

Colonial



Colonial – Capital Markets Day  
PERFORMANCE REVIEW

*Mr. Carlos Krohmer*

*Chief Corporate Development Officer*



European Property  
Investment Awards  
WINNER 2019

Madrid 15/10/19

By accepting this presentation and/or by attending this presentation, you will be taken to have represented, warranted and undertaken that you have read and agree to comply with the contents of this disclaimer. The information contained in this presentation ("Presentation") has been prepared by Inmobiliaria Colonial, S.A. (the "Company") and has not been independently verified and will not be updated. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein and nothing in this Presentation is, or shall be relied upon as, a promise or representation. None of the Company nor any of its employees, officers, directors, advisers, representatives, agents or affiliates shall have any liability whatsoever (in negligence or otherwise, whether direct or indirect, in contract, tort or otherwise) for any loss howsoever arising from any use of this Presentation or its contents or otherwise arising in connection with this Presentation.

This Presentation is for information purposes only and is incomplete without reference to, and should be viewed solely in conjunction with, the Company's publicly available information and, if applicable, the oral briefing provided by the Company. The information and opinions in this presentation are provided as at the date hereof and subject to change without notice. It is not the intention to provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the Company's financial or trading position or prospects.

This Presentation does not constitute investment, legal, accounting, regulatory, taxation or other advice and does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and for making your own independent assessment of the Company. You are solely responsible for seeking independent professional advice in relation to the Company. No responsibility or liability is accepted by any person for any of the information or for any action taken by you or any of your officers, employees, agents or associates on the basis of such information.

This Presentation could contain financial information regarding the businesses and assets of the Company. Such financial information may not have been audited, reviewed or verified by any independent accounting firm. The inclusion of such financial information in this Presentation or any related presentation should not be regarded as a representation or warranty by the Company, its affiliates, advisors or representatives or any other person as to the accuracy or completeness of such information's portrayal of the financial condition or results of operations by the Company and should not be relied upon when making an investment decision. Certain financial and statistical information in this document has been subject to rounding off adjustments. Accordingly, the sum of certain data may not conform to the expressed total.

Certain statements in this Presentation may be forward-looking. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changing economic, business or other market conditions, changing political conditions and the prospects for growth anticipated by the Company's management. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Any forward-looking statements contained in this Presentation and based upon past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The market and industry data and forecasts that may be included in this Presentation were obtained from internal surveys, estimates, experts and studies, where appropriate as well as external market research, publicly available information and industry publications. The Company, its affiliates, directors, officers, advisors and employees have not independently verified the accuracy of any such market and industry data and forecasts and make no representations or warranties in relation thereto. Such data and forecasts are included herein for information purposes only. Accordingly, undue reliance should not be placed on any of the industry or market data contained in this Presentation.

The distribution of this Presentation in other jurisdictions may be restricted by law and persons into whose possession this presentation comes should inform themselves about and observe any such restrictions.

NEITHER THIS DOCUMENT NOR ANY OF THE INFORMATION CONTAINED HEREIN CONSTITUTES AN OFFER OF PURCHASE, SALE OR EXCHANGE, NOR A REQUEST FOR AN OFFER OF PURCHASE, SALE OR EXCHANGE OF SECURITIES, OR ANY ADVICE OR RECOMMENDATION WITH RESPECT TO SUCH SECURITIES.

---

PERFORMANCE VS PEERS

---

## Outperformance through prime positioning

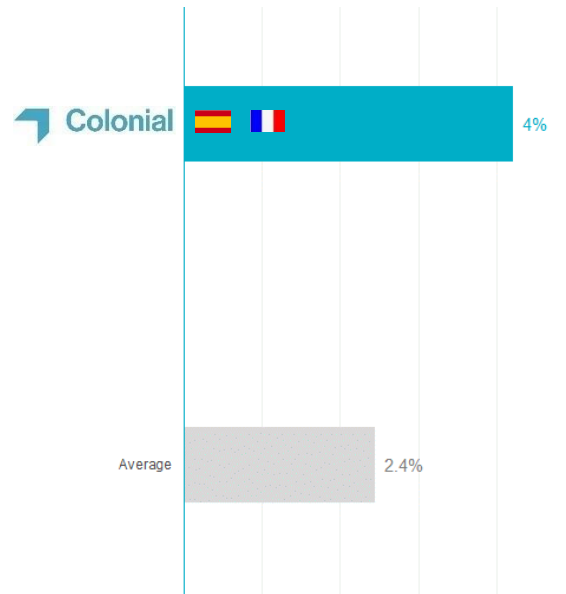
- > Solid outperformance on every metric
- > GRI & GAV with solid like for like growth
- > Solid price increases as driver for value

