

Colonial



Leading the digital transformation of the sector

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5 July 2019





- 01 The right DNA
- 02 Flexible office market update
- 03 Utopicus
- 04 New initiatives
- 05 Conclusion

The pioneer on new trends in the last 30 years

Colonial at the forefront since 1999

- > First mover in operational and strategic trends
- > Ready to lead the digitalization of the sector

Colonial at the forefront since 1999

1999 > First IPO

2004 > Internationalization

2008 > First asset class specialist

2014 > Successful restructuring

2015 > First Investment Grade company

2016 > First EPRA gold award in Sustainability

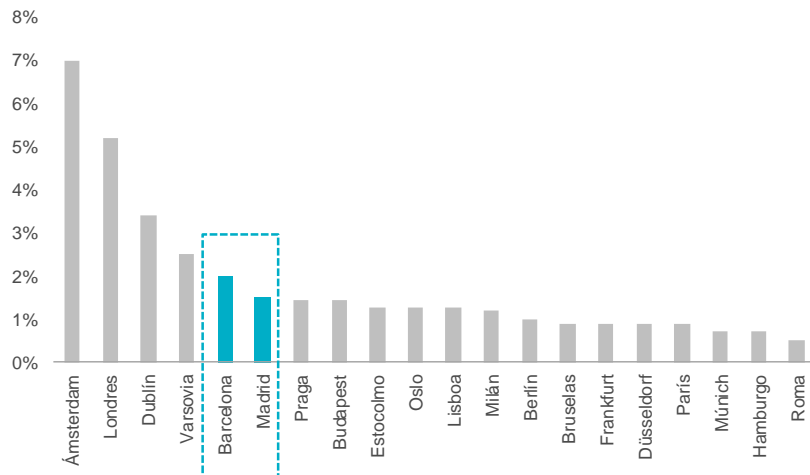
2017 > First mover in the coworking market through the acquisition of Utopicus

2018 > Colonial leading digitalization and innovation of the office sector

A growing market within the office space

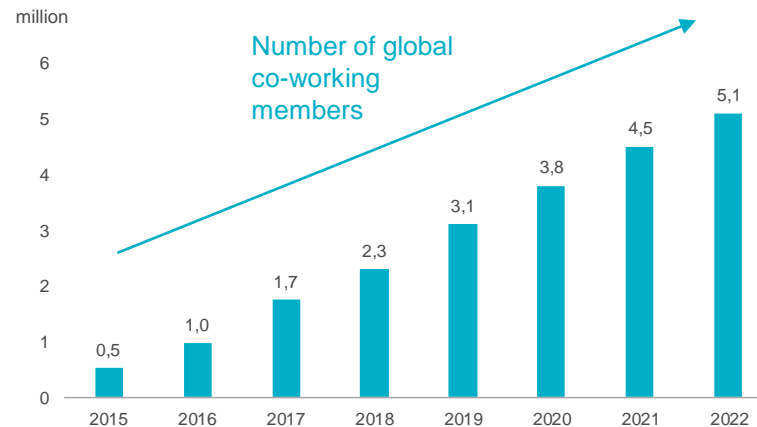
- > Flexible offices becoming a relevant portion of the office stock in Europe
- > Prime client needs far beyond standard products
- > Number of coworkers growing fast due to strong market dynamics: Flexibility, Technology, Services and Urbanization

STOCK FLEX OFFICE



- > Amsterdam and London main markets in Europe with c. 7% and 5% of total office stock
- > Barcelona and Madrid still in the early stages of this new market, however reaching already 2% of total stock
- > According to some analysts flexible spaces will represent between 10% - 15% of the total stock in Spain in 2023

