

*The agreement will be signed in September*

## **SFL, French subsidiary of Colonial, reaches an agreement to sell the IN/OUT building to the French fund Primonial**

- The agreement has been closed in a context of high competition of offers
- The final price will represent a significant premium on last valuation
- The building is 100% occupied by the OECD with a long term contract
- The asset is located in a secondary market outside Paris city center
- The transaction allows to capture the maximum price after finishing the real estate repositioning of the asset

***Barcelona, 28th July 2017***

Along with the release of the first semester results, SFL, French subsidiary of the Colonial Group, has announced the closing of the selling process of the IN/OUT building with 35,000 sq. m, located in the Boulogne-Billancourt district in Paris. After conducting a competitive selling process, a sale agreement has been signed with the French fund Primonial, one of the largest real estate asset platform for individuals in France, which its offer has overcome the other bidders, most of them international investors. Definitive formalization of the agreement is due to be finalized within two months.

The transaction has been closed in an optimal market context in which yield compression and high investment demand in Paris have allowed to obtaining an excellent selling Price. The submarket “Croissant Ouest”, where the asset is located, is reaching unprecedented yields below 4%.

*“This transaction highlights the success of the value creation strategy implemented by the Colonial Group and in this particular case executed by our French subsidiary SFL” says Pere Viñolas CEO of Colonial.*

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IN/OUT building was designed and built by SFL through a deep redevelopment of the historical Phillips headquarters in Paris. The repositioning Project of the asset allowed the creation of a big office complex with 35.000 sq. m equipped with the most advanced services and the maximum environmental sustainability certifications. After completion of the works, IN/OUT hosted the headquarters of the Organization for Economic Cooperation of Development (OECD) that in 2015 signed a lease agreement for 12 years. Following the completion of the real estate repositioning, Colonial completes the value creation divesting this asset with a premium on appraisal value crystallizing maximum returns.

*“We have been able to capture maximum returns through the full real estate value chain, identifying first an opportunity of repositioning an asset, creating a quality product for the market, closing a long term leasing agreement with a high solvency tenant, and signing the sale of the asset at the optimal timing for this asset”,* says Juan José Brugera, Chairman of Colonial and SFL.

The economic terms of the transaction will be confidential until final closing.



### **SFL reports a Net Result of €379M in the first semester, a 22% increase**

SFL, French subsidiary of Colonial Group, has released its 2017 first semester result with a Net Result of €379M, a 22% increase compared to previous year. The company rental income amounted to €99M, a 3% increase like for like, with an EPRA occupancy of 96%.

Good market fundamentals in Paris city center together with the high demand for scarce prime assets combined with an industrial real estate strategy of asset repositioning have allowed an increase of the value of the French portfolio of a 7.1% in six months, amounting to a total value of €6,144M. This increase implies a €408M value gain of the portfolio that together with the improvement of the financial structure of the company drive the net result and reduce Loan To Value below 30%. The NAV per share increases an 11% in the last 6 months amounting to €76.8 per share.



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## About Colonial

Colonial is a REIT, leader in the European Prime office market with presence in the main business areas of Barcelona, Madrid and Paris with a portfolio of more than 860,000 sq m of GLA above ground and assets under management with a value of more than €8.6bn.



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