBUTION OF THIS EXEMPTION DOCUMENT IN JURISDICTIONS OTHER THAN FRANCE AND SPAIN MAY BE RESTRICTED BY LAW. ANY PERSON IN POSSESSION OF THIS EXEMPTION DOCUMENT MUST BE LEGALLY ADVISED AND COMPLY WITH THOSE RESTRICTIONS.

This Exemption Document is for informational purposes only and is not intended to provide, and should not be understood as providing, a complete and comprehensive analysis of the Offer and the parties involved. This Exemption Document is not an offer for the sale, nor a solicitation to purchase, any type of securities of Colonial or SFL.

FORWARD-LOOKING STATEMENTS

This Exemption Document (including the information incorporated by reference hereto) includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should” or “will”, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, targets, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They include, but are not limited to, statements regarding the Group’s intentions, beliefs or current expectations concerning, among other things, the Group’s projections about its future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans, opportunities, trends and the market in which it operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group’s operations and the development of the markets and the industry in which it operates, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Exemption Document. The Issuer undertakes no obligation to update these forward-looking statements and will not publicly release any revisions it may make to these forward-looking statements that may occur due to any change in the Group’s expectations or to reflect events or circumstances after the date of this Exemption Document, except where required by applicable law. Given the uncertainty inherent in forward-looking statements, investors are cautioned not to place undue reliance on these statements.

ALTERNATIVE PERFORMANCE MEASURES

In addition to the conventional financial performance measures established by IFRS-EU, this Exemption Document (including the information incorporated by reference hereto) contain certain alternative performance measures (“APMs”) (i.e. EBIT, EBITDA, EPRA NTA, EPRA NDV, Group’s Loan to Value, Gross Asset Value, Gross financial debt and like-for-like valuation of the Group’s assets) that are presented for purposes of providing investors with a better understanding of the Group’s financial performance, cash flows or financial position as they are used by the Group when managing its business.

Such measures have not been prepared in accordance with IFRS-EU, have been extracted or derived from the accounting records or other management systems of the Group, have not been audited and should not be considered as a substitute for those required by IFRS-EU.

For an explanation and reconciliation of the APMs, see section entitled “*Alternative Performance Measures*” on pages 92 to 97 of the 2020 Consolidated Management Report.

EXPLANATORY NOTE

The Exemption Document jointly comprises:

- (i) the information prepared expressly for this Exemption Document and contained in its text; and
- (ii) the following documents, which are incorporated by reference to this Exemption Document and are not included as attached documents:
 1. Colonial's consolidated financial statements, auditors report, and consolidated management report for the year ended 31 December 2020 ([link](#)).
 2. Colonial's unaudited condensed consolidated interim financial and operating information for the three-month period ended 31 March 2021 ([link](#)).
 3. Colonial's inside information announcement dated 3 June 2021 ([link](#)).
 4. Colonial's regulatory announcement dated 15 October 2018 ([link](#)).

Additionally, the AMF's approved offer document (*note d'information*) regarding the Offer filed by Colonial with the AMF on 20 July 2021 is available on the AMF's website ([link](#)) and on the Colonial's website ([link](#)).

Unless otherwise stated, the references in this Exemption Document made to other documents or websites are only for informational purposes. The content of such other documents or websites is not incorporated by reference to this Exemption Document and must not be considered to be a part hereof for any purposes.

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1. PERSONS RESPONSIBLE FOR DRAWING UP THE EXEMPTION DOCUMENT, THIRD PARTY INFORMATION AND EXPERTS REPORT.

1.1. Identification of persons responsible for drawing up the Exemption Document

Mr. Pedro Viñolas Serra, Chief Executive Officer of the Issuer, acting by virtue of the resolution from the Board of Directors of Colonial dated 24 May 2018 and in the name and on behalf of Colonial with registered office in Madrid at Paseo de la Castellana, 52, assumes responsibility for the content of this Exemption Document.

1.2. Responsibility statement

Mr. Pedro Viñolas Serra state that the information contained in this Exemption Document is, to the best of its knowledge, in accordance with the facts and that the Exemption Document makes no omission likely to affect its import.

1.3. Expert's statement or report

This Exemption Document contains information relating to the expert report issued by Grant Thornton, S.L.P. Sociedad Unipersonal on 3 June 2021 in the context of the SFL Minority Shareholders Capital Increase. In this regard, the Madrid Commercial Registry appointed Grant Thornton, S.L.P. Sociedad Unipersonal as the independent expert according to article 67 of the revised text of the consolidated Spanish Limited Liability Companies Law passed by Royal Legislative Decree 1/2010 of July 2 and to article 133 of the Commercial Registry Regulations approved by Royal Decree 1784/1996, of 19 July.

Grant Thornton, S.L.P. Sociedad Unipersonal has its registered office at Paseo de la Castellana, 81, 28046 Madrid, Spain.

The information relating to the aforementioned report has been included in this Exemption Document with the consent of the person responsible for them.

1.4. Information sourced by a third party

Where information in this Exemption Document has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

1.5. Regulatory statements

The Issuer states that:

- (a) The Exemption Document does not constitute a prospectus within the meaning of Regulation 2017/1129.
- (b) The Exemption Document has not been subject to the scrutiny and approval by the relevant competent authority in accordance with article 20 of Regulation 2017/1129.

2. INFORMATION ON THE ISSUER AND ON THE OFFEREE COMPANY

2.1. General information

2.1.1 Legal and commercial name

N/A⁽²⁾.

2.1.2 Domicile and legal form; legal entity identifier ('LEI'); the law of the country of incorporation; country of incorporation, and the address, telephone number of its registered office (or principal place of business where different from the registered office); and hyperlink to the website with a disclaimer that the information on the website does not form part of the Exemption Document unless that information is incorporated by reference into the Exemption Document.

N/A⁽²⁾.

2.1.3 Names of the auditors for the period covered by the financial statements and the name of the professional body(ies) which they are members of.

N/A⁽²⁾.

2.2. Business overview of the Issuer and the Offeree Company

2.2.1 Principal activities, including the main categories of products sold and/or services performed in the last financial year.

(a) Issuer

The Issuer's main activity is the rental, acquisition, promotion, and sale of real estate, as well as the management of financial participations and its core business is the management and development of buildings, principally offices, to rent and, where the opportunity arises, sell. The Issuer is one of the leading office operators in the Barcelona and Madrid markets and, through its subsidiary SFL, in Paris. As of 31 December 2020, the Issuer owned and managed 64 office buildings and 3 other buildings in Spain and 20 office buildings in France. As of and for the year ended 31 December 2020, the Issuer generated a consolidated operating profit of 2.387 million euros and, as at 31 December 2020, the Issuer employed 229 employees.

Additionally, see Note 1 "Colonial Group Business Activity" of Colonial's consolidated financial statements for the year ended 31 December 2020.

(b) Offeree Company

SFL is a real estate company focused on the prime office sector, its property being located primarily in Paris's Central Business District and Western Crescent.

(2): Pursuant to article 2.2 of Commission Delegated Regulation (EU) 2021/528 of 16 December 2020 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or a division, as Colonial's equity securities to be offered to the public and admitted to trading will be fungible with, and will represent no more than 10% of Colonial's equity securities admitted to trading, the Exemption Document does not include the information referred to in this item.

As of 31 December 2020, SFL's portfolio consisted of 20 assets (80% office space, 19% retail and hotel space and 1% residential space) centrally located in Paris's Central Business District and Western Crescent with a combined total surface area of approximately 393,000m², valued at 7,458 million euros.

2.2.2 Any significant changes having an impact on the operations and principal activities since the end of the period covered by the latest published audited financial statements.

(a) Issuer

There has been no significant change having an impact on the operations and principal activities of the Group since 31 December 2020, except for the Transaction. However, since the latest published financial statements, the Issuer has published its unaudited condensed consolidated interim financial and operating information for the three-month period ended 31 March 2021, which are incorporated by reference to this Exemption Document and are available on the Colonial's website ([link](#)).

(b) Offeree Company

As far as the Issuer is aware, there has been no significant change having an impact on the operations and principal activities of the Offeree Company since 31 December 2020, except for the Transaction.

2.2.3 A brief description of the principal markets, including a breakdown of total revenues by operating segment and geographic market for the last financial year.

(a) Issuer

Principal markets

The Issuer operates in Spain (Madrid and Barcelona) and France (through its subsidiary, the Offeree Company). The main characteristics of such markets are described below.

Barcelona office market

In the Barcelona office market, an annual contracting volume of 138,000 sqm was reached in 2020, a significantly lower figure than in 2019 (down 66%) and around 50% below the average of the last 5 years. The 2020's fourth quarter saw the highest volume of order intake of the year with 41,700 sqm under contract, even exceeding the figure for the 2020 first quarter. The overall vacancy rate increased mainly due to the return of second-hand space to the market. However, the shortage of quality product keeps vacancy in the central business district ("**CBD**") area at levels below 2%. For "grade A" (high quality) office supply, this situation is accentuated to a vacancy rate of 0.5% in the CBD area. Prime rents decreased slightly to 27 euros/sqm/month.

Activity in the investment market in Barcelona during 2020 was low, as many of the transactions underway were delayed and are expected to materialize in the first few months of 2021. The overall figure for the year amounts to approximately 473 million euros, far from the record 1.5 billion euros of the previous year and 47% below the 880 million euros average of the last 5 years. Prime yields were 3.60%, in line with pre-COVID-19 levels.

Madrid office market

Order intake in the Madrid office market for the 2020 last quarter amounted to more than 86,600 sqm. As a result, 2020 closed with a contracted area of 334,000 sqm, the lowest figure since 2014 and 35% below the average of the last 5 years and 44% below the previous year. Despite being a year of great uncertainty, a total of 11 major strategic transactions were concluded, 4 of which were signed during the 2020's fourth quarter. The overall vacancy rate increased to 9.2% at the end of the fourth quarter, the main reason being the return to the second-hand market and the completion of several projects. In the CBD area, vacancy remains at a moderate 5.3% and the available "grade A" (high quality) product is 2.0%, remaining at around 50,000 sqm, in line with previous quarters. At the end of 2020, prime rents fell marginally to 36 euros/m²/month.

In the Madrid investment market, after a strong start to the year, 1,174 million euros was raised, representing 60% of total investment in the Spanish office real estate sector. Uncertainty and mobility restrictions slowed down many processes, although the de-escalation phase favoured the reactivation of the market at the end of the year. It is worth mentioning that the interior of the M-30 concentrated most of the transactions, with international investors being the most active. Prime yields remained stable at around 3.35% in the CBD area.

Paris office market

See point (b) “Offeree Company” of item 2.2.3.

