



IBEX³⁵



ALPHA VI

Press Release

Colonial increases its stake in SFL

The Colonial Group to enhance its stake in its Paris subsidiary SFL listed on Euronext Paris through the acquisition jointly with SFL of the 12.9% stake held in SFL by Predica and the launch of a voluntary mixed tender offer on the remaining 5% held by minority shareholders of SFL

- Increase of the stake held by the Colonial Group in SFL to a minimum of 94% and potentially to 100% depending on the outcome of the mixed tender offer
- Additional exposure to Prime Paris assets amounting to €1bn
- Increased exposure to value-accretive flagship projects in Paris
- Simplification of shareholding structure of the Colonial Group
- Strengthened long-term partnership with Predica
- Positive impacts on recurring EPS and neutral impact NTA per share
- Solid capital structure with the issuance of up to €0.4bn of equity, maintaining a solid investment grade rating
- Reinforcing the Colonial prime platform
- Transaction remains subject to customary conditions

Madrid June 3rd, 2021

The Colonial Group has approved a simplification of the shareholding structure of its subsidiary SFL which reinforces its Real Estate exposure in Paris and consists in:

- a contribution by Predica, personal insurance subsidiary of Crédit Agricole Assurances to Colonial of a 5% stake in Société Foncière Lyonnaise (SFL); and
- a share and assets swap between SFL and Predica whereby Predica will transfer to SFL an 8% stake in SFL in the context of the SFL share buy-back program. The Colonial Group will continue the long-term relationship between SFL and Predica with the creation of new joint ventures 51% held by SFL and 49% held by Predica in several assets (103 Grenelle, Cloud, Cézanne Saint-Honoré and 92 Champs Élysées), while SFL will own entirely several assets (90 Champs Élysées,

104 Haussmann, Galerie Champs Élysées and Washington Plaza) by acquiring Predica's stakes in the entities holding these assets.

It is contemplated that the contribution by Predica of its 5% stake in SFL into Colonial and the share and assets swap would take place concurrently. All these transactions remain subject to customary conditions (including municipality pre-emption right waiver and AMF clearance decision with respect to the tender offer) to be satisfied on 31 December 2021 at the latest.

Within the framework of the agreed transactions, Colonial will file – beginning of June - a voluntary mixed tender offer for all the shares of SFL owned by minority shareholders for a consideration equal to €46,66 and 5 newly issued shares of Colonial (listed in Madrid and Barcelona) for each share of SFL.

The financial terms of the tender offer, the contribution of SFL shares to Colonial and the share and assets swap between SFL and Predica are all based on the December 2020 EPRA NDV parity (adjusted for dividend distribution).

By tendering their shares, minority shareholders of SFL would become shareholders of Colonial and benefit, notably from a direct exposure to the leader of the prime office sector in Europe with increased diversification and enhanced access to market liquidity compared to their current situation.

Colonial has called for an Extraordinary Shareholders Meeting for the approval of the contribution by Predica and the capital increase resulting from the mixed tender offer, which will take place on June 28th, 2021.

This transaction will allow Colonial to increase its stake in SFL's share capital from its current 81.7% to a minimum stake of 94%, including the possibility to acquire the entire share capital of SFL via the mixed tender offer. Colonial does not intend to carry out a squeeze out in the context of the offer and the SFL shares will consequently remain listed on Euronext Paris.

The transaction consolidates Colonial's leadership in the prime office sector in Europe reinforcing its positioning in the French market, the largest European office market, and will particularly allow to:

I. Increase its exposure to prime offices through the investment in circa €1bn of prime assets in Paris

- Acquisition of circa €1bn of exposure to assets in Paris by increasing Colonial's stake in SFL
- Increased exposure to value-accretive flag-ship projects in Paris
- Reaching full ownership in 90 Champs Élysées, 104 Haussmann, Galerie Champs Élysées, and Washington Plaza

II. Reorganize its shareholding structure

- Simplification of Colonial Group's shareholding structure
- Strengthening of long-term partnership between SFL and Predica, an internationally renowned institutional investor
- Increased free float by circa €0.4bn in terms of Net Tangible Assets (NTA)
- Consolidation of Pan-European prime office platform

III. Attractive transaction terms for Colonial Shareholders

- Positive impact on EPS
- Neutral impact on short-term NTA, with mid-term NTA accretion
- Solid capital structure with circa €0.4bn of additional equity (in NTA terms)
- Post transaction LTV remains at solid Investment Grade level

The transaction has been approved by the Board of Directors of Colonial and is also supported by the SFL Board of Directors (including independent directors).

The transaction is expected to be fully executed by September 2021.

Colonial has been advised by Morgan Stanley as financial advisor, and by legal advisors Ramón y Cajal, Darrois Villey Maillot Brochier A.A.R.P.I., and Garrigues.

As explained by Juan José Brugera, President of Colonial, *"This transaction allows Colonial to increase its presence in the Paris market, the largest office market in the Eurozone. It reinforces our bet for prime assets, offering the best return for our shareholders while strengthening our platform for further growth in Europe."*

About Colonial

Colonial is a Spanish listed REIT company (SOCIMI), leader in the European Prime office market with presence in the main business areas of Barcelona, Madrid, and Paris with a prime office portfolio of more than one million of sqm of GLA and assets



under management with a value of more than €12bn.

"For more information regarding the corporate transactions, see the presentation to the market which Colonial is expected to publish today through the relevant communication on the Spanish Securities Market Commission (the "CNMV") website (www.cnmv.es) and on Colonial's corporate website (www.inmocolonial.com), as well as the documents regarding the offer that will be published on the French Authority of financial markets (AMF) website (www.amf-france.org) and on the CNMV's website (www.cnmv.es) "

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