# 1H/2021

First half results January-June 2021
**29 July 2021**

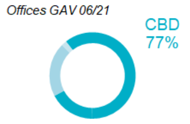
Colonial

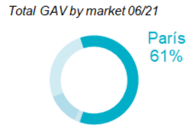
## Solid results with a return to growth through prime positioning

### Colonial closes the 1st half of 2021 with a net result of €162m (+€188m vs 2020)

| Financial Highlights | 1H 2021 | 1H 2020 | Var | LFL |
|---|---|---|---|---|
| Net Tangible Assets (NAV) - €/share | 11.36 | 11.20 | +1% | |
| Comparable recurring EPS - €Cts/share | 16.37 | 16.24 | - | |
| Recurring EPS - €Cts/share | 11.14 | 16.24 | (31%) | |
| Gross Rental Income - €m | 155 | 177 | (13%) | +2% |
| Net Rental Income - €m | 143 | 165 | (13%) | +2.2% |
| Recurring Net Profit - €m | 57 | 83 | (31%) | |
| Attributable Net Profit - €m | 162 | (26) | - | |
| GAV Group €m | 12,017 | 12,164 | (1%) | 3% |
| Net Tangible Assets (NAV) - €m | 5,774 | 5,691 | +1.5% | |

**Unique exposure to Prime**




| Operational Highlights | |
|---|---|
| EPRA Vacancy | 5.0% |
| Collection Rate Ofices[2] | 100% |
| Release Spread[3] | +14% |
| Barcelona | +25% |
| Madrid | +9% |
| Paris | +1% |
| Rental Growth[4] | +6% |
| Barcelona | +2% |
| Madrid | 6% |
| Paris | +8% |

### Increase in Net Tangible Assets up to €5,774m

- Net Tangible Assets (NTA) of €11.36/share
- Net Reinstatement Value of €12.33/share
- Dividend of €0.22/share +10% year-on-year
- Total Shareholder Return of +2.8% in 6 months

### Growth in Gross Asset Value of €12,017m, based on prime CBD positioning

- Asset value of €12,017m, +3% like-for-like year-on-year and +2% like-for-like in 6 months
- Paris with strong value growth, +5% like-for-like year-on-year and +2% like-for-like in 6 months
- Madrid & Barcelona return to solid growth in the first half of 2021
  - Barcelona and Madrid +2% like-for-like year-on-year
  - Barcelona +4% like-for-like in 1H 2021 & Madrid +3% like-for-like in 1H 2021

### Strong growth in Net Results and a solid Recurring EPS like-for-like.

- Net Profit of €162m, +€188m vs. the previous year
- Recurring EPS (Earning per share) of €11.14cts, below the previous year
- Recurring EPS like-for-like[1] of €16.37cts in line with the previous year

### Gross Rental Income and Net Rental income

- Gross Rental Income of €155m, +2% like-for-like
- Net Rental Income of €143m, +2% like-for-like
- Net Rental Income Paris, +5% like-for-like

### Solid operating fundamentals

- Letting volume of 59,784 sqm, +42% vs. the previous year
- Office occupancy levels of 95%
- Capturing rental price increases
  +14% of release spread[3] (+25% in Barcelona)
  +6% vs ERV 12/20[4] (+8% in Paris)

### Active management of the portfolio

- Completion of the 2020 disposal program with a premium versus valuation
- Increased exposure in Prime assets in Paris by €1,0bn through the Alpha VI program
- Acceleration of the renovation program of more than 105,000 sqm

### A strengthened balance sheet

- LTV of 34.6% with a liquidity of €2,438m
- S&P rating of BBB+ confirmed in 04/21- highest real estate rating in Spain

*(1) Recurring results excluding non-strategic disposals and the impact of the renovation program tenant rotation and other non like-for-like items*
*(2) Collection rates 1H 2021*
*(3) Signed rents on renewals vs. previous rents*
*(4) Signed rents vs. market rents at 31/12/2020 (ERV 12/20)*

# Highlights

## 1H Results 2021

**The first half results set the Colonial Group return to growth with a solid revaluation of its prime assets and like-for-like EBITDA growth**

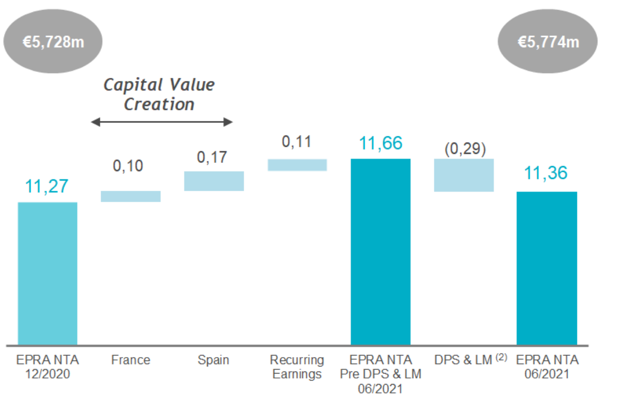
Colonial closed the first half with a **Net Tangible Assets (NTA) of €5,774m**, corresponding to €11.36/share. This figure sets the Colonial Group's return to growth and reflects the growing polarization of the investment and rental markets towards top quality prime assets, versus secondary assets.

This increase of NTA was based on an significant value creation, both in Paris and Spain, which saw an increase of €0.27/share and a recurring result of €0.11/share, increasing the NTA previous to the payment of dividends and the Liability Management up to €11.66/share (+3.5% vs 12/20 and + 4.1% year-on-year).

The NTA in June 2021 was €11.36/share, +1.5% year-on-year once the paid dividend and the Liability Management were deducted.

Including the dividend approved at the Annual General Shareholders Meeting on 30 June 2021, which amounted to €0.22/share (+10% vs the dividend paid the previous year), the Total Shareholder Return amounted to +2.8% in 6 months.

*EPRA NTA €/share*




*Total Shareholder Return* [1]

| | 6 months | 12 months |
|---|---|---|
| NTA Growth per share | +0,8% | +1.5% |
| Dividend per share | +2.0% | +2,0% |
| Total Return per share | +2.8% | +3.4% |

(1) *Total shareholder return understood as NTA (NAV) growth per share + dividends*
(2) *Paid dividends, Liability Management and other impacts*

Among the main aspects that explain the growth of the NTA, it is important to highlight:

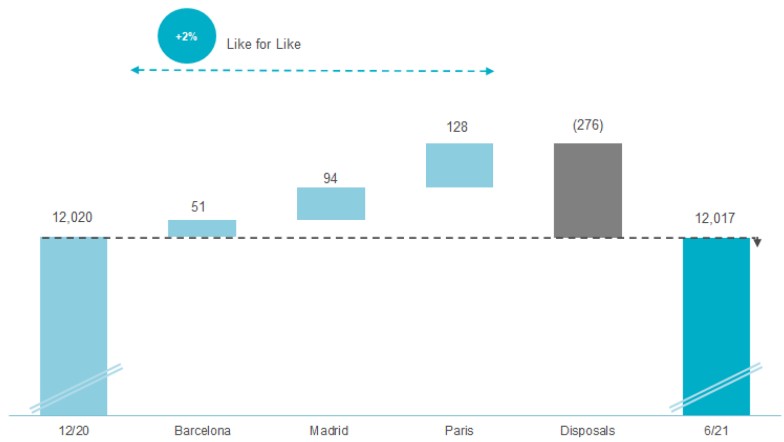
1. Positive like-for-like growth in the first half of 2021, for the entire portfolio of the Group
2. Successful management of the project portfolio with high levels of pre-letting
3. Resilient execution of the contract portfolio, exceeding ERV's of the previous year
4. A favorable situation in the investment markets for prime assets, enabling disposals with a double-digit premium on GAV.

**Gross Asset Value of €12,017m +2% like-for-like in the first half of 2021 (+3% like-for-like year-on-year)**

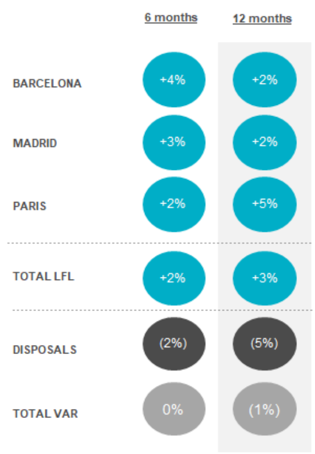
The gross asset value of the Colonial Group at the close of the first half of 2021 amounted to €12,017m (€12,655m including transfer costs), showing an increase of +3% like-for-like compared to the previous year. The growth registered in the first half of 2021 corresponds to +2% like-for-like.

Including the impact of the disposals registered in the first half of 2021, the asset value has remained stable.

VARIANCE ANALYSIS VALUE 6 MONTHS - €m




GAV VARIANCE




In Paris, the value of the portfolio increased +5% like-for-like year-on-year (+2% in 6 months), based on the resilience of the prime portfolio in Paris and the progress in the project pipeline.

In Spain, the office portfolio increased +2% year-on-year. Of special mention is the increase in value of the portfolio in the first half of 2021, with +4% like-for-like in Barcelona and +3% like-for-like in Madrid. These increases are based on the strong positioning of the portfolio of assets in the city centre and CBD, together with the successful delivery and management of projects.

The increase in value of Colonial's asset portfolio is due to:

1) The high concentration in prime CBD locations with strong fundamentals, enabling higher protection in downward cycles and a better growth profile in upward cycles.
2) The high quality of the buildings that enables attracting clients with maximum solvency and high loyalty indices.
3) A successful diversification strategy that optimizes the risk profile of the portfolio.
4) An industrial approach on value creation through the repositioning of assets, creating Alpha real estate value that enables to create a competitive advantage in the market and consequently a higher-than-average return.

**Net Profit of €162m, with important growth compared to the previous year**

The Colonial Group closed the first half of 2021 with a net profit of €162m, +€188m compared to the previous year.

The recurring earnings of €57m, a lower figure compared to the first half of the previous year, reflects the impact of the disposals and the acceleration of the renovation program. The variation in the recurring results is mainly explained by the following effects:

1. The **execution of the disposals of non-strategic assets** with premiums over valuation that has resulted in a year-on-year reduction of €7.8m in net results for lower rents in exchange for an improved quality of the cash flow from post-sales of the portfolio post divestments. In addition, there was a reduction of €10.2m, mainly due to indemnities for early exits in the previous year.
2. The start and **acceleration of the portfolio's renovation program** with the aim of repositioning portfolio assets with significant value creation potential and future cash flow reversion based on a real estate transformation of the assets. This program involves temporary tenant rotation leading to a negative impact on EBITDA rents of €9.4m in the results in the first half of 2021.

**Stable net recurring like-for-like results with an EPS of €16.37cts/share**

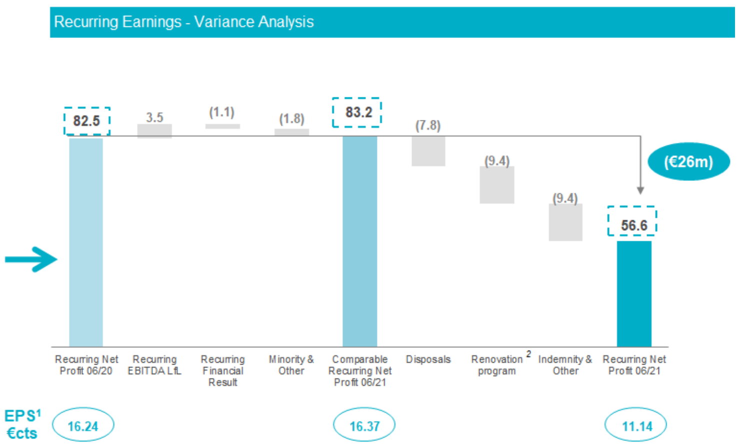
Excluding the effects of the active management of the portfolio, the Comparable Recurring Net Profit amounts to €83m, in line with the results of the previous year.

The recurring results per share in the first half of 2021 amounts to €11.14cts per share. The impact of the decrease in rents due to non-strategic disposals and indemnities was (€3.38cts) per share and the impact of the tenant rotation in the renovation program was (€1.84cts) per share. Consequently, **the Comparable Recurring Net Profit [3] per share was €16.37cts per share, in line with the previous year's recurring result**.

Profit & Loss Account

| Results analysis - €m | 1H 2021 | 1H 2020 |
|---|---|---|
| Gross Rents | 155 | 177 |
| Recurring EBITDA | 122 | 146 |
| Recurring financial result | (43) | (42) |
| Income tax expense & others - recurring | (7) | (5) |
| Minority interests - recurring | (16) | (17) |
| Recurring Earnings | 57 | 83 |
| Change in fair value of assets & provisions | 147 | (105) |
| Non-recurring financial result & MTM | (27) | (3) |
| Income tax & others - non-recurring | (4) | (3) |
| Minority interests - non-recurring | (11) | 2 |
| Profit attributable to the Group | 162 | (26) |

(1) Recurring earnings per share
(2) Tenant rotation renovation program




*(3) Recurring results excluding non-strategic disposals and the impact of the renovation program tenant rotation and other non like-for-like items*

**Gross Rental Income and Net Rental Income (EBITDA Rents)**

Colonial closed the first half of 2021 with **€155m of Gross Rental Income and Net Rental Income (EBITDA rents) of €143m.**

**The Gross Rental Income in the first half of 2021** decreased by (13%), mainly due to the disposal of non-strategic assets carried out in 2020 and the beginning of 2021, as well as to the acceleration of the renovation program to reposition assets. This active management of the portfolio has a temporary short-term impact, however it ensures a higher portfolio quality and greater value creation potential, as a result of the repositioning of each asset.

**In like-for-like terms,** adjusting for investments, disposals and the effect of the projects and assets under repositioning**, the Gross Rental Income has increased by +2% compared to the same period of the previous year.**

**The Net Rental Income (EBITDA rents)** increased by **+2% in like-for-like terms**

This increase in Net Rental Income like-for-like was driven by an increase in the Paris portfolio of +5.3%, which compensated for a temporary correction in the Barcelona portfolio.

| June cumulative - €m | 2021 | 2020 | Var | LFL |
|---|---|---|---|---|
| Rental revenues Group | 155 | 177 | (13%) | 2% |
| **EBITDA rents Group** | **143** | **165** | **(13%)** | **2%** |
| ***EBITDA rents Paris*** | ***83*** | ***86*** | ***(4%)*** | ***5.3%*** |
| ***EBITDA rents Madrid*** | ***38*** | ***51*** | ***(25%)*** | ***0.3%*** |
| ***EBITDA rents Barcelona*** | ***20*** | ***24*** | ***(16%)*** | ***(4.8%)*** |

The Madrid portfolio slightly exceeded the previous year at +0.3% like-for-like.

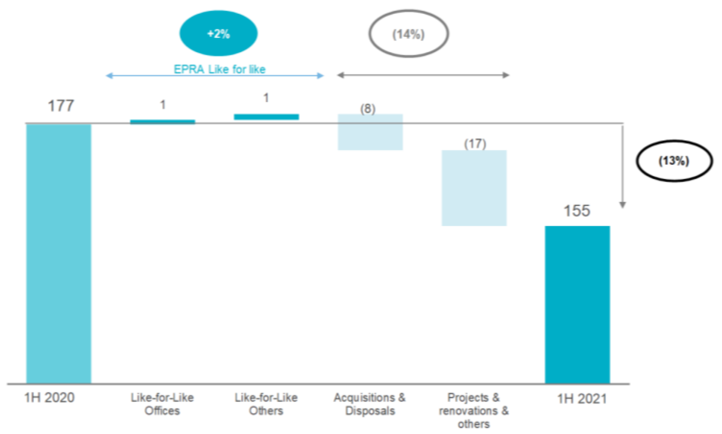
The Barcelona portfolio was corrected in like-for-like terms due to the exit of tenants in secondary assets, which have not been compensated yet by spaces recently let to new tenants.

Due to the COVID-19 crisis, in 2020 Colonial reached deferral agreements and/or discount systems for the tenants most impacted by the crisis resulting in a negative impact of 4.5% of the “annualized passing rents” of the contract portfolio on 31 December 2020. In the first half of 2021, there were no new significant deferrals or discounts, and the collection rate of the Colonial Group was 100% for the offices portfolio (98% including all uses).

### Analysis of Gross Rental Income like-for-like

The Gross Rental Income like-for-like increased by +2% compared to the same period of the previous year. This like-for-like increase in rents was driven by an increase in the Paris and Madrid portfolios, which compensated for the temporary correction in the Barcelona offices portfolio.

Gross Rental Income - €m




| | TOTAL | EPRA Like for like | Acquisitions & Disposals | Projects & renovations |
|---|---|---|---|---|
| BCN | (12%) | (0,6%) | (6%) | (5%) |
| MADRID | (21%) | +0,4% | (3%) | (19%) |
| PARIS | (7%) | +1% | (3%) | (5%) |
| OFFICES[2] | (13%) | +1% | (3%) | (10%) |
| OTHERS[3] | (16%) | +41% | (57%) | 0% |
| TOTAL | (13%) | +2% | (5%) | (9%) |

*(1) Office portfolio including Prime CBD retail of Galeries Champs Elysées and Pedralbes Centre*
*(2) Residual logistics portfolio, secondary retail of Axiare and Hotel Indigo in Paris*

The like-for-like variation in the offices portfolio of the Group is explained by the rotation of tenants in secondary areas mainly. The breakdown is as follows:

1. Income from the **Barcelona offices portfolio (0.6%) like-for-like**, due to the rotation of tenants in the Sant Cugat and Park Cugat assets, which correspond to the minor exposure of Colonial outside of the city center. The portfolio in the prime CBD increased by +2.2% like-for-like.
2. Income from the **Madrid offices portfolio +0.4% like-for-like**, mainly driven by increases in net results in the Castellana 43 and Santa Engracia assets, among others, which have compensated tenant rotation in the Francisca Delgado asset.
3. Income from the **Paris offices portfolio +1% like-for-like**, mainly due to the assets 104 Haussmann, 6 Hanovre, Rives de Seine and Washington Plaza, among others.

The rental income of the Colonial Group has been affected by 1) the sale of non-strategic assets carried out in 2020, and 2) the acceleration of the renovation program of the Group, specifically the repositioning projects in the Diagonal 530 and Torre Marenostrum assets in Barcelona, the more than 8,000 sqm of renovations on the Cézanne Saint Honoré building and the renovation of 7,000 sqm on the Washington Plaza building, both in Paris.

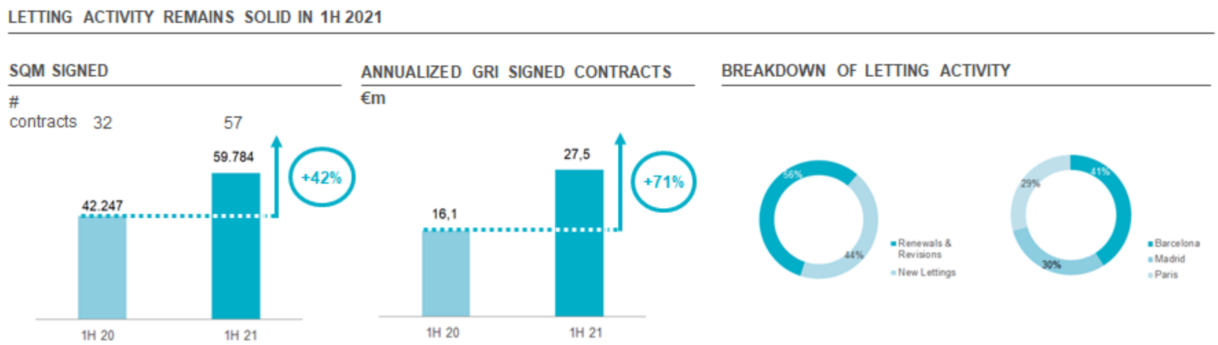



## Resilient operating fundamentals

### 1. Increase in take-up levels compared to the previous year

At the **close of the first half of 2021**, the Colonial Group had signed 57 rental contracts in the office portfolio corresponding to **59,784 sqm**. This level of activity **exceeded the letting volume of the previous year by +42%.**

If we take into consideration the prices of signed rents, **the volume of annualized rents of the contracts signed in the first 6 months of the year amounted to €28m, an increase of +71%** compared to the volume of rents signed in the same period of the previous year.