Breakdown of revenues from rentals by category and location

During 2020, the largest component of the Issuer’s rental revenues (93%) derived from its office buildings. The Issuer’s rental business in France, carried out by SFL, generated 54% of the Issuer’s rental revenues (182 million euros), while Spain generated 46% of its rental revenues (158 million euros). In attributable terms, that is, taking into account the rental revenues per asset attributable to the Issuer’s holding of each asset (which is calculated by multiplying the percentage of each asset owned by the Issuer with the revenue of the asset), approximately 55% of the rental revenues were generated in Spain and the rest in France.

The following table shows a detailed unaudited breakdown of the category of asset and the geographical distribution of the Issuer’s revenues from rentals based on management measures for the year ended 31 December 2020.

	Year ended December 2020
Revenues from rentals	(€ millions)
Madrid offices	103
Barcelona offices	48
Retail	6
Rest of uses	0.1
Logistic	1
Total Spain	158
Paris offices	168
Paris retail	12
Rest of uses	3
Total France	182
Total Revenues from rentals.....	340

(b) Offeree Company

The Offeree Company operates in France (exclusively in Paris). The main characteristics of Paris office market are described below.

Paris office market

In the Paris office market, the level of order intake in 2020 was 1,321,000 sqm, which was particularly low compared to 2019 (down 43%) due to the COVID-19 crisis and the resulting slowdown in activity. Notwithstanding the above, an increase in order intake was seen in the 2020’s fourth quarter (409,000 sqm). The most resilient market was the CBD area with a vacancy rate of 3.6%. Grade A (high quality) product continues to be scarce with vacancy below 1% in the CBD area. The effects of the COVID-19 health crisis had had no impact on prime rents in the CBD area by the end of 2020, even increasing to 78.25 euros/sqm/month.

The volume of investment in Paris reached 19,066 million euros at the end of 2020, 33% lower than last year’s investment volume, but higher than the average for the last 10 years. Particularly noteworthy was the dynamism of the last months of the year, with investors actively seeking opportunities again and with a strong interest for

prime assets in the CBD area. As in previous crisis, the CBD market performed more resiliently, with prime yields confirming at 2.5%, the same level as before the beginning of the health crisis.

Breakdown of revenues from rentals by category and location

The following table shows a detailed unaudited breakdown of the category of asset and the geographical distribution of the Offeree Company’s revenues from rentals based on management measures for the year ended 31 December 2020.

Revenues from rentals	Year ended December 2020 (€ millions)
Paris offices	168
Paris retail	12
Rest of uses	3
Total Revenues from rentals.....	182

2.3. Investments

(a) A description of the material investments made since the date of the last published financial statements and which are in progress and/or for which firm commitments have already been made, together with the anticipated source of funds.

N/A⁽²⁾.

2.4. Corporate governance

2.4.1 *Names, business addresses and functions within the Issuer or, depending on the type of transaction, the offeree company, the company being acquired or the company being divided, of the members of the administrative, management or supervisory bodies and, in case of a limited partnership with a share capital, of partners with unlimited liability.*

N/A⁽²⁾.

2.4.2 *Identity of major shareholders*

N/A⁽²⁾.

2.4.3 *Number of employees*

N/A⁽²⁾.

2.5. Financial information

2.5.1 *Financial statements*

N/A⁽²⁾.

2.5.2 *Accounting standards*

N/A⁽²⁾.

2.5.3 *A description of any significant change in the financial position which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published, or where no such significant change has occurred, a statement to that effect.*

N/A⁽²⁾.

2.5.4 *Where applicable, the management report referred to in Articles 19 and 29 of Directive 2013/34/EU*

N/A⁽²⁾.

2.6. Legal and arbitration proceedings

N/A⁽²⁾.

2.7. Summary of information disclosed under Regulation (EU) No 596/2014

N/A⁽²⁾.

3. DESCRIPTION OF THE OFFER

3.1. Purpose and objectives of the Offer

3.1.1 Purpose of the Offer for the Issuer and its shareholders

The Offer would allow Colonial to indirectly strengthen its position on the French market.

The Offer, together with the Contribution and the Asset Exchange, would allow the Colonial Group to increase its competitiveness in the European market, consolidating its leadership in the prime office sector, reinforcing its capital to improve its capacity for growth, and increasing shareholder remuneration. In particular, the Offer, together with the Contribution and the Asset Exchange will allow Colonial to expand and strengthen its presence in the French market, the leading European office market, to help consolidate Colonial as one of the main players in the European real estate sector, specialized in the leasing of prime offices, improving the position of the Colonial Group with regard to investment opportunities and market challenges that may arise in the Spanish and French prime office markets.

The Transaction responds to Colonial Group's active development and growth policy, as well as to the consolidation of its position.

In this way, the increase in Colonial's stake in SFL's share capital will allow the Issuer, among other things, to:

- Increase its share capital, increasing NTA (previously called NAV). In this regard, it is estimated that the Colonial Group's NTA could increase by up to approximately 400 million euros.
- Increase the dividend distributed by SFL.
- Increase the earnings per share and the net asset value per share for Colonial shares.
- Simplify Colonial Group's shareholder structure.
- Expand Colonial's free float. In this regard, it is estimated that the free float of Colonial could increase by up to approximately 400 million euros (in terms of NTA).

3.1.2 Purpose of the Offer for the Offeree Company and its shareholders

Purpose of the Offer for SFL

The purpose of the Offer, together with the Contribution and the Asset Exchange, is part of Colonial's overall strategy to rationalize SFL's shareholder structure, to increase Colonial's stake in SFL and to renew the long-term partnership between SFL and Predica on an expanded perimeter, while maintaining an unchanged strategy at SFL's level ("total return" strategy focused on prime office assets in Paris's Central Business District), through:

- on the one hand, the filing by Colonial of the Offer; and
- on the other hand, Predica's exit from SFL's share capital through an exchange by Predica of its shareholding in SFL and in two joint ventures co-owned with SFL in exchange for Colonial's shares and an interest in four joint ventures co-owned with SFL, pursuant to the Asset Exchange and Contribution agreements.

Even after the Asset Exchange, SFL's economic exposure will remain unchanged and SFL will retain control over all its current assets and its portfolio.

Predica is a long-standing shareholder and shareholder partner of SFL. Predica acquired a 9.6% stake in SFL in 2004 and currently holds 12.88% of the Company's capital. SFL's Board of Directors includes two directors proposed by Predica.

SFL and Predica have established a partnership that has developed over the past twenty years with the aim of acquiring and leasing real estate assets through two joint ventures

- SCI Washington, which owns the Washington Plaza building, for which SFL and Predica signed a shareholders agreement on December 1, 2000; and
- Parholding, which owns, through its subsidiaries, the Galerie des Champs Elysées, 90 Champs Elysées and 106 Haussmann buildings, for which SFL and Predica entered into an initial shareholders' agreement on October 6, 2009 and a second agreement on December 26, 2012.

Purpose of the Offer for SFL shareholders

The Offer would allow SFL shareholders tendering their SFL shares to the Offer to become shareholders of Colonial while benefiting from the Exchange Ratio (as defined below) of the Offer which represents a significant premium on SFL's stock-exchange price as well as a substantially increased liquidity as shareholder of Colonial, as Colonial shares are significantly more liquid than SFL shares. In this respect, the Offer, the Asset Exchange and the Contribution will be implemented on the basis of a parity based on the EPRA NDV parity as of 31 December 2020.

Furthermore, SFL shareholders tendering their shares to the Offer could diversify their economic exposure while becoming shareholders of a leading pan-European prime office company whose strategy and financial profile are similar to that of SFL.

SFL shareholders will have the opportunity to invest in the leading pan-European prime office, with more than 12 billion euros in assets and benefiting from Colonial's leadership and market-leading environmental, social and governance (ESG) practices.

The Offer will also enable them to benefit from the profile and prospects of Colonial, whose strategy and financial profile are similar to those of SFL. Indeed, SFL and Colonial have the same rating from Standard & Poor's (BBB+ stable outlook).

Moreover, SFL shareholders would retain their exposure to a SOCIMI (equivalent to a SIIC in Spain) subject to distribution obligations comparable to those of a SIIC.

The increase in Colonial's stake in SFL will not, as such, have an impact on its SIIC tax status. Indeed, in terms of capital ownership, this status is subject to the following conditions

- No single shareholder or group of shareholders acting in concert may own more than 60% of SFL's capital, unless the majority shareholder is itself an SIIC or a foreign company with equivalent status (i.e., a company with shares listed on a recognized regulated market, with a share capital equal to or above 15 million euros and whose main purpose is the direct or indirect ownership of real estate used for rental purposes), which is the case for Colonial, especially since it opted in Spain for the SOCIMI tax regime (equivalent to the SIIC regime); and
- SFL itself must be listed on a regulated market: in this respect, regardless of the outcome of the offer, the Offeror does not intend to implement a squeeze-out of the SFL shares within the next twelve months.

3.1.3 Description of any anticipated benefits resulting from the Offer

As of the date of this Exemption Document, the Issuer does not anticipate significant costs or earnings synergies.

3.2. Conditions of the Offer

3.2.1 Information on the procedures and terms of the Offer and the governing law of the agreement executing the Offer.

Additional information regarding the Offer has been provided in the AMF's approved offer document (*note d'information*) regarding the Offer filed by Colonial with the AMF on 20 July 2021, it being specified that this AMF's approved offer document (*note d'information*) is available on the AMF ([link](#)) and Colonial's websites ([link](#)).

(a) The terms of the bid

The Board of Directors of Colonial agreed on 3 June 2021 the filing of a takeover bid for all SFL shares owned by shareholders other than Colonial and Predica with a mixed consideration, consisting of cash and shares. The maximum effective amount to be paid by Colonial as consideration for the Offer will be 117,478,868.24 euros and the maximum number of Colonial will be 12,588,820 shares, as consideration of the 2,517,764 SFL shares (5.4%) subject to the Offer. The new Colonial shares will be issued with a par value of 2.50 euros each, plus a share premium of 7.50 euros per share, therefore, the effective amount of the capital increase will be 125,888,200 euros. The resulting exchange ratio of the Offer has been set at 46.66 euros and 5 Colonial shares, with a par value of 2.50 euros each, for each SFL share (the "**Exchange Ratio**").

Therefore, in the context of the Offer, Colonial is irrevocably offering to acquire the SFL shares held by SFL shareholders in exchange for one SFL share (ex-dividend) tendered to the Offer:

- 46.66 euros in cash; and
- five (5) new Colonial ordinary shares to be issued (ex-dividend).

(b) The identity of the Offeror and, where the Offeror is a company, the type, name and registered office of that company.

The draft Offer has been filed on 16 June 2021 with the AMF by Inmobiliaria Colonial, SOCIMI, S.A., a limited liability company (*sociedad anónima*) duly incorporated under the laws of the Kingdom of Spain, with a share capital of 1,270,286,952.50 euros, having its registered office at Paseo de la Castellana 52, 28046 Madrid (Spain), registered with the Commercial Register of Madrid under volume 36,660, sheet 87, page number M-30822, with a tax identification number is A-28027399 and a legal entity identifier (LEI) is 95980020140005007414.

