

RYC ADVISES COLONIAL ON SFL'S SHAREHOLDING STRUCTURING AND TENDER OFFER ON €800M DEAL

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Ramón y Cajal Abogados has advised Colonial Group on its acquisition of a stake in SFL and a

tender offer on SFL to reach 100%, an €800 million deal



The Colonial Group has approved a simplification of the shareholding structure of its subsidiary SFL, which reinforces its real estate exposure in Paris and consists in a contribution by Predica, personal insurance subsidiary of Crédit Agricole Assurances to Colonial, of a 5% stake in Société Foncière Lyonnaise (SFL) and a share and assets swap between SFL and Predica whereby Predica will transfer to SFL an 8% stake in SFL in the context of the SFL share buy-back program.

The Colonial Group will continue the long-term relationship between SFL and Predica with the creation of new joint Ventures 51% held by SFL and 49% held by Predica in several assets (103 Grenelle, Cloud, Cézanne Saint-Honoré and 92 Champs Élysées), while SFL will own entirely several assets (90 ChampsÉlysées, 3104 Haussmann, Galerie Champs Élysées and Washington Plaza) by acquiring Predica's stakes in the entities holding these assets. It is contemplated that the contribution by Predica of its 5% stake in SFL into Colonial and the share and assets swap would take place concurrently.

All these transactions remain subject to customary conditions (including municipality pre-emption right waiver and AMF clearance decision with respect to the tender offer) to be satisfied on 31 December 2021 at the latest.

Within the framework of the agreed transactions, Colonial will file –beginning of June –a voluntary mixed tender offer for all the shares of SFL owned by minority shareholders for a consideration equal to €46.66 and 5 newly issued shares of Colonial (listed in Madrid and Barcelona) for each share of SFL. The financial terms of the tender offer, the contribution of SFL shares to Colonial and the share and assets swap between SFL and Predica are all based on the December 2020 EPRA NDV parity (adjusted for dividend distribution).

By tendering their shares, minority shareholders of SFL would become shareholders of Colonial and benefit, notably from direct exposure to the leader of the prime office sector in Europe with increased diversification and enhanced access to market liquidity compared to their current situation. Colonial has called for an Extraordinary Shareholders Meeting for the approval of the contribution by Predica and the capital increase resulting from the mixed tender offer, which will take place on June 28th, 2021.

This transaction will allow Colonial to increase its stake in SFL's share capital from its current 81.7% to a minimum stake of 94%, including the possibility to acquire the entire share capital of SFL via the mixed tender offer. Colonial does not intend to carry out a squeeze-out in the context of the offer and the SFL shares will consequently remain listed on Euronext Paris.

The transaction has been approved by the Board of Directors of Colonial and is also supported by the SFL Board of Directors. The deal is expected to be fully executed by September 2021. Colonial has been advised by Morgan Stanley as financial advisor, and by legal advisors Ramón y Cajal, Darrois Villey Maillot Brochier A.A.R.P.I., and Garrigues.

The total transaction is valued at circa €800 million.

Ramón y Cajal Abogados advised Colonial with a Capital Markets team led by partner Andrés Mas (pictured left) and including senior associate Miguel Sánchez (pictured top right) and lawyer María Acín Coello de Portugal (pictured bottom right).