It is important to highlight that after a strong first quarter take-up of 29,759 sqm, in the second quarter, more than 30,000 sqm were also signed, half in Paris and the rest in Barcelona and Madrid.

| Strong price increases | # contracts | Surface sqm | | | GRI €m |
|---|---|---|---|---|---|
| | | 1Q 2021 | 2Q 2021 | TOTAL | |
| Barcelona | 20 | 16,789 | 7,857 | 24,646 | €6m |
| Madrid | 21 | 10,890 | 6,934 | 17,825 | €5m |
| Paris | 16 | 2,080 | 15,234 | 17,313 | €16m |
| TOTAL OFICES | 57 | 29,759 | 30,025 | 59,784 | €28m |

Of the total letting activity in cumulative terms, 56% (33,631 sqm) corresponds to contract renewals and revisions, spread over the three markets in which the group operates. Regarding new contracts, a total of 26,153 sqm were signed, highlighting 12,630 sqm in Paris and 10,943 sqm in Madrid. 71% of the take-up in the first half of 2021 corresponds to contracts signed in Barcelona and Madrid, and the rest were signed in Paris.

## 2. Solid increases in signed rental prices

In the second quarter of the year, the Colonial Group signed high rental prices, continuing with the solid activity reported in the first quarter of the year.

**The maximum rents signed** in the portfolio of the Group reached **€930/sqm/year in Paris**, as well as **€35/sqm/month in Madrid** and **€28/sqm/month in Barcelona**. With these price levels, Colonial's portfolio clearly sets the benchmark for prime in each of the markets in which it operates.

| Strong price increases | Surface sqm | Intensity[3] KgCO2e/ sqm | Maximum rent signed | Release Spread [1] | | | Rental growth vs ERV [2] | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 1Q 2021 | 2Q 2021 | TOTAL | 1Q 2021 | 2Q 2021 | TOTAL |
| Barcelona | 24,646 | 3 | 28 €/sqm/ month | +21% | +33% | +25% | +0,5% | +4% | +2% |
| Madrid | 17,825 | 4 | 35 €/sqm/ month | +18% | +2% | +9% | +3% | +10% | +6% |
| Paris | 17,313 | 7 | 930 €/sqm/ year | +7% | +1% | +1% | +11% | +7% | +8% |
| TOTAL OFICES | 59,784 | 5 | | +20% | +8% | +14% | +3% | +7% | +6% |

*(1) Signed rents on renewals vs previous rents*
*(2) Signed rents vs ERVs at 31/12/2020*
*(3) GHG SCOPE 1+2 (Intensity KgCO2e/m2)*

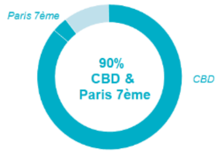
### *Capturing rental prices above market rents as of 12/20*

Compared with the market rent (ERV) as of December 2020, signed rents **increased by +6% in the first half of the year.**
Highlighted is the **Paris portfolio**, where **the rents increased by +8% versus market rents**. In Spain, in the **Madrid portfolio, the rents** increased **+6% vs. the market rents (+10% in the second quarter),** and in **Barcelona**, the prices were signed at +2% higher than the market rent (+4% in the second quarter).

### *Double-digit increases in release spreads*

The **release spreads (signed rental prices vs. previous rents) of the first half of the year** have reached a **high double-digit level of +14%.** These ratios highlight the reversionary potential of Colonial's contract portfolio with significant improvement gap on current passing rents. Worth mentioning is the high **release spread in the Barcelona portfolio of +25%**, as well as the solid increase in **Madrid of +9%.**
Colonial's portfolio is able to attract maximum rents given the prime location, high quality and efficiency levels of the assets and lowest carbon footprint ratios in the market. Specifically, the average carbon emission intensity of the assets that were signed in the first months of the year reached 5 kgCoe2/m$^2$ (carbon intensity in Scopes 1 & 2), one of the most eco-efficient of the sector in Europe.

### 3. A mix of high-quality clients focused on Grade A assets in the CBD




Of the letting activity of the Group in the first half of 2021, 90% of the buildings were signed in the CBD of Madrid and Barcelona, as well as in the CBD and the central 7ème district in Paris.


Likewise, this letting activity was carried out on buildings with maximum eco-efficient energy, demonstrated by their BREEAM and LEED certifications.

Among the renewals signed, those highlighted are the three prime CBD assets in Avenida Diagonal in Barcelona (Diagonal, 609-615, Diagonal 220-240 and Diagonal 682), as well as various renewals on prime CBD assets in Madrid, such as José Abascal 56, José Abascal 45, Recoletos 37 and Génova 17, among others.


The new contracts signed were mainly in the prime CBDs in Madrid and Paris, specifically the assets of Recoletos 27, Alfonso XII, José Abascal 45, Don Ramón de la Cruz 84, Washington Plaza and 103 Grenelle, among others.

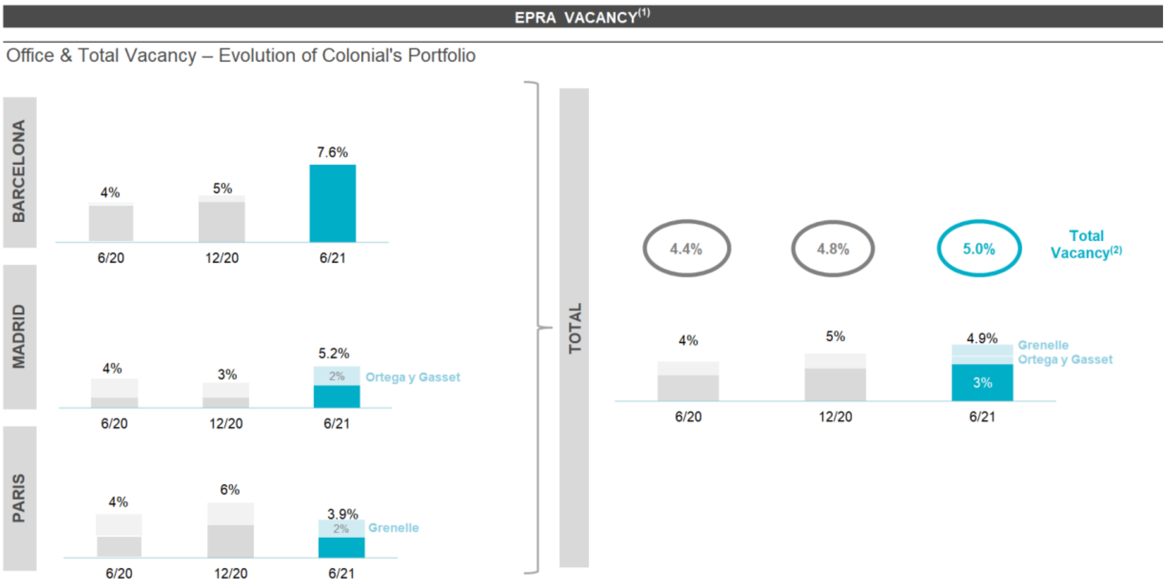

Among the clients that renewed their contracts with Colonial, it is worth highlighting the large number of professional services companies that confirm their loyalty with Grade A assets in the CBD locations in Colonial's portfolio.

The clients that have signed these new agreements with the Colonial Group are companies in the technology sector, consultancy and advisory firms, as well as companies of consumer goods with high added value.

## 4. Occupancy stability in the portfolio

The **total vacancy of the Colonial Group** at the close of the first half of 2021 **stood at 5%,** in line with the last reported quarter and the close of 2020. The improvement in vacancy in the Paris portfolio compensated for the temporary increase in vacancy in Barcelona and Madrid, due to the entry into operation of repositioned surfaces and tenant rotation.

The financial vacancy of the Colonial Group's portfolio is shown as follows:




*(1) EPRA vacancy: financial vacancy according to the calculation recommended by EPRA (1- [Vacant floorspace multiplied by the market rent/operational floor space at market rent])*
*(2) Total portfolio including all uses offices, retail, and logistics*

The **Barcelona office portfolio** has a vacancy rate of 7.6%, a rate higher than that reported in the last quarter as well as at the close of 2020. This increase is mainly due to tenant rotation in various assets, such as the Sant Cugat, Diagonal 609 and Vía Augusta 21-23 assets.

In the **office portfolio in Madrid** the vacancy rate was 5.2%, a rate that has increased this semester, mainly due to the entry into operation of the Ortega y Gasset 100 asset. Excluding this asset, the vacancy rate of the Madrid portfolio is 2.8%.

The **office portfolio in Paris** has a **vacancy rate of 3.9%,** which has decreased this semester, mainly due to the new contracts signed on the Edouard VII and Washington Plaza assets. A significant part of the vacancy of the Paris portfolio is due to the entry into operation of completed refurbishments on the Grenelle 103 asset.
The new delivered areas offer potential cash flow from additional rents, given that they represent a top-quality offer in the centre of Paris, currently scarce in the market. **Excluding the Grenelle asset, the vacancy rate in Paris is 2%.**

## Active management of the portfolio – "reloading" future growth

### 1. Alpha VI Project – €1,000m increased exposure in Paris CBD

In the first half of 2021, the Colonial Group has approved to enhance its stake in its Paris subsidiary SFL listed on Euronext Paris through the acquisition jointly[1] of Colonial and SFL of the 12.9% stake held in SFL by Predica and the launch of a voluntary mixed tender offer on the remaining 5% held by minority shareholders of SFL

This transaction enables Colonial to increase its stake in the share capital of SFL from 81.7% to a minimum of 94%, including the possibility of acquiring the total SFL capital through a mixed IPO. Colonial will not use the procedure of a forced sale after the completion of the IPO and consequently, the SFL shares will continue to be listed on the Euronext Paris.

The transaction consolidates Colonial's leadership in the prime office sector in Europe reinforcing its positioning in the French market, the largest European office market, and will particularly allow to:

I. Increase its exposure to prime offices through the investment in circa €1bn of prime assets in Paris
- ✓ Acquisition of circa €1bn of exposure to assets in Paris by increasing Colonial's stake in SFL
- ✓ Increased exposure to value-accretive flag-ship projects in Paris
- ✓ Reaching full ownership in 90 Champs Élysées, 104 Haussmann, Galerie Champs Élysées, and Washington Plaza

II. Reorganize its shareholding structure
- ✓ Simplification of Colonial Group's shareholding structure
- ✓ Strengthening of long-term partnership between SFL and Predica, an internationally renowned institutional investor
- ✓ Increased free float by circa €0.4bn in terms of Net Tangible Assets (NTA)
- ✓ Consolidation of Pan-European prime office platform

III. Attractive transaction terms for Colonial Shareholders
- Positive impact on EPS
- Neutral impact on short-term NTA, with mid-term NTA accretion
- Solid capital structure with circa €0.4bn of additional equity (in NTA terms)
- Post transaction LTV remains at solid Investment Grade level

*(1) A part through new Colonial shares and other part through SFL that acquires to Predica on shares*

This operation involves 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 Elysées), while SFL will own entirely several assets (90 Champs Élysées, 104 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 has already registered a 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 a 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 called for an Extraordinary Shareholders Meeting for the approval of the contribution by Predica and the capital increase resulting from the mixed tender offer. This Extraordinary Shareholders Meeting, which took place on 28 June 2021, approved the operation

The transaction has been approved by the Board of Directors of Colonial and is also supported by the SFL Board of Directors (including independent directors).

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After the meeting last 8th July 2021, SFL's Board of Directors issued a favorable report on the IPO with mixed compensation formulated by Colonial on the SFL shares. This report was approved by the AMF, the French market regulatory authority, on 20 July 2021, with the expected acceptance period of the IPO to be from 22 July to 25 August 2021.

This transaction allows Colonial to increase its presence in the Paris market, the largest office market in the Eurozone. It reinforces our bet for prime assets, offering the best return for our shareholders while strengthening our platform for further growth in Europe.

**2. Completion of the 2020 disposal program**

In 2020, the Colonial Group completed the disposal program for a total of €617m of mature and non-strategic assets with a double-digit premium on the appraisal value. These disposals include the disposal of 5 mature and/or secondary office assets in Paris, Madrid and Barcelona, as well as non-strategic assets for logistics and commercial use.

A part of this disposal program was registered at the beginning of the first quarter of 2021 amounting to €284m. In particular, two disposals were registered in Paris on mature core assets, 112 Wagram and 9 Percier, with a premium of +16% over valuation and a capital value of €20,000/sqm. These transactions show the investors' appetite for the Paris market.
In addition, Colonial signed the sale of the retail asset Les Gavarres in Tarragona, coming from the Axiare acquisition.

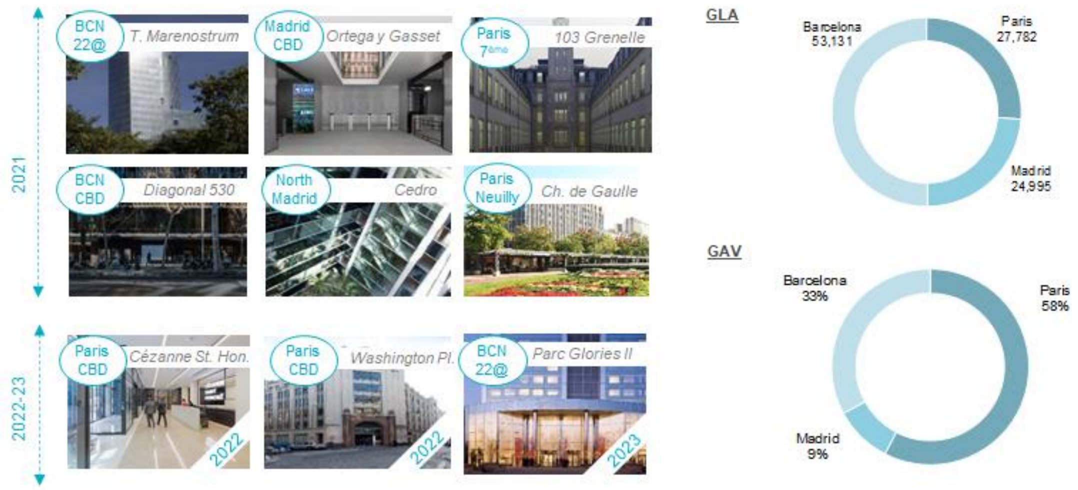
**3. Acceleration of the renovation program for future growth**

The Colonial Group currently has **a renovation program on 9 different assets to be repositioned, 4 in Paris, 3 in Barcelona and 2 in Madrid.**

**The renovation program covers more than 105,000 sqm** in different assets of the portfolio distributed in Barcelona (53,000 sqm), Madrid (25,000 sqm) and Paris (28,000 sqm) with an investment of around €60m in Capex over a period of approximately 36 months, of which €22m have been executed to date.

The reversionary potential is at more than €30m of additional rental income. Likewise, an important value creation is expected once the assets are repositioned.

Renovation Programme – more than 105.000 sq m




**Paris, 27,782 sqm of renovations across 4 assets**


A new phase of renovation on 8,500 sqm has begun on the **Cézanne Saint-Honoré** asset, which has a BREEAM In-use Very Good certification. The renovation project designed by the architectural office SKAsociés Architectes includes an office design with finishes similar to those of luxury hotels, focusing on its users' well-being. With this renovation, which will be completed in the second quarter of 2022 and includes the renovation of the entrance and common areas, the company ensures the future value growth of the building. It is important to highlight that during the second quarter of 2021, more than 3,700 sqm (44% of the renovation program of this asset) was pre-let, reaching maximum rents in the Paris market.

The second most important renovation program corresponds to 7,000 sqm on the **Washington Plaza** building, a trophy asset located between the Avenue des Champs-Élysées and the central Boulevard Haussmann. In the first half of the year, 1,200 sqm were signed on repositioned surfaces with rents at the high end of the market.

In the **103 Grenelle** building, more than 1,500 sqm of the 5,600 sqm repositioned in Grenelle have already been let, signed at rents 15% above the previous rents.
**Charles de Gaulle** is currently let at 77%.

**Barcelona, 53,131 sqm of renovations over 3 assets**

During the fourth quarter of 2021, the renovation works will be completed on **Diagonal 530** (12,877 sqm), which have enabled a +10% increase of the lettable surface area of the asset. It will be one of the best assets in the prime CBD in Barcelona, with a large floor size and a central location in Avenida Diagonal. Once finished at the end of 2021, these new spaces will aim to capture prime rents in the prime CBD market of Barcelona.

During 2021, the renovation work will be finished on the **Torre Marenostrum** building (22,394 sqm), where a mono-tenant building has been transformed into a multi-tenant building. The asset will offer a hybrid product, one part with a flexible/coworking offer and the other with a traditional rental product. Currently, the building has 7,600 sqm, already refurbished and 100% pre-let, with the rest of the surface area under refurbishment.

Conversations are moving forward with the current tenant in the **Parc Glories II** asset to vacate the building at the end of the contract and to initiate the renovation program afterwards. This building has a GLA of more than 17,860 sqm in the centre of the 22@ market in Barcelona, a few metres away from Colonial's successful Parc Glories I project. The current rent of the Parc Glories II building is at €13/sqm/month with important value creation potential given the unbeatable location and the opportunity to optimize the spaces and quality of the asset through a prime factory focus.


**Madrid, 24,995 sqm of renovations over 2 assets**

**In Madrid,** during the second quarter of 2021, the renovation project was completed on the spaces in **Ortega y Gasset (7,792 sqm),** a unique asset located in the centre of the capital. The project is at the commercialization phase and has been well received by the market.

The renovation program in **Cedro (17,203 sqm)** is near to completion phase so the commercialization phase has already started for this asset.

## A solid capital structure

### I. A strong balance sheet

At the close of the first quarter of 2021, **the Colonial Group had a solid balance sheet with an LTV of 34.6%, 198 bps lower than the same period of the previous year.**

**The liquidity of the Group amounted to €2,438m, between cash and undrawn credit lines.** This liquidity enables the Group to assure its financing needs in the coming years**.**

After a year affected by the exceptional conditions derived from COVID-19, Colonial continues to have a solid financial profile that has enabled the Group to maintain its credit rating by Standard & Poor's of BBB+, the highest in the Spanish real estate sector.

In April 2021, Standard & Poor's reviewed Colonial's credit rating, maintaining the same level as prior to the COVID-19 crisis.

### II. Liability Management

In the first half of 2021, the Colonial Group carried out a bond issuance, listed on the Spanish market, amounting €500m which was later extended up to €625m. **The issue has a maturity of 8 years with a coupon of 0.75%, the lowest in the history of the Group.** The markets have widely backed Colonial's issuance, to the point that the demand exceeded almost three times the issuance volume. The issue was supported by the main international institutional investors, also invested in previous issues, which have once again showed their support of the Company.

In parallel, Colonial announced the execution of the buy-back option of the €306m of its remaining bonds maturing in 2023 which accrued an annual coupon of 2.728%. At the close of June 2021, the buyback for a total of €69m was formalized, leaving the amount of €237m pending, which at the date of publication of these results, has already been fully acquired. Additionally, Colonial launched a buyback offer for its bonds maturing in 2024 and a coupon of 1.45%, of which €306m have been repurchased

These debt refinancing operations allowed the average maturity of the Group's debt to be extended to 5.3 years, and also enabled the optimization of the financial cost.