(c) The securities or, where appropriate, the class or classes of securities for which the bid is made

To the Offeror's knowledge, as of the date of this Exemption Document, the number of existing shares of the Company is 46,528,974 shares representing the same number of theoretical voting rights.

As of the date of this Exemption Document, the Offeror directly holds 38,018,307 SFL shares and the same number of theoretical voting rights in the Company, representing 81.71% of the Company's capital and theoretical voting rights⁽³⁾.

Moreover, Predica has undertaken, in the context of the Contribution Agreement and the Asset Exchange, not to contribute to the Offer any of the 5,992,903 SFL shares that it holds, as Predica has undertaken, subject to conditions precedent, to:

- contribute to Colonial 2,328,644 SFL shares in the context of the Contribution; and
- exchange with SFL 3,664,259 SFL shares within the framework of a share buyback program of SFL for subsequent cancellation, in the context of the Asset Exchange, it being specified that Predica has agreed to place the said SFL shares in escrow (with the exception of 25 SFL shares held by Predica in pure registered form) until the definitive closing date of the Offer (except for the purpose of implementing the Contribution and the Asset Exchange) under the terms of an agreement dated 3 June 2021, appointing Caceis as escrow agent.

Consequently, the Offer targets all the SFL shares already issued and not held by Colonial, with the exception of the 5,992,903 SFL shares that Predica has undertaken not to tender to the Offer, i.e., as of the date of this Exemption Document and to the Offeror's knowledge, a maximum of 2,517,764 SFL shares.

Subject to the withdrawal of unavailability provided for by the applicable legal or regulatory provisions (such as the death or disability of the beneficiary), the 200,664 unvested free shares and the 130,134 vested free shares still in the retention period or in the enhanced retention period at the estimated closing date of the Offer will not be able to be tendered to the Offer and will benefit from a liquidity mechanism, as provided in Section 2.6.2 of the offer document (*note d'information*).

(d) The consideration offered for each security or class of securities and, in the case of a mandatory bid, the method employed in determining it, with particulars of the way in which that consideration is to be paid.

In the context of the Offer, Colonial is offering to acquire the SFL shares held by SFL shareholders in exchange for one SFL share (ex-dividend) tendered to the Offer:

- 46.66 euros in cash; and
- five (5) new Colonial ordinary shares to be issued (ex-dividend).

As the Colonial shares exchanged in the Offer are liquid securities (see Section 3.5.4 of the Exemption Document) admitted to trading on the regulated markets of Madrid and Barcelona, the Offer does not include a cash option.

This Exchange Ratio has been determined on the basis of the elements specified in Section 3.5.4 of the Exemption Document.

(e) The compensation offered for the rights which might be removed as a result of the breakthrough rule laid down in Article 11(4) of Directive 2004/25/EC of April 21, 2004, with particulars of the way in which that compensation is to be paid and the method employed in determining it.

There is no such compensation in the context of the Offer.

(3): Based on a total number of 46,528,974 shares and as many theoretical voting rights of the Company (information as of July 7, 2021). In accordance with Article 223-11 of the General Regulation of the AMF, the total number of voting rights is calculated on the basis of all shares to which voting rights are attached, including shares without voting rights such as treasury shares.

- (f) The maximum and minimum percentages or quantities of securities which the Offeror undertakes to acquire.

The Offer targets all the SFL shares already issued and not held by Colonial, with the exception of the 5,992,903 SFL shares that Predica has undertaken not to tender to the Offer, i.e., as of the date of this Exemption Document and to the Offeror's knowledge, a maximum of 2,517,764 SFL shares.

- (g) Details of any existing holdings of the Offeror, and of persons acting in concert with him/her, in the Offeree Company.

As of the date of this Exemption Document, the Offeror directly holds 38,018,307 SFL shares and the same number of theoretical voting rights in the Company, representing 81.71% of the Company's capital and theoretical voting rights⁽⁴⁾.

The Offeror is not acting and does not intend to act in concert with any third party or any shareholder with respect to SFL.

- (h) All the conditions to which the bid is subject

The Offer is not subject to any condition. Colonial's general meeting of shareholders - convened by Colonial's Board of Directors on 3 June 2021 – approved the resolution relating to the SFL Minority Shareholders Capital Increase in order to allow the issuance of the new Colonial ordinary shares to be delivered within the framework of the Offer.

- (i) The Offeror's intentions with regard to the future business of the Offeree Company and, in so far as it is affected by the bid, the Offeror and with regard to the safeguarding of the jobs of their employees and management, including any material change in the conditions of employment, and in particular the offeror's strategic plans for the two companies and the likely repercussions on employment and the locations of the companies' places of business.

Strategy - industrial, commercial and financial policy

The Offeror supports SFL's current strategy and does not intend to modify its activity, strategy and/or industrial, commercial and financial policy over the next twelve (12) months.

In particular, there are no plans to modify the Company's corporate purpose.

Employment intentions

The Offer is part of a strategy to pursue and develop the SFL's business and will not have a negative impact on employment within the Company.

- (j) The time allowed for acceptance of the bid

The Offer will be executed under the simplified procedure in accordance with articles 233-1 et seq. of the General Regulation of the AMF.

The Offer will be open for a period of twenty-five (25) trading days or, for information purposes, from 22 July to 25 August 2021 (included).

(4): Based on a total number of 46,528,974 shares and as many theoretical voting rights of the Company (information as of July 7, 2021). In accordance with Article 223-11 of the General Regulation of the AMF, the total number of voting rights is calculated on the basis of all shares to which voting rights are attached, including shares without voting rights such as treasury shares.

- (k) Where the consideration offered by the Offeror includes securities of any kind, information concerning those securities.

If all of the 2,517,764 SFL shares covered by the Offer were to be tendered to the Offer, a maximum number of 12,588,820 new Colonial ordinary shares would be issued in the context of the SFL Minority Shareholders Capital Increase.

The new Colonial shares to be delivered in consideration for the SFL shares tendered to the Offer would be new Colonial ordinary shares issued, upon the decision of the Board of Directors, in light of the notice of result of the Offer, acting in accordance with the delegation granted by the extraordinary general meeting of the Offeror's shareholders convened by the Board of Directors of Colonial on 3 June 2021 and which was approved by the General Meeting on 28 June 2021.

In this respect, the extraordinary shareholders' meeting of Colonial has approved on 28 June 2021 (a) a motion to authorize a capital increase by way of non-cash contributions, consisting of shares in SFL owned by SFL Shareholders who transfer their shares to Colonial as part of the Offer and (b) the delegation of powers to Colonial's Board of Directors to implement this capital increase within a maximum period of one (1) year (second resolution).

As consideration for the planned non-cash contributions, 12,588,820 new Colonial ordinary shares with a par value of 2.50 euros each will be issued. Therefore, the total nominal amount of the Capital Increase will be 31,472,050 euros.

The new Colonial shares delivered as consideration for the SFL shares tendered to the Offer will be Colonial's ordinary shares at a unit par value of 2.50 euros each, plus a share premium of 7.50 euros per share. Therefore, the issue price of each share will be 10.00 euros and the total effective amount of the SFL Minority Shareholders Capital Increase will be 125,888,200 euros.

The new Colonial shares shall entitle their holders to the same voting and dividend rights as the shares of the Offeror currently outstanding, to which they will be immediately assimilated upon their issuance, as of the date on which they are registered in their holders' name in the related accounting records.

The new Colonial shares shall be represented by book entries and the accounting records shall be kept by *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. ("Iberclear")* and its participating entities.

The new Colonial shares to be delivered as consideration for the SFL shares tendered to the Offer will be admitted to trading on the regulated markets of Barcelona and Madrid, under ISIN code ES0139140174.

No application will be made for the admission of the Colonial shares on a French regulated market.

- (l) Information concerning the financing for the bid

The cash component of the Offer would be financed with equity.

- (m) The identity of persons acting in concert with the Offeror or with the Offeree Company and, in the case of companies, their types, names, registered offices and relationships with the offeror and, where possible, with the offeree company.

The Offeror is not acting and does not intend to act in concert with any third party or any shareholder with respect to SFL.

- (n) The national law which will govern contracts concluded between the Offeror and the holders of the Offeree Company's securities as a result of the bid and the competent courts.

The Offer and all related contracts to the Offer are subject to French law.

Any dispute or litigation, regardless of the subject matter or basis, relating to this Offer shall be brought before the competent courts.

3.2.2 *Where applicable, any conditions to which the effectiveness of the Offer is subject, including any guarantee.*

N/A. For information, see letter (h) of point 3.2.1 of this Exemption Document.

3.2.3 *Where applicable, any information on break-up fees or other penalties which may be payable if the Offer is not completed.*

There are no agreements determining the payment of any amount if the Offer is not completed.

3.2.4 *Where the Offer is subject to any notifications and/or requests for authorizations, a description of those notifications and/or requests for authorizations.*

The Offer is not subject to any condition. Colonial's general meeting of shareholders - convened by Colonial's Board of Directors on 3 June 2021 - approved the resolution relating to the SFL Minority Shareholders Capital Increase in order to allow the issuance of the new Colonial ordinary shares to be delivered within the framework of the Offer.

3.2.5 *Where applicable, all information necessary to fully understand the financing structure of the Offer.*

In the event that all of the SFL shares targeted by the Offer were to be tendered, the total maximum amount of the cash consideration to be paid by the Offeror to the holders of SFL shares who have tendered their shares to the Offer (excluding commissions and ancillary expenses) would amount to 117,478,868.24 euros.

The cash component of the Offer would be financed with equity.