TAKE UP FLEX OFFICE



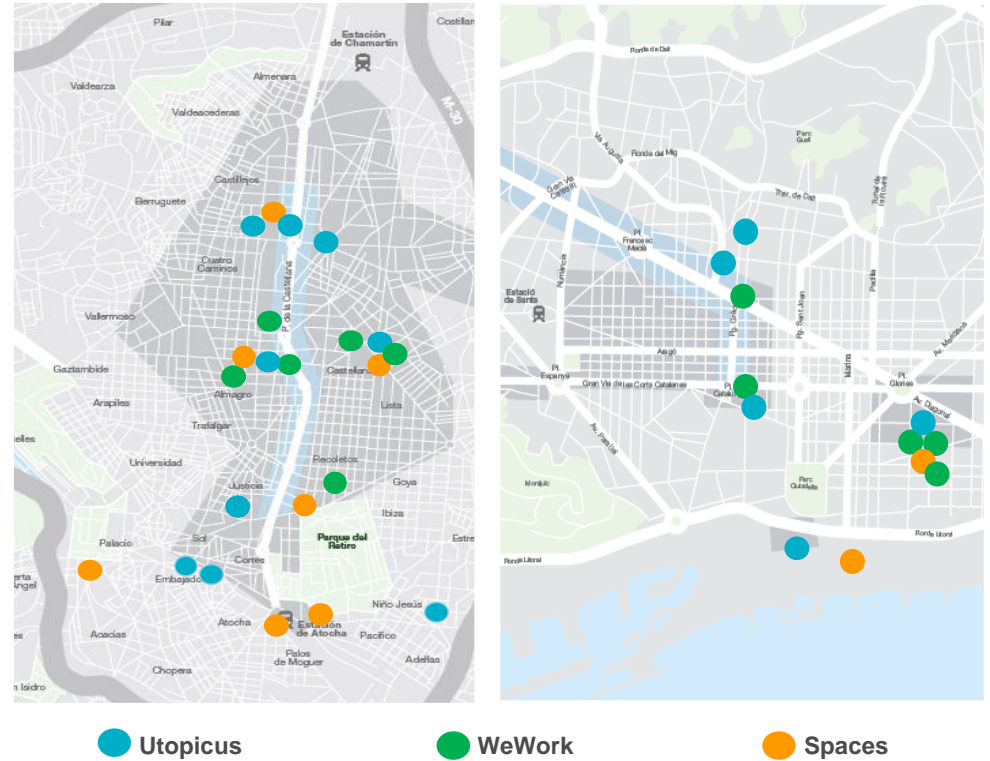
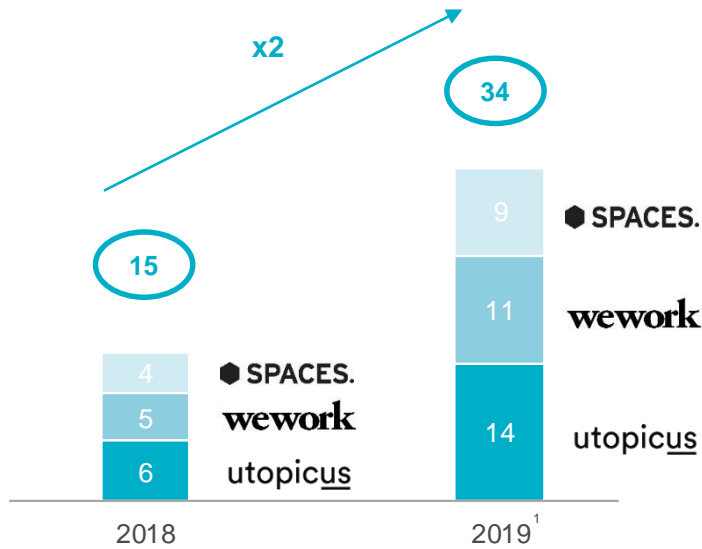
- > Market dynamics supporting growth: Technology, flexibility, services and urbanization
- > London flexible office represents 18% of total office take up
- > Barcelona and Madrid flexible office take up represents 11%
- > Technology companies leading the change, but traditional sectors also becoming users

02 Flexible office market update

Competitive landscape in Spain

- > Utopicus, Wework & Spaces leading flexible office in Spain
- > Utopicus has created a strong community and brand positioning in Spain
- > Additional players emerging – international and local platforms

