

Colonial



Colonial – Investor Day  
OPERATIONS FRANCE

*Mr. Dimitri Boulte*

*SFL Chief Operating Officer*



MSCI

European Property  
Investment Awards  
WINNER 2017

IBEX<sub>35</sub>



Barcelona 17/10/17



By accepting this presentation and/or by attending this presentation, you will be taken to have represented, warranted and undertaken that you have read and agree to comply with the contents of this disclaimer. The information contained in this presentation ("Presentation") has been prepared by Inmobiliaria Colonial, Socimi, S.A. (the "Company") and has not been independently verified and will not be updated. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein and nothing in this Presentation is, or shall be relied upon as, a promise or representation. None of the Company nor any of its employees, officers, directors, advisers, representatives, agents or affiliates shall have any liability whatsoever (in negligence or otherwise, whether direct or indirect, in contract, tort or otherwise) for any loss howsoever arising from any use of this Presentation or its contents or otherwise arising in connection with this Presentation.

This Presentation is for information purposes only and is incomplete without reference to, and should be viewed solely in conjunction with, the Company's publicly available information and, if applicable, the oral briefing provided by the Company. The information and opinions in this presentation are provided as at the date hereof and subject to change without notice. It is not the intention to provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the Company's financial or trading position or prospects.

This Presentation does not constitute investment, legal, accounting, regulatory, taxation or other advice and does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and for making your own independent assessment of the Company. You are solely responsible for seeking independent professional advice in relation to the Company. No responsibility or liability is accepted by any person for any of the information or for any action taken by you or any of your officers, employees, agents or associates on the basis of such information.

This Presentation could contain financial information regarding the businesses and assets of the Company. Such financial information may not have been audited, reviewed or verified by any independent accounting firm. The inclusion of such financial information in this Presentation or any related presentation should not be regarded as a representation or warranty by the Company, its affiliates, advisors or representatives or any other person as to the accuracy or completeness of such information's portrayal of the financial condition or results of operations by the Company and should not be relied upon when making an investment decision. Certain financial and statistical information in this document has been subject to rounding off adjustments. Accordingly, the sum of certain data may not conform to the expressed total.

Certain statements in this Presentation may be forward-looking. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changing economic, business or other market conditions, changing political conditions and the prospects for growth anticipated by the Company's management. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Any forward-looking statements contained in this Presentation and based upon past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The market and industry data and forecasts that may be included in this Presentation were obtained from internal surveys, estimates, experts and studies, where appropriate as well as external market research, publicly available information and industry publications. The Company, its affiliates, directors, officers, advisors and employees have not independently verified the accuracy of any such market and industry data and forecasts and make no representations or warranties in relation thereto. Such data and forecasts are included herein for information purposes only. Accordingly, undue reliance should not be placed on any of the industry or market data contained in this Presentation.

The distribution of this Presentation in other jurisdictions may be restricted by law and persons into whose possession this presentation comes should inform themselves about and observe any such restrictions.

NEITHER THIS DOCUMENT NOR ANY OF THE INFORMATION CONTAINED HEREIN CONSTITUTES AN OFFER OF PURCHASE, SALE OR EXCHANGE, NOR A REQUEST FOR AN OFFER OF PURCHASE, SALE OR EXCHANGE OF SECURITIES, OR ANY ADVICE OR RECOMMENDATION WITH RESPECT TO SUCH SECURITIES.



# **SFL BUSINESS CASE**

INVESTOR DAY

October 17<sup>th</sup> 2017





# In/Out

## OECD Campus

---

**Full value creation project : SFL Business case**

# 1 ICONIC BUILDING FROM BOULOGNE'S HERITAGE INDUSTRIAL PAST



**THOMSON**

*Works & leasing period*



1921



Building of LMT (« Le Matériel Téléphonique ») **warehouses and factory** (telecommunication company)

1976



**LMT's acquisition by Thomson – Boulogne headquarters**

2000



**SFL acquisition : Sale and Lease back with Thomson**

2011



**Thomson departure and start of refurbishment works**

2015



July : 12 years lease signed with the OECD  
(start date : September)

