

Colonial and Société Foncière Lyonnaise set their merger exchange ratio

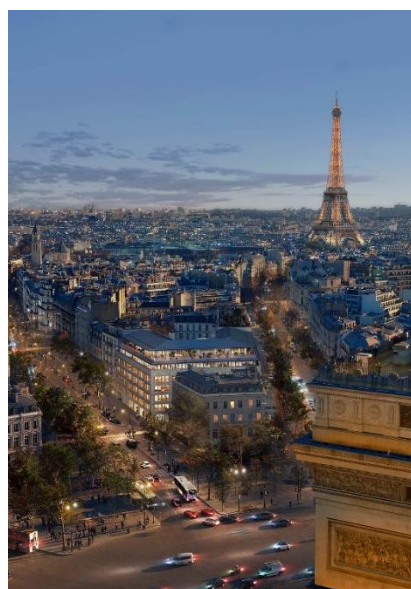
1. Strengthening the leading Pan European prime platform
2. Within the framework of the projected merger of Colonial and SFL, an exchange ratio for the remaining minority shareholders of SFL (1.76%) has been set
3. The boards of directors of Colonial and SFL have both agreed to an offer of 13 Colonial shares per each SFL share
4. The shares offered to SFL shareholders would be sourced from Colonial's treasury stock

Madrid, February 18th, 2025

Colonial and SFL continue their path to conclude the merger process

In connection with the proposed merger process between Colonial and its 98.24% owned subsidiary¹, Société Foncière Lyonnaise (SFL), the boards of directors of Colonial and SFL have agreed to set the exchange ratio at 13 Colonial shares for 1 SFL share and have also determined an exit price² of €77.5 per SFL share coupon attached. The exit price would be adjusted by the amount of SFL's dividend to be voted prior to the merger. The exchange ratio and the exit price have been determined on the basis of a multi-criteria valuation.

Morgan Stanley & Co. International plc has acted as financial advisor to the board of directors of Colonial.



SFL's board of directors has acted taking into account the recommendation of an independent directors' committee. The independent directors' committee has been advised by Rothschild & Co, which has delivered a fairness opinion on the financial terms of the merger.

¹ In compliance with applicable tax regulations, no single shareholder may own more than 60% of SFL's capital unless the majority shareholder is a SIIC or a foreign entity with an equivalent status. This applies to Colonial, a SOCIMI under Spanish law, which operates under a regime equivalent to the SIIC.

² Pursuant to Article L.236-40 of the French Commercial Code for the dissenting SFL shareholders.

On January 31st, SFL's employee representatives body has unanimously given a positive opinion following its consultation on the proposed merger.

The signing of the merger agreement, which is expected to take place in early March and will set out the exchange parity and exit price, remains subject to the approval of the Colonial and SFL Boards of Directors. The financial terms and conditions will be reviewed by the merger auditor, Agnès Piniot (Ledouble), appointed by the President of the Paris Commercial Court on 12 November 2024.

Completion of the proposed merger is expected in the second half of 2025, subject to the approval by Colonial and SFL shareholders at the general meetings to be held by the end of April 2025 and to corporate formalities necessary for a transaction of this kind. Completion of the merger would also be subject to the *Autorité des marchés financiers* confirming that Colonial is not required to file a delisting offer in respect of the SFL shares pursuant to French law.

The Colonial shares offered to SFL shareholders in the merger, would be sourced from treasury shares.

The transaction would offer a substantial liquidity to minority shareholders by becoming shareholders of Colonial. In addition, SFL shareholders' rights would be preserved, as Spanish company law offers protections comparable to French law. Additionally, they will continue to benefit from equivalent dividend distributions: the French rental income and capital gains will still be subject to the compulsory distribution rule of the SIIC regime which will continue to apply to the French operations of Colonial (previously carried out by SFL) while the rental income and capital gains of the Spanish operations of Colonial will be subject to compulsory distribution obligations pursuant to the SOCIMI regime.

Strengthening the leading Prime European Real Estate platform

This transaction implies achieving the last mile in Colonial's internalization journey into Paris prime CBD market, which started in 2004, leading to the creation of a high-quality prime Pan-European Real Estate platform. After its completion, this cross-border merger will allow the Group to accelerate its growth strategy based on a strong and profitable business model, and relying on both teams' expertise and highly recognized brands

- Sizeable platform with strong earnings growth profile with the best portfolio in Europe of prime CBD assets
- Enhanced pricing power on the back of a top tier client-base portfolio with AAA tenants
- Leader in urban transformation projects, with strong track record in developing the best prime product with the highest sustainability credentials
- Diversified exposure to the Paris, Madrid and Barcelona markets with attractive rental growth prospects according to market experts
- Enhanced scope of growth opportunities across major cities in Europe at an attractive point of the recovery of the real estate cycle

For over twenty years, the two companies have shared the deeply held belief that the key to creating long-term value lies in developing prime urban assets and building a unique mixed-use portfolio in Paris, Madrid and Barcelona. This merger will be an additional source for synergies through increased efficiency on the back of a fully integrated platform and simplified legal structure, ideally positioned to seek growth opportunities. This will also improve access to Equity and Debt Capital Markets through a single issuer of public securities with a strong credit profile and corporate rating.



#Cloud



Velázquez 86



Diagonal 530

About Colonial

Inmobiliaria Colonial is the leading platform in the prime commercial real estate market in Europe, with a presence in the main business areas of Barcelona, Madrid, and Paris. It owns a unique portfolio of commercial properties totalling over 1 million m², with a market value exceeding €11.3 billion. The Group follows a dedicated long-term strategy focused on value creation through a high-quality client portfolio and asset appreciation. Looking ahead, the Colonial Group will continue to lead the urban transformation of city centres in the European market, recognized for its expertise and professionalism, financial strength, and profitability, while providing excellent sustainable real estate solutions tailored to its clients' needs.

About SFL

*A benchmark in the prime segment of the Parisian commercial real estate market, **Société Foncière Lyonnaise (SFL)** stands out for the quality of its property portfolio, valued at €7.4 billion and focused on the Central Business District of Paris (**#cloud.paris, Edouard VII, Washington Plaza, etc.**), as well as for the prestige of its client base, composed of renowned companies. As the oldest real estate company in France, SFL demonstrates year after year a firm commitment to its strategy, centered on creating high user value for tenants and, ultimately, substantial valuation gains for its properties. Looking to the future, SFL remains dedicated to developing sustainable real estate, aiming to build the city of tomorrow and contribute to reducing carbon emissions in its sector.*