CENTERS OF WEWORK, SPACES & UTOPICUS IN BARCELONA & MADRID



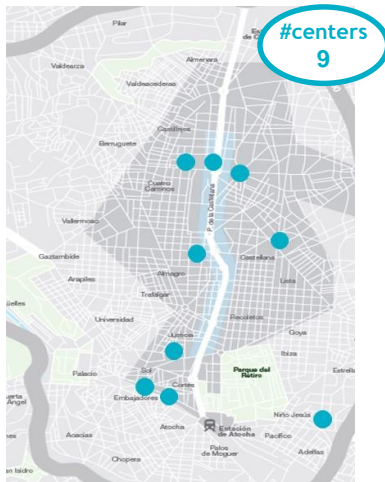
Source: Colonial Research

1) In operation and new opening in the coming months

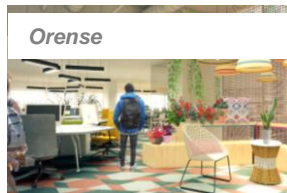
03 Utopicus 2018 - A year of growth and brand positioning

- > Utopicus with consolidated leadership in Spain
- > Strong brand recognition with well positioning in key locations
- > Quick expansion with 14 centers and 40,000 sq m under operation

CENTERS UTOPICUS



ASSETS IN OPERATION



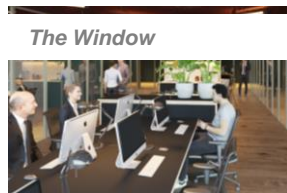
Orense



Gran Vía 4



Duque de Rivas



The Window



Colegiata



Conde de Casal

OPENINGS UNDERWAY



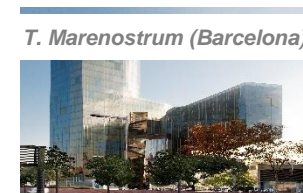
Paseo Habana (Madrid)



Castellana 163 (Madrid)



Abascal 56 (Madrid)



T. Marenostrum (Barcelona)

14 centers

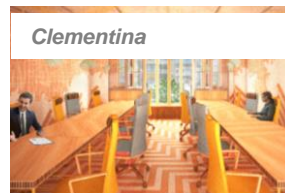
37.616 sqm

Strong branding

#centers 5



Pl. Catalunya



Clementina



Parc Glòries



Gal·la Placidia

MADRID

BARCELONA

2019 – A year of optimization and delivery

Successful Launch of combined commercial campaigns Colonial+Utopicus

- > Proven results in capturing new clients through cross selling strategy
- > Enhanced revenues in traditional and flex products

