

# **SFL – Announcement by Colonial of a project involving an evolution of SFL’s capital and a voluntary cash and share tender offer for the SFL shares**

The SFL Board of Directors has examined the terms of a proposed transaction in two parts:

- On the one hand, a liquidity offer to the shareholders of SFL through a simplified mixed tender offer, initiated by Colonial, the majority shareholder of the Company, for the shares of SFL not yet held by Colonial and Predica; the terms of the Offer would be 46.66 euros and 5 ordinary Colonial shares<sup>1</sup> for one SFL share tendered into the Offer<sup>2</sup>; and
- On the other hand, the evolution of the existing partnership between SFL and Predica, consolidating their long term relationship. This part would involve the acquisition by SFL (as part of its buy-back program) followed by the cancellation of part of the SFL shares held by Predica (7.86% of SFL's share capital) and the acquisition by SFL of the stakes held by Predica in the assets Washington Plaza, 106 Haussmann, Galerie des Champs-Élysées and 90 Champs-Élysées<sup>3</sup>, in exchange for minority stakes in the assets #cloud.paris, Cézanne Saint-Honoré, 92 Champs-Élysées and 103 Grenelle. The remaining SFL shares held by Predica (5% of SFL's share capital) would be exchanged for Colonial shares at a ratio of 9.66 Colonial shares (ex-coupon) for 1 SFL share (coupon attached).

These transactions would be carried out on financial terms based on the EPRA Net Disposal Value ("**EPRA NDV**") as at 31 December 2020 (adjusted for the dividend distributions in respect of the financial year 2020).

The evolution of the partnership with Predica remains subject to customary conditions precedent including waiver by relevant municipal authorities of their pre-emption right, AMF clearance decision with respect to the Offer, approval by the general meeting of Colonial of the issue of Colonial shares in connection with the contribution of the Predica shares and in connection with the Offer and the

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<sup>1</sup> For Colonial a dividend relating to the 2020 fiscal year of 0.22 euro per share has been declared and paid.

<sup>2</sup> For SFL the dividend relating to the 2020 fiscal year of 2.10 euro per share has been paid on 27 April 2021.

<sup>3</sup> The companies SCI Washington (representing 34% of the share capital and the voting rights) and Parholding SAS (representing 50% of the share capital and voting rights).

absence of any significant loss on the assets involved in the exchange transactions. The Offer is subject to the approval by the general meeting of Colonial of the issue of Colonial shares in connection with the Offer.

The transaction would simplify the shareholding structure of the Company, by offering liquidity to minority shareholders and the possibility to become shareholders of Immobiliaria Colonial, by tendering their SFL shares with a significant premium to the stock-market price.

As the Offer will not be followed by a squeeze-out, the shareholders who would not wish to tender their shares can remain invested in a company whose financial profile will not be significantly modified and could benefit from an increased dividend as a result of the distribution obligation activated by the capital gains that will be recorded in the context of the transaction.

This transaction fits into the Company's strategy and is in line with a logic of continuity.

In accordance with the AMF General Regulation and best corporate governance practices, the Board of Directors has set up an *ad hoc* Committee composed exclusively of the Company's independent directors to examine the proposed transactions in detail and to advise the Board of Directors.

Finexsi was appointed by the Board of Directors, upon the recommendation of the *ad hoc* Committee, as independent expert in order to deliver:

- (i) a report on the fairness of the asset swap transactions (as related-party agreement) and on the use of the share buy-back program, in accordance with AMF Position 2012-05 on shareholders general meetings and AMF Position 2017-04 on share buy-backs, and
- (ii) a report on the financial terms of the Offer in accordance with Article 261-1 of the AMF's General Regulations.

The report relating to the asset swap and the use of the share buy-back program, on the basis of the work performed by the expert and of the information provided by the Company, has concluded that these transactions were fair from a financial point of view for SFL shareholders, does not affect the financial situation or the investment capacity of the Company and, as part of a global operation, are consistent with the principle of equal treatment of shareholders.

In accordance with stock market regulations, Finexsi will deliver its final report on the terms of the Offer as independent expert, at the end of a minimum fifteen trading day period (starting from the date of filing of the Offer).

The *ad hoc* Committee has issued a favorable opinion on the asset swaps and has recommended that the Board of Directors approves them.

Regarding the Offer, the Board of Directors noted after a preliminary review of the main terms of the Offer that it would offer liquidity to the minority shareholders at a significant premium of 45% over the stock-market price on 2 June 2021.

On this basis and on the basis of the recommendation of the *ad hoc* Committee, the Board of Directors has approved the evolution of the partnership, and has favorably welcomed the principle of the Offer and the possibility offered to the minority shareholders to benefit from a liquidity with a significant premium to the stock-market price. The reasoned opinion ("*avis motivé*") of the Board of Directors will be delivered, upon the recommendation of the *ad hoc* Committee, after receipt of the final report of the independent expert on the terms of the Offer.

The Offer should be filed in the coming days. The SFL Board of Directors would consequently be able to meet at the end of June in order to issue its reasoned opinion once it has received the Finexsi report as independent expert for the Offer. The Offer could thus be opened during the month of July subject to the AMF's clearance decision.

The *ad hoc* Committee and the Board of Directors have been advised by Natixis Partners as financial advisor and by Bredin Prat as legal advisor. SFL has been advised by Gide Loyrette Nouel as legal advisor.

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## 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 €7.5 billion 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.

Stock market: Euronext Paris Compartment A – Euronext Paris ISIN FR0000033409 – Bloomberg: FLY FP – Reuters: FLYP PA

S&P rating: BBB+ stable outlook

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