2017



**Sale of the asset to Primonial REIM at a record price**

# 2

## ASSET WITH STRONG REAL ESTATE FUNDAMENTALS TO BE REVEALED

---

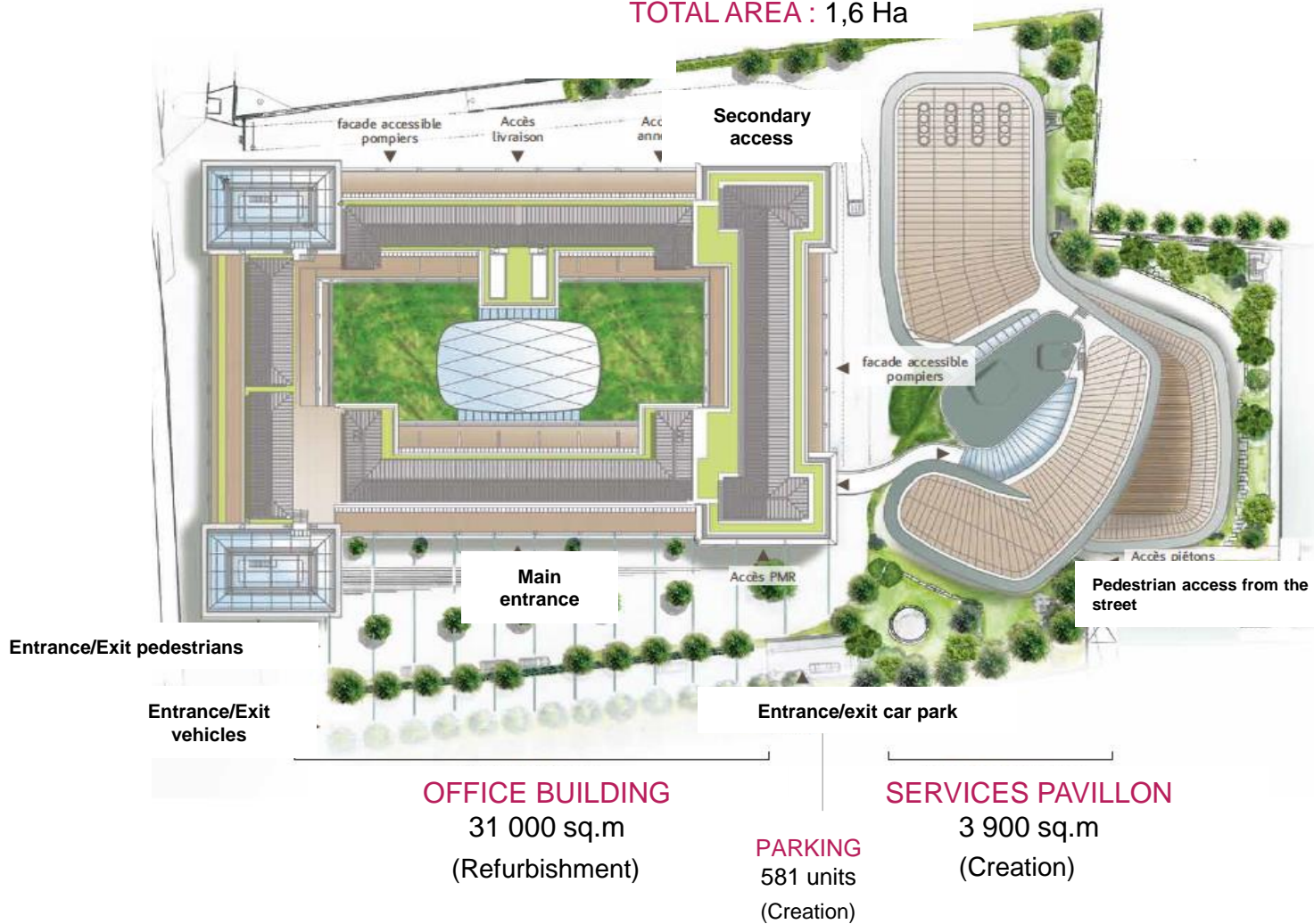
- High visible and independent building ... **but isolated**
- Strong architectural identity ... **but obsolete**
- Large and divisible floor plates ... **but divided into 4 different units and non efficient**
- Large scale vacant spaces ... **but low amenities**
- Major plot of land ... **but without any convenient outdoor spaces**



