

Colonial invests €718 million euros in the company's capital

Colonial strengthens its position within SFL

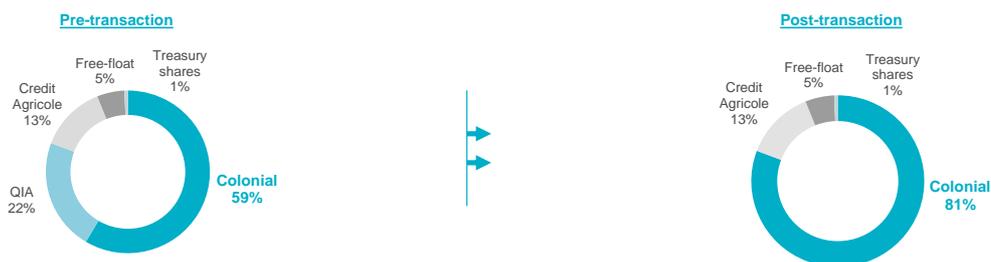
- Colonial acquires a 22.2% stake in SFL from Qatar Investmet Authority
- The transaction will be carried out through a capital increase in Colonial and payment in cash
- Colonial will increase its capital by 53.5 million shares (11.8% of the current capital)
- Colonial simplifys its Group Shareholding Structure and improves its fundamentals with an increase of +10% in its earnings per share
- Very attractive transaction terms for Colonial with an average acquisition price of €69.6 per share, which implies a 19% discount on the last reported NAV of SFL (€ 85.7 per share)

Madrid, 15th October 2018

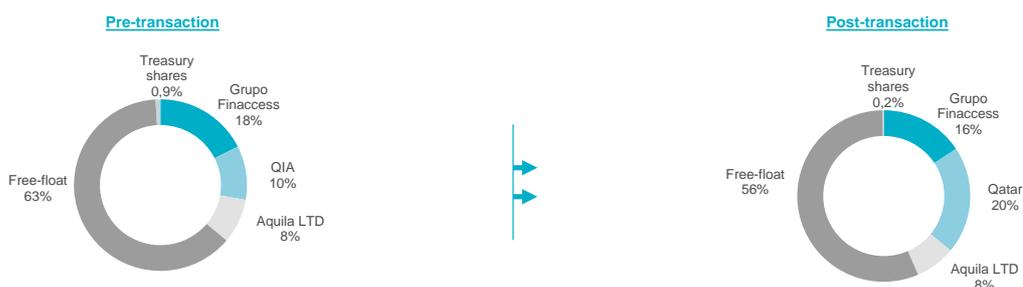
Colonial and Qatar Investmet Authority (QIA) have today signed an agreement in which Colonial's controlling stake will increase up to a 81% of its French subsidiary.

The transaction has been carried out through the contribution of 22% of SFL shares held by QIA to Colonial. This transaction implies a non-cash capital increase in Colonial, fully underwritten by QIA as well as a cash payment made by Colonial.

SFL SHAREHOLDING



COLONIAL SHAREHOLDING



The transaction has the approval of the Board of Directors from Colonial, which, in the following days, will call for a Shareholder Meeting in order to approve the terms of the agreement and to propose the capital increase.

Attractive transaction terms

With this transaction, Colonial takes a significant step forward in the simplification of the group shareholder structure, focussed on prime offices with an asset value in excess of €11,000 million.

The transaction has been carried out with attractive terms for Colonial acquiring 10.3 million SFL shares, representing 22,20% of the share capital, at an average price of € 69,6 per share taking into account the structuring of the deal. This acquisition price implies an average discount of 19% on the last reported NAV (net asset value per share). SFL's last reported NAV stands at €85.7 per share and Colonial's at €9.11 per share, according to the last publication of June 2018.

Structuring of the transaction:

- A non-cash capital increase of 53,523,803 Colonial shares, representing a 10.5% of Colonial's capital after the transaction. QIA will contribute to Colonial 7,136,507 SFL shares, representing a 15.34% of the share capital from the French subsidiary.
- A swap of shares between Colonial and QIA from which QIA will exchange a total of 400,000 of its own SFL shares, representing a 0.86%, for 3,000,000 Colonial shares that the company holds in treasury stock.
- The sale of 2,787,475 SFL shares, representing 5.99% of the share capital, for which Colonial will pay € 203 million in cash to QIA.

The total investment volume amounts to €718 million. Around a quarter of that amount corresponds to cash payment by Colonial combined with the swap of treasury shares enhancing the economics of the deal. The major part of the transaction is structured through a non-cash capital increase of Colonial fully underwritten by QIA.

This structuring guarantees attractive returns for the Colonial with an +4% increase in net asset value per share (€ 9.44 NAV resulting pro-forma per share based on last reported NAV). The total equity (NAV) will increase from the current €4,141 million up to €4,795m (+€654 million). As a result, the company is improving its fundamentals, which implies an + 10% increase of the recurring earnings per share.

“This transaction has two important angles: on the one hand, it simplifies the shareholding structure of the group, which makes a lot of strategic sense; on the other, the terms of the operation are very accretive for Colonial, whose fundamentals improve significantly”, explains Pere Viñolas, Colonial’s CEO.



About Colonial

The Colonial Group is a SOCIMI specialised in prime offices, and which is listed on the Spanish stock exchange's benchmark index, the IBEX 35. It is present in the main business areas of Barcelona, Madrid and Paris with a property portfolio of more than one million square meters, and assets under management of more than €11,000 million.



“These information has not been verifies or reviewed by Colonial’s external auditors. In this sense, the information is subject to and must be read together with all the public information available, both in the CNMV (the National Securities Market Commission is the Spanish Government agency responsible for the financial regulations of the securities markets in Spain) an in the company’s website www.inmocolonial.com.”

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