3.2.6 *Timetable of the Offer*

For information purposes only, a timetable for the Offer is set out below:

Dates	Main steps of the Offer
16 June 2021	<p>For the Offeror:</p> <ul style="list-style-type: none"> - Filing of the draft Offer and the draft offer document (<i>projet de note d'information</i>) of the Offeror with the AMF. - Publication of the draft offer document (<i>projet de note d'information</i>) on the Offeror's website (www.inmocolonial.com) and the AMF website (www.amf-france.org) and draft offer document made available to the public at the registered office of the Offeror and at the Paris branch of Morgan Stanley Europe SE (61 rue de Monceau 75008 Paris). - Publication of a press release of the Offeror relating to the filing and availability of the draft offer document.
28 June 2021 (on 2 nd call)	Extraordinary general meeting of the Offeror approving the resolution relating to the issuance of new Colonial ordinary shares to be delivered in connection with the Offer.
8 July 2021	For the Offeree: filing of the draft reply document (<i>projet de note en réponse</i>) with the AMF, including the opinion (<i>avis motivé</i>) of the Board of Directors and the independent expert's report.
9 July 2021	<p>For the Offeree:</p> <ul style="list-style-type: none"> - Publication of the draft reply document (<i>projet de note en réponse</i>) on the Offeree's website (www.fonciere-lyonnaise.com) and the AMF website (www.amf-france.org) and draft reply document made available to the public at the registered office of SFL. - Publication of a press release of the Offeree relating to the filing and availability of the draft reply document.
20 July 2021	Publication of the AMF's statement of compliance (<i>conformité</i>) of the Offer and approval of the offer document.
20 July 2021	AMF approval of SFL's reply document.
20 July 2021	<p>For the Offeror:</p> <ul style="list-style-type: none"> - Publication of the Offeror's AMF-approved offer document (<i>note d'information</i>) on the Offeror's website (www.inmocolonial.com) and the AMF website (www.amf-france.org) and offer document made available to the public at the registered office of the Paris branch of Morgan Stanley Europe SE (61 rue de Monceau 75008 Paris). - Filing by the Offeror with the AMF of the "legal, financial, accounting and other characteristics of the Offeror" document.
20 July 2021	<p>For the Offeree:</p> <ul style="list-style-type: none"> - Publication of the reply document (<i>note en réponse</i>) on SFL's website (www.fonciere-lyonnaise.com) and the AMF's website (www.amf-france.org) and reply document made available to the public at SFL's registered office. - Filing with the AMF of the "legal, financial, accounting and other characteristics of the Offeree" document.
21 July 2021	<p>For the Offeror:</p> <ul style="list-style-type: none"> - Publication of the "legal, financial, accounting and other characteristics of the Offeror" document on the Offeror's website (www.inmocolonial.com) and the AMF's website (www.amf-france.org) and made available to the public at the registered office of the Paris branch of Morgan Stanley Europe SE (61 rue de Monceau 75008 Paris). - Publication of a press release of the Offeror relating to the filing and availability of the AMF's approved offer document (<i>note d'information</i>) and of the "legal, financial, accounting and other characteristics of the Offeror" document.
21 July 2021	<p>For the Offeree:</p> <ul style="list-style-type: none"> - Publication of the "legal, financial, accounting and other characteristics of the Offeree" document on the SFL website (http://www.fonciere-lyonnaise.com) and the AMF website (www.amf-france.org) and made available to the public at SFL's registered office. - Publication of a press release of the Offeree relating to the filing and availability of the reply document (<i>note en réponse</i>) and of the "legal, financial, accounting and other characteristics of the Offeree" document.
22 July 2021	Opening of the Offer.
25 August 2021	Closing of the Offer.
At the latest on 31 August 2021	Publication by the AMF on the notice of result of the Offer.
As soon as possible and from 31 August 2021 onwards	Settlement and delivery of the Offer.
As soon as possible and from 26 August 2021 onwards	Admission to trading on the Spanish regulated markets of Madrid and Barcelona of the new Colonial shares to be delivered in the framework of the Offer.

3.3. Risk factors

The Offer and the SFL Minority Shareholders Capital Increase imply certain risks. Investors must take into account and carefully assess the following risks and uncertainties, together with other information provided in this Exemption Document (including the information incorporated by reference hereto) and in any other public

document. The risk factors described below may have an adverse effect on the Offer and on the share price of the Issuer, and the shareholders and investors could lose all or part of their investment.

The Issuer believes that the risk factors described below represent the principal material risks that are specific to the Offer. However, there are certain other risks, which are considered to be less important, or because they are more general risks, such as for example, SFL shareholders accepting the Offer will become shareholders of a Spanish listed company and may face difficulties in the management and administration of its Colonial shares, which have not been included in this Exemption Document in accordance with Delegated Regulation 2021/528. In addition, in the future, risks that are currently unknown or not considered relevant by the Issuer might also have a material adverse effect on the Offer or the Group's business, results of operations and/or financial position.

A delay in the admission to trading of the new shares to be issued in the context of the SFL Minority Shareholders Capital Increase would affect their liquidity and difficult their sale until its admission to trading.

It is expected that the new shares to be issued in the context of the SFL Minority Shareholders Capital Increase will be admitted to trading on the Spanish Stock Exchanges through the Spanish Automated Quotation System (SIBE) within 5 trading days following the date of the registration of the public deed relating to the SFL Minority Shareholders Capital Increase and the registration of the new shares as book entries in Iberclear (see item 3.2.6). In this regard, any delay in the admission to trading of the new shares would affect their liquidity and difficult their sale on the Spanish Stock Exchanges until they are admitted to trading.

Substantial future sales of Colonial's shares after admission, or the perception that such sales could occur, could affect their market price and future issuances could cause dilution of ownership interests.

Given the fact that Colonial shares will not be listed on Euronext Paris or any other French regulated market, the holders of the shares may elect to make substantial sales of their Colonial's shares, which could cause the market price of the Colonial's shares to decline. Sales of a substantial number of Colonial's shares in the public market following admission of the new shares, or the perception that such sales could occur, could adversely affect the market price of the Issuer's shares.

3.4. Conflict of interests

On 8 April 2021, the Board of Directors of SFL has unanimously decided to appoint, on the advice of its committee of independent directors, the firm Finexsi, represented by Messrs. Olivier Peronnet and Christophe Lambert, as an independent expert to the extent that this Offer is likely to generate conflicts of interest within the Board of Directors of SFL:

- to prepare a report on the financial conditions of the Offer in accordance with articles 261-1 I 1° and 4° and seq. of the AMF's general regulations. This assignment was extended by the Company's Board of Directors on 3 June 2021 on the basis of Article 261-1 I 2° of the AMF's General Regulations in view of the potential execution of liquidity agreements by the Offeror with the executives; and
- to prepare a report on (a) the terms and conditions of the repurchase by SFL of a portion of the SFL shares held by Predica (in accordance with AMF Position-Recommendation 2017-04) and (b) the regulated agreements (*conventions réglementées*) to be entered into between SFL and Predica in connection with the Asset Exchange and the repurchase by SFL of a portion of the SFL shares held by Predica (in accordance with the AMF Recommendation 2012-05).

A summary of this report is attached in schedule to the report of the independent expert included in the reply document (*note en réponse*) filed by SFL with the AMF on 20 July 2021.

The agreements described in page 1 of the Exemption Document and the Asset Exchange and Contribution as described in Section 1.4 of the offer document (*note d'information*) filed by Colonial with the AMF on 20 July 2021 do not constitute regulated agreements (*conventions réglementées*) between Colonial and SFL. The AMF's

approved offer document (*note d'information*) regarding the Offer filed by Colonial with the AMF on 20 July 2021 is available on the AMF's website ([link](#)) and on the Colonial's website ([link](#)).

Furthermore, it is specified that the directors representing Colonial at the Board of Directors of SFL, in order to avoid any potential conflict of interest, have voted in each of the decisions of the Board of Directors of SFL in connection with the Transaction, in accordance with the recommendations issued by the *ad hoc* committee.

3.5. Consideration of the Offer

3.5.1 The addressees of the offer or allotment of the equity securities connected with the Offer

The SFL Minority Shareholders Capital Increase is solely intended for the SFL Shareholders that will tender their SFL shares to the Offeror under the Offer.

3.5.2 The consideration offered for each equity security or class of equity securities, and in particular the exchange ratio and the amount of any cash payment.

In the context of the Offer, the Offeror is offering to acquire the SFL shares held by SFL shareholders in exchange for one SFL share (ex-dividend) tendered to the Offer:

- 46.66 euros in cash; and
- five (5) new Colonial ordinary shares to be issued (ex-dividend).

This Exchange Ratio has been determined on the basis of the elements specified in Section 3.5.4 of the Exemption Document.

3.5.3 Information concerning any contingent consideration agreed on the context of the Offer

The Offer is not subject to any contingent consideration agreed on the context of the Offer.

3.5.4 The valuation methods and the assumptions employed to determine the consideration offered for each equity security or class of equity securities, and in particular regarding the exchange ratio.

(a) Preliminary remarks

The valuation analysis hereafter was prepared based on the assumption that Colonial shares would be issued ex-dividend (dividend of 0.22 euros per share for the fiscal year 2020 approved by the Ordinary General Meeting of the shareholders of Colonial which took place on 30 June 2021, with payment on 14 July 2021).

Terms of the Offer

Under the terms of the Offer, SFL shareholders would receive 46.66 euros and 5 newly issued Colonial shares (ex-dividend) in exchange for 1 SFL share (ex-dividend).

The implied value of SFL shares based on Colonial share price as of 3 June 2021 (ex-dividend)⁽⁵⁾ stands at 92.0 euros⁽⁶⁾ at an implied premium of 43.8 % to SFL share price as of 3 June 2021⁽⁷⁾.

Number of shares

The number of Colonial shares retained for the analysis stands at 508,114,781 and corresponds to the number of ordinary shares issued, as communicated by Colonial as of 30 June 2021.

(5): Colonial share price: 9.1 euros (9.3 euros restated for the expected dividend of 0.22 euros per share for the fiscal year 2020).

(6): Implied offer value calculated as 5 Colonial shares + 46.66 euros.

(7): SFL share price: 64.0 euros (dividend of 2.10 euros per share paid on 27 April 2021).

The number of SFL shares retained for the analysis stands at 46,528,974 shares and corresponds to the number of ordinary shares issued, as communicated by SFL as of 7 July 2021.

In accordance with Colonial and SFL's methodology, the number of shares used for the computation of Net Asset Value per share figures is the number of ordinary shares issued.

Sources of information

The valuation analysis hereafter was prepared based on financial information publicly released by Colonial and SFL or available through public databases, without any independent verification by the Presenting Banks.

The analysis is primarily based on the following sources of information:

- companies' registration documents and annual financial reports as of 31 December 2020;
- companies' presentations and press releases;
- the following databases: companies' websites, Bloomberg, Capital IQ.

(b) Methodologies

Selected methodologies

The valuation assessment of the Offer is based on a multi-criteria approach using customary valuation methodologies and taking into account the specificities of Colonial and SFL as real estate companies.

i) Primary methodologies:

- Historical share prices analysis.
- EPRA net asset value per share.
- Trading multiples of comparable companies.

ii) References presented for information purposes:

- Research analysts' target prices.
- Reference to the other transactions on SFL share capital.