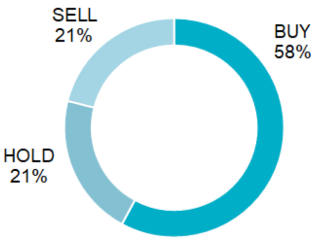
### III. Analyst consensus

At 30 June 2021 Colonial's shares closed with a revaluation of +6%, a figure in line with the EPRA index and the IBEX 35 index.

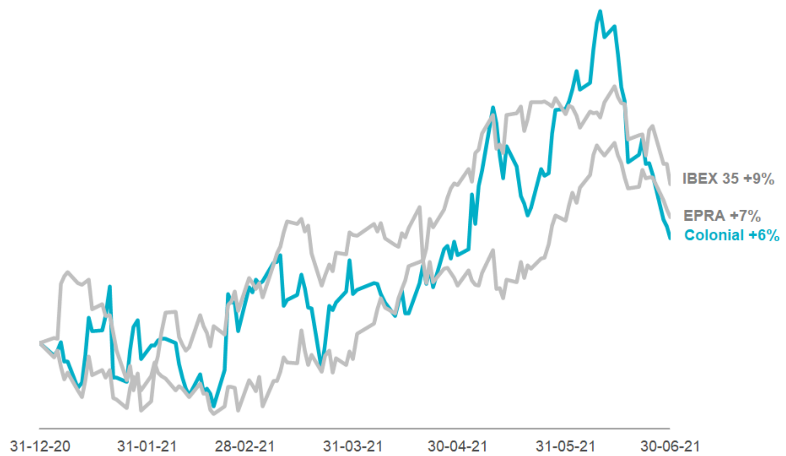
In the framework of the COVID-19 crisis, analysts are continuously revisiting their assumptions and perspectives on the European listed market.

| Institution | Analyst | Date | Recomendation | Target Price (€/share) |
|---|---|---|---|---|
| ***BUY*** | | | | |
| Renta 4 | Javier Diaz | 22/06/2021 | Outperform | 10.7 |
| Banco Sabadell | Ignacio Romero | 04/06/2021 | Buy | 10.4 |
| Oddo BHF | Florent Laroche-Joubert | 04/06/2021 | Outperform | 10.3 |
| Goldman Sachs | Jonathan Kownator | 27/05/2021 | Buy | 10.1 |
| JB Capital Markets | Daniel Gandoy Lopez | 02/07/2021 | Buy | 10.0 |
| Grupo Santander | Eduardo Gonzalez | 05/03/2021 | Buy | 10.0 |
| J.P. Morgan | Neil Green | 08/06/2021 | Overweight | 10.0 |
| Kempen & Co | Jaap Kuin | 04/06/2021 | Buy | 9.8 |
| Bestinver Securities | Ignacio Martinez Esnaola | 02/07/2021 | Buy | 9.2 |
| Green Street Advisors | Peter Papadakos | 30/06/2021 | Buy | n.a. |
| ISS-EVA | Anthony Campagna | 08/03/2019 | Buy | n.a. |
| ***HOLD*** | | | | |
| Alantra Equities | Fernando Abril-Martorell | 12/02/2021 | Neutral | 9.6 |
| Intermoney Valores | Guillermo Barrio | 30/03/2021 | Hold | 9.5 |
| CaixaBank BPI | Pedro Alves | 25/02/2021 | Neutral | 9.2 |
| Kepler Cheuvreux | Mariano Miguel | 25/02/2021 | Hold | 8.7 |
| ***SELL*** | | | | |
| Societe Generale | Ben Richford | 10/03/2021 | Sell | 8.1 |
| Barclays | Celine Huynh | 11/01/2021 | Underweight | 7.0 |
| Mirabaud Securities | Ignacio Mendez | 26/02/2021 | Sell | 6.5 |
| AlphaValue/Baader Europe | Christian Auzanneau | 25/03/2021 | Sell | 4.8 |
| ***RESTRICTED*** | | | | |
| Morgan Stanley | Bart Gysens | 03/06/2021 | Restricted | n.a. |

*Fuente: Bloomberg e informes de analistas*




COLONIAL SHARE PRICE PERFORMANCE 2021 YTD




*(*) Date: 30/06/21*

## Strategic Prime positioning to maximize value creation

Colonial's strength is based on its strategic prime positioning in offices in the CBD with clients of recognized solvency, and a solid balance sheet of the Group.

The main strengths of the Colonial Group are the following:

**A. Pan-European leadership in Grade A offices in the city centre (CBD)**

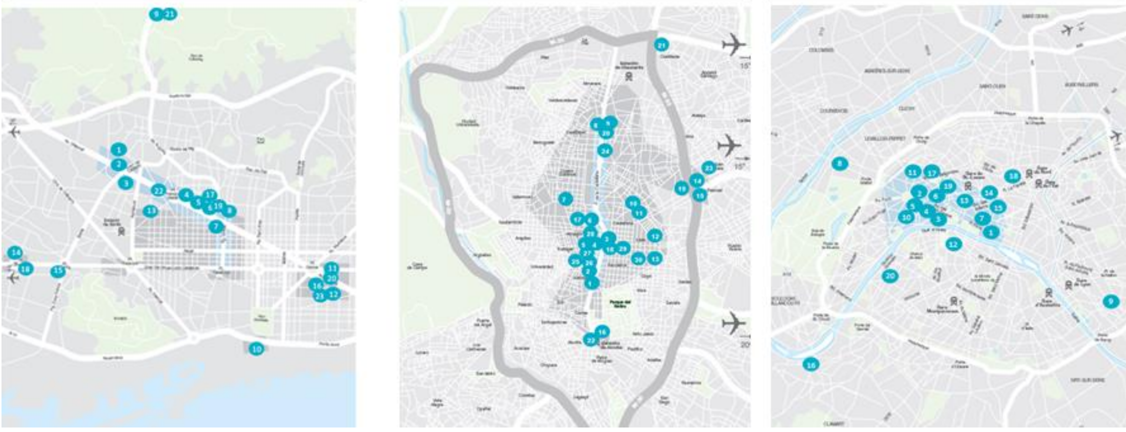
Main owner of top-quality assets in **central locations with 77% of its portfolio in CBD areas** in each of the markets Colonial operates in.

An adequate international diversification with a **61% exposure in Paris**, one of the most defensive office markets globally.

BARCELONA — Colonial Portfolio - max rent signed

MADRID — Colonial Portfolio - max rent signed

PARIS — Colonial Portfolio - max rent signed



**B. A strong prime positioning with a top-quality client portfolio** which provides an attractive combination of 1) rents at the high end of the market with 2) high loyalty levels and solid maturity profiles.

The contract portfolio of the Colonial Group had a positive "reversionary buffer" in this year, given that the current rents of the portfolio are still below the current market rents. Likewise, to date, the Group has captured high reversion rates with a release spread[1] of +14% at the close of the first half of 2021.

*(1) Signed rents on renewals vs previous rents*

## C. Excellence in ESG

The Colonial Group pursues a clear leadership in ESG, being a fundamental element of its strategy, prioritizing sustainable long-term returns, based on a business model of high-quality products. Accordingly, the Colonial Group's Corporate Strategy has a central focus on maximum excellence in the fields of governance, social aspects and sustainable investment.

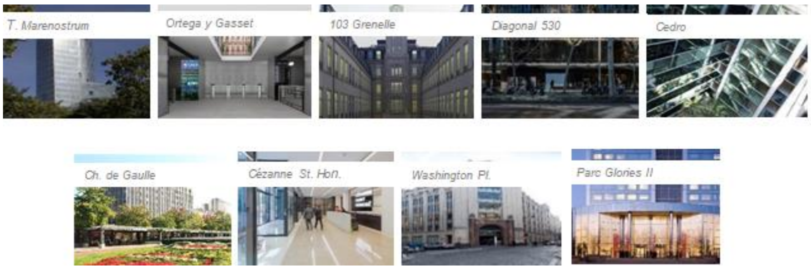

## D. An attractive project pipeline located in the best areas of Paris, Madrid and Barcelona, with significant pre-letting.

| | | Project | City | % Group | Delivery | GLA[1] (sqm) | Total Cost €m | Yield on Cost |
|---|---|---|---|---|---|---|---|---|
| <12 months | 1 | Diagonal 525 | Barcelona CBD | 100% | Delivered | 5,706 | 41 | ≈ 5% |
| | 2 | Miguel Angel 23 | Madrid CBD | 100% | 2H 21 | 8,204 | 66 | 5- 6% |
| | 3 | 83 Marceau | Paris CBD | 82% | 2H 21 | 9,600 | 154 | 5.5- 6.0% |
| | 4 | Velazquez 88 | Madrid CBD | 100% | 2H 21 | 16,164 | 116 | 6- 7% |
| >12 months | 5 | Biome | Paris City Center | 82% | 2H 22 | 24,500 | 283 | ≈ 5% |
| | 6 | Plaza Europa 34 | Barcelona | 50% | 2H 22 | 14,306 | 42 | ≈ 7% |
| | 7 | Sagasta 27 | Madrid CBD | 100% | 2H 22 | 4,896 | 23 | 6- 7% |
| | 8 | Mendez Alvaro Campus | Madrid CBD South | 100% | 2023 | 89,872 | 323 | 7- 8% |
| | 9 | Louvré SaintHonoré (Prime Commercial) | Paris CBD | 82% | 2024 | 16,000 | 215 | 7- 8% |
| | | **TOTAL PIPELINE** | | | | **189,248** | **1,264** | **6- 7%** |

[1] Total Cost Finished Product = Acquisition Cost/ Asset Value pre Project + future Capex

Colonial's project portfolio is totally located in the city centres of Barcelona, Madrid and Paris. More than 50% of the value corresponds to 3 big projects in Paris and Campus Méndez Álvaro, which is a mix of office and residential use in the south of the Madrid CBD.

**E. A renovation program of more than 105,000 sqm with significant reversionary potential in rents and value**

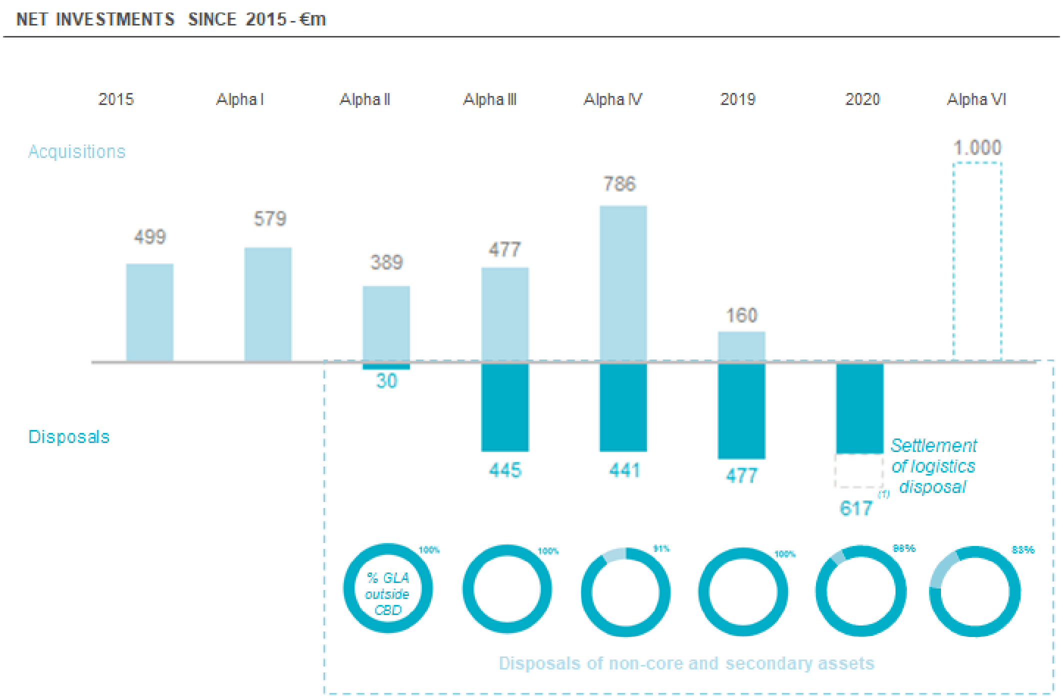



The Colonial Group currently has a renovation program on 9 different assets to be repositioned, 4 in Paris, 3 in Barcelona and 2 in Madrid.

The reversionary potential is at more than €30m of additional rental income. Likewise, a significant value creation is expected once the assets are repositioned.

**F. Active management of the portfolio,** through the disposals of non-core assets, improving the prime positioning and releasing capital for opportunities of value creation for our shareholders

Over the last 3 years, the Colonial Group has carried out significant disposals of non-core assets for around €2,000m, with double-digit premiums over current valuations.




[1] A part of the volume of disposals of the Alpha V program, €284m, registered at the beginning of the first quarter of 2021

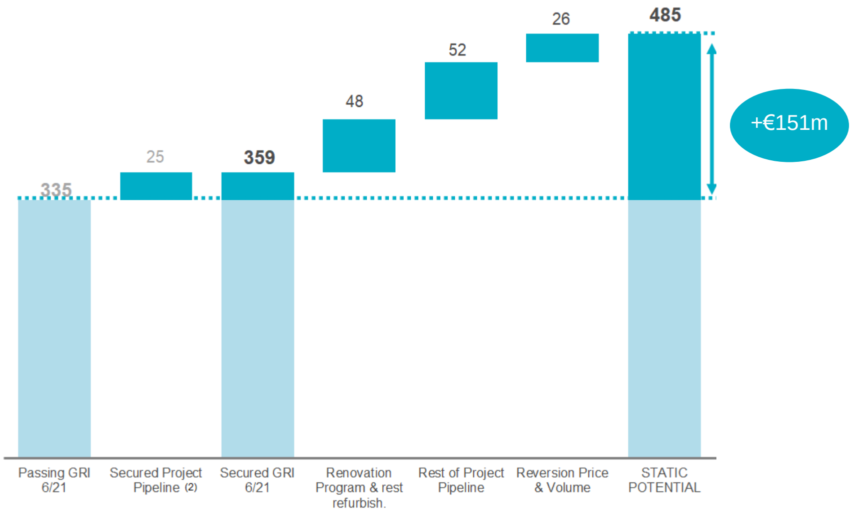
**G. A solid balance sheet with the best rating in the Spanish real estate sector,** confirmed by S&P and Moody's in the middle of the COVID-19 crisis. The Group has one of the highest levels of liquidity in the sector, as well as a LTV of 34.6%, with a collateral of top-quality core assets.

**H. High growth potential and value creation**

The portfolio offers significant potential for cash flow growth through its prime positioning, future rents from the project portfolio and the renovation program.

The asset portfolio has the potential to reach annual income (passing rents) of €485m, resulting in an increase of +45% (+€151m) related to the annualized cash flow from the rental income as of 30 June 2021.

Passing Rents[1] & Reversionary Potential as of 30/6/21- €m




*(1) "Topped-Up" Passing rents at 30/6/21 excluding future growth and indexation*

*(2) Does not include income from the Diagonal 525 property, a project delivered during 1H 2021 and fully operational. Considering the rents of Diagonal 525 (included in the passing rents to 6/21) of the Project pipeline of projects, they amount €27m*

# Appendices

# 1. Analysis of the Profit and Loss Account

## Consolidated Analytic Profit and Loss Account

The **Colonial Group** closed **the first half of 2021** with a **net profit of €162m, +€188m compared to the same period of the previous year**.

| June cumulative - €m | 2021 | 2020 | Var. | Var. % [(1)] |
|---|---|---|---|---|
| **Rental revenues** | **155** | **177** | **(22)** | **(13%)** |
| Net operating expenses [(2)] | (12) | (12) | 0 | 2% |
| **Net Rental Income** | **143** | **165** | **(22)** | **(13%)** |
| **Other income** [(5)] | **(3)** | 1 | (3) | **(384%)** |
| **Overheads** | **(22)** | (24) | 2 | 7% |
| **EBITDA** | **118** | **142** | **(24)** | **(17%)** |
| **Exceptional items** | **(3)** | **(2)** | (1) | **(38%)** |
| **Change in fair value of assets & capital gains** | **147** | **(105)** | **252** | **239%** |
| **Amortizations & provisions** [(3)] | **(4)** | **(2)** | **(2)** | **(102%)** |
| **Financial results** | **(69)** | **(45)** | **(24)** | **(53%)** |
| **Profit before taxes & minorities** | **189** | **(13)** | **202** | **1581%** |
| **Income tax** | **(1)** | **2** | **(2)** | **(132%)** |
| **Minority Interests** | **(26)** | **(15)** | **(11)** | **(71%)** |
| **Net profit attributable to the Group** | **162** | **(26)** | **188** | **-** |

| Results analysis - €m | 2021 | 2020 | Var. | Var. % |
|---|---|---|---|---|
| **Recurring EBITDA** | **122** | **146** | **(24)** | (17%) |
| **Recurring financial result** | **(43)** | **(42)** | **(1)** | (3%) |
| **Income tax expense & others - recurring result** | **(7)** | **(5)** | **(2)** | (42%) |
| **Minority interest - recurring result** | **(16)** | **(17)** | **2** | 9% |
| **Recurring net profit - post company-specific adjustments** [(4)] | **57** | **83** | **(25.9)** | **(31%)** |
| ***NOSH (million)*** | ***508.1*** | ***508.1*** | ***0*** | ***0%*** |
| **EPS recurring (€cts)** | **11.14** | **16.24** | **(5.1)** | **(31%)** |

(1) Sign according to the profit impact

(2) Invoiceable costs net of invoiced costs + non invoiceable operating costs

(3) Recurring net profit = EPRA Earnings post company-specific adjustments.

(4) Reinvoiced capex & EBITDA Utopic'us Centers

## Analysis of the Profit and Loss Account

- Colonial closed the first half of 2021 with a Gross Rental Income of €155m, a figure (13%) lower compared to the previous year, mainly due to the disposals carried out on non-strategic assets and to the acceleration of the renovation program for asset repositioning. **In like-for-like terms, the rental income increased by +2%.**

- Net Rental Income amounted to €143m, a figure 13% lower than the previous year, mainly due to the disposals carried out on non-strategic assets and to the acceleration of the renovation program for asset repositioning.

- **In comparable terms, Net Rental Income increased +2% like-for-like.** This increase was underpinned by the increase of +5% in the Paris portfolio, due to the +3% increase in the office's portfolio as well as to the important additional improvement due to the reopening of the Hotel Indigo in the Edouard VII asset**.**

- The impact on the Profit and Loss account from the revaluation at 30 June 2021 and the capital gain from the disposals of property investments amounted to €147m. The revaluation was registered in France as well as in Spain.

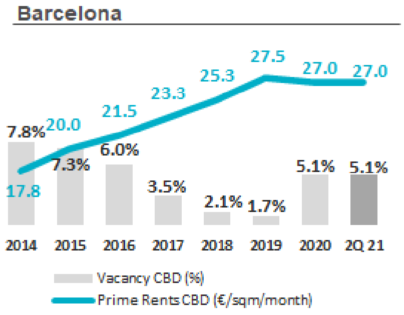
- The financial cost of the Group increased compared to the same period of the previous year, mainly due to the non-recurring costs of the bond buyback maturing in 2023 and 2024.

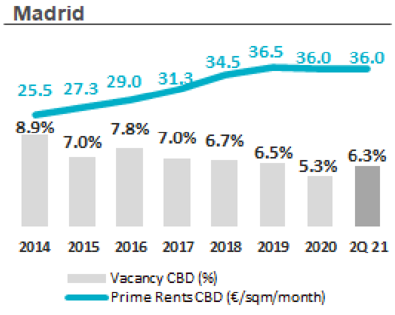
- Profit before taxes and minority interests at the close of the first half of 2021 amounted to €189m, +€202m more than the results of the same period of the previous year.

