

SFL – The Board of Directors of SFL issues a favorable reasoned opinion on the proposed mixed public offer initiated by Colonial

The Board of Directors of SFL met on July 8th, 2021 and issued a favorable reasoned opinion on the proposed mixed public offer initiated by Colonial for the shares of SFL (the "Offer")

In respect to the Offer, Colonial offers to SFL's shareholders to acquire their SFL shares in exchange, for one share of SFL (ex-dividend coupon) tendered to the Offer, of:

- a cash consideration of EUR 46.66; and
- 5 new Colonial ordinary shares to be issued (ex-dividend coupon).

The Offer is part of a series of transactions relating to the evolution of the existing partnership between SFL and Predica¹.

The *ad hoc* Committee, composed of the three independent members of the Board of Directors and responsible for overseeing the independent expert's mission with a view to the Board's reasoned opinion, met several times between April and June with the independent expert appointed by the Board of Directors on April 8th, 2021, the firm Finexsi.

The independent expert noted that the proposed Offer shows a premium of 43.8% for SFL shareholders based on the SFL and Colonial share prices on June 3rd, 2021 and 43.6% based on the 60-day volume-weighted average share price calculated on the same date.

The independent expert also noted that the SFL shareholder who will tender shares to the Offer will receive Colonial shares, which are substantially more liquid, which will allow him to remain exposed to the same business segment and whose share price presents a lower discount to the net asset value (NAV). The independent expert has therefore concluded that the terms of the proposed Offer for the SFL shares are fair from a financial point of view for the Company's shareholders.

The *ad hoc* Committee has noted the conclusions of the independent expert and the intentions expressed by Colonial in its draft offer document, and has noted that the Offer

¹ See SFL press release on June 3rd, 2021.

presents an opportunity for the minority shareholders to benefit from immediate liquidity on terms considered fair by the independent expert.

The *ad hoc* Committee has therefore recommended that the Board of Directors of SFL conclude that the Offer is in the best interests of the Company, its shareholders and its employees and recommend that the Company's shareholders tender their shares to the Offer.

Based in particular on the fairness opinion and the positive recommendation of the *ad hoc* Committee, the Board of Directors unanimously by the members having taken part in the vote² issued a favorable opinion on the Offer and recommended that the shareholders tender their shares to the Offer.

The Board of Directors' reasoned opinion is reproduced in full in the draft response offer document filed with the French Financial Markets Authority (the "**AMF**") on July 8th, 2021. In accordance with Article 231-26 of the AMF's General Regulation, SFL will issue a press release describing the main elements of the draft response offer document and the procedures for making it available. SFL's draft offer document can be consulted on the AMF website (www.amf-france.org) and on SFL's website (<https://www.fonciere-lyonnaise.com>)

The Offer, the draft offer document and the draft response document are still subject to review by the AMF, which will assess their compliance with the applicable legal and regulatory provisions.

² It being specified that the directors representing Predica (i) did not take part in the discussions in order to avoid any potential conflict of interest resulting from the link between the Offer and the transactions considered with Predica and (ii) the directors representing Colonial, in order to avoid any potential conflict of interest, voted in accordance with the recommendations issued by the *ad hoc* Committee in order to reach the quorum required for the validity of the deliberations of the Board of Directors.

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