### THOMSON'S DEPARTURE: WHAT STRATEGY TO ADOPT?

# 2.1 MAIN OBJECTIVE : CREATE A NEW GENERATION CAMPUS

TOTAL AREA : 1,6 Ha



## 2.2 BRAND NEW ATTRACTIVE CONCEPT WITH CONTEMPORARY DESIGN

THE ARCHITECTURE AGENCY DTACC AND THE FRENCH DESIGNER JOUIN-MANKU ARE MISSIONED TO OPERATE A TRANSFORMATION PROGRAM



BEFORE



AFTER

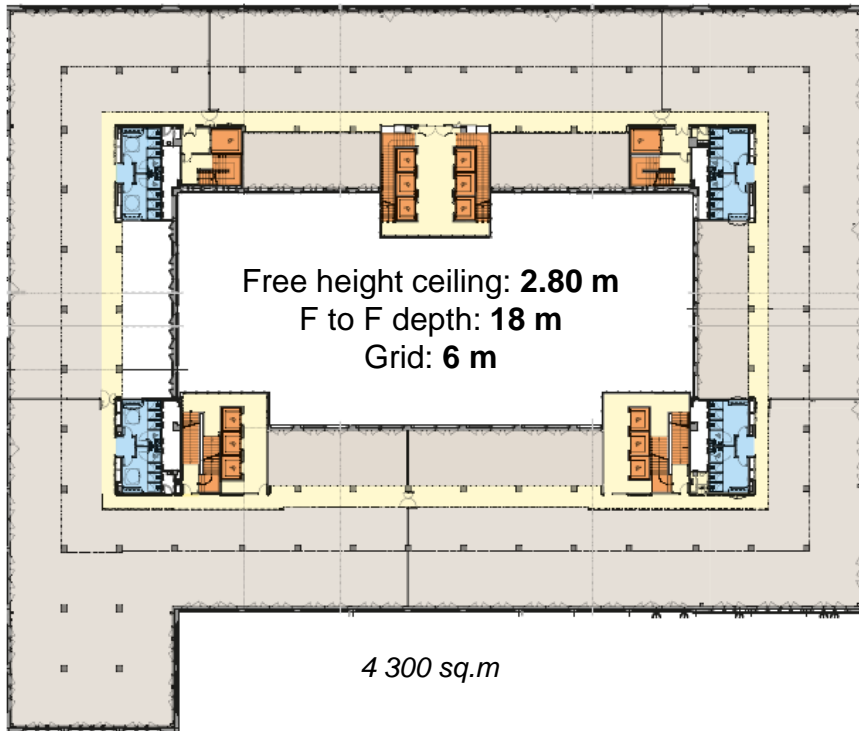


- ✓ Creation of **large scale floor plates** with much natural light
- ✓ **Two glazed domes** to modernize the architecture
- ✓ Redesign of **outdoor areas**
- ✓ Creation of an **independent building dedicated to services with an organic design**
- ✓ **High environmental performance**



## 2.3 ENHANCE USER COMFORT IN HIGH PERFORMANCE WORKING SPACE

4 300 sq.m standard floorplates



- ✓ **Large, horizontal, flexible floor plates** to enhance communication and team project organisation
- ✓ **Outdoor patio in the centre of the building** to bring daylight into all the office areas
- ✓ **Vertical cores benefiting from daylight** to enhance inner communication between floors

## 2.4 CREATION OF A BRAND-NEW 3 900 SQ M SERVICES PAVILLON

### AN INDEPENDENT BUILDING HOSTING HIGH-END SERVICES

- ✓ **Cafeteria and 450-seat corporate restaurant**
- ✓ **A 200-seat business centre with auditorium**
- ✓ **Modular board rooms and private lounges**
- ✓ Fully accessible to public
- ✓ Large scale of furnished terraces



# 2.5 TO BE A REFERENT SUSTAINABLE PROJECT

## TO GET THE LATEST ENVIRONMENTAL LABELS AND CERTIFICATIONS



- ✓ French HQE label « outstanding »
- ✓ LEED Platinum level
- ✓ BREEAM-in-Use – Level Excellent
- ✓ BREEAM – Construction level



PLATINUM



# 3 OECD'S SIGNATURE : THE ASSET STRATEGY ACHIEVEMENT

---

July 2015 : a 12-year lease signed with the **Organization for Economic Co-operation and Development (OECD)**

## IN/OUT : A STRATEGIC CHOICE FOR THE OECD

- ✓ **Iconic building promoting tenant's image**
- ✓ **Efficient asset** combining a high level of services and convenient premises
- ✓ **Secured and totally independent address**
- ✓ **Exemplary environmental standards**
- ✓ **Ideal accessibility** to La Murette (OECD headquarters for more than 50 years)
- ✓ Possibility to create a second **international conference facility** in the services pavillon