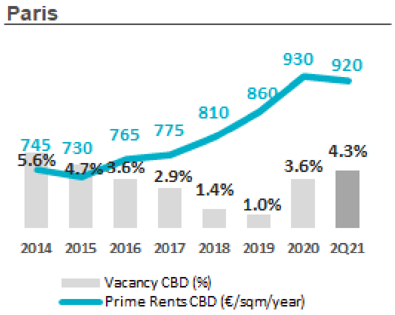
- Finally, after deducting the Minority Interest of (€26m), as well as Income Tax of (€1m), the Net Profit attributable to the Group amounted to €162m, an increase of +€188m compared to the same period of the previous year.

# 2. Office markets

## Rental markets



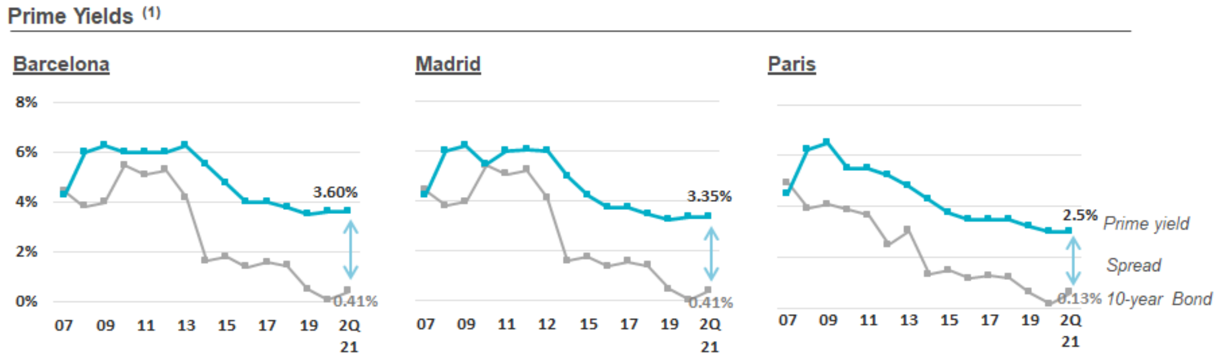

Take-up in the **office market of Barcelona** was 112,000 sqm in the first half of 2021, +42% above the figure of the same period of the previous year. This figure sets the beginning of the recovery after the COVID-19 crisis even though this figure is still 33% below the average for first half average of the 2016-2020 period. The CBD and 22@ areas have captured 40% and 32%, respectively, of the total demand for offices in Barcelona. The overall vacancy rate continued to rise, whilst in the CBD, it stood at 5.1%. Likewise, Grade A office supply remains at low levels, below 2%. Prime rents remained stable, due to a lack of quality spaces, standing at €27/sqm/month.

In the **office market of Madrid**, 160,000 sqm were signed during the first half of 2021, +7% higher than the same period of the previous year, although still 24% below the first half average for the period 2016-2020. Both the technology and the food and leisure sectors represented 53% of the demand, in particular for large office spaces. The overall vacancy rate of the market remained stable, and the vacancy rate in the CBD reached 6.3%. Prime rents maintained stable in line with previous quarters with prime rents in Madrid standing at €36/sqm/month.

**In the office market in Paris,** take-up in the first half of 2021 was 765,000 sqm, although continues to be significantly lower than the levels of 2019, shows a clear trend of recovery, improving the figure of the first half of 2020 by +14%. In the CBD the recovery of the activity is set with take-up level +30% higher than the same period of the previous year. In the CBD, the vacancy rate stood at 4.3% even though with Grade A vacancy almost inexistent. Prime rents in Paris stand at €920/sqm/year.

*(*) Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield, CBRE, BNP Paribas & Savills*

## Investment market




Activity in the **investment market in Barcelona** has attracted 80% of the investment in offices carried out for the first semester in Spain. Close to €700m have been invested in the first half of 2021, +40% higher than in the first half of 2020 and the double of the first half average registered for the period 2016-2020. The investors, 80% of them international funds, clearly remain focused on assets in prime locations in each sub-market. Likewise, it is worth mentioning that the 22@ district continues to be lead the market receiving more than 80% of the investment so far this year. Prime yields stood at 3.60%.

In the first half of 2021, **the investment figure in offices in Madrid** has been €187m. Although this figure does not reflect the high interest by investors due to the scarcity of available product for sale. Likewise, according to market consultants, it is expected that the number of current sales processes in the second quarter may bring greater activity in the second half of the year. Prime yields in Madrid stood at 3.35%.

The **investment volume in the Paris market** reached €5,300m at the close of first half of 2021, a figure 31% below the first half of the previous year. This figure is mainly due to the lack of product in the market as there is great interest from international funds in the Paris market, especially for prime product in the CBD. Evidence of this are the transactions carried out during lasts months have closed with historically low yields. Prime yields at the close of the second quarter of 2021 stood at 2.50%.

*(*) Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield, CBRE, BNP Paribas & Savills*

# 3. Business performance

## Gross rental income and EBITDA of the portfolio

- Colonial closed the first half of 2021 with **Gross Rental Income of €155m**, a figure (13%) lower than the previous year, mainly due to the disposals of non-strategic assets as well as the acceleration of the renovation program to reposition assets.

  **In like-for-like terms,** in other words, adjusting for investments, disposals and variations in the project and renovations portfolio, and other extraordinary items, **the rental income increased by +2% compared to the same period of the previous year.**

  In the office portfolio there was a +1% increase. The good evolution of the markets in Madrid and Paris has compensated for the temporary decrease in the Barcelona market.

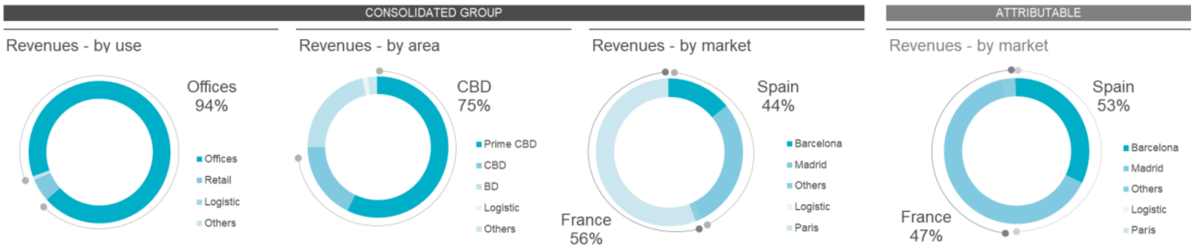
| Variance in rents (2021 vs. 2020) €m | Barcelona | Madrid | París | Offices[1] | Others[2] | TOTAL |
|---|---|---|---|---|---|---|
| Rental revenues 2020R | 25 | 57 | 90 | 172 | 6 | 177 |
| EPRA Like-for-Like [3] | (0) | 0 | 1 | 1 | 1 | 2 |
| Projects & refurbishments | (1) | (2) | (5) | (8) | 0 | (8) |
| Acquisitions & Disposals | (2) | (1) | (3) | (6) | (2) | (8) |
| Indemnities & others | 0 | (9) | 0 | (9) | 0 | (9) |
| Rental revenues 2021R | 22 | 45 | 83 | 150 | 5 | 155 |
| *Total variance (%)* | *(12%)* | *(21%)* | *(7%)* | *(13%)* | *(16%)* | *(13%)* |
| Like-for-like variance (%) | (0.6%) | 0.4% | 1% | 1% | 41% | 2% |

*(1) Office portfolio + Prime retail of Galeries Champs Elysées and Pedralbes Centre*
*(2) Residual logistics portfolio and secondary retail of Axiare and Hotel Indigo in Paris*
*(3) **EPRA like-for-like:** Like-for-like calculated according to EPRA recommendations*

- The rental income of the Colonial Group has been affected by 1) the disposals of non-strategic assets carried out in 2020; and 2) the acceleration of the renovation program of the Group. Highlighted are the repositioning projects of the Diagonal 530 and Torre Marenostrum assets in Barcelona, the more than 8,000 sqm renovation in the Cézanne Saint Honoré building and the renovation of 7,000 sqm on the Washington Plaza building, both in Paris.




- **Rental income breakdown:** Most of the Group's rental income, 94%, comes from the office portfolio. Likewise, the Group maintains its high exposure to CBD markets, with 75% of the income.
  In consolidated terms, 56% of the rental income (€44m), came from the subsidiary in Paris and 44% was generated by properties in Spain. In attributable terms, 53% of the rents were generated in Spain and the rest in France.




*(1) Includes retail use in the lower levels of office buildings*

- **At the close of the first half of 2021, EBITDA rents reached €143m, an increase of +2% in like-for-like terms.**

**Property portfolio**

| June cumulative - €m | 2021 | 2020 | Var. % | EPRA Like-for-like [1] €m | EPRA Like-for-like [1] % |
|---|---|---|---|---|---|
| Rental revenues - Barcelona | 22 | 25 | (12%) | (0.1) | (0.6%) |
| Rental revenues - Madrid | 45 | 57 | (21%) | 0.2 | 0.4% |
| Rental revenues - Paris | 83 | 90 | (7%) | 0.9 | 1% |
| **Rental revenues - Offices[2]** | **150** | **172** | **(13%)** | **0.9** | **1%** |
| Rental revenues - Others[3] | 5 | 6 | (16%) | 1.3 | 41% |
| **Rental revenues Group** | **155** | **177** | **(13%)** | **2.3** | **2%** |
| EBITDA rents Barcelona | 20 | 24 | (16%) | (1.0) | (5%) |
| EBITDA rents Madrid | 38 | 51 | (25%) | 0.1 | 0.3% |
| EBITDA rents Paris | 81 | 86 | (6%) | 2.1 | 3% |
| **EBITDA rents - Offices[2]** | **139** | **161** | **(14%)** | **1.2** | **1%** |
| EBITDA rents Others[3] | 4 | 4 | (5%) | 1.8 | 80% |
| **EBITDA rents Group** | **143** | **165** | **(13%)** | **3.0** | **2%** |
| *EBITDA rents/Rental revenues - Barcelona* | *88%* | *93%* | *(4.7 pp)* | | |
| *EBITDA rents/Rental revenues - Madrid* | *86%* | *90%* | *(4.5 pp)* | | |
| *EBITDA rents/Rental revenues - Paris* | *97%* | *96%* | *1.2 pp* | | |
| *EBITDA rents/Rental revenues - Logistic & others* | *84%* | *75%* | *9.5 pp* | | |

Pp: Percentage points

***(1)*** ***EPRA like-for-like:*** *Like-for-like calculated according to EPRA recommendations.*
***(2)*** *Office portfolio + Prime CBD retail of Galeries Champs Elysées and Pedralbes Centre.*
***(3)*** *Residual logistics portfolio, secondary retail of Axiare and Hotel Indigo in Paris*

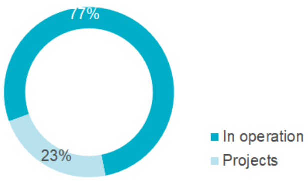
***(*)*** *The ratio of EBITDA/gross income was corrected. An accrual of non-computable taxes was carried out for 1H 2021*

# Portfolio letting performance

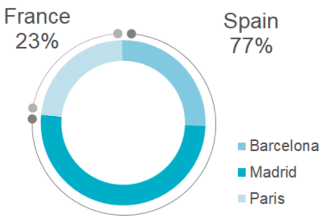
- **<u>Breakdown of the current portfolio by floor area</u>**: At the close of the first half of 2021, the Colonial Group's portfolio totaled 1,753,229 sqm, primarily related to office buildings, which comprised 1,561,938 sqm.

  At the close of the first half of 2021, 77% of the office portfolio was in operation and the rest corresponded to an attractive portfolio of projects and renovations.

Offices Surface - by condition



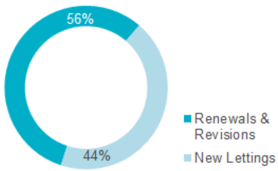

Offices Surface - by market

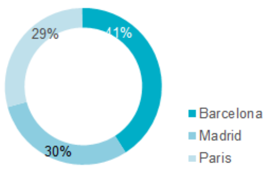



- **<u>Signed leases - Offices:</u>** At the close of the first half of 2021, the Colonial Group formalized leases for a total **of 59,784 sqm of offices**. 71% (42,471 sqm) corresponded to contracts signed in Barcelona and Madrid and the rest (17,313 sqm) were signed in Paris.

  **Renewals**: Out of the total office letting activity, 56% (33,631 sqm) are lease renewals, spread over the three markets in which the group operates.

  **New lettings**: New leases relating to 26,153 sqm were signed, highlighting the 12,630 sqm signed in Paris and 10,943 sqm signed in Madrid.




***Letting Performance - Offices***

| June cumulative - sq m | 2021 | Average maturity | % New rents vs. previous |
|---|---|---|---|
| Renewals & revisions - Barcelona | 22,066 | 3 | *25%* |
| Renewals & revisions - Madrid | 6,882 | 2 | *9%* |
| Renewals & revisions - Paris | 4,683 | 4 | *1%* |
| **Total renewals & revisions** | **33,631** | **3** | ***14%*** |
| New lettings Barcelona | 2,580 | 4 | |
| New lettings Madrid | 10,943 | 5 | |
| New lettings Paris | 12,630 | 8 | |
| **New lettings** | **26,153** | **7** | **na** |
| **Total commercial effort** | **59,784** | **5** | **na** |

**The new rents stood at +14%** above previous rental prices: **Barcelona +25%, Madrid +9% and Paris +1%.**

Colonial's total letting activity is spread across the three markets in which the Company operates.

In Spain, 42,471 sqm were signed during the first half of 2021, corresponding to 41 contracts.

**In the Madrid office portfolio**, rental contracts with a surface area of 17,825 sqm were signed across 21 transactions. Of special mention is the renewal of 2,209 sqm on the José Abascal 56 asset with a prestigious law firm, the renewal of 1,910 sqm on the Recoletos 37 asset with a professional services company, as well as the renewal of 797 sqm on the José Abascal 45 asset with an investment bank. Regarding new contracts signed, of special mention is the signing of 2,308 sqm on the Don Ramón de la Cruz 84 asset with an investment bank, the signing of 2,414 sqm on the Puerto de Somport 8 asset with various tenants, the signing of 1,391 sqm on the Recoletos 27 asset with a multimedia company, as well as the signing of 1,298 sqm on the José Abascal 45 asset with various tenants.

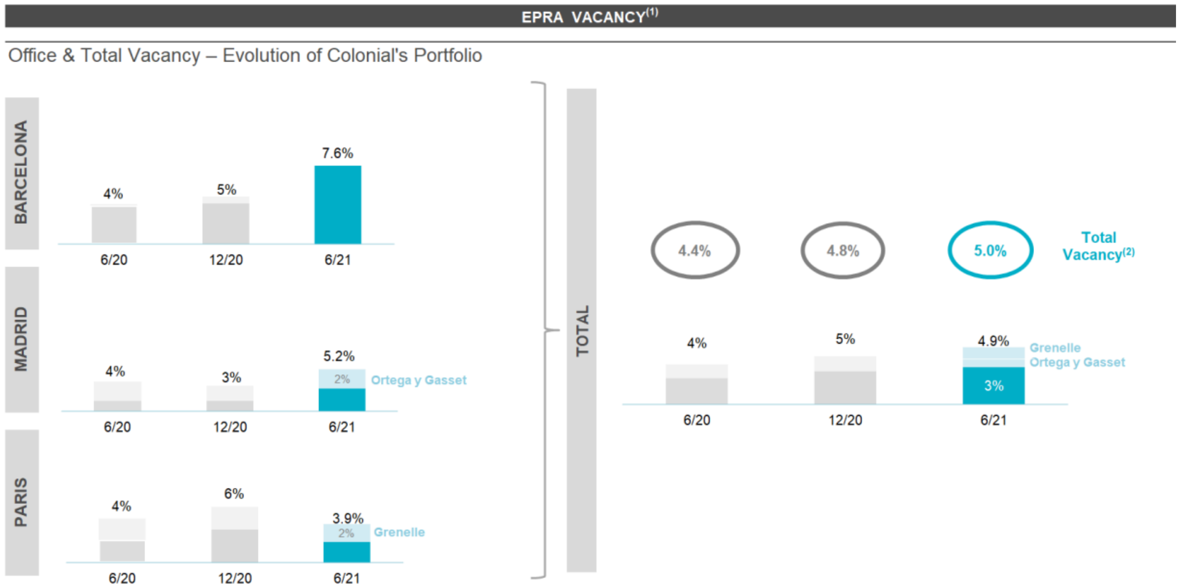
In the **Barcelona office portfolio,** rental contracts with a surface area of 24,646 sqm across 20 transactions were signed. Among the highlights are the renewal of 11,672 sqm on the Diagonal 220-240 asset with a public body, the renewal of 6,836 sqm on Diagonal 609-615 with various tenants, as well as the renewal of 1,127 sqm on the Diagonal 682 property with various tenants. Likewise, regarding new contracts signed, of special mention is the signing of 1,684 sqm on the Sant Cugat property with a consultancy firm, among others.

**In the Paris portfolio,** rental contracts with a surface area of 17,313 sqm were signed across 16 transactions. Of special mention is the renewal of 4,285 sqm on the Washington Plaza building with various tenants. Regarding new contracts signed, of special mention is the signing of 3,711 sqm on the Cézanne Saint-Honoré asset, the signing of 3,019 sqm on the Édouard VII asset, as well as the signing of 2,173 sqm on the Washington Plaza asset.

# A portfolio with solid occupancy levels

- The **total EPRA vacancy [(2)] of the Colonial Group at the close of the first half of 2021 stood at 5.0% [(2)]**, a vacancy rate in line with the last reported quarter and 2020 results. The improvement in vacancy in the Paris market compensated for the temporary increase in vacancy in Barcelona and Madrid, mainly due to the entry into operation of repositioned surfaces and tenant rotation.

- The financial vacancy of the Colonial Group's portfolio is shown as follows:




*(1)* ***EPRA vacancy****: financial vacancy according to the calculation recommended by EPRA (Vacant floorspace multiplied by the market rent/operational floor space at market rent)*

*(2)* *Total portfolio including all uses offices, retail, and logistics*

The **Barcelona office portfolio** has a vacancy rate of 7.6%, a rate higher than that reported in the last quarter as well as at the close of 2020. This increase is mainly due to tenant rotation in various assets, such as the Sant Cugat, Diagonal 609 and Vía Augusta 21-23 assets.

The **office portfolio in Madrid** has a vacancy rate of 5.2%, a rate that has increased this half mainly due to the entry into operation of the Ortega y Gasset 100 asset. Excluding this asset, the vacancy rate of the Madrid portfolio is 2.8%.