Methodologies not retained

- Book net asset value: the book net asset values of Colonial and SFL are close to the market net asset values given both companies have chosen to measure investment properties using the fair value model as provided for in IAS 40. Therefore, the reference to net book values was not retained;
- Discounted cash flows (« DCF »): this method consists in determining the economic value of a company's assets by discounting the future cash flows and deducting the market value of financial instruments. Among other methods, real estate appraisers use the discounted cash flows approach to value the assets held by Colonial and SFL, which are the basis for the computation of the market net asset value of both companies. The DCF method would have been redundant with the reference to market net asset value retained in the valuation analysis and was therefore excluded;
- Dividend discount method: the reference to the future flows of dividends to be distributed by Colonial and SFL does not seem relevant because it is a function of their distribution policy. Although (i) the SOCIMI tax regime, adopted by Colonial, provides for the distribution of 80 % of distributable profits from rental activities and 50 % of profits related to the sale of real estate assets or shares, and (ii) the SIIC tax regime, adopted by SFL, provides for a distribution of 95 % of distributable profits from rental activities in the following fiscal year and 70 % of profits related to the sale of real estate assets in the following two fiscal years, real estate companies have some latitude when it comes to their distribution policy;

- Comparable precedent transactions: given the share component of the Offer, the reference to multiples of comparable precedent transactions was not retained as a relevant reference. It would have led to value both Colonial and SFL shares on the basis of transaction multiples to remain consistent in the analysis. Recent transactions on SFL's share capital presented hereafter however provide a relevant transactional perspective.

(c) Selected methodologies

Historical share prices

The market data presented hereafter are dated as of 3 June 2021 market close, the last trading day of Colonial and SFL shares preceding the announcement of the Offer.

Liquidity of Colonial shares

Colonial shares are listed on Barcelona and Madrid stock exchanges (ISIN ES0139140174). The traded volumes of Colonial shares are significant and detailed in the below table:

As of 3 June 2021	12 months	9 months	6 months	3 months	2 months	1 month
Average daily traded volume ⁽⁸⁾ ('000 shares).....	1,585.7	1,567.8	1,327.1	1,431.6	1,286.7	1,208.1
Daily traded volume as a % of free float ..	0.54	0.53	0.45	0.49	0.44	0.41
Cumulative volumes ('000 shares)	407,533	299,453	167,217	91,623	52,571	27,787
Free float rotation ⁽⁹⁾ (%)	138.8	102.0	57.0	31.2	17.9	9.5
Total share capital rotation ⁽¹⁰⁾ (%)	80.2	58.9	32.9	18.0	10.3	5.5
VWAP ⁽¹¹⁾ (€)	7.6	7.7	8.1	8.3	8.4	8.7

Source: Bloomberg as of 3 June 2021, Company. Based on 508,114,781 shares outstanding and 293,586,555 free float shares⁽¹²⁾.

Free float shares represented 57.8 % of Colonial's share capital as of 30 June 2021⁽¹²⁾.

The average daily traded volumes amount to c. 1,585,730 shares over the twelve months preceding the 3 June 2021 and c. 1,208,150 shares over the month preceding the 3 June 2021.

Over the twelve months preceding the 3 June 2021, free float rotation stands at 138.8 % while total share capital rotation amount to 80.2 %.

Liquidity of SFL shares

SFL shares are listed on the segment A of Euronext Paris (ISIN FR0000033409). The traded volumes of SFL shares are detailed below:

As of 3 June 2021	12 months	9 months	6 months	3 months	2 months	1 month
Average daily traded volume ⁽¹³⁾ ('000 shares)	1.3	1.5	1.4	1.4	1.6	1.5
Daily traded volume as a % of free float	0.06	0.06	0.06	0.06	0.07	0.07
Cumulative volumes ('000 shares)	339	279	179	91	67	34
Free float rotation ⁽¹⁴⁾ (%)	14.9	12.3	7.9	4.0	2.9	1.5
Total share capital rotation ⁽¹⁵⁾ (%)	0.7	0.6	0.4	0.2	0.1	0.1
VWAP ⁽¹⁶⁾ (€)	61.6	60.1	61.7	61.2	61.5	62.2

(8): Volumes traded on European electronic platforms, excluding over-the-counter trading platforms.

(9): Free float rotation defined as cumulative traded volumes / number of free float shares.

(10): Total share capital rotation defined as cumulative traded volumes / number of shares outstanding.

(11): Volume weighted average price; historical share prices adjusted for dividend distributions.

(12): Colonial's free float excludes shares owned by Qatar Investment Authority, Finacess Group, Aguila Ltd. and treasury shares.

(13): Volumes traded on European electronic platforms, excluding over-the-counter trading platforms.

(14): Free float rotation defined as cumulative traded volumes / number of free float shares.

(15): Total share capital rotation defined as cumulative traded volumes / number of shares outstanding.

(16): Volume weighted average price; historical share prices adjusted for dividend distributions.

Source: Bloomberg as of 3 June 2021, Company. Based on 46,528,974 shares outstanding and 2,273,682 free float shares⁽¹⁷⁾.

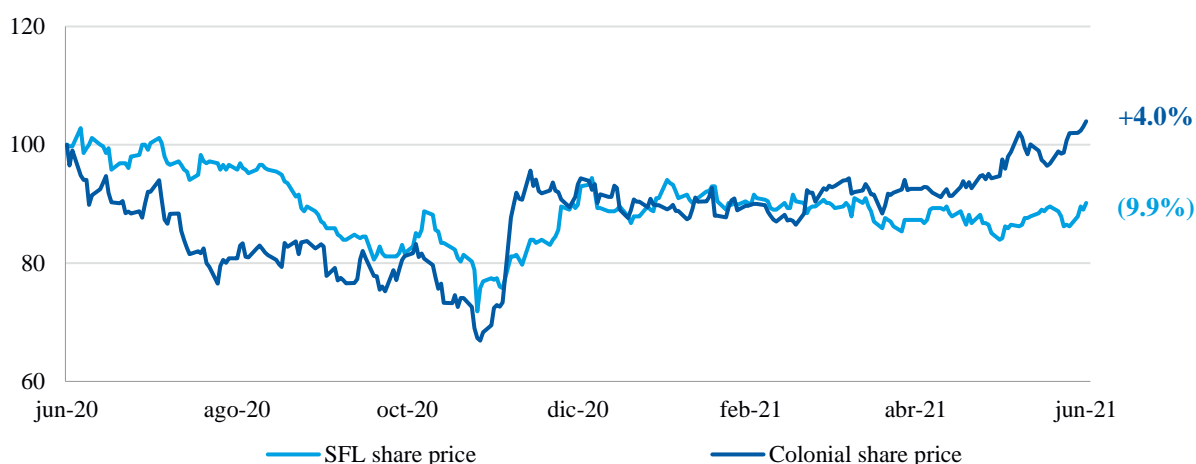
Free float shares represented 4.9 % of SFL's share capital as of 7 July 2021⁽¹⁷⁾.

The average daily traded volumes amount to c. 1,320 shares over the twelve months preceding the 3 June 2021 and c. 1,493 shares over the month preceding the 3 June 2021.

Over the twelve months preceding the 3 June 2021, free float rotation stands at 14.9 % while total capital rotation amount to 0.7 %. In this respect, SFL shares are less liquid than Colonial shares.

Colonial and SFL stock performance

The below chart summarizes Colonial and SFL share price performance over the twelve months preceding the 3 June 2021. Colonial shares were up c. 4.0 % while SFL shares were down c. 9.9 %.



Source: Capital IQ as of 3 June 2021. Share prices rebased to 100.

Implied Offer values and related premium as of 3 June 2021

The below table summarizes the implied value of SFL shares under the terms of the Offer based on historical share prices as of 3 June 2021:

As of 3 June 2021	Price per share ⁽¹⁸⁾		Implied Offer value			Implied premium
	SFL	Colonial	Share component	Cash component	Implied value	
Closing price.....	€64.0	€9.1	€45.4	€46.66	€92.0	43.8 %
1-month VWAP ⁽¹⁹⁾	€62.2	€8.7	€43.3	€46.66	€90.0	44.6 %
2-month VWAP ⁽¹⁹⁾	€61.5	€8.4	€42.0	€46.66	€88.7	44.1 %
3-month VWAP ⁽¹⁹⁾	€61.2	€8.3	€41.4	€46.66	€88.0	43.8 %
6-month VWAP ⁽¹⁹⁾	€61.7	€8.1	€40.3	€46.66	€86.9	40.9 %
9-month VWAP ⁽¹⁹⁾	€60.1	€7.7	€38.5	€46.66	€85.1	41.7 %
12-month VWAP ⁽¹⁹⁾	€61.6	€7.6	€38.1	€46.66	€84.7	37.6 %
Last 12-month high.....	€70.6	€9.1	€45.4	€46.66	€92.0	30.5 %
Last 12-month low.....	€49.3	€5.8	€28.8	€46.66	€75.5	53.1 %

(17): SFL's free float excludes shares owned by Inmobiliaria Colonial SA, Predica and its affiliates of Crédit Agricole, and treasury shares

(18): Historical share prices adjusted for dividend distributions.

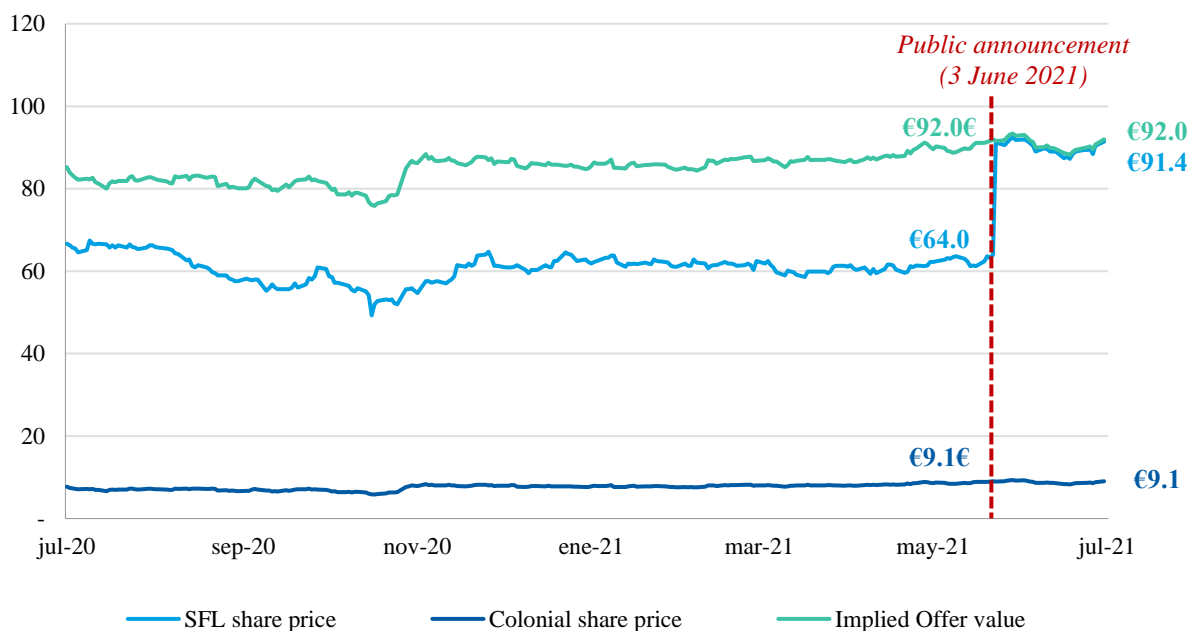
(19): Volume weighted average price based on volumes traded on European electronic platforms, excluding over-the-counter trading platforms.