## THE OECD: A STRATEGIC TENANT STRENGTHENING THE VALUE CREATION OF THE ASSET

- ✓ A captive tenant of **international stature**
- ✓ A site adapted to the **OECD standards and requirements**
- ✓ A **secured income until 2027** at a market rent level

# 4 September 2017 : ASSET SALE TO PRIMONIAL

---

## AN ASSET THAT REACHED MATURITY

### 1) Favorable context

- Prime yield at record levels in the Western Crescent (< 4,00%)
- Capital inflow in the real estate market

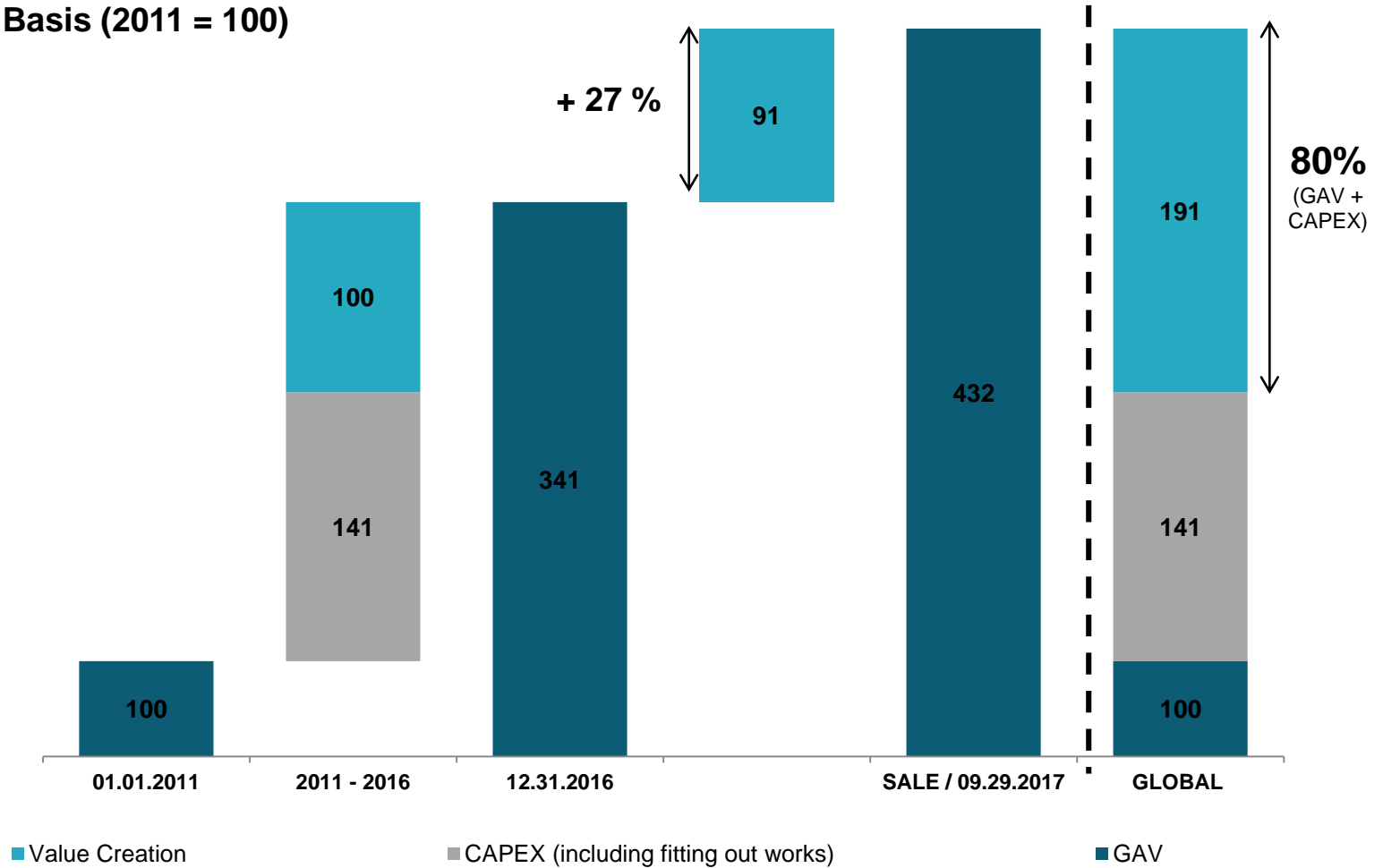
### 2) Clear right momentum for sale

- An iconic asset of the Western Crescent, totally refurbished
- Secured annual rent for 10 years and tenant of international stature
- Last year to benefit from a reduced transfer tax (1,8% vs 7,5%)
- End of the rent free period on 2017, October 31<sup>st</sup>
- Asset management strategy ended and the OECD settlement works completed