The **office portfolio in Paris** has a **vacancy rate of 3.9%,** which has decreased this half, mainly due to the new contracts signed on the Edouard VII and Washington Plaza assets. A significant part of the vacancy of the Paris portfolio is due to the entry into operation of completed refurbishments on the Grenelle 103 asset. The new surface areas delivered offer potential cash flow from additional rents, given that they represent a top-quality offer in the centre of Paris, currently scarce in the market. **Excluding the 103 Grenelle asset, the vacancy rate in Paris is 2%.**

The vacant office space at the close of the first half of 2021 is as follows:

**Vacancy surface of offices**

| Surface above ground (sq m) | Surface above ground (sq m) | Entries into operation [1] | BD area and others | CBD area & 7ème Paris | 1H 2021 | EPRA Vacancy Offices |
|---|---|---|---|---|---|---|
| Barcelona | Barcelona | | 8,195 | 9,146 | 17,341 | 7.6% |
| Madrid | Madrid | 7,792 | 5,179 | 5,020 | 17,991 | 5.2% |
| París | París | | 6,182 | 5,812 | 11,994 | 3.9% |
| TOTAL | TOTAL | 7,792 | 19,555 | 19,978 | 47,326 | 4.9% |


Diagonal 609-615


Ortega y Gasset


Ribera de Loira 28


Diagonal 682

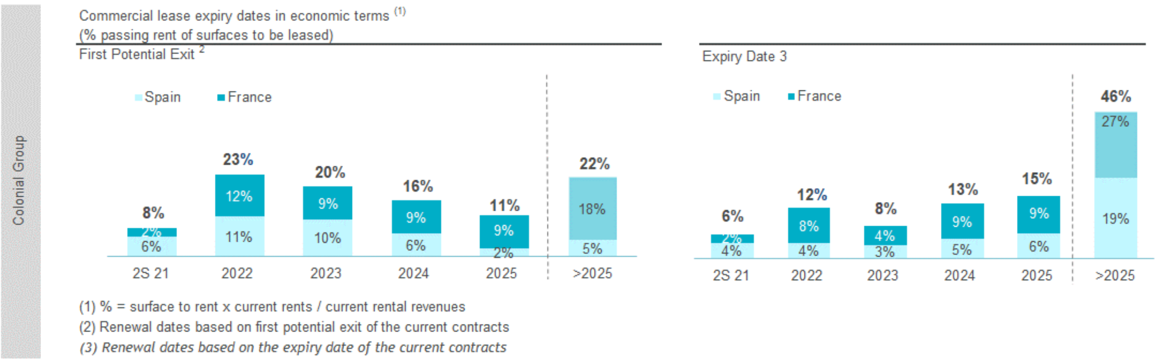

Grenelle 103


Le Vaisseau

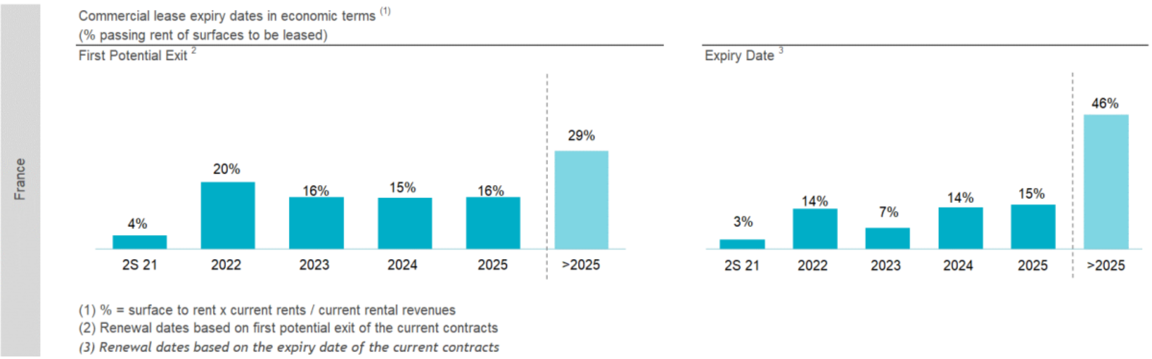
# Commercial lease expiry and reversionary potential

- **<u>Commercial lease expiry</u>:** The following graphs show the contractual rent roll for the coming years.

The **first graph** shows the commercial lease expiry dates for the Colonial Group's entire portfolio. If the tenants choose to end the contract at the first possible date in the year 2021 (break option or end of contract), it would correspond to 8% of the contract portfolio. If the tenants remain until the contract expires in 2021, the figure is reduced to 6%.

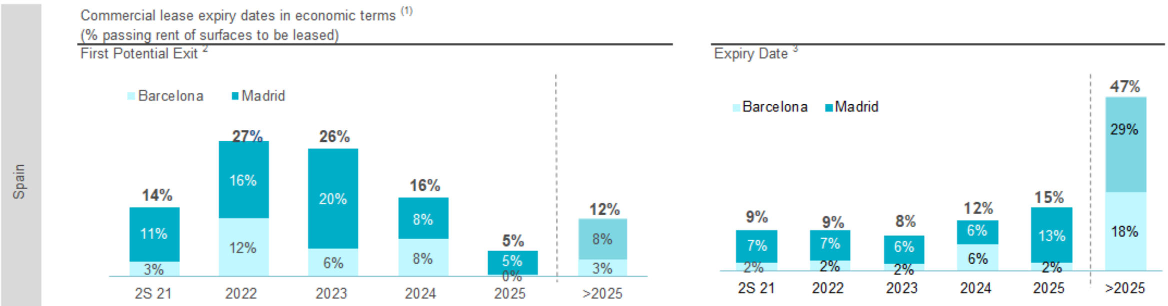



In this **second graph**, it shows the commercial lease expiry dates of the assets **in France** if the tenants choose to end the contract at the first possible date (break option or end of contract) or if the tenants remain until the contract expires. In France, the contract structure is over a longer term.



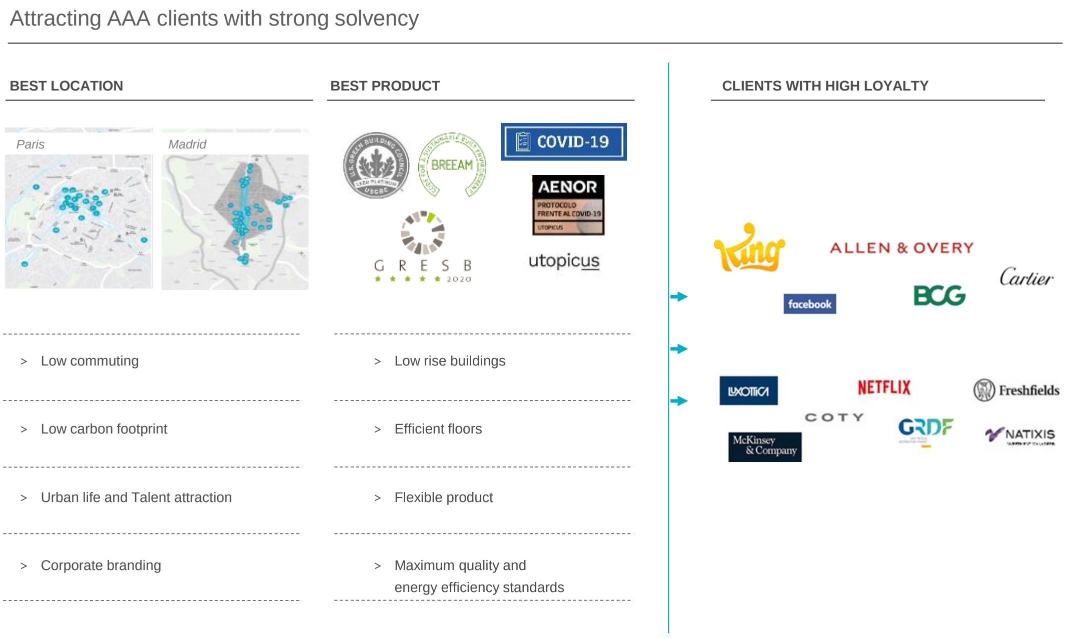
The **third graph** shows the commercial lease expiry dates of the assets **in Spain** if the tenants choose to end the contract at the first possible date (break option or end of contract) or if the tenants remain until the contract expires.

It is worth mentioning that the contract structure in Spain is over a shorter term than the contract structure in France.




(1) % = surface to rent x current rents / current rental revenues
(2) Renewal dates based on first potential exit of the current contracts
*(3) Renewal dates based on the expiry date of the current contracts*

It should be noted that the contract portfolio is made up of clients of the highest quality and high levels of loyalty to the Colonial Group, seeking the best product with the best services.

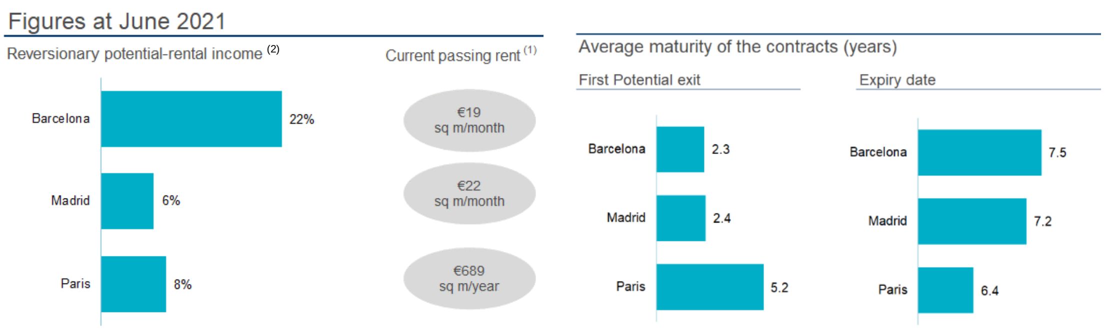


- **Reversionary Potential of the rental portfolio**

The Colonial Group's contract portfolio has a significant reversionary potential. This reversionary potential is the result of comparing the rental prices of the current contracts (contracts with current occupancy and current rents) with the rental price that would result from letting the total surface at the market prices estimated by independent appraisers as at the close of the first half of 2021 (not including the potential rents from the projects and significant refurbishments underway).

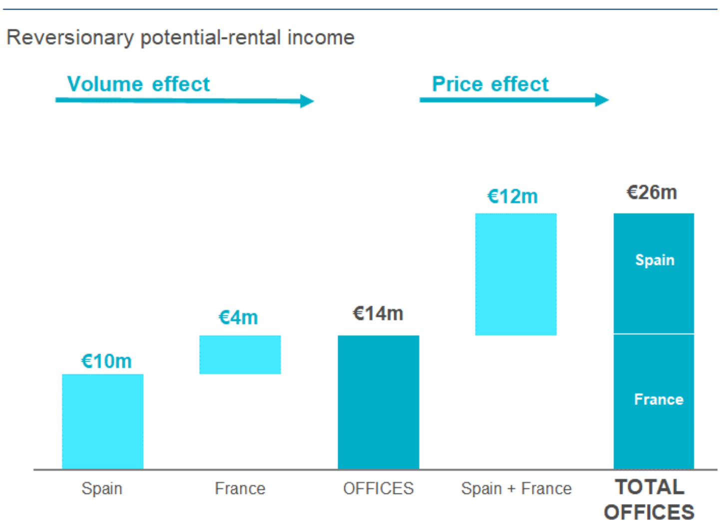
The static reversionary potential of the rental revenues of the office portfolio stood at:

> +22% in Barcelona
> +6% in Madrid
> +8% in Paris




*(1) Current office rent of occupied office surfaces*
*(2) Reversionary potential excluding the impacts of the Renovation Program*

Specifically, the static reversionary potential in the current portfolio **would result in approximately €26m of additional annual rental income**.



# 4. Project portfolio

## Project portfolio and renovation programs

- Colonial has a **project pipeline** of over 189,000 sqm with the aim of creating top quality products to obtain higher returns, and consequently maximize future value creation with solid fundamentals.

  The project on Diagonal 525 has already finished and the building is in full operation with an occupancy of 100%.

  In the current project portfolio, the 83 Marceau and Louvre Saint Honoré properties in Paris already have pre-let agreements signed (for the entire surface area).

| | | Project | City | % Group | Delivery | GLA[1] (sqm) | Total Cost €m | Yield on Cost |
|---|---|---|---|---|---|---|---|---|
| <12 months | 1 | Diagonal 525 | Barcelona CBD | 100% | Delivered | 5,706 | 41 | ≈ 5% |
| | 2 | Miguel Angel 23 | Madrid CBD | 100% | 2H 21 | 8,204 | 66 | 5- 6% |
| | 3 | 83 Marceau | Paris CBD | 82% | 2H 21 | 9,600 | 154 | 5.5- 6.0% |
| | 4 | Velazquez 88 | Madrid CBD | 100% | 2H 21 | 16,164 | 116 | 6- 7% |
| >12 months | 5 | Biome | Paris City Center | 82% | 2H 22 | 24,500 | 283 | ≈ 5% |
| | 6 | Plaza Europa 34 | Barcelona | 50% | 2H 22 | 14,306 | 42 | ≈ 7% |
| | 7 | Sagasta 27 | Madrid CBD | 100% | 2H 22 | 4,896 | 23 | 6- 7% |
| | 8 | Mendez Alvaro Campus | Madrid CBD South | 100% | 2023 | 89,872 | 323 | 7- 8% |
| | 9 | Louvré SaintHonoré (Prime Commercial) | Paris CBD | 82% | 2024 | 16,000 | 215 | 7- 8% |
| | | TOTAL PIPELINE | | | | 189,248 | 1,264 | 6- 7% |

[1] Total Cost Finished Product = Acquisition Cost/ Asset Value pre Project + future Capex

- Among the largest projects, highlighted are the 3 projects in Paris and the Méndez Álvaro Campus in the south of the Castellana in Madrid. Two of the projects in Paris, Louvre Saint-Honoré and Marceau, are already 100% pre-let.




- In **Barcelona**, the Diagonal 525 and Plaza Europa 34 projects are located.
  In the first quarter of 2021, Colonial completed the total refurbishment of the building located in Diagonal 525 (5,706 sqm), in the centre of the CBD in Barcelona. This asset is 100% pre-let to Naturgy for its new corporate headquarters.
  The Plaza Europa 34 project continues to progress with the construction of the structure and facilities.


- **In Madrid, of special mention are the projects at Velázquez 80 and Miguel Ángel 23,** benchmark projects in the prime CBD of Madrid, which will be delivered at the end of 2021. The commercial team continues with the commercialization phase of the projects which have been well received due to the demand. Both projects have a differential characteristic focused on the type of demand expected.


**Miguel Ángel 23** will be one of the first “almost zero” carbon footprint buildings in the CBD in Madrid, offering maximum efficiency for the client and best experience for the user of its large communal spaces, especially in the superior terrace. **Velázquez 80** will offer an extensive area of common spaces with all of the services to meet the demand of flexibility of its clients.

The **Méndez Alvaro Campus** project continues with the below ground works, and the works on the foundation and structure will begin in 2021. Likewise, Estudio Lamela (the Spanish architectural studio) and Colonial continue working on defining the spaces of the Campus that will bring together office, residential and commercial spaces. This asset, which will have the best energy certificates and a very reduced carbon footprint, will be the property benchmark in the south of the Paseo de la Castellana, in Madrid.



- In the **Paris** portfolio, the three current Flagship projects continue progressing: Biome, 83 Marceau and Louvre St. Honoré. Two out of the three projects, 83 Marceau and Louvre Saint Honoré, are fully pre-let.

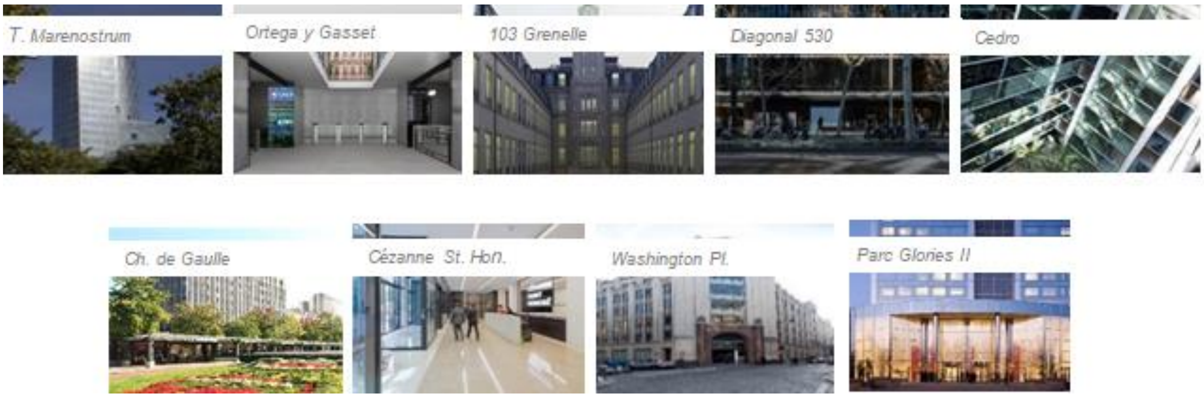

The project at **83 Marceau** will offer one of the best located buildings in Paris – a one-minute walk from the Place de L'Étoîle, in one of the most contemporarily designed buildings, providing light to all floors, thanks to the new design of the central atrium. The building will have three certificates: BREEAM, LEED and HQE. In 2020, the entire surface area of the asset was pre-let, reaching an occupancy of 100%. Of special mention is the signing of 6,500 sqm with the investment bank Goldman Sachs, where it will set up its corporate headquarters. The contract includes a non-cancellable term of nine years and was signed in very favorable terms.

In **Biome**, an iconic building is planned of more than 24,500 sqm in the Central-Western area of Paris with natural light, efficient floors from 1,400 sqm to 3,500 sqm and a green area surrounding the building. In the second quarter of 2021, the commercialization of the building commenced with the publication of marketing materials, enabling visualization of the large floor spaces of the building and its attractive location, as well as the large green area surrounding the building.

Finally, it is worth mentioning that the project in the **Louvre Saint Honoré** building remains in progress. Likewise, it is important to remember that a pre-letting agreement has been signed for this project with a minimum fixed term duration of 20 years with the Cartier Foundation, a Cartier Group company, at top market prices.

## Renovation program

- In addition to the project portfolio, the Colonial Group is currently carrying out a **renovation program** on 9 assets in its portfolio, with the aim of increasing rents and the value of these assets. This renovation program is mainly focused on the adaptation of common areas and updating the installations, requiring a limited investment.




- In Paris, highlighted is the **Cézanne Saint Honoré** property, an asset located in the heart of the 8ème *arrondissement* of Paris in which almost 8,500 sqm are being renovated, setting up common spaces and upper floors. The property will be delivered in spring 2022 and will supply carefully designed offices dedicated to the well-being of employees, with a great flexibility of spaces, natural light and a magnificent terrace.

- In **Barcelona**, of special mention is the renovation of the **Diagonal 530** property. The renovation projected has enabled a +10% increase of the lettable surface area of the asset thanks to an optimization of the space in common areas and accesses. These spaces are in the commercialization phase and have been well received by the market, with the aim of capturing prime rents in the different markets.
  In 2021, the renovation program will be delivered on the **Torre Marenostrum** asset in the prime 22@, offering a multi-tenant asset, combining traditional office spaces with coworking spaces, managed by Utopicus, a company of the Group.
  In 2023 complete renovation works will commence on **Parc Glories II.**

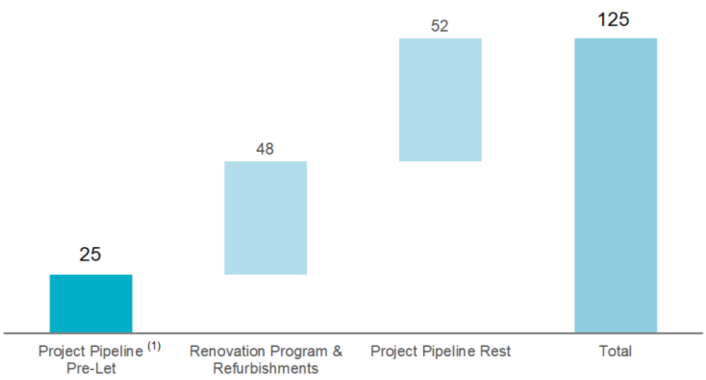
- In **Madrid**, of special mention are the renovation programs on the **Cedro** and **Ortega y Gasset** assets which represent excellent opportunities to optimize cash flow and value.

## Project portfolio and renovation program potential

- The project portfolio, as well as the renovation program, provide potential additional annual rents of €125m, of which €77m correspond to the project portfolio.