KPI's 1H 19	COLONIAL	AVERAGE PEERS
GROSS ASSET VALUE - Like-for-Like 6 months	+4%	+2.4%
GROSS RENTAL INCOME - EPRA LFL	+4%	+3.3%
RELEASE SPREAD	+11%	+3.8%
EPRA VACANCY	4%	5.4%
ENERGY CERTIFICATES (LEED/BREEAM)	91%	60%

## 01 Performance vs peers GAV LFL outstanding

- > GAV LFL clearly above average
- > GAV growth with strong Alpha component
- > Highest 3 year Total Asset Return in Spanish Real Estate

### GAV LFL 6/19 vs PEERS (TOTAL PORTFOLIO - 6 MONTHS)



### HIGHEST RETURN IN SPAIN

MSCI rated Colonial as the best performing specialist fund for Spain.

Third year in a row

Colonial obtained the **highest total annualized return in the last 3 years** compared to the property sector benchmark.



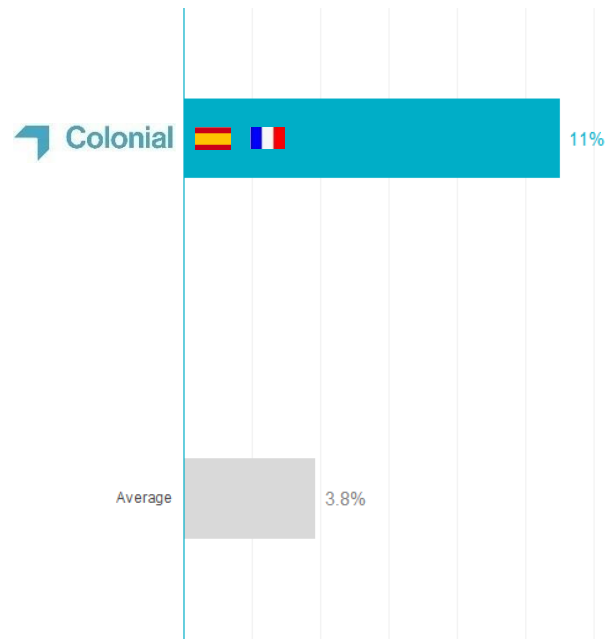
# 01 Performance vs peers

## Strong delivery on rental price increases

- > Highest release spread among peers
- > High double-digit positive release spreads
- > Solid release spreads in every city

### SOLID INCREASE IN RENTAL PRICES

#### RELEASE SPREAD 6/19 vs PEERS



#### RELEASE SPREAD BREAKDOWN COLONIAL<sup>1</sup>

	1H 19
GROUP	+11%
BARCELONA	+52%
MADRID	+6%
PARIS	+7%

Diagonal 409



+33%

Torre BCN



+52%

Diagonal 609



+38%

Alfonso XII



+25%

Miguel Ángel, 11



+16%

Louvré des Affaires



+8%

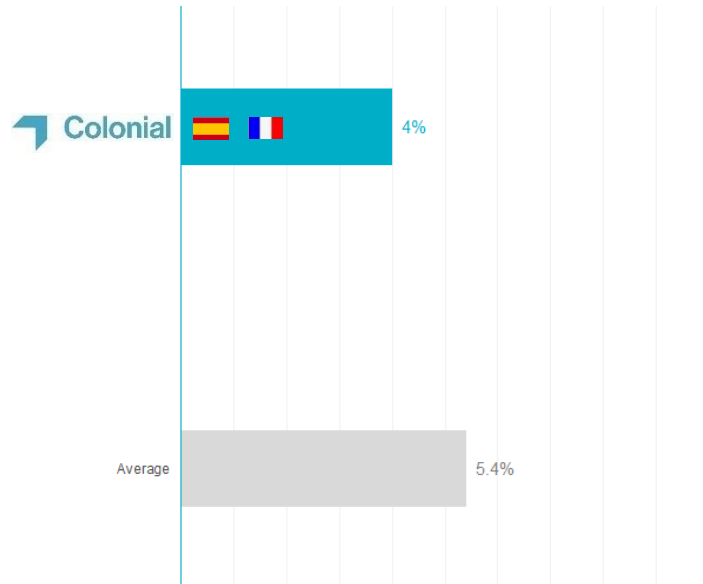
(1) Signed rents vs previous contracts (renewals)  
Source public information

