

IBEX³⁵



MSCI



European Property
Investment Awards
WINNER 2020

Colonial – Capital Markets Day

PERFORMANCE REVIEW

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Corporate Managing Director

Madrid 09/12/20

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- 01 Update on Performance
- 02 Performance vs Peers
- 03 Balance Sheet Management

Solid Results YTD

01 Update on Performance

Solid fundamentals driving profitability

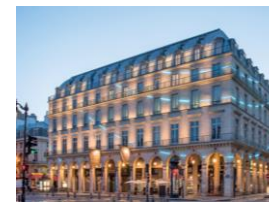
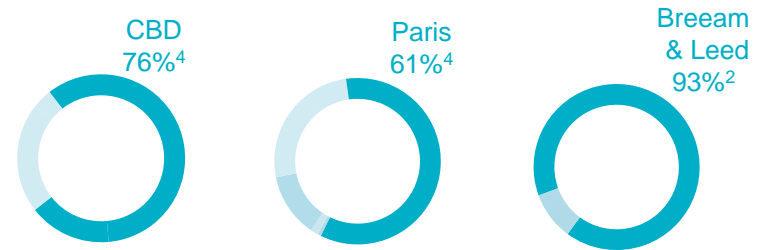
- > Recurring EPS growth of +8%
- > NRI like for Like growth of +3%
- > Offices NRI like for like of +4%

Profit & Loss - €m	09/20	YoY Var
Recurring Net Profit	€112m	+8%
Recurring EPS	22.10 €Cts/share	+8%

Outstanding GRI like for like	09/20	YoY Var
Group like-for-like ¹	€260m	+0.4%
Offices Like-for-Like^{1 & 3}	€254m	+2%
Madrid like-for-like ¹		+5%
Barcelona like-for-like ¹		+7%
Paris like-for-like ¹		(0.3%)

Outstanding NRI like for like	09/20	YoY Var
Group like-for-like ¹	€245m	+3%
Offices Like-for-Like^{1 & 3}	€241m	+4%
Madrid like-for-like ¹		+12%
Barcelona like-for-like ¹		+10%
Paris like-for-like ¹		(0.6%)

Unparalleled Prime Positioning



Louvre-Saint-Honoré



Marceau



Biome



Campus Méndez Álvaro



Velázquez Padilla



Miguel Ángel, 23

(1) EPRA like-for-like variance based on EPRA BPR methodology
 (2) Office portfolio in operation with Leed & Breeam certificates
 (3) Office portfolio + Prime retail of Galeries Champs Elysées and DAU Pedralbes
 (4) Figures adjusted by logistic and Q3 sales

01 Update on Performance

Solid fundamentals driving operational performance

- > Healthy Vacancy levels with high collection rate
- > Double digit Release Spread & Ongoing Rental Growth
- > Strong CBD positioning with high Paris exposure

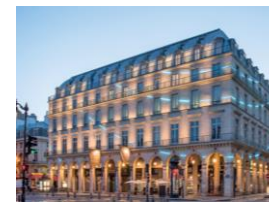
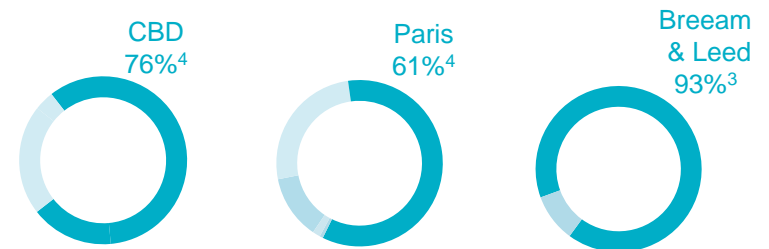
Solid Fundamentals 09/20

EPRA Vacancy	4%
Office Collection Rate Q3 20	98%
Total Collection Rate Q3 20	96%
<hr/>	
Volume of sq m signed	68,847
# transactions signed	49

Capturing Rental Price Increases

Double-digit release Spread¹	+25%
Barcelona	+51%
Madrid	+20%
Paris	+14%
<hr/>	
Sustained rental growth²	+5%
Barcelona	+7%
Madrid	(1.6%)
Paris	+10%

Unparalleled Prime Positioning



Louvre-Saint-Honoré



Marceau



Biome



Campus Méndez Álvaro



Velázquez Padilla



Miguel Ángel, 23

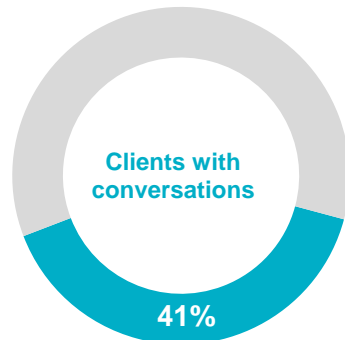
(1) Rental