  It should be mentioned that thanks to the pre-letting levels of the projects, €25m of future rents are already assured. The entry of the renovation program and other refurbishments into the market has the potential of €48m in additional rents in the short-term.

Additional rental income from projects and significant refurbishments - €m




*(1) Does not include income from the Diagonal 525 property, a project delivered during 1H 2021 and fully operational. Considering the rents of Diagonal 525 (included in the passing rents to 6/21) of the Project pipeline of projects, they amount €27m*

# 5. ESG[1] Strategy – Environmental, Social and Corporate Governance

## 1. Corporate Strategy & Strategic Plan on Decarbonization

The Colonial Group pursues a clear leadership in ESG, being a fundamental element of its strategy, prioritizing sustainable long-term returns, and based on a business model of high-quality products. Accordingly, the Colonial Group's Corporate Strategy has a central focus on maximum excellence in the fields of governance, social aspects and sustainable investment.

The Company is working on the implementation of the strategic plan for decarbonization. This plan implies the commitment of the Colonial Group so that by 2050, its entire office portfolio will be neutral in carbon emissions, and totally aligned with the Paris climate agreement of December 2015. For the Colonial Group, this implies: (i) neutrality in carbon emissions by 2050 (ii) a 75% reduction in Scopes 1 & 2 by 2030 starting from 2015.

## 2. Reduction in total market-based carbon footprint – Scopes 1, 2 and 3

The Colonial Group continues with its decarbonization work. For 2020, the total consumption of its carbon footprint (Scopes 1, 2 and 3), calculated under a market-based approach, has remained stable. This is mainly due to an increase in the coverage of assets in which there has been a monitoring of consumption. However, in like-for-like terms the Colonial Group has reduced its carbon emissions in scopes 1, 2 and 3 by 7,582 tCO2e, a reduction of (49%) like-for-like.

SIGNIFICANT REDUCTION OF THE CARBON FOOTPRINT – SCOPE 1, 2 & 3

| | TOTAL VARIATION - *(tCO2e)* | | | | LFL VARIATION - *(tCO2e)* | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | Var. | Var %. | Var. | Var %. |
| BARCELONA | 5,913 | 5,767 | 146 | +3% | (2,575) | (53%) |
| MADRID | 10,174 | 9,198 | 976 | +11% | (4,086) | (58%) |
| PARIS | 2,597 | 3,509 | (912) | (26%) | (921) | (26%) |
| TOTAL | 18,684 | 18,474 | 210 | +1% | (7,582) | (49%) |

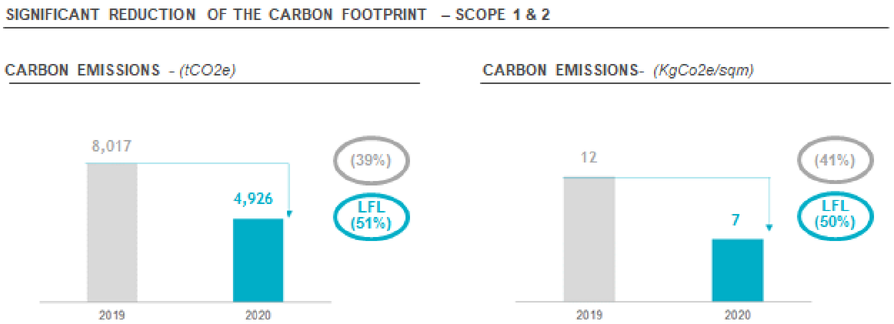
*Office portfolio in operation*

### 3. Reduction in market-based carbon footprint for Scopes 1 and 2 of (51%) like-for-like, year-on-year

The company focuses its consumption objectives in the areas of direct action, those in which it can take action regarding its carbon footprint, in other words, in Scopes 1 and 2.

The Group has achieved a significant reduction in its carbon footprint in Scopes 1 and 2, in the areas of direct action by the

Specifically, the Company reduced the total carbon footprint from the portfolio of 8,017 $tCO_2e$ by (39%) to 4,926 $tCO_2e$, and in terms of ratio per m² (carbon intensity) the reduction was (41%), bringing it to 7 $KgCO_2e/m^2$ for the entire portfolio, one of the European property sector's lowest intensity ratios.

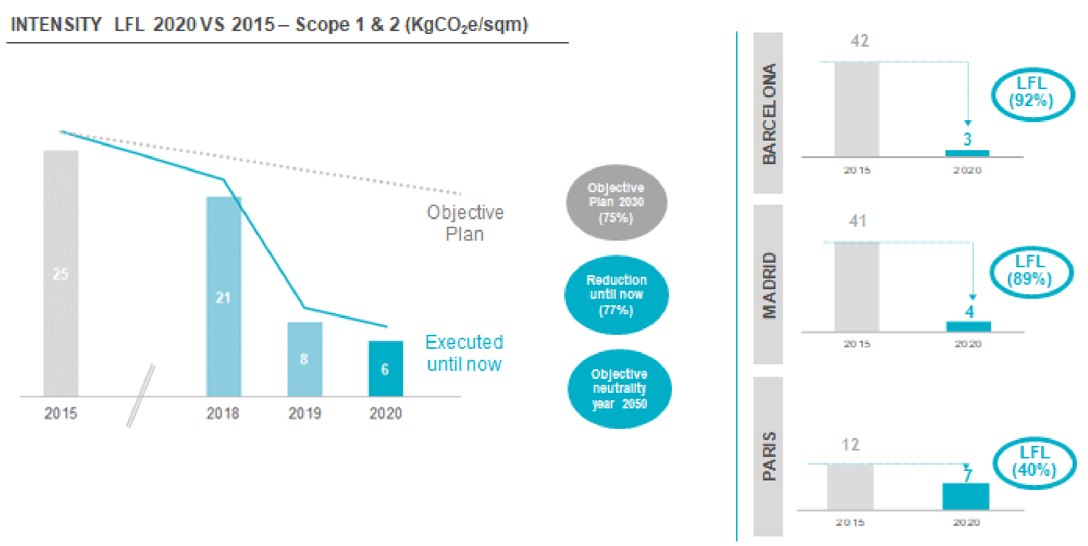



The impact is even greater if we analyze the like-for-like assets portfolio, i.e., excluding single-use buildings and projects, refurbishment work or plots. In this case, the reduction was (51%) in absolute terms and (50%) in terms of the intensity ratio, achieving a ratio of 5 $KgCO_2e/m^2$ for the entire portfolio like-for-like.

### 4. Reduction in market-based emissions intensity of 77% like-for-like in 2020 since the base year

The strategic plan of the Colonial Group establishes an objective of a (75%) reduction from the base year of 2015 of the carbon intensity for Scopes 1 and 2 of its portfolio.

At 31 December 2020, the reduction from the base year exceeded this objective, with a (77%) reduction of carbon emissions for Scopes 1 and 2. This milestone enabled the Group to move up its target set for 2030 by 10 years and thereby accelerating the journey towards a neutral carbon portfolio, established for 2050.




### 5. Adhesion to the Science Based Target Initiative (SBTi)

At the beginning of 2021 Colonial joined the Science Based Target Initiative (SBTi) which defines new objectives aligned with science to reduce emissions and to limit the rise in the Earth's average temperature to below 2ºC.

The strategic decarbonization plan will enable progress to be made in this direction, and its alignment with science will be certified by the SBTi method.

## 6. Energy Efficiency-Certifications of the Colonial Group's asset portfolio:

The Colonial Group's ambition for ESG leadership is reflected in the high level of certification of the office portfolio. 93% of the office portfolio in operation has LEED and BREEAM energy certificates.


This level of certification is above the sector average. Likewise, the strategic sustainability plan executes energy efficiency initiatives, focusing on continuous improvement asset by asset.

Thanks to its high standards in sustainability, in recent quarters the Colonial Group has been able to access sustainable financing. In an ever-increasing sustainable world, those companies which adopt and maintain policies in this field are more likely to gain market share. Likewise, the Colonial Group, as it correctly manages its environmental impact, is going to be more competitive and attractive in the field of ESG, having a lower cost of access to the capital markets.

## 7. ESG Investment – Decarbonization Laboratory

As proof of the Group's commitment to its sustainability and decarbonization strategy, and in line with its aspiration for leadership in ESG, **Colonial is developing the first office building in Spain made entirely of wood**.

The Witty Wood building will have 2,476 sqm destined to office use. The project, which is a unique concept of office buildings in Spain, will count on spaces equipped with the latest technologies. Witty Wood is located on 42 Llacuna, in the heart of the 22@ district.

The Witty Wood building will be built using wood as the primary material, an unprecedented case in the offices market in Spain. Timber engineering acts as storage for Co2, consequently considerably reducing the emissions that impact global warming. In the construction phase alone, carbon emissions are reduced by 50%. Due to these characteristics, among others, the building will count on the maximum environmental certificates: LEED Gold and LEED Platinum.

Currently, the structural works have finished and the work above ground has commenced, with an expected end date for the works at the end of 2021. The commercialization stage has begun for the project.






# 6. Digital Strategy & Coworking

**Coworking and Flexible Spaces**

The Colonial Group, through Utopicus, offers its clients a hybrid model of flexible spaces and services to incorporate into its assets, with the aim of improving the experience of its users in the office spaces of the Group. Utopicus bets on offering companies an alternative of flexible working spaces, in safe, high quality working environments. Therefore, the centres comply with the top protocols in safety and hygiene recognized by Global Safe Site of Bureau Veritas and the AENOR certificate for best practices regarding COVID-19.


At the close of the first half of 2021, Utopicus, had 13 centres in operation, corresponding to 37,274 sqm of surface area, following the recent opening of a new centre in April 2021 in Paseo de la Habana in Madrid.

As of 30 June 2021, the centres in the city of Barcelona have an occupancy of 80%, with an improvement of 22 p.p. compared to the occupancy rate at the close of 2020 (58%). In addition, Madrid has also progressed positively, with an occupancy of 47%, with an improvement of 3 p.p. compared to the close of the previous year (44%). These occupancy rates have been achieved despite the recent openings carried out in 2020, Francisco Silvela 42 and Castellana 163 in Madrid and Torre Marenostrum in Barcelona, and in 2021, in Paseo de la Habana in Madrid, in addition to the restrictions on movement caused by the COVID-19 pandemic. Likewise, it should be mentioned that most clients of small and medium sized businesses are more affected by the current situation with respect to traditional offices.

# 7. Portfolio valuation

- The Gross Asset Value of the Colonial Group at the close of the first half of 2021 amounted to €12,017m (€12,655m including transfer costs), in line with the valuation of December 2020, showing an increase of +3% like-for-like, year-on-year. The growth registered during the first half of 2021 corresponds to +2% like-for-like.

- The assets in Spain and France have been appraised by Jones Lang LaSalle, Cushman & Wakefield, and CB Richard Ellis. The appraisal values are updated half-yearly, following the best market practices, in compliance with the Regulation Standards of the Royal Institution of Chartered Surveyors (RICS) comprised in the Red Book - valuation manual.

- The market valuations defined by the RICS are internationally recognized by advisors and accountants of investors and corporations that own real estate assets, as well as The European Group of Valuers (TEGoVA) and the International Valuation Standards Committee (IVSC). The appraisers' fees are determined by the volume for the specific workout of each assignment.

**Gross Asset Values - Excluding transfer costs**

| Asset valuation (€m) | 30-Jun-21 | 31-Dec-20 | 30-Jun-20 | Jun 21 vs Dec 20 | | Jun 21 vs Jun 20 | |
|---|---|---|---|---|---|---|---|
| | | | | Total | LfL (1) | Total | LfL (1) |
| Barcelona | 1,373 | 1,333 | 1,500 | 3% | 3% | (8%) | 2% |
| Madrid | 2,494 | 2,441 | 2,568 | 2% | 2% | (3%) | 1% |
| París | 6,378 | 6,616 | 6,455 | (4%) | 0% | (1%) | 2% |
| **Portfolio in operation (2)** | **10,245** | **10,390** | **10,523** | **(1%)** | **1%** | **(3%)** | **2%** |
| **Projects** | **1,717** | **1,556** | **1,379** | **10%** | **10%** | **25%** | **14%** |
| Logistics & others | 55 | 75 | 262 | (26%) | (0%) | (79%) | (6%) |
| **Colonial group** | **12,017** | **12,020** | **12,164** | **(0%)** | **2%** | **(1%)** | **3%** |
| Spain | 4,694 | 4,563 | 4,925 | 3% | 3% | (5%) | 2% |
| France | 7,323 | 7,458 | 7,239 | (2%) | 2% | 1% | 5% |

**Gross Asset Values - Including transfer costs**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Colonial group** | **12,655** | **12,631** | **12,773** | **0%** | **3%** | **(1%)** | **4%** |
| Spain | 4,816 | 4,685 | 5,058 | 3% | 3% | (5%) | 2% |
| France | 7,838 | 7,946 | 7,715 | (1%) | 2% | 2% | 5% |

*(1) Portfolio in comparable terms*

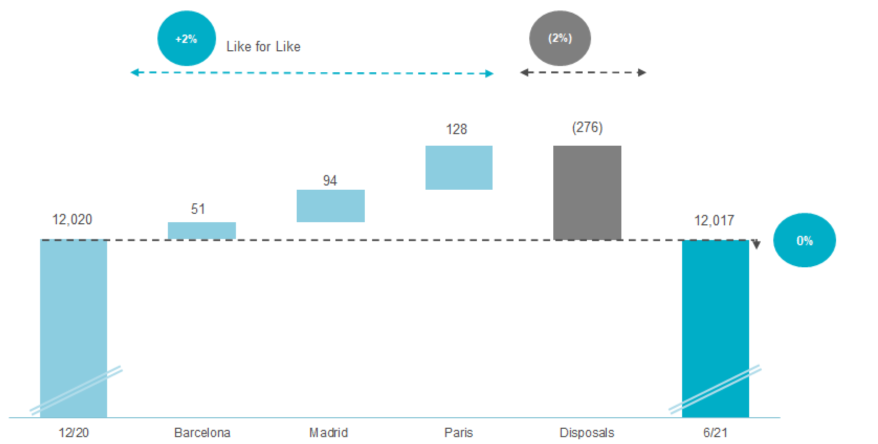
*(2) Portfolio in operation: current rental portfolio as well as new entries into operation of completed projects*

### Value variance analysis

The Gross Asset Value of the Colonial Group at the close of the first half of 2021 amounted to €12,017m (€12,655m including transfer costs), showing an increase of +3% like-for-like, year-on-year. The growth registered during the first half of 2021 corresponds to +2% like-for-like.

Including the impact of the disposals registered in the first half of 2021, the asset value has remained stable.

VARIANCE ANALYSIS VALUE 6 MONTHS - €m




GAV VARIANCE

| | 6 months | 12 months |
|---|---|---|
| BARCELONA | +4% | +2% |
| MADRID | +3% | +2% |
| PARIS | +2% | +5% |
| TOTAL LFL | +2% | +3% |
| DISPOSALS | (2%) | (5%) |
| TOTAL VAR | 0% | (1%) |

In Paris, the value of the portfolio increased +5% like-for-like year-on-year (+2% in 6 months), based on the resilience of the prime portfolio in Paris and the progress in the project pipeline.

In Spain, the office portfolio increased +2% year-on-year. Of special mention is the increase in value of the portfolio in the first half of 2021, with +4% like-for-like in Barcelona and +3% like-for-like in Madrid. These increases are based on the strong positioning of the portfolio of assets in the city centre and CBD, together with the successful delivery and management of projects.

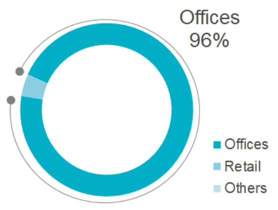
The increase in value of Colonial's asset portfolio is due to:

1) The high concentration in prime CBD locations with strong fundamentals, enabling higher protection in downward cycles and a better growth profile in upward cycles.
2) The high quality of the buildings that enables attracting clients with maximum solvency and high loyalty indices.
3) A successful diversification strategy that optimizes the risk profile of the portfolio.
4) An industrial approach on value creation through the repositioning of assets, creating Alpha real estate value that enables to create a competitive advantage in the market and consequently a higher-than-average return.

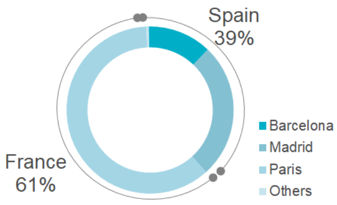
The breakdown of the valuation of the Group's rental portfolio by use, market and type of product is shown below:

CONSOLIDATED GROUP

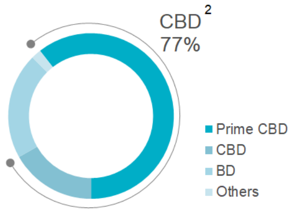
Valuation - by use




Valuation - by market




Offices Valuation - by area




*(1) CBD Barcelona, includes the 22@ segment market assets*

- Regarding the valuation of the portfolio in operation, the main value parameters are as follows:

| Portfolio in operation | €m | sq m above ground (*) | €/sq m (*) | Valuation Yield | |
|---|---|---|---|---|---|
| Barcelona | 1,373 | 241,048 | 5,697 | 4.31% | Gross Yields |
| Madrid | 2,494 | 370,290 | 6,736 | 4.14% | Gross Yields |
| Paris | 5,572 | 300,775 | 18,524 | 3.04% | Net Yields |

When **comparing the valuation parameters of Colonial's appraisal values with market data**, the following must be taken into consideration:

**1. In Spain, consultants publish *gross yields* in their market reports.**
**(Gross yield = gross rent/value excluding transfer costs).**

**2. In France, consultants publish *net yields* in their market reports.**
*(Net yield = net rent/value including transfer costs).*

*(*) In Barcelona the sqm for the calculation of the capital value correspond to the surface above ground of all the assets in Barcelona, excluding the Plaza Europa project, Wittywood and the entire Diagonal 530 asset, as well as the surface area of non-core assets.*
*In Madrid, the sqm correspond to the surface above ground of all assets in Madrid, excluding the Méndez Álvaro complexes, the Puerto Somport 10-18, Sagasta 27, Miguel Ángel 23, Velázquez 80, Cedro and Luca de Tena 7 projects, as well as the surface area of non-core assets.*
*In France, the sqm correspond to the office surface above ground in operation, excluding the main commercial assets and including certain rentable surfaces below ground in the portfolio not corresponding to parking units*

# 8. Financial structure

Colonial maintains a solid financial profile enabling the company to maintain a BBB+ credit rating by Standard & Poor's, the highest rating in the Spanish Real Estate sector. This rating was confirmed by S&P in April 2021.

In the first half of 2021 the Group carried out the following operations:

- Colonial announced a voluntary tender offer on 5% of the minority shares of SFL which, together with the acquisition of the 12.9% owned by Predica, will enable to increase Colonial's stake in SFL up to 94%-100%. This operation, the formalization of which is expected by the end of the quarter, comprises a maximum outflow of cash of €118m.

- Colonial formalized a bond issuance, listed on the Spanish stock exchange, for €500m which was later extended to €625m. The issue has a maturity of 8 years with a coupon of 0.75%, the lowest in the history of the Group. The demand exceeded up to three times the issue volume and was supported by the main international institutional investors.

- In parallel, Colonial announced the execution of the buy-back option of the €306m of its remaining bonds maturing in 2023 which accrued an annual coupon of 2.728%. At the close of June 2021, the buyback for a total of €69m was formalized, leaving the amount of €237m pending, which at the date of publication of these results, has already been fully acquired. Additionally, Colonial launched a buyback offer for its bonds maturing in 2024 and a coupon of 1.45%, of which e306m have been repurchased

These debt refinancing operations allowed the average maturity of the Group's debt to be extended to 5.3 years versus 5.0 years at March 2021 and 4.7 years at June 2021, pre-refinancing operations, and also enabled the financial cost to be optimized.