SUCCESSFUL CROSS SELLING STRATEGY

> Commercial actions together Colonial+Utopicus

1. New modern **spaces**

2. A dynamic **community** to belong to

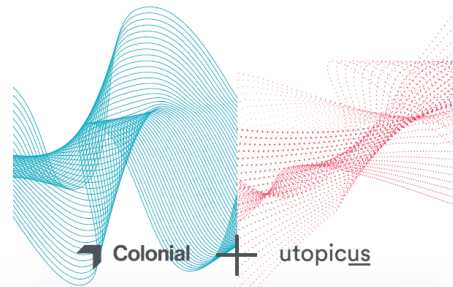
3. New **services** beyond sqm

> **Events, activities and workshops** to create

community and brand recognition

> Combined offer meets new clients needs

No hay nada más positivo que **sumar.**



03 Utopicus
Hybrid office product

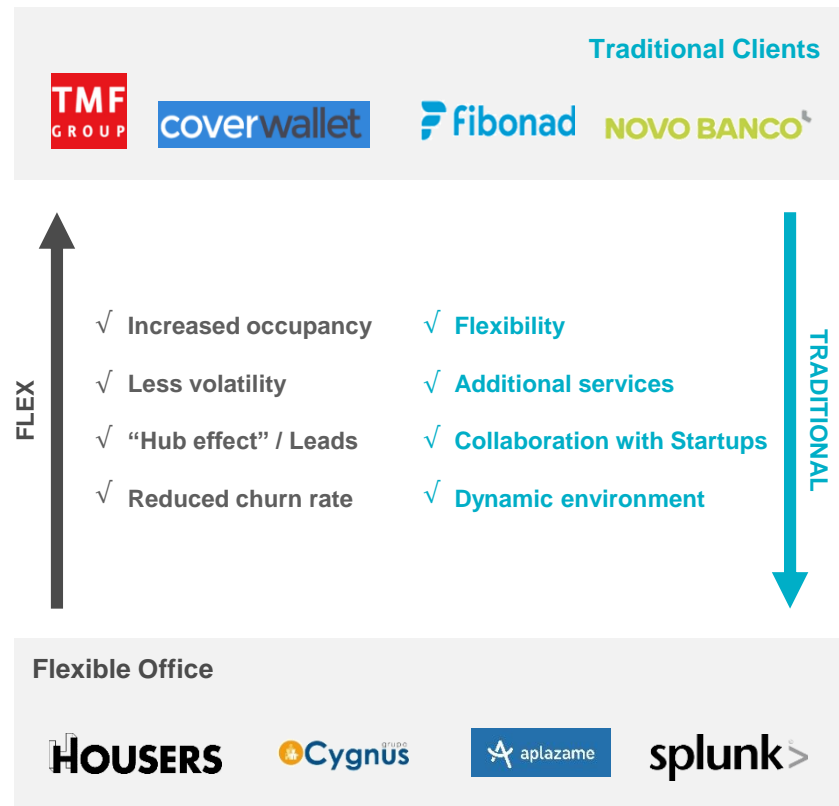
- Optimization of the concept through the combination of traditional and flexible office
- > Traditional clients gain flexibility
- > Flexible space increases occupancy and reduces volatility

Colonial

utopicus



Benefits for traditional and flex to combine both uses:



03 Utopicus Plaça Catalunya Business Case

Successful delivery of the first center opened in Barcelona

- > After 12 months in operation the center has reached full occupancy
- > The income generated multiplies by more than 2x times the traditional rent



94%
occupancy

> x2 Rent
multiplier



MAIN KPI'S

Opening:	May 2018
Months in operation:	12
Capex - €/sqm:	320
Current occupancy:	94%
Income - €/sqm/month:	> 40
Rent - €/sqm/month:	20
Rent Multiplier:	> x2

Main tenants:



I.T



agri-business



education



hospitality

2019 A year of optimization and delivery

Rump-up phase with 14 centers entering into operation

- > Reaching higher occupancy levels than expected
- > Break even reached at c.60% occupancy rate



Smart Building Management System

Colonial leading the digitalization of the Real Estate sector

- > Development of Building Management System (BMS) by Colonial
- > Efficiency improvement of building areas

Short Term deliveries

- > Building management software (BMS) developed by Colonial
- > Significant increase of customer response
- > BMS awarded by NetExploChange, observatory of innovation in Proptech

-
- 1 Improvement in efficiency
 - 2 Customer satisfaction
 - 3 Automatized ESG reports

Next Steps

- > Introduction of predictable management
- > Integration with CRM
- > Implementation to the whole portfolio
- > Further pilot testing in IOT field

-
- 1 Reduction of Operating Costs
 - 2 Optimization of operations
 - 3 Increased willingness to pay

Partnerships and think-tank

Colonial leading the digitalization of the Real Estate sector

- > Partnerships with accelerator and digital consultants
- > Member of the Pan European think-tank of office specialists

Partnerships with accelerator and digital consultants

NEW YORK CITY



BARCELONA



- | | |
|--|---|
| <ul style="list-style-type: none"> > Leading PropTech accelerator in the US > Agreement with Columbia University > Colonial the 1st European Sponsor > Global access to more than 25 companies per annum | <ul style="list-style-type: none"> > Leading digital consultant in Barcelona > Strategic knowledge of digital transformation > Open innovation platform > European Outreach to PropTech StartUps |
|--|---|

Pan European think-tank



- > Founder member of a European Think-tank
- > Created in 2017 to foster collaboration among European office players
- > Best practices in innovation and digitalisation
- > **Identification of Future trends**



CONCLUSION

- 1 **Colonial well positioned on new trends**
 - > Strong Flex platform
 - > New client strategies
 - > Key partnerships on Proptech initiatives

- 2 **Additional sources of profitable growth**
 - > Proven success of hybrid products
 - > Strong base to capture new users
 - > Opportunity to enhance revenue base

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