Source: Capital IQ, Bloomberg as of 3 June 2021. Last 12-month high and last 12-month low based on closing share prices. Historical share prices adjusted for companies' dividend distributions.

The Offer implies a premium of 44.6 %, 43.8 % and 40.9 % on the volume weighted average prices over one, three and six months respectively.

Evolution of Colonial and SFL share price and implied value over the last twelve months as of 12 July 2021

Following the announcement of the Offer on 3 June 2021, SFL share price corrected upwards as per the terms of the Offer. SFL share price reached 91.4 euros per share as of 12 July 2021, at a 0.6 % discount to the implied value of the Offer (92.0 euros per SFL share) at the same date.



Source: Capital IQ as of 12 July 2021. Historical share prices adjusted for companies' dividend distributions.

EPRA Net Asset Value

The net asset value approach, which consists in adjusting equity for the market value of assets and liabilities in the company's balance sheet, is a key reference for the valuation of real estate companies. Colonial and SFL follow the recommendations of the European Public Real Estate Association (EPRA) and communicate the following metrics:

- EPRA Net Reinstatement Value (« **EPRA NRV** »);
- EPRA Net Tangible Assets (« **EPRA NTA** »);
- EPRA Net Disposal Value (« **EPRA NDV** »).

Those metrics replaced EPRA NAV and EPRA NNNAV following the recommendations released by EPRA in October 2019. EPRA NTA and EPRA NDV are very close to EPRA NAV and EPRA NNNAV respectively.

The below table summarizes the bridge from shareholders' equity to EPRA NDV for Colonial:

	<u>(€ million)</u>
Shareholders' equity	5,401
Revaluation of non-current investment	64

Revaluation of trading properties	10
Elimination of financial instruments at fair value	19
Elimination of deferred tax.....	233
Real estate transfer tax	471
EPRA NRV as of 31 December 2020	6,198
EPRA NRV per share as of 31 December 2020.....	€12.2
EPRA NRV per share as of 31 December 2020	
restated for the dividend distribution in respect of the fiscal year 2020	€12.0
Cancellation of real estate transfer tax	(471)
EPRA NTA as of 31 December 2020	5,728
EPRA NTA per share as of 31 December 2020.....	€11.3
EPRA NTA per share as of 31 December 2020	
restated for the dividend distribution in respect of the fiscal year 2020	€11.1
Financial instruments at fair value	(19)
Fixed-rate debt at fair value	(280)
Deferred tax	(233)
EPRA NDV as of 31 December 2020.....	5,195
EPRA NDV per share as of 31 December 2020	€10.2
EPRA NDV per share as of 31 December 2020	
restated for the dividend distribution in respect of the fiscal year 2020	€10.0

Source: Company. Based on 508,114,781 shares outstanding as of 31 December 2020 and a dividend per share of 0.22 euros for the fiscal year 2020.

The below table summarizes the bridge from shareholders' equity to EPRA NDV for SFL. Following the methodology retained by Colonial, real estate transfer tax is deducted from SFL's reported EPRA NTA.

	<u>(€ million)</u>
Shareholders' equity	4,647
Treasury stock and stock options	3
Unrealised capital gains on properties	22
Unrealised capital gains on intangible assets	2
Elimination of financial instruments at fair value	-
Elimination of deferred tax.....	109
Real estate transfer tax	427
EPRA NRV as of 31 December 2020	5,210
EPRA NRV per share as of 31 December 2020.....	€112.0
EPRA NRV per share as of 31 December 2020	
restated for the dividend distribution in respect of the fiscal year 2020	€109.9
Cancellation of intangible assets recognized under IFRS.....	(1)
Cancellation of unrealised gains on intangible assets	(2)
Reported EPRA NTA as of 31 December 2020	5,206
Cancellation of real estate transfer tax	(427)
Adjusted EPRA NTA as of 31 December 2020	4,779
Adjusted EPRA NTA per share as of 31 December 2020	€102.7
Adjusted EPRA NTA per share as of 31 December 2020	
restated for the dividend distribution in respect of the fiscal year 2020	€100.6
Intangible assets recognized under IFRS	1
Financial instruments at fair value	-
Fixed-rate debt at fair value	(76)
Deferred tax	(109)
EPRA NDV as of 31 December 2020.....	4,596
EPRA NDV per share as of 31 December 2020	€98.8

EPRA NDV per share as of 31 December 2020	<u>(€ million)</u>
restated for the dividend distribution in respect of the fiscal year 2020	€96.7

Source: Company. Based on 46,528,974 shares outstanding as of 31 December 2020 and a dividend per share of 2.10 euros for the fiscal year 2020.

The below table summarizes the implied value of SFL shares under the terms of the Offer based on EPRA Net Asset Value metrics as of 31 December 2020 (restated for dividend distributions in respect of the fiscal year 2020):

As of 31 December 2020	Reference metric		Implied Offer value			Implied premium
	SFL	Colonial	Share component	Cash component	Implied value	
EPRA NRV ex-div ⁽²⁰⁾	€109.9	€12.0	€59.9	€46.66	€106.6	(3.0)%
EPRA NTA ex-div ⁽²⁰⁾	€100.6	€11.1	€55.3	€46.66	€101.9	1.3%
EPRA NDV ex-div ⁽²⁰⁾	€96.7	€10.0	€50.0	€46.66	€96.7	-

Source: Companies.

The implied value of SFL shares under the Offer terms based on Colonial EPRA NDV as of 31 December 2020 is in-line with SFL EPRA NDV as of 31 December 2020.

Trading multiples of comparable companies

Using trading multiples of comparable companies consists in applying the valuation multiples observed in a sample of listed companies comparable to Colonial and SFL financial metrics.

Sample of comparable companies

The sample of comparable companies retained to value SFL is composed of French office listed REITs⁽²¹⁾. It includes companies which are specialists in office real estate, or hold a significant office portfolio in France:

- **CeGeREAL** (now Vitura): French listed REIT with a portfolio of 1.4 billion euros as of 31 December 2020, fully invested in offices located in the Paris area. Market capitalization of 0.6 billion euros as of 3 June 2021.
- **Covivio**: French listed REIT with a portfolio of 17.1 billion euros (on a group share basis) as of 31 December 2020, comprised of 60 % of offices. French offices account for 35 % of the total portfolio and are mainly located in the Paris area (87 %). Market capitalization of 7.4 billion euros as of 3 June 2021.
- **Gecina**: French listed REIT with a portfolio of 19.7 billion euros as of 31 December 2020, comprised of 81 % of offices, primarily located in the Paris area (97 %). Market capitalization of 9.8 billion euros as of 3 June 2021.
- **Icade**: French listed REIT with a portfolio of 11.8 billion euros (on a group share basis) as of 31 December 2020, comprised of 72 % of offices and business parks mainly located in the Paris area. Market capitalization of 5.6 billion euros as of 3 June 2021.

Merlin Properties is the only Spanish company of significant size with strong exposure to the office segment (50 % of the portfolio as of 31 December 2020). However, the comparison between Colonial and Merlin Properties is not relevant given Merlin's share price is penalized, among others, by (i) its exposure to the retail segment (32 % of the portfolio as of 31 December 2020) and (ii) a lower growth profile. In the absence of Spanish listed comparable companies, the sample of companies retained to value Colonial is the same to that of SFL.

(20) EPRA net asset value adjusted for the dividend distribution related to 2020 fiscal year.

(21) REIT stands for Real Estate Investment Trust.

Relevant metrics

The most frequently used metrics to assess the valuation of real estate stocks are the premium/discount to EPRA NDV, the EPRA Recurring Earnings yield, as well as the dividend yield. EPRA NDV is a key financial metric for a real estate companies; reference to the premium/discount to EPRA NDV is the most relevant criteria for the trading multiple analysis.

The below table summarizes the relevant metrics of the sample of comparable companies:

<u>Company</u>	<u>Share price as of 3 June 2021</u>	<u>EPRA NDV per share as of 31 December 2020</u>	<u>Share price discount to EPRA NDV as of 31 December 2020</u>
CeGeREAL.....	€39.6	€44.3	(10.6)%
Covivio	€78.2	€89.3	(12.4)%
Gecina	€132.4	€163.0	(18.8)%
Icade.....	€73.9	€86.1	(14.2)%
Average			(14.0)%

Source: Companies, Capital IQ as of 3 June 2021.

<u>Results</u>	<u>SFL</u>	<u>Colonial</u>
Average share price discount to EPRA NDV observed on the sample of comparable companies as of 3 June 2021.....	(14.0)%	(14.0)%
EPRA NDV as of 31 December 2020 (restated for the dividend distributions in respect of the fiscal year 2020)	€96.7	€10.0
Implied valuation	€83.1	€8.6

Source: Companies, Capital IQ as of 3 June 2021.

The below table summarizes the implied value of SFL shares under the terms of the Offer based on trading multiples of comparable companies:

	<u>Reference metric</u>		<u>Implied Offer value</u>			<u>Implied premium</u>
	<u>SFL</u>	<u>Colonial</u>	<u>Share component</u>	<u>Cash component</u>	<u>Implied value</u>	
EPRA NDV.....	€83.1	€8.6	€43.0	€46.66	€89.7	7.9%

(d) References presented for information purposes

Research analysts' target prices

The below table summarizes the target prices of research analysts covering Colonial as of 3 June 2021 (before the announcement of the Offer), who updated their target prices since the release of the 2020 annual results on 25 February 2021.

Colonial shares benefit from an extensive coverage from research analysts. Based on the eighteen research notes published since 25 February 2021, the target valuation of Colonial shares ranges between 4.9 euros and 10.4 euros, with an average of 8.9 euros and a median of 9.5 euros.

<u>Research analyst</u>	<u>Date</u>	<u>Target price</u>
Société Générale.....	28 May 2021	€7.8
Goldman Sachs.....	27 May 2021	€10.1
AlphaValue.....	27 May 2021	€4.9
Kempen	20 May 2021	€9.8

Oddo BHF	18 May 2021	€9.5
Mirabaud Securities	18 May 2021	€6.5
Intermoney Valores.....	18 May 2021	€9.5
Alantra Equities	18 May 2021	€9.4
Bestinver Securities.....	18 May 2021	€9.2
Barclays	18 May 2021	€7.0
JB Capital Markets.....	18 May 2021	€10.0
J.P. Morgan	18 May 2021	€10.0
Banco Sabadell	18 May 2021	€10.4
Kepler Cheuvreux	18 May 2021	€8.7
Morgan Stanley	17 May 2021	€8.3
Caixabank BPI.....	17 May 2021	€9.2
Renta 4.....	10 May 2021	€10.0
Grupo Santander	5 March 2021	€10.0
Average		€8.9
Median		€9.5
Highest target price.....		€10.4
Lowest target price.....		€4.9

Source: Bloomberg as of 3 June 2021.