Regarding leveraging, after the divestments amounting to €282m carried out in the first quarter of 2021, and the debt operations carried out in June 2021, the LTV ratio stands at 34.6%, 198 bps lower than the same period of the previous year.

At the close of the first half of 2021, the Colonial Group maintained a liquidity of €2,438m, between available cash and undrawn credit lines.

In July and August 2021 Colonial expects to finalize the bond buyback maturing in 2023, as well as to complete the liquidation of the IPO announced regarding the shares of SFL. The table below shows the main debt figures of the Group at 30 June 2021, as well as the proforma following the formalization of these operations.

| Colonial Group (€m) | Jun-21 | Post operations | Dec-20 | Var. |
|---|---|---|---|---|
| Gross financial debt | **4,787** | **4,725** | 4,851 | *(1,0%)* |
| Net financial debt | **4,389** | **4,636** | 4,582 | *(4,2%)* |
| Total liquidity (1) | **2,438** | **2,079** | 2,309 | *5,6%* |
| % debt fixed or hedged | **99%** | **99%** | 96% | *3.0%* |
| Average maturity of the debt (years)(2) | **5.2** | **5.3** | 5.2 | *0.0* |
| Cost of currente Debt (3) | **1.69%** | **1.61%** | 1.70% | *(1 pb)* |
| GAV Group | **12,691** | **12,691** | 12,669 | *(0,2%)* |
| LtV Group (including transfer costs) | **34.6%** | **36.5%** | 36.2% | *(158 pb)* |
| Mortage Debt | **6%** | **6%** | 6% | - |

*(1) Cash & Undrawn balances*
*(2) Average maturity based on available debt and post issuance and liability management*
*(3) Cost of current debt including ECPs. Without taking into account the ECPs, the Cost of debt will be of 1,80%.*

Moody's | S&P Global Ratings

Baa2 Stable | BBB+ Stable

BBB+ Stable

Colonial SFL

The net financial debt of the Group at the close of the first half of 2021 stood at €4,389m, the breakdown of which is as follows:

| | June 2021 | | | December 2020 | | | Var | |
|---|---|---|---|---|---|---|---|---|
| €m | Colonial | SFL | TOTAL | Colonial | SFL | TOTAL | TOTAL | Average Maturity (3) |
| Non-mortatge debt | 0 | 22 | 22 | 0 | 0 | 4 | 17 | 0,1 |
| Mortatge debt | 76 | 196 | 272 | 76 | 197 | 273 | (1) | 1,4 |
| Bonds Colonial | 2,924 | 1,539 | 4,464 | 2,800 | 1,539 | 4,339 | 125 | 5,8 |
| Issuances notes | 0 | 30 | 30 | 70 | 165 | 235 | (205) | 0,3 |
| **Gross debt** | **3,000** | **1,787** | **4,787** | **2,945** | **1,906** | **4,851** | **(64)** | 5,2 |
| Cash | (359) | (39) | (398) | (253) | (15) | (269) | (129) | |
| **Net Debt** | **2,641** | **1,748** | **4,389** | **2,692** | **1,890** | **4,582** | **(193)** | |
| Total liquidity (1) | 1,359 | 1,079 | **2,438** | 1,253 | 1,055 | **2,309** | **129** | |
| Cost of debt - Spot (%) | 1.72% | 1.64% | **1.69%** (2) | 1.82% | 1.50% | **1.70%** | **(1 p.b.)** | |

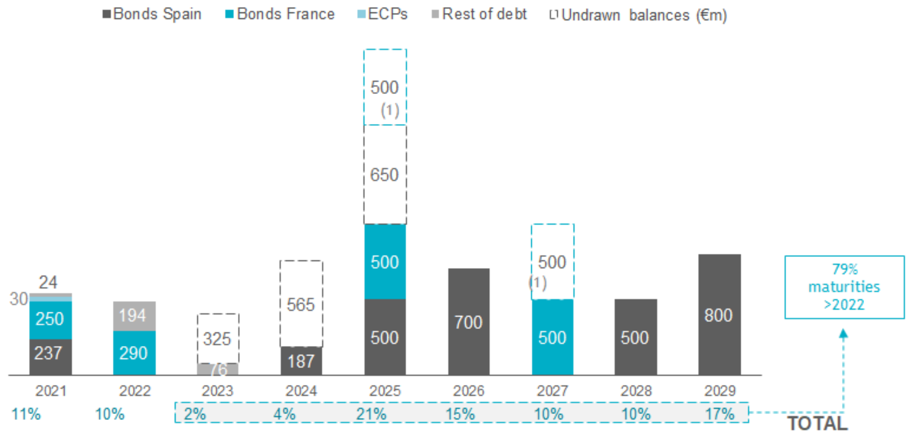
*(1) Cash & Undrawn balances*

*(2) Margin + reference rate, without inccluding commissions*

*(3) Average Maturity calculated based on the available debt*

93% of the drawn debt of the Group is made up of issuances in the bond market, the rest of the debt is financed with credit entities and only 6% have mortgage guarantees.

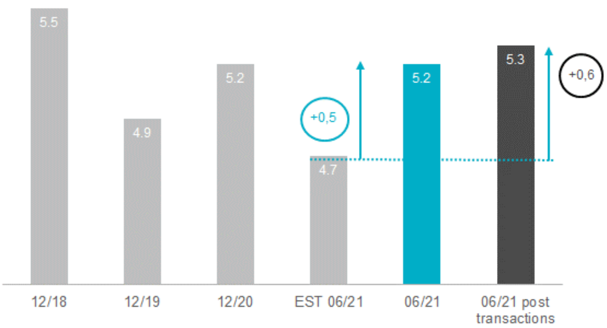
79% of Colonial's debt matures as of 2023 and 73% matures as of 2025. Taking into account the operations carried out in July 2021, the bond buyback of 2023, and the issuance of an additional €125m for the bond of 2029, 83% of the debt will mature as of 2023 and 78% as of 2025.




| | | | | | | | | | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| Colonial | 237 | - | 76 | 187 | 500 | 700 | - | 500 | 800 | 3.000 |
| SFL | 304 | 484 | - | - | 500 | - | 500 | - | - | 1.788 |
| TOTAL | 541 | 484 | 76 | 187 | 1.000 | 700 | 500 | 500 | 800 | 4.788 |
| % total | 11% | 10% | 2% | 4% | 21% | 15% | 10% | 10% | 17% | 100% |

*(1) RCF of Colonial for a total of €1,000m, of which €500m matures in 2025, extendible for 1+1 years.*

The evolution of the average maturity of the Group's debt (in years) is shown in the following graph. EST 06/21 is the average life of the debt estimated at the close of the second quarter of 2021 prior to the formalization of the operations carried out in 2021, described above.



## Financial results

- The main figures of the financial result of the Group are shown in the following table:

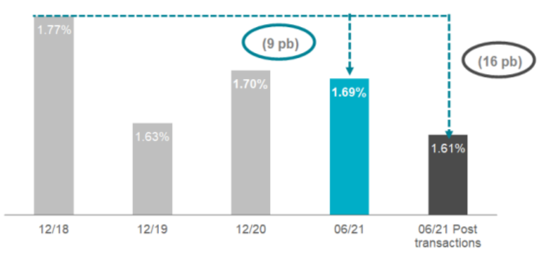
| June cumulative - €m | COL | SFL | H1 2021 | H1 2020 | Var. % |
|---|---|---|---|---|---|
| *Recurring financial expenses - Spain* | *(31)* | *0* | *(31)* | *(31)* | *(0%)* |
| *Recurring financial expenses - France* | *0* | *(18)* | *(18)* | *(16)* | *(14%)* |
| **Recurring Financial Expenses** | **(31)** | **(18)** | **(50)** | **(47)** | **(5%)** |
| Capitalized interest expenses | 3 | 4 | 7 | 5 | 32% |
| **Recurring Financial Result** | **(28)** | **(15)** | **(43)** | **(42)** | **(2%)** |
| Non-recurring financial expenses | (35) | (0) | (35) | (2) | 2254% |
| Change in fair value of financial instruments | 9 | 0 | 9 | (2) | 639% |
| **Financial Result** | **(55)** | **(15)** | **(70)** | **(45)** | **(54%)** |

- The recurring financial expense of the Group increased compared to the same period of the previous year, due to a greater financing cost as a result of a change in debt from short-term debt (ECP program) to long-term debt (new bond issuances). This change aimed to guarantee the long-term liquidity of the Group, as well as to take advantage of the exceptional situation of the debt markets.

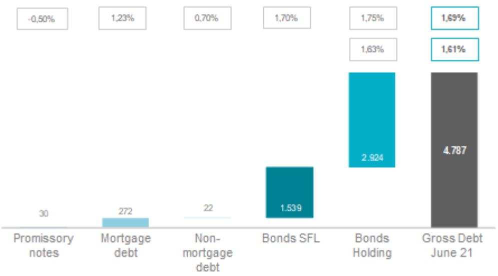
- The non-recurring financial cost of the Group increased compared to the same period of the previous year, mainly due to the buyback costs associated with the bonds maturing in 2023 and 2024, mentioned above.

- The spot financial cost of the drawn debt was 1.69% (1,61% post buyback of the total amount of the bond of 2023 and the additional issuance of the bond of 2029). Including formalization costs, accrued over the life of the debt, the financial cost amounted to 1.83%. Without considering the ECP program, the spot financial cost amounts to 1.70% (1.84% including the financing costs).

Debt spot cost evolution




Gross debt and spot cost composition



- In addition to the operations described above, in June 2021, Colonial restructured part of its pre-hedging instruments in order to adjust them to the new debt maturities, covering new interest rates of future debt emissions. The cumulative value of these types of instruments amounts to €1,100m. All of these comply with the hedging accounting standards.

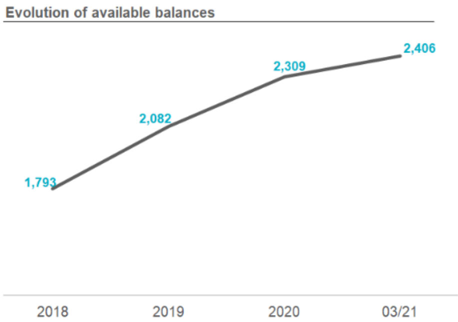
- The new derivatives contracted are classified as "Sustainable Derivatives" as they contain a clause, pursuant to which, the obtaining of a rating by GRESB lower than a certain level implies a contribution by Colonial to sustainable projects. Societe Generale advised Colonial as sustainability advisor.

## Main debt ratios and liquidity

The undrawn balances of the Group as of 30 June 2021 amounted to €2,438m, an increase of more than €100m compared to the close of 2020. This liquidity enables the Group to guarantee its financing needs in the coming years.

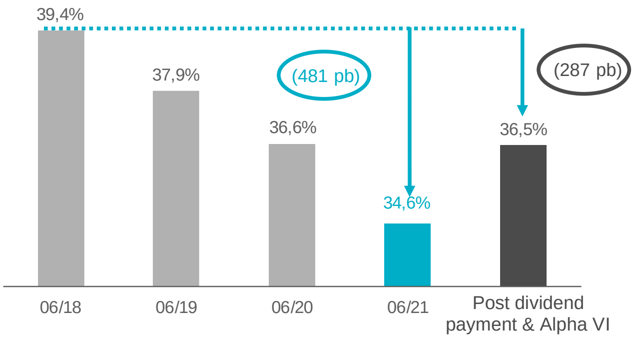
The breakdown of balances and their evolution is shown in the following graphs:

| Cash & undrawn balances (€M) | Colonial | SFL | Group |
|---|---|---|---|
| Current accounts | 359 | 39 | 398 |
| Credit lines available | 1,000 | 1,040 | 2,040 |
| Total | 1,359 | 1,079 | 2,438 |




The Loan to Value (LTV) of the Group, calculated as the ratio of total net debt among the total GAV of the Group, amounted to 34.6%, compared to 36.6% as of 30 June 2020.

The LTV evolution is shown in the following graph:



# 9. Net Tangible Assets

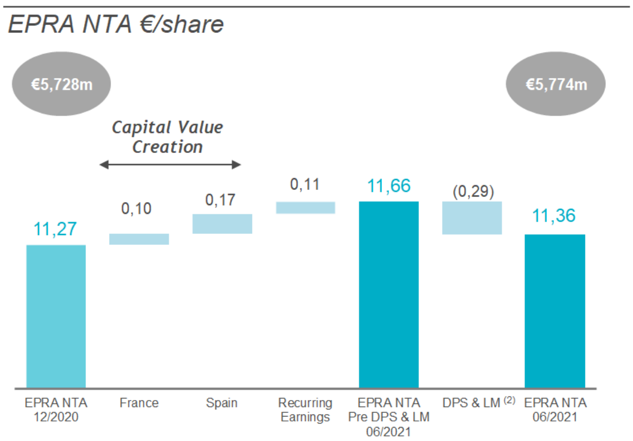
## EPRA Net Tangible Assets (NTA)

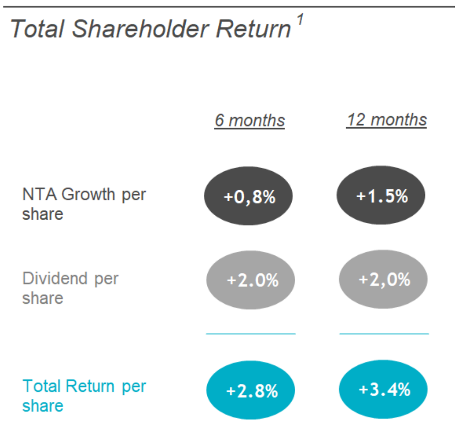
Colonial closed the first half with a **Net Tangible Assets (NTA) of €**5,774m, corresponding to €11.36/share. This figure sets the Colonial Group's return to growth and reflects the growing polarization of the investment and rental markets towards top quality prime assets, versus secondary assets.

This increase of NTA was based on an significant value creation, both in Paris and Spain, which saw an increase of €0.27/share and a recurring result of €0.11/share, increasing the NTA previous to the payment of dividends and the Liability Management up to €11.66/share (+3.5% vs 12/20 and + 4.1% year-on-year).

The NTA in June 2021 was €11.36/share, +1.5% year-on-year once the paid dividend and the Liability Management were deducted.

Including the dividend approved at the Annual General Shareholders Meeting on 30 June 2021, which amounted to €0.22/share (+10% vs the dividend paid the previous year), the Total Shareholder Return amounted to +2.8% in 6 months.




(1) Total shareholder return understood as NTA (NAV) growth per share + dividends
(2) Paid dividends, Liability Management and other impacts

Among the main aspects that explain the growth of the NTA, it is important to highlight:

1. Positive like-for-like growth in the first half of 2021 for the entire portfolio of the Group
2. Successful management of the project portfolio with high levels of pre-letting
3. Resilient execution of the contract portfolio, exceeding ERV's of the previous year
4. A favorable situation in the investment markets for prime assets, enabling disposals with a double-digit premium on GAV.

**The EPRA Net Tangible Assets (EPRA NAV – NTA)** is calculated based on the Group's consolidated equity and adjustments of specific items following EPRA recommendations.

| EPRA Net Tangible Assets - €m (Net Asset Value) | 6/2021 | 12/2020 |
|---|---|---|
| **IFRS Equity attributable to shareholders** | **5,475** | **5,401** |
| **Include:** | | |
| (i) Hybrid instruments | - | - |
| **Diluted NAV** | **5,475** | **5,401** |
| **Include:** | | |
| (i.a) Revaluation of investment properties (if IAS 40 cost option is used) | | |
| (i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used) | | |
| (i.c) Revaluation of other non-current investment | 59 | 64 |
| (ii) Revaluation of tenant leases held as finance leases | - | - |
| (iv) Revaluation of trading properties | 10 | 10 |
| **Diluted NAV at Fair Value** | **5,544** | **5,475** |
| **Exclude:** | | |
| (v) Deferred tax in relation to fair value gains of IP | 233 | 233 |
| (vi) Fair value of financial instruments | (2) | 19 |
| (vii) Goodwill as a result of deferred tax | - | - |
| (viii.a) Goodwill as per the IFRS balance sheet | - | - |
| (viii.b) Intangible as per the IFRS balance sheet | - | - |
| **Include:** | | |
| (ix) Fair value on fixed interest rate debt | n.a. | n.a. |
| (x) Revaluation of intangibles to fair value | n.a. | n.a. |
| (xi) Real estate transfer tax | - | - |
| **EPRA NTA (NAV) - €m** | **5,774** | **5,728** |
| ***Nº of shares (m)*** | ***508.1*** | ***508.1*** |
| ***EPRA NTA (NAV) - Euros per share*** | ***11.36*** | ***11.27*** |

**Calculation of the EPRA NTA (NAV)**: Following the EPRA recommendations and starting from the consolidated equity of €5,475m, the following adjustments were carried out**:**

1. Revaluation of other investments: registry at fair value of several investments of the Group registered in the balance sheet at acquisition cost, mainly treasury shares and assets dedicated to own use.
2. Revaluations of assets held for sale. Registry of the unrealized gain of the properties posted under this heading.
3. Adjustment of deferred taxes: adjustment of the amount of deferred taxes associated with the revaluation of the property assets registered on the balance sheet.
4. Market value of financial instruments: adjustment of the market value (mark to market) of derivative instruments.