# 5

## KEY INDICATORS EVOLUTION AND VALUE CREATION

Index Basis (2011 = 100)



## BEFORE



## AFTER



## BEFORE



## AFTER







# Two large scale refurbishment projects in the near future

**96 IENA (Paris 16)**  
**D-XV (Paris 15)**



# **SFL VISION**

## **REGARDING PRIME OFFICE PRODUCT**

**ASSETS IN BEST LOCATIONS**

**ICONIC BUILDINGS**

**BEST WORKING ENVIRONMENT**

**USER'S COMFORT AND EXPERIENCE**

**SUSTAINABLE BUILDINGS**

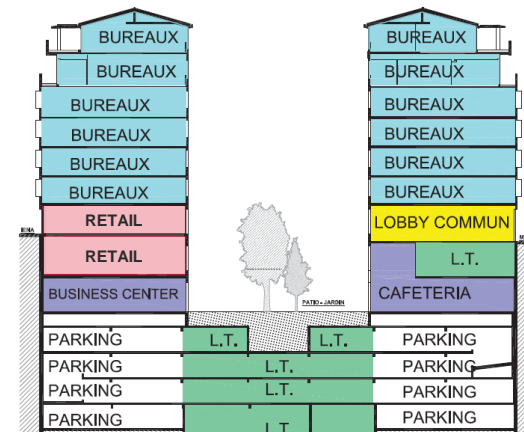
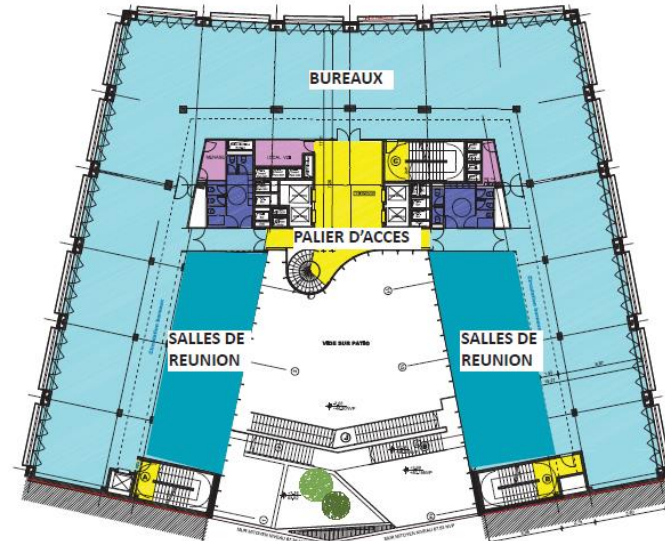
# 1 96 IENA: A VERY PREMIUM OFFICE REFERENCE IN PARIS

- ✓ Location in the heart of Paris' CBD, next to « l'Arc de Triomphe »
- ✓ Projet designed by the famous French architect **Dominique Perrault** to create an iconic building

## Refurbishment program :

- ✓ Optimization of common office floor plates
- ✓ Creation of green spaces in the patio
- ✓ Creation of an internal atrium to bring daylight until level -2
- ✓ New spaces dedicated to services (cafeteria, business center ...)
- ✓ Best environmental standards

## PROJECT



## BEFORE



## PROJECT



# 2

## D – 15 : THE LATEST GENERATION BUSINESS CAMPUS IN PARIS

- Good Location in Paris 15, in a **great mixed use environment** (Beaugrenelle shopping mall)
- Very large plot of land : **6 300 sq** with much outdoor space and garden