The below table summarizes the target prices of research analysts covering SFL as of 3 June 2021 (before the announcement of the Offer), who updated their target prices since the release of the 2020 annual results on 11 February 2021.

SFL shares benefit from a more limited coverage from research analysts. Based on the four research notes published since 11 February 2021, the target valuation of SFL shares ranges between 54.0 euros and 75.0 euros, with an average of 64.3 euros and a median of 64.0 euros.

Research analyst	Date	Target price
Oddo BHF	27 April 2021	€75.0
Kepler Cheuvreux.....	27 April 2021	€73.0
Société Générale.....	31 March 2021	€54.0
Invest Securities	15 February 2021	€55.0
Average		€64.3
Median		€64.0
Highest target price.....		€75.0
Lowest target price.....		€54.0

Source: Bloomberg as of 3 June 2021.

The below table summarizes the implied value of SFL shares under the terms of the Offer based on research analysts' target prices as of 3 June 2021:

As of 3 June 2021	Target prices		Implied Offer value			Implied premium
	SFL	Colonial	Share component	Cash component	Implied value	
Average.....	€64.3	€8.9	€44.5	€46.66	€91.2	41.9%
Median.....	€64.0	€9.5	€47.3	€46.66	€93.9	46.7%
Highest.....	€75.0	€10.4	€52.0	€46.66	€98.6	31.5%
Lowest.....	€54.0	€4.9	€24.5	€46.66	€71.2	31.8%

Recent transactions on SFL share capital

Transactions with Predica

Contribution in-kind by Predica to Colonial

On 3 June 2021, Colonial and Predica announced an agreement, which prevails:

- a contribution by Predica to Colonial of 2,328,644 SFL shares, representing c. 5.0 % of the share capital;
- in exchange for 22,494,701 newly issued Colonial shares, based on an exchange ratio of 9.66 Colonial shares (ex-dividend) for 1 SFL share (ex-dividend).

The exchange ratio is based on EPRA NDV parity as of 31 December 2020 adjusted for dividend distributions in respect of the fiscal year 2020.

The implied value of SFL shares based on Colonial's share price as of 3 June 2021 (ex-dividend) stands at 87.7 euros, implying a premium of 37.0 % on SFL share price as of 3 June 2021.

It represents a premium of 5.0 % to the implied value of the Offer based on Colonial's share price as of 3 June 2021 (ex-dividend) – which stands at 92.0 euros per share.

Asset swap and share repurchase by SFL

On 3 June 2021, SFL and Predica announced an agreement, which prevails:

- the transfer by Predica to SFL (i) of its entire 34 % stake in SCI Washington, (ii) its entire 50 % stake in Parholding S.A.S. and (iii) 3,664,259 SFL shares, representing c. 7.9 % of the share capital;
- in exchange for 49 % non-controlling stakes in four new joint-ventures between SFL and Predica, each of them holding one asset⁽²²⁾; SFL would retain a 51 % stake in those joint-ventures.

The asset swap and share repurchase transactions would be implemented on the basis of EPRA NDV parity as of 31 December 2020 adjusted for dividend distributions in respect of the fiscal year 2020.

Transaction with Qatar Investment Authority

In 2018, Colonial acquired from Qatar Investment Authority ("QIA") a 22.2 % stake in SFL in a transaction comprised of:

- a share component: 7,536,507 SFL shares, equivalent to 73 % of SFL shares contributed by QIA and 16.2 % of SFL's share capital, exchanged for 56,523,803 new Colonial shares based on a parity of 7.5 Colonial shares for 1 SFL share;
- a cash component: 2,787,475 SFL shares, equivalent to 27 % of SFL shares contributed by QIA and 6.0 % of SFL's share capital, exchanged for a cash consideration of 203.5 million euros based on a price per share of 73.0 euros.

The implied value of SFL shares based on Colonial's unaffected share price as of 15 October 2018 amounted to 65.0 euros, with an implied premium of 9.5 % to SFL's unaffected share price as of 15 October 2018⁽²³⁾.

Based on the parameters of the transaction with QIA and Colonial share price as of 3 June 2021 (ex-dividend), the implied value of SFL shares would stand at 69.4 euros⁽²⁴⁾. It represents a premium of 32.6 % to the implied

(22): (i) SAS Cloud holding #cloud.paris, (ii) 92 Champs-Élysées holding the asset 92, Champs Élysées, (iii) SCI Paul Cézanne holding the asset Cézanne Saint-Honoré and (iv) SCI 103 Grenelle holding the asset 103 Grenelle.

(23): Colonial share price of 8.28 euros and SFL share price of 59.40 euros as of 15 October 2018.

(24): Implied value computed based on the following formula: 73 % x 7.5 Colonial shares + 27 % x 73.0 euros.

value of the Offer based on Colonial share price as of 3 June 2021 (ex-dividend) – which stands at 92.0 euros per share.

(e) Summary valuation assessment of the Offer terms

	Price per share		Implied Offer value	Implied premium
	SFL	Colonial		
Primary methodologies				
Historical share prices⁽²⁵⁾				
Closing price as of 3 June 2021	€64.0	€9.1	€92.0	43.8 %
1-month VWAP ⁽²⁶⁾	€62.2	€8.7	€90.0	44.6 %
2-month VWAP ⁽²⁶⁾	€61.5	€8.4	€88.7	44.1 %
3-month VWAP ⁽²⁶⁾	€61.2	€8.3	€88.0	43.8 %
6-month VWAP ⁽²⁶⁾	€61.7	€8.1	€86.9	40.9 %
9-month VWAP ⁽²⁶⁾	€60.1	€7.7	€85.1	41.7 %
12-month VWAP ⁽²⁶⁾	€61.6	€7.6	€84.7	37.6 %
Last 12-month high	€70.6	€9.1	€92.0	30.5 %
Last 12-month low	€49.3	€5.8	€75.5	53.1 %
EPRA Net Asset Value as of 31 December 2020⁽²⁷⁾				
EPRA NRV - ex-div.	€109.9	€12.0	€106.6	(3.0 %)
EPRA NTA - ex-div.	€100.6	€11.1	€101.9	1.3 %
EPRA NDV - ex-div.	€96.7	€10.0	€96.7	-
Trading multiples of comparable companies				
EPRA NDV as of 31 December 2020	€83.1	€8.6	€89.7	7.9 %
References for information purposes				
Research analysts' target prices				
Average	€64.3	€8.9	€91.2	41.9 %
Median	€64.0	€9.5	€93.9	46.7 %
Highest target price	€75.0	€10.4	€98.6	31.5 %
Lowest target price	€54.0	€4.9	€71.2	31.8 %
Other transactions on SFL share capital				
Contribution in-kind by Predica to Colonial			€87.7 ⁽²⁸⁾	5.0 % ⁽²⁹⁾
Transaction with Qatar Investment Authority			€69.4 ⁽³⁰⁾	32.6 % ⁽³⁰⁾

3.5.5 *Indication of any appraisals or reports prepared by independent experts and information where these appraisals or reports may be found for perusal.*

The valuation of the contribution in-kind of SFL shares held by the shareholders of the Offeree Company was subject to verification by Grant Thornton, S.L.P. Sociedad Unipersonal as independent expert appointed by the Madrid Commercial Registry. On 3 June 2021, Grant Thornton, S.L.P. Sociedad Unipersonal issued its report, concluding that the joint value attributed to the SFL shares that make up the non-monetary contribution that is expected to be made, corresponds, at least, to the number, the nominal value, and the share premium of the shares that Colonial plans to issue as consideration, for a total amount of 125,888,200 euros, corresponding to 31,472,050 euros of share capital increase, through the issue and putting into circulation of 12,588,820 new

(25): Historical share prices adjusted for dividend distributions.

(26): Volume weighted average prices based on volumes traded on European electronic platforms.

(27): Restated for dividend distributions in respect of the fiscal year 2020.

(28): Implied value computed based on the following formula: 9.66 Colonial shares in exchange for 1 SFL share.

(29): Premium to the implied Offer value based on the share prices as of 3 June 2021 (92.0 euros per share).

(30): Implied value computed based on the following formula: 73 % x 7.5 Colonial shares + 27 % x 73.0 euros.

shares with a nominal value of 2.50 euros each and with a total share premium of 94,416,150 euros, equivalent to 7.50 euros per share.

The referred report is permanently available since the time of convening the Colonial's extraordinary general meeting (3 June 2021) on the Colonial's corporate website (www.inmocolonial.com).

4. EQUITY SECURITIES OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET FOR THE PURPOSE OF THE OFFER.

4.1. Risk factors

N/A⁽²⁾.

4.2. Working capital statement

In the Issuer's opinion, the Group's working capital is sufficient for the Group's present requirements (that is for at least 12 months following the date of this Exemption Document).

4.3. Information concerning the equity securities to be offered and admitted to trading

4.3.1 General information to be provided

(a) A description of the type, class and amount of the equity securities being offered and/or admitted to trading, including the international security identification number ('ISIN');

N/A⁽²⁾.

(b) Currency of the equity securities issued

N/A⁽²⁾.

4.3.2 A statement of the resolutions, authorizations and approvals by virtue of which the equity securities have been or will be created and/or issued.

N/A⁽²⁾.

4.3.3 A description of any restrictions on the free transferability of the equity securities

N/A⁽²⁾.

4.3.4 An indication of public takeover bids by third parties in respect of the issuer's equity which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof shall be stated.

N/A⁽²⁾.

4.4. Admission to trading and dealing arrangements

4.4.1 An indication as to whether the equity securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market, or other equivalent third country markets as defined in Article 1, point (b) of Commission Delegated Regulation (EU) 2019/980, with an indication of the markets in question. Where known, the earliest dates on which the equity securities will be admitted to trading.

N/A⁽²⁾.

4.4.2 *All the regulated markets, or equivalent third country markets as defined in Article 1, point (b), of Delegated Regulation (EU) 2019/980, on which, to the knowledge of the issuer, equity securities of the same class of the equity securities to be offered or to be admitted to trading are already admitted to trading including, where applicable, depository receipts and underlying shares.*

N/A⁽²⁾.

4.4.3 *Details of the entities that have given a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and a description of the main terms of their commitment.*

N/A⁽²⁾.

4.4.4 *Lock-up agreements*

(a) The parties involved

N/A⁽²⁾.

(b) Content and exceptions of the agreement

N/A⁽²⁾.

(c) Indication of the period of the lock-up

N/A⁽²⁾.

