

## Colonial and its subsidiary SFL aim to requalify all of their outstanding bonds into green bonds

- The Group's Green Financing Framework is aligned with the "Green Bond Principles" of the International Capital Markets Association ("ICMA") and has the benefit of a Second Party Opinion from an independent entity.
- The requalification into green bonds will not have an impact on any other characteristics of the relevant bonds, such as their terms and conditions, interest rates or maturity.
- The Colonial Group pursues a leadership in ESG matters in the real estate sector in Europe with maximum ratings issued by institutions such as GRESB & CDP.

*Madrid, 12 January 2022.* Colonial and its French subsidiary Société Foncière Lyonnaise ("SFL") have announced their intention to convert all the outstanding bonds of the Colonial Group (the "Group") (representing an aggregate principal amount of €4.6 billion) into "green bonds". With this objective, the Group led by Juan José Brugera and Pere Viñolas has prepared a Green Financing Framework (the "Framework") to align the Group's financing strategy with its sustainability objectives. The pillars of the Framework are energy efficiency and the prevention and reduction of carbon emissions from the Group's assets. The Framework has been developed in line with ICMA's "Green Bond Principles", which promote transparency and the accuracy and integrity of information disclosed and reported by issuers and has the benefit of a Second Party Opinion by V.E.

Green bonds constitute an alternative to corporate debt raising in an environment in which the awareness of companies on sustainability issues is becoming ever more relevant. This type of debt is intended to finance "green assets" which are those that have a positive impact on the environment. The Group's intention is that any bonds it proposes to issue in the future will be issued under the Framework as "green bonds" (subject to the availability of green assets at the time of any such issue).

With regard to the Group's outstanding bonds, which were issued by Colonial and by its French subsidiary SFL, the Group intends to allocate an amount equivalent to the outstanding principal amount of such bonds to the financing or the refinancing of a portfolio of green assets meeting the environmental criteria described in more detail in the Framework. To that end, the Group will ask bondholders to approve the requalification of the "Use of Proceeds" of such bonds from "General Corporate Purposes" to "the financing or the refinancing of a portfolio of eligible green assets" via a consent solicitation. The relevant bondholder meetings are scheduled to take place on 3 February 2022.

For this purpose, the Group has appointed Crédit Agricole Corporate and Investment Bank and Freshfields Bruckhaus Deringer as advisors in this process. The requalification of the outstanding bonds into "green bonds" will not have an impact on any other characteristics of the relevant bonds, such as their terms and conditions, interest rates or maturity.

Carmina Ganyet, Colonial's Corporate General Director, explained that "sustainability is a fundamental aspect of the Group's strategy, and one of the company's growth vectors to maximize shareholder value". For Ganyet, the requalification of the outstanding bonds into green bonds and the issuance of new green bonds in the future

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"represents a competitive advantage and an attractive investment for the capital markets, whose interest in this type of investment is significantly growing, as is evidenced by the exponential growth of green and sustainable issuances".

The Group actively manages its debt and during the first nine months of 2021, Colonial refinanced more than €1,000m, optimizing its average cost of financing, improving its diversified debt profile and the maturities of its borrowings. This "liability management" has enabled the Group to bring the cost of its debt below 1.5%. At the end of September 2021, the Group had a net debt of €4,645m, of which €2,812m corresponded to bonds issued by Colonial and €1,290m to bonds issued by SFL, in addition to the €500m bonds issued by SFL in October 2021. The Group's Loan to Value at 30 September 2021 stood at around 37%.

### **A Leading ESG real estate company in Europe**

Colonial's ESG strategy has been recognized over the last few years by the main entities in this field in Europe. Moody's recently highlighted the Group's excellent ESG policy in its latest report on Colonial, noting the high governance standards and strong environmental credentials of its high-quality office buildings and that the company's credit outlook increased from Baa2 stable to positive. Colonial currently has 93% of its office portfolio with sustainability certifications, a percentage well above the sector average in Europe, and has set itself the challenge of being emissions neutral by 2050.

Moody's recognition of Colonial's ESG policy is in addition to Colonial's recent performance in the main ESG indices. The international organization CDP (Carbon Disclosure Project) has awarded Colonial its highest "A" rating for its decarbonization policy. It should be noted that worldwide only 12 companies in the real estate sector have this rating, 5 of them in Europe. GRESB (Global Real Estate Sustainability Benchmark), the main ESG index for the real estate sector, has ranked Colonial as the leading office company in Europe, awarding it 94 out of a possible 100 points. Likewise, V.E has placed Colonial in the top 3% of more than 4,800 companies analyzed each year.

In addition, Colonial has been recognized with the EPRA Sustainability Best Practices in 2021 for the sixth consecutive year.

### **About Colonial**

The Colonial Group is a leader in the European prime office market, present in the main business areas of Barcelona, Madrid and Paris with a prime office portfolio of approximately 1.6m square meters and an asset value under management of more than €12,000m. Colonial is a SOCIMI listed on the Spanish stock exchange.

### **About SFL**

Leader in the prime segment of the Parisian commercial real estate market, Société Foncière Lyonnaise stands out for the quality of its property portfolio, which is valued at €7,300m and is focused on the Central Business District of Paris (#cloud.paris, Edouard VII, Washington Plaza, etc.), and for the quality of its client portfolio, which is composed of prestigious companies in the consulting, media, digital, luxury, finance and insurance sectors. As France's oldest property company, SFL demonstrates year after year an unwavering commitment to its strategy focused on creating a high value in use for users and, ultimately, substantial appraisal values for its properties. SFL is listed in Euronext Paris (Compartment A) and benefits from a BBB+ S&P rating with a "stable" outlook



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"The information included in this document should be read in conjunction with all publicly available information, in particular the information available on Colonial's website [www.inmocolonial.com](http://www.inmocolonial.com)."

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