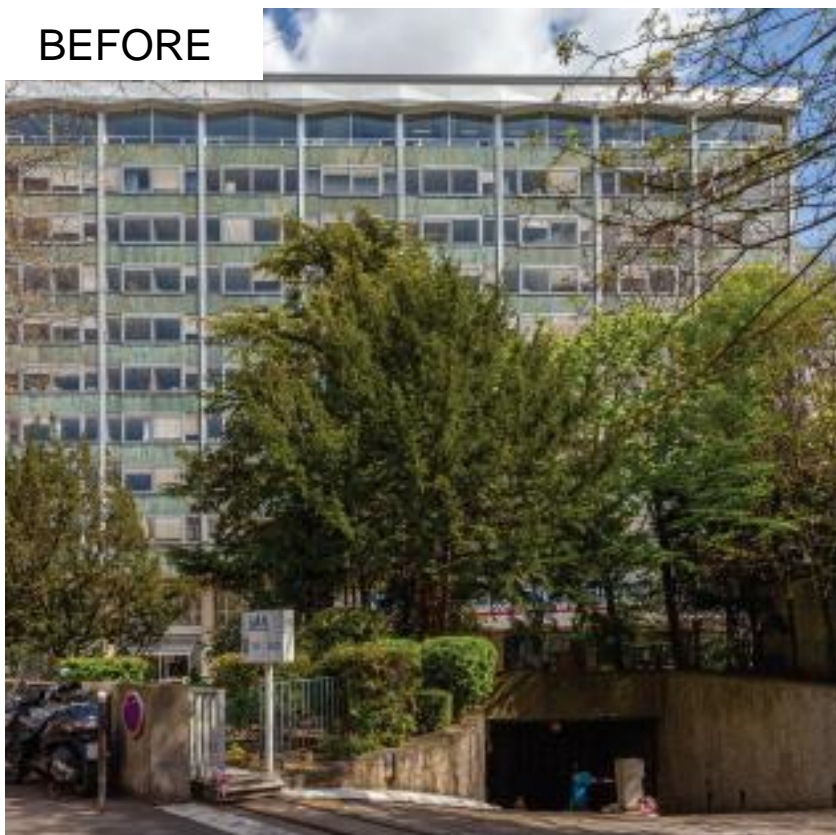
### Refurbishment program :

- ✓ **Large and flexible floor plates without any constraints**
  - from 1 400 sq m to 3 500 sq m
- ✓ Creation of an **internal atrium to enhance natural light and comfort**
- ✓ Creation of **many terraces**
- ✓ **Best standards for sustainability issues and certifications**

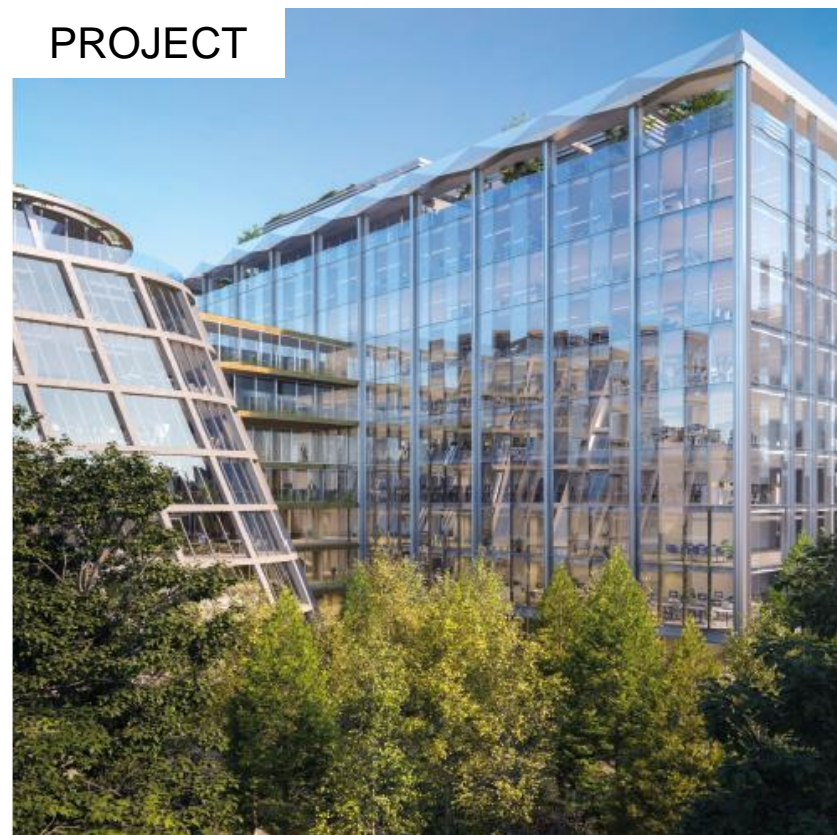
### PROJECT



BEFORE



PROJECT





#cloud.paris  
connected business

by **SFL**  
SOCIÉTÉ FONCIÈRE LYONNAISE