4.5. Dilution

4.5.1 *A comparison of the net asset value per share as of the date of the latest balance sheet before the Offer and the issue price per share within that Offer.*

N/A⁽²⁾.

4.5.2 *Additional information where there is a simultaneous or almost simultaneous offer or admission to trading of equity securities of the same class.*

N/A⁽²⁾.

4.5.3 *A table presenting the number of equity securities and voting rights as well as the share capital for both before and after the Offer. An indication of the dilution (including the dilution in voting rights) that existing shareholders of the Issuer will experience as a result of the offer.*

N/A⁽²⁾.

4.6. Advisors

(a) Where advisors connected with an issue are referred to in the exemption document, a statement of the capacity in which the advisors have acted.

N/A⁽²⁾.

5. IMPACT OF THE OFFER ON THE ISSUER

5.1. Strategy and objectives

- (a) The Issuer shall provide a description of its intentions with regard to the future business following the Offer, including an indication of any significant changes impacting the operations, principal activities as well as the products and services as a result of the Offer. Where applicable, that information shall include a description of the business prospects and any restructuring and/or reorganization.

Strategy - industrial, commercial and financial policy

The Offeror supports SFL's current strategy and does not intend to modify its activity, strategy and/or industrial, commercial and financial policy over the next twelve (12) months.

In particular, there are no plans to modify the Company's corporate purpose.

Employment intentions

The Offer is part of a strategy to pursue and develop the SFL's business and will not have a negative impact on employment within the Company.

Squeeze-out

The Offeror does not intend to implement a squeeze-out targeting the SFL shares during the next twelve (12) months.

Delisting from Euronext Paris

The Offeror does not intend to apply to Euronext Paris for the delisting of SFL shares from Euronext Paris.

Merger intentions

The Offeror does not intend to merge with the Company during the next twelve (12) months.

However, the Offeror reserves the right to proceed with other legal reorganization transactions.

Should such plans materialize, the Offeror would disclose them to the public in accordance with applicable regulations.

5.2. Material contracts

- (a) A brief summary of all material contracts of the Issuer and the Offeree Company other than contracts entered into in the ordinary course of business, which are materially affected by the Offer.

There are no material contracts entered into other than in the ordinary course of the Issuer's business, which are materially affected by the Offer.

As far as the Issuer is aware, there are no material contracts entered into other than in the ordinary course of the Issuer's business, which are materially affected by the Offer.

5.3. Disinvestment

5.3.1 *To the extent known, information on material disinvestments such as material sales of subsidiaries or any major line(s) of business after the Offer becomes effective, together with a description of possible impacts on the Issuer's group.*

As of the date of this Exemption Document no material disinvestments are expected to take place after the Offer becomes effective.

5.3.2 *Information on any material cancellation of future investments or disinvestments previously announced*

As of the date of this Exemption Document no material cancellation of future investments or disinvestments previously announced are expected to take place.

5.4. Corporate governance

(a) To the extent known by the Issuer, names, business addresses and functions within the Issuer of the persons that are going to be, immediately after the Offer, members of the administrative, management or supervisory bodies and, in case of a limited partnership with a share capital, partners with unlimited liability.

No changes to the Board of Directors of the Issuer are expected as a result of the Offer. The following table sets out the name, position and the status of the persons that are expected to be, immediately after the Offer, members of the Board of Directors of the Issuer.

Name	Position	Status	Appointment proposed by
Mr. Juan José Brugera Clavero	Chairman ⁽¹⁾	Executive	--
Mr. Pedro Viñolas Serra	Chief Executive Officer and Vice-Chairman	Executive	--
Sheikh Ali Jassim M. J. Al-Thani	Director	Proprietary	Qatar Investment Authority
Mr. Adnane Mousannif	Director	Proprietary	Qatar Investment Authority
Mr. Juan Carlos García Cañizares	Director	Proprietary	Aguila LTD.
Mr. Luis Maluquer Trepal	Lead Independent Director	Independent	--
Mr. Carlos Fernández González	Director	Proprietary	Finaccess Group
Mr. Javier López Casado	Director	Proprietary	Finaccess Group
Ms. Silvia-Mónica Alonso-Castrillo Allain	Director	Independent	--
Ms. Ana Bolado Valle	Director	Independent	--
Ms. Ana Peralta Moreno	Director	Independent	--
Mr. Francisco Palá Laguna	Non-executive Secretary	--	--
Ms. Nuria Oferil Coll	Non-executive Vice-Secretary	--	--

(1) Mr. Juan José Brugera Clavero has been delegated some of the faculties of the Board of Directors. However, the Chief Executive Officer of the Issuer is Mr. Pedro Viñolas Serra who has been delegated all faculties in accordance with the law.

The business address of each member of the Board of Directors of the Issuer is Paseo de la Castellana, 52, 28046 Madrid.

(b) Any potential conflicts of interest that may arise as a result of the carrying out by the persons referred to in point (a) of any duties on behalf of the Issuer and their private interests or other duties shall be clearly stated.

According to the information provided by Colonial's directors and to the best of Colonial's knowledge, there are no potential conflicts of interests between any duties they have to the Issuer and their private interests.

Notwithstanding the foregoing, the Board of Directors of the Issuer submitted to the General Shareholders' Meeting held in June 2019 the waiver to the Director Ms. Ana Bolado Valle to hold the position of member of the Board of Directors of Metrovacesa, S.A.

- (c) Details of any restrictions agreed by the persons referred to in point (a) on the disposal of their holdings in the Issuer's equity securities within a certain period of time after the Offer.

According to the information provided by Colonial's directors and to the best of Colonial's knowledge, none of the persons mentioned in point (a) above who are holders of Colonial shares have assumed any temporary restriction on their free disposal within a certain period of time after the Offer, all without prejudice to the restrictions: (i) provided for in the applicable regulations; (ii) arising from the Issuers' share delivery plan; and (iii) assumed by QH and DIC in the contribution agreement entered into in October 2018 with Colonial (see Colonial's regulatory announcement dated 15 October 2018 ([link](#))).

5.5. Shareholding

- (a) The shareholding structure as of the date of this Exemption Document

The Offeror's share capital as of the date of this Exemption Document amounted to 1,270,286,952.50 euros, divided into 508,114,781 ordinary shares with a par value of 2.50 euros each.

The table below shows the Offeror's share capital and voting rights as of the date of 30 June 2021:

Shareholder	Numbers of shares and theoretical voting rights	% of the shares and theoretical voting rights ⁽³¹⁾	% of effective voting rights
Qatar Investment Authority ⁽³²⁾⁽³³⁾	102,675,757	20.21%	20.32%
Finaccess Group ⁽³⁴⁾	80,028,647	15.75%	15.84%
Aguila Ltd. ⁽³⁵⁾	28,880,815	5.68%	5.72%
Free Float ⁽³⁶⁾	293,586,555	57.78%	58.12%
Treasury shares	2,943,007	0.58%	
Total	508,114,781	100%	100%

- (b) The shareholding structure immediately after the Offer

The shareholding structure of the Issuer immediately after the Offer will depend on the number of shares of the Issuer to be issued as consideration in the context of the Offer. Assuming that a maximum of 12,588,820 shares would be issued by Colonial in the context of the Offer and considering the 22,494,701 shares of Colonial to be issued as a result of Predica's non-monetary contribution, the table below shows the estimate shareholding structure of the Issuer immediately after the Offer, based the Offeror's share capital and voting rights as of the date of 30 June 2021:

Shareholder	Numbers of shares and theoretical voting rights	% of the shares and theoretical voting rights ⁽³⁷⁾	% of effective voting rights
Qatar Investment Authority	102,675,757	18.90%	19.01%
Finaccess Group	80,028,647	14.73%	14.81%
Aguila Ltd.	28,880,815	5.32%	5.35%
Predica	22,494,701	4.14%	4.16%

(31): In accordance with Article 223-11 of the AMF's General Regulations, the total number of voting rights is calculated on the basis of all shares to which voting rights are attached, including shares without voting rights.

(32): Qatar Investment Authority is in charge of managing the 21,782,588 shares of the parent company held by DIC Holding.

(33): Number of shares and voting rights based on the company's declaration to the CNMV.

(34): Number of shares and voting rights based on the company's declaration to the CNMV.

(35): Number of shares and voting rights based on the company's declaration to the CNMV.

(36): Colonial's free float includes the shares held by Inmo S.L.

(37): In accordance with Article 223-11 of the AMF's General Regulations, the total number of voting rights is calculated on the basis of all shares to which voting rights are attached, including shares without voting rights.

<u>Shareholder</u>	<u>Numbers of shares and theoretical voting rights</u>	<u>% of the shares and theoretical voting rights⁽³⁷⁾</u>	<u>% of effective voting rights</u>
Other subsidiaries of Groupe Crédit Agricole			
Agricole	661,435	0.12%	0.12%
Sub-total Groupe Crédit Agricole	23,156,136	4.26%	4.29%
Free Float ⁽³⁸⁾	305,513,940	56.24%	56.55%
Treasury shares	2,943,007	0.54%	
Total	543,198,302	100%	100%

5.6. Pro forma financial information

The Offer would not result in a “significant gross change” for the Issuer, as defined in article 1, point (e), of Delegated Regulation (EU) 2019/980. Therefore, this Exemption Document does not include pro forma financial information.

6. DOCUMENTS AVAILABLE

The following documents can be perused in the 12 months following the publication of the Exemption Document on the website of the Issuer (www.inmocolonial.com).

- (a) The up-to-date articles of association of the Issuer.
- (b) The other documentation incorporated by reference to this Exemption Document and stated (together with the hyperlink for online consultation) in the “*Explanatory Note*” section.

Additionally, this Exemption Document will be available on the Issuer’s website (www.inmocolonial.com).

7. CROSS-REFERENCE LIST

The list below contains the specific cross-references included throughout this Exemption Document to the documents incorporated by reference detailed in section “*Explanatory Note*”:

<u>Exemption Document</u>	<u>Specific cross-references</u>
Section “Important Notices”—“Alternative performance measures”	For an explanation and reconciliation of the APMs, see section entitled “Alternative Performance Measures” on pages 92 to 97 of the 2020 Consolidated Management Report (link).
Letter (a) of Point 2.2.1	Note 1 “Colonial Group Business Activity” of Colonial’s consolidated financial statements for the year ended 31 December 2020 (link).
Letter (a) of Point 2.2.2	Unaudited condensed consolidated interim financial and operating information for the three-month period ended 31 March 2021 (link).
Letter (c) of point 5.4	Colonial’s regulatory announcement dated 15 October 2018 (link).

(38): Colonial's free float includes the shares held by Inmo S.L.

Madrid, 20 July 2021.

On behalf of Inmobiliaria Colonial, SOCIMI, S.A.

Mr. Pedro Viñolas Serra
Chief Executive Officer