01 Performance vs peers  
Healthy vacancy levels

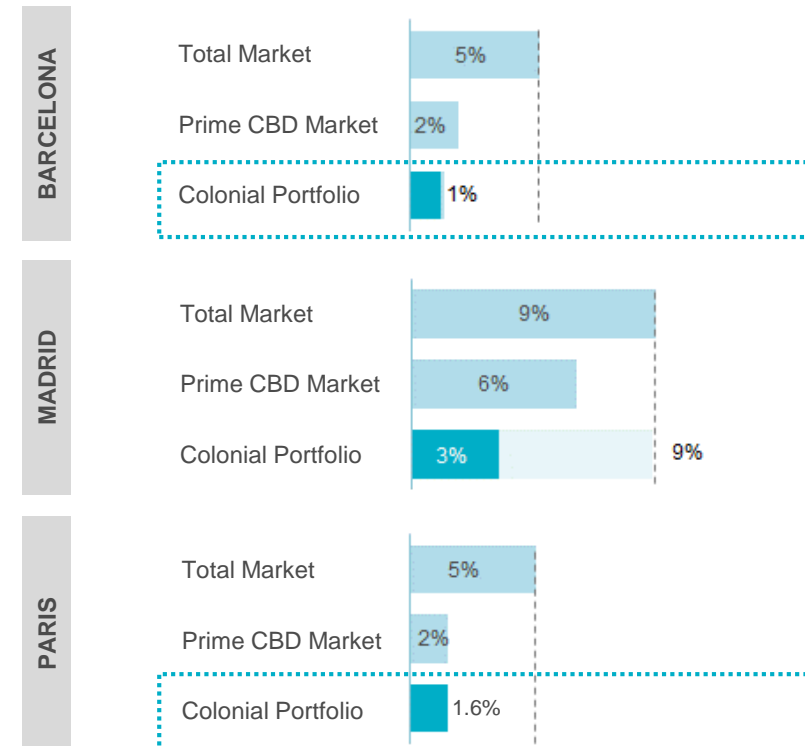
- > Colonial strongly-positioned vs peer group & market average
- > Barcelona and Paris portfolio outstanding
- > A solid base to capture rental growth

EPRA VACANCY

VACANCY 6/19 vs PEERS (TOTAL PORTFOLIO)



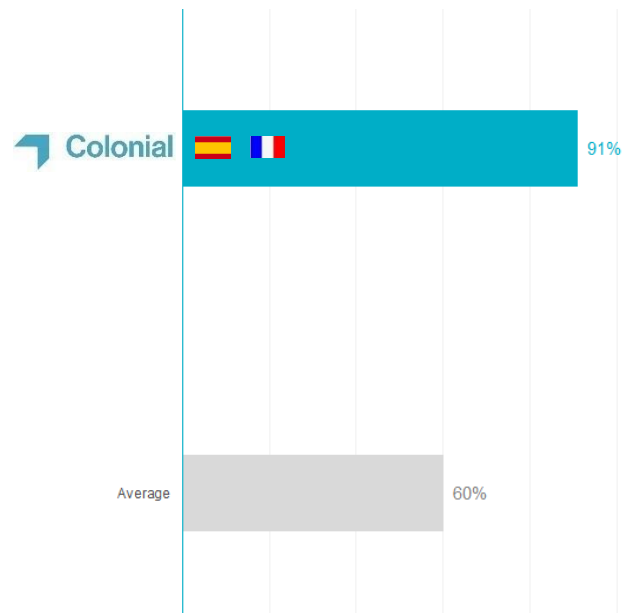
VACANCY COLONIAL vs MARKET 6/18



## 01 Performance vs peers Strong positioning in ESG

- > ESG at the core of strategy
- > BREEAM / LEED certificates clearly above average
- > Strong momentum on ESG ratings

### BREEAM/LEED CERTIFICATION



### OUTSTANDING PORTFOLIO



- > GRESB / BREEAM 2019 Award for Responsible Real Estate Investment
- > #1 in the Large Portfolio Category (more than €1bn)
- > 91% of portfolio with highest energy standards

### STRONG CORPORATE RATINGS ON ESG

#### LARGEST 10 INDUSTRY PEERS

(REAL ESTATE MANAGEMENT & SERVICES)

	RATING AND TREND
SWIRE PROPERTIES LIMITED	AAA ↑
Inmobiliaria Colonial, SOCIMI, S.A.	AA ↑
PROLOGIS, INC.	AA ↔
WHARF REAL ESTATE INVESTMENT COMPANY LIMITED	A ↔
VENTAS, INC.	BBB ↑
Vonovia SE	BBB ↔
WELLTOWER INC.	BBB ↔
SIMON PROPERTY GROUP, INC.	BBB ↑
AVALONBAY COMMUNITIES, INC.	BB ↔
EQUITY RESIDENTIAL	BB ↔
PUBLIC STORAGE	B ↔



- > AA Rating (up from BBB)
- > One of the highest ratings in Europe
- > Strong scoring on Governance



- > Gold 4<sup>th</sup> year in a row
- > Gold since 2016
- > First mover in Spain



- > “Good practice” rating
- > Strong performance on Governance



---

MOVING ON – MAINTAINING TRACTION

---

02 Update on Performance  
Fundamentals remain solid

- > Gross Rental Income LFL remains strong
- > Ongoing strong price increases
- > Healthy vacancy levels with reversionary potential

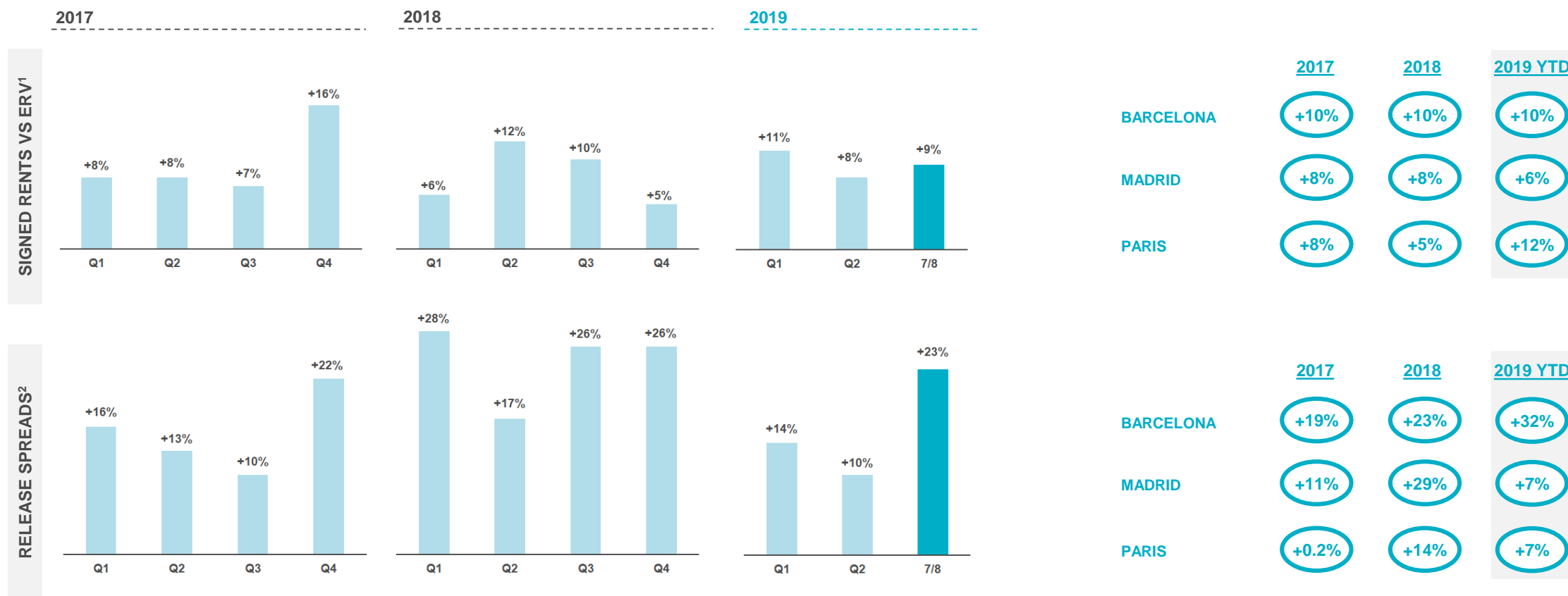
Operating Performance Strong	FY 17	FY 18	1H 19	7/8 19
GROSS RENTAL INCOME EPRA LFL	+4%	+5%	+4%	+4% <sup>1</sup>
RENTAL GROWTH - PRICE vs ERV	+9%	+8%	+9%	+9% <sup>2</sup>
RELEASE SPREAD	+13%	+26%	+11%	+23% <sup>2</sup>
EPRA VACANCY	4%	4%	4%	4% <sup>3</sup>

(1) 8/19 cum. LFL  
 (2) Letting performance July and August  
 (3) EPRA vacancy 8/19

## Strong delivery on rental price increases

- > 11 quarters in a row with high increases vs ERV
- > 11 quarters in a row with double digit release spreads
- > Strong rental price increases in every segment

### STRONG DELIVERY ON RENTAL PRICE INCREASES



(1) Signed rents vs previous year ERV (new lettings & renewals)  
 (2) Signed rents vs previous contracts (renewals)

SIGNED RENTS vs ERV

1H 2019

Pedralbes Center



+135%

Edouard VII



+21%

Francisco Silvela, 42



+19%

Hausman



+13%

Diagonal 525



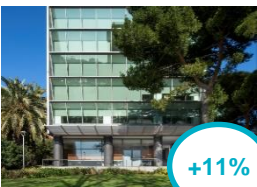
+12%

Sant Cugat



+17%

Av. Diagonal, 682



+11%

Diagonal 682



+7%

Via Augusta



+10%

Lopez de Hoyos 35



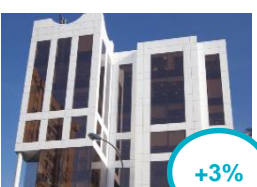
+8%

103 Grenelle



+6%

Arturo Soria, 336



+3%

Louvré Saint-Honoré



+3%

Ciutat de Granada



+7%

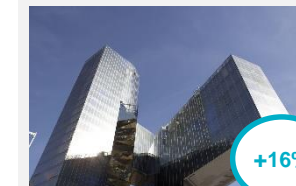
Av. Bruselas 38



+7%

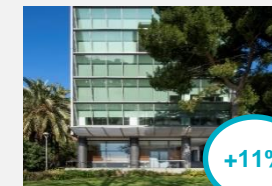
7/8 2019

Torre Mareostrum



+16%

Av. Diagonal, 682



+11%

Sant Cugat



+17%

Castellana 163



+25%

Castellana 163



+17%

Recoletos 37



+11%



RELEASE SPREAD

1H 2019

Illacuna



Tucumán



Diagonal 409



Via Augusta



Torre BCN



Sant Cugat



Miguel Ángel, 11



Diagonal 609



Santa Engracia



Alfonso XII



Miguel Ángel, 11



Louvre Saint-Honoré



Diagonal 197



Francisca Delgado



Alfonso XII

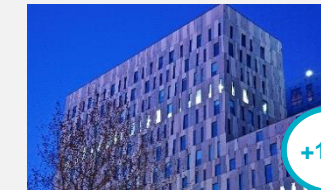


7/8 2019

Illacuna



Diagonal 197



José Abascal 56



(1) Signed rents vs previous contracts (renewals)



## COLONIAL – SUSTAINABLE LONG-TERM RETURNS

---

- A** Colonial's prime positioning delivers superior returns
  
- B** Solid outperformance of peers
  
- C** Fundamentals with positive momentum

Colonial



[www.inmocolonial.com](http://www.inmocolonial.com)

© Colonial