# 10. EPRA Ratios & consolidated balance sheet

## EPRA Ratios

### 1) EPRA Earnings

| EPRA Earnings - €m | 1H 2021 | 1H 2020 |
|---|---|---|
| **Earnings per IFRS Income statement** | **162** | **(26)** |
| *Earnings per IFRS Income statement - €cts/share* | *31.86* | *(5.19)* |
| **Adjustments to calculate EPRA Earnings, exclude:** | | |
| (i) Changes in value of investment properties, development properties held for investment and other interests | (146) | 107 |
| (ii) Profits or losses on disposal of investment, development properties held for investment and other interests | (1) | (2) |
| (iii) Profits or losses on sales of trading properties including impairment changes in respect of trading properties | 0 | 0 |
| (iv) Tax on profits or losses on disposals | 0 | 0 |
| (v) Negative goodwill / goodwill impairment | 0 | 0 |
| (vi) Changes in fair value of financial instruments and associated close-out costs | 26 | 2 |
| (vii) Acquisition costs on share deals and non controlling joint venture interests | 0 | 0 |
| (viii) Deferred tax in respect of EPRA adjustments | (2) | (4) |
| (ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation | 0 | 0 |
| (x) Minority interests in respect of the above | 11 | (2) |
| **EPRA Earnings** | **51** | **75** |
| **Company specific adjustments:** | | |
| (a) Extraordinary provisions & expenses | 7 | 7 |
| (b) Non recurring financial result | 0 | 1 |
| (c) Tax credits | 0 | 0 |
| (d) Minority interests in respect of the above | (1) | (0) |
| **Company specific adjusted EPRA Earnings** | **57** | **83** |
| *Average Nº of shares (m)* | *508.1* | *508.1* |
| *Company adjusted EPRA Earnings per Share (EPS) - €cts/share* | *11.14* | *16.24* |

## 2) EPRA Net Asset Value – New Methodology

**EPRA Net Asset value - June 2021**

| EPRA Net Asset value - €m | NAV previous methodology | Net Reinstatement Value | Net Tangible Assets | Net Disposal Value |
|---|---|---|---|---|
| **IFRS Equity attributable to shareholders** | 5,475 | 5,475 | 5,475 | 5,475 |
| **Include:** | | | | |
| (i) Hybrid instruments | - | - | - | - |
| **Diluted NAV** | 5,475 | 5,475 | 5,475 | 5,475 |
| **Include:** | | | | |
| (i.a) Revaluation of investment properties (if IAS 40 cost option is used) | | | | |
| (i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used) | | | | |
| (i.c) Revaluation of other non-current investment | 59 | 59 | 59 | 59 |
| (ii) Revaluation of tenant leases held as finance leases | - | - | - | - |
| (iv) Revaluation of trading properties | 10 | 10 | 10 | 10 |
| **Diluted NAV at Fair Value** | 5,544 | 5,544 | 5,544 | 5,544 |
| **Exclude:** | | | | |
| (v) Deferred tax in relation to fair value gains of IP | 233 | 233 | 233 | n.a. |
| (vi) Fair value of financial instruments | (2) | (2) | (2) | n.a. |
| (vii) Goodwill as a result of deferred tax | - | - | - | - |
| (viii.a) Goodwill as per the IFRS balance sheet | - | n.a. | - | - |
| (viii.b) Intangible as per the IFRS balance sheet | - | n.a. | - | n.a. |
| **Include:** | | | | |
| (ix) Fair value on fixed interest rate debt | - | n.a. | n.a. | (245) |
| (x) Revaluation of intangibles to fair value | - | - | n.a. | n.a. |
| (xi) Real estate transfer tax | n.a. | 493 | - | n.a. |
| **EPRA NAV - €m** | **5,774** | **6,267** | **5,774** | **5,299** |
| ***Nº of shares (m)*** | ***508.1*** | ***508.1*** | ***508.1*** | ***508.1*** |
| ***EPRA NAV - Euros per share*** | ***11.36*** | ***12.33*** | ***11.36*** | ***10.43*** |

**EPRA Net Asset value - December 2020**

| EPRA Net Asset value - €m | NAV previous methodology | Net Reinstatement Value | Net Tangible Assets | Net Disposal Value |
|---|---|---|---|---|
| **IFRS Equity attributable to shareholders** | 5,401 | 5,401 | 5,401 | 5,401 |
| **Include:** | | | | |
| (i) Hybrid instruments | - | - | - | - |
| **Diluted NAV** | 5,401 | 5,401 | 5,401 | 5,401 |
| **Include:** | | | | |
| (ii.a) Revaluation of investment properties (if IAS 40 cost option is used) | | | | |
| (ii.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used) | | | | |
| (ii.c) Revaluation of other non-current investment | 64 | 64 | 64 | 64 |
| (iii) Revaluation of tenant leases held as finance leases | - | - | - | - |
| (iv) Revaluation of trading properties | 10 | 10 | 10 | 10 |
| **Diluted NAV at Fair Value** | 5,475 | 5,475 | 5,475 | 5,475 |
| **Exclude:** | | | | |
| (v) Deferred tax in relation to fair value gains of IP | 233 | 233 | 233 | n.a. |
| (vi) Fair value of financial instruments | 19 | 19 | 19 | n.a. |
| (vii) Goodwill as a result of deferred tax | - | - | - | - |
| (viii.a) Goodwill as per the IFRS balance sheet | - | n.a. | - | - |
| (viii.b) Intangible as per the IFRS balance sheet | - | n.a. | - | n.a. |
| **Include:** | | | | |
| (ix) Fair value on fixed interest rate debt | - | n.a. | n.a. | (280) |
| (x) Revaluation of intangibles to fair value | - | - | n.a. | n.a. |
| (xi) Real estate transfer tax | n.a. | 471 | - | n.a. |
| **EPRA NAV - €m** | **5,728** | **6,198** | **5,728** | **5,195** |
| ***Nº of shares (m)*** | ***508.1*** | ***508.1*** | ***508.1*** | ***508.1*** |
| ***EPRA NAV - Euros per share*** | ***11.27*** | ***12.20*** | ***11.27*** | ***10.22*** |

## 3) EPRA Net initial Yield & Topped-up Net Initial Yield

| D. EPRA Net Initial yield & "Topped-Up" Net Initial Yield | | Barcelona | Madrid | Paris | Otros | Total 2021 | Total 2020 |
|---|---|---|---|---|---|---|---|
| *Figures in €m* | | | | | | | |
| Investment property – wholly owned | | 1,462 | 3,151 | 7,323 | 52 | 11,988 | 11,996 |
| Investment property – share of JVs/Funds | | 29 | na | na | na | 29 | 24 |
| Trading property (including share of JVs) | | na | na | na | na | na | na |
| Less: developments | | (229) | (752) | (1,432) | na | (2,413) | (1,992) |
| **Completed property portfolio** | **E** | **1,262** | **2,399** | **5,891** | **52** | **9,604** | **10,028** |
| Allowance for estimated purchasers' costs | | 38 | 59 | 440 | 2 | 539 | 533 |
| **Gross up completed property portfolio valuation** | **B** | **1,301** | **2,458** | **6,331** | **54** | **10,143** | **10,561** |
| Annualised cash passing rental income | | 44 | 91 | 178 | 4 | 317 | 326 |
| Property outgoings | | (2) | (6) | (4) | (0) | (13) | (16) |
| **Annualised net rents** | **A** | **42** | **85** | **173** | **4** | **304** | **310** |
| Add: notional rent expiration of rent free periods or other lease incentives | | 3 | 4 | 11 | 0 | 18 | 19 |
| **"Topped-up" net annualised rent** | **C** | **45** | **89** | **184** | **4** | **322** | **329** |
| **EPRA Net Initial Yield** | **A/B** | **3.2%** | **3.5%** | **2.7%** | **7.4%** | **3.0%** | **2.9%** |
| **EPRA "Topped-Up" Net Initial Yield** | **C/B** | **3.4%** | **3.6%** | **2.9%** | **7.4%** | **3.2%** | **3.1%** |
| Gross Rents 100% Occupancy | F | 52 | 101 | 199 | 4 | 356 | 370 |
| Property outgoings 100% Occupancy | | (3) | (6) | (4) | (0) | (15) | (14) |
| **Annualised net rents 100% Occupancy** | **D** | **49** | **95** | **195** | **4** | **342** | **355** |
| **Net Initial Yield 100% Occupancy** | **D/B** | **3.7%** | **3.9%** | **3.1%** | **7.4%** | **3.4%** | **3.4%** |
| **Gross Initial Yield 100% Occupancy** | **F/E** | **4.1%** | **4.2%** | **3.4%** | **8.1%** | **3.7%** | **3.7%** |

## 4) EPRA Vacancy Rate

**EPRA Vacancy Rate - Offices Portfolio**

| €m | 1S 2021 | 1S 2020 | Var. % |
|---|---|---|---|
| **BARCELONA** | | | |
| Vacant space ERV | 4 | 2 | |
| Portfolio ERV | 52 | 57 | |
| **EPRA Vacancy Rate Barcelona** | **8%** | **4%** | *4 pp* |
| **MADRID** | | | |
| Vacant space ERV | 5 | 4 | |
| Portfolio ERV | 94 | 100 | |
| **EPRA Vacancy Rate Madrid** | **5%** | **4%** | *1 pp* |
| **PARIS** | | | |
| Vacant space ERV | 7 | 8 | |
| Portfolio ERV | 170 | 185 | |
| **EPRA Vacancy Rate Paris** | **4%** | **4%** | *(1 pp)* |
| **TOTAL PORTFOLIO** | | | |
| Vacant space ERV | 15 | 14 | |
| Portfolio ERV | 315 | 341 | |
| **EPRA Vacancy Rate Total Office Portfolio** | **5%** | **4%** | *1 pp* |

**EPRA Vacancy Rate - Total Portfolio**

| €m | 1S 2021 | 1S 2020 | Var. % |
|---|---|---|---|
| **BARCELONA** | | | |
| Vacant space ERV | 4 | 3 | |
| Portfolio ERV | 54 | 59 | |
| **EPRA Vacancy Rate Barcelona** | **8%** | **4%** | *4 pp* |
| **MADRID** | | | |
| Vacant space ERV | 5 | 4 | |
| Portfolio ERV | 94 | 100 | |
| **EPRA Vacancy Rate Madrid** | **5%** | **4%** | *1 pp* |
| **PARIS** | | | |
| Vacant space ERV | 9 | 9 | |
| Portfolio ERV | 206 | 223 | |
| **EPRA Vacancy Rate Paris** | **4%** | **4%** | *0 pp* |
| **LOGISTIC & OTHERS** | | | |
| Vacant space ERV | - | 2 | |
| Portfolio ERV | 4 | 11 | |
| **EPRA Vacancy Rate Total Portfolio** | **0%** | **16%** | *(16 pp)* |
| **TOTAL PORTFOLIO** | | | |
| Vacant space ERV | 18 | 17 | |
| Portfolio ERV | 358 | 393 | |
| **EPRA Vacancy Rate Total Portfolio** | **5%** | **4%** | *1 pp* |

*Annualized figures*

# Consolidated balance sheet

## Consolidated balance sheet

| €m | 2021 | 2020 |
|---|---|---|
| ASSETS | | |
| Consolidated goodwill | 0 | 0 |
| Property investments | 11,761 | 11,516 |
| Other non-current assets | 191 | 255 |
| Non-current assets | 11,952 | 11,771 |
| Inventory | 55 | 52 |
| Debtors and other receivables | 51 | 30 |
| Other current assets | 418 | 220 |
| Assets available for sale | 38 | 282 |
| Current assets | 562 | 584 |
| TOTAL ASSETS | 12,514 | 12,355 |
| LIABILITIES | | |
| Equity | 5,475 | 5,401 |
| Minority interests | 1,432 | 1,433 |
| Net equity | 6,907 | 6,833 |
| Bond issues and other non-current issues | 3,954 | 4,069 |
| Non-current financial debt | 287 | 294 |
| Deferred tax | 365 | 367 |
| Other non-current liabilities | 86 | 88 |
| Non-current liabilities | 4,692 | 4,818 |
| Bond issues and other current issues | 553 | 508 |
| Current financial debt | 91 | 62 |
| Creditors and other payables | 108 | 103 |
| Other current liabilities | 164 | 32 |
| Current liabilities | 915 | 704 |
| TOTAL EQUITY & LIABILITIES | 12,514 | 12,355 |

# 11. Glossary & Alternative Performance Measures

## Glossary

| | |
|---|---|
| **Earnings per share (EPS)** | Profit from the year attributable to the shareholders divided by the basic number of shares |
| **BD** | Business District |
| **Market capitalization** | The value of the company's capital obtained from its stock market value. It is obtained by multiplying the market value of its shares by the number of shares in circulation. |
| **CBD** | Central Business District (prime business area). Includes 22@ market in Barcelona. |
| **Property company** | Company with rental property assets |
| **Portfolio (surface area) in operation** | Property/surfaces with the capacity to generate rents at the closing date of the report |
| **EBIT** | Calculated as the operating profit plus variance in fair value of property assets as well as variance in fair value of other assets and provisions. |
| **EBITDA** | Operating result before net revaluations, disposals of assets, depreciations, provisions, interests, taxes and exceptional items. |
| **EPRA** | European Public Real Estate Association: Association of listed European property companies that sets best market practices for the sector |
| **Free float** | The part of share capital that is freely traded on the stock market and not controlled in any stable way by shareholders |
| **GAV excl. transfer costs** | Gross Asset Value of the portfolio according to external appraisers of the Group, after deducting transfer costs. |
| **GAV incl. transfer costs** | Gross Asset Value of the portfolio according to external appraisers of the Group, before deducting transfer costs. |
| **GAV Parent Company** | Gross Asset Value of directly held assets + Value JV Plaza Europa + NAV of 81.7% stake in SFL + Value of treasury shares |
| **Holding** | A company whose portfolio contains shares from a certain number of corporate subsidiaries. |

| | |
|---|---|
| **IFRS** | International Financial Reporting Standards, which correspond to the *Normas Internacionales de Información Financiera (NIIF).* |
| **JV** | Joint Venture (association between two or more companies). |
| **Like-for-like valuation** | Data that can be compared between one period and another (excluding investments and disposals). |
| **LTV** | Loan to Value (Net financial debt/GAV of the business). |
| **EPRA Like-for-like rents** | Data that can be compared between one period and another, excluding the following: 1) investments and disposals, 2) changes in the project and refurbishment portfolio, and 3) other extraordinary items, for example, indemnities from tenants in case of anticipated leave. Calculation based on EPRA Best Practices guidelines. |
| **EPRA NTA** | EPRA Net Tangible Assets (EPRA NTA) is a proportionally consolidated measure, representing the IFRS net assets excluding the mark-to-market on derivatives and related debt adjustments, the mark-to-market on the convertible bonds, the carrying value of intangibles as well as deferred taxation on property and derivative valuations. It includes the valuation surplus on trading properties and is adjusted for the dilutive impact of share options. |
| **EPRA NDV** | EPRA Net Disposal Value (EPRA NDV) represents NAV under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. |
| **EPRA Cost Ratio** | Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income. |
| **Physical Occupancy** | Percentage: occupied square meters of the portfolio at the closing date of the report/surfaces in operation of the portfolio |
| **Financial Occupancy** | Financial occupancy according to the calculation recommended by the EPRA (occupied surface areas multiplied by the market rental prices/surfaces in operation at market rental prices). |
| **EPRA Vacancy** | Vacant surface multiplied by the market rental prices/surfaces in operation at market rental prices. Calculation based on EPRA Best Practices guidelines. |

| | |
|---|---|
| **Reversionary potential** | This is the result of comparing the rental revenues from current contracts (contracts with current occupancy and current rents in place) with the rental revenues that would result from 100% occupancy at market prices, estimated by independent appraisers. Projects and refurbishments are excluded. |
| **Projects underway** | Property under development at the closing date of the report |
| **RICS** | Royal Institution of Chartered Surveyors |
| **SFL** | Société Foncière Lyonnaisse |
| **Take-up** | Materialized demand in the rental market, defined as new contracts signed |
| **Valuation Yield** | Capitalization rate applied by the independent appraisers in the valuation |
| **Yield on cost** | Market rent 100% occupied/Market value at the start of the project net of impairment of value + invested capital expenditure. |
| **Yield occupancy 100%** | Passing rents + vacant spaces rented at the market prices/market value |
| **EPRA net initial yield (NIY)** | Annualised rental income based on passing rents as at the balance sheet date, reduced by the non-recoverable expenses, divided by the market value, including transfer costs |
| **EPRA Topped-Up Net Initial Yield** | EPRA Net Initial Yield, eliminating the negative impact of the lower rental income |
| **Gross Yield** | Gross rents/market value excluding transfer costs |
| **Net Yield** | Net rents/market value including transfer costs |
| **€m** | In millions of euros |

# Alternative performance measures

| Alternative performance measure | Method of calculation | Definition/Relevance |
|---|---|---|
| **EBIT**<br>***(Earnings before interest and taxes)*** | Calculated as the "Operating profit" | Indicates the Group's capacity to generate profits, only taking into consideration its economic activity, less the effect of debt and taxes. |
| **Analytic EBIT** | Calculated as the EBIT, less the "Financial result" deriving from the registration of "IFRS 16 on financial leases", associated with flexible business | Indicates the Group's capacity to generate profits, only taking into consideration its economic activity, less the effect of debt and taxes. |
| **EBITDA**<br><br>**(*Earnings Before Interest, Taxes, Depreciation and Amortization*)** | Calculated as the "Operating profit" adjusted by "Depreciation/Amortization" "Value variations in real estate investments", "Net changes in provisions" and "Result for variations in asset value or impairments" | Indicates the Group's capacity to generate profits only taking into account its economic activity, eliminating allocations to depreciation/amortization, and the effect of debt and taxes. |
| **Analytic EBITDA**<br><br>**(Earnings Before Interest, Taxes, Depreciation and Amortization)** | Calculated adjusting the EBITDA by the costs incurred in the "Amortization" and "Financial Result" deriving from the registration of "IFRS 16 on financial leases", associated with flexible business. | Indicates the Group's capacity to generate profits only taking into account its economic activity, eliminating allocations to depreciation/amortization, and the effect of debt and taxes. |
| **EBITDA assets**<br><br>**(Earnings Before Interest, Taxes, Depreciation and Amortization)** | Calculated adjusting the analytic EBITDA by "general expenses" and "extraordinary items" not associated with property use. | Indicates the Group's capacity to generate profits only taking into account its economic activity, eliminating allocations to depreciation/amortization, provisions, and the effect of debt and taxes associated with property use. |
| **Gross financial debt** | Calculated as the total of all items under "Bank borrowings and other and other financial liabilities" and "Issues of debentures and similar securities", excluding "Interest (accrued), "Origination fees" and "Other financial liabilities" from the consolidated statement of financial position. | Relevant figure for analysing the financial situation of the Group.<br><br>. |
| **EPRA[1] NTA**<br>**(EPRA Net Tangible Asset**) | Calculated based on the Company's capital and reserves, adjusting certain items in accordance with EPRA recommendations. | Standard analysis ratio in the real estate sector and recommended by EPRA. |

(1) EPRA (*European Public Real Estate Association*) or European Association of listed property companies which recommend the standards of best practices to be followed in the real estate sector. The method of calculation of these APMs is carried out following the indications established by EPRA.

| Alternative performance measure | Method of calculation | Definition/Relevance |
|---|---|---|
| **EPRA[1] NDV (EPRA Net Triple Asset)** | Calculated adjusting the following items in the EPRA NTA: the market value of financial instruments, the market value of financial debt, the taxes that would be accrued with the sale of the assets at their market value, applying the tax credit recognized in the balance sheet, considering a going concern assumption | Standard analysis ratio in the real estate sector recommended by EPRA |
| **Market value excluding transaction costs or Gross Asset Value (GAV) excluding Transfer costs** | Measurement of the totality of the Group's asset portfolio carried out by independent appraisers of the Group, less transaction or transfer costs. | Standard analysis ratio in the real estate sector. |
| **Market value including transaction costs or GAV including Transfer costs** | Measurement of the totality of the Group's asset portfolio carried out by external appraisers of the Group, before deducting the transaction or transfer costs. | Standard analysis ratio in the real estate sector. |
| **Like-for-like rental income** | Amount of the rental income included in the item "Revenues" comparable between two periods. To obtain the calculation, the income from investments or disposals carried out in both periods are excluded, as well as the income deriving from assets included in the projects and refurbishments portfolio and other atypical adjustments (for example, penalties for early termination of rental contracts). | It enables a homogeneous comparison of the evolution of rental income of an asset or group of assets. |
| **Like-for-like measurement** | Amount of the ERV excluding the transaction costs or of the ERV including the transaction costs comparable between two periods. To obtain the calculation, the income from investments or disposals carried out in both periods are excluded, | It enables a homogeneous comparison of the evolution of the ERV of the portfolio. |
| **Loan to Value, Group or LTV Group** | Calculated as the result of dividing the gross financial debt (reduced by the amount in the item "Cash and cash equivalents") by the market valuation including the transaction costs of the Group's asset portfolio plus the treasury shares of the Parent Company at EPRA NAV. | It enables the analysis of the ratio between the net financial debt and the valuation of the Group's asset portfolio. |
| **LTV Holding or LTV Colonial** | Calculated as the result of dividing the gross financial debt (less the amount in the item "Cash and cash equivalents") of the Parent Company and 100% owned subsidiary companies by the market valuation, including transaction costs, of the parent company's asset portfolio and the EPRA NAV of all financial stakes in subsidiary companies. | It enables the analysis of the ratio between the net financial debt and the valuation of the parent company's asset portfolio. |

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# 12. Contact details & Disclaimer

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Colonial is a Spanish listed REIT company (SOCIMI), leader in the European Prime office market with presence in the main business areas of Barcelona, Madrid and Paris with a prime office portfolio of more than 1.8 million sqm of GLA and assets under management with a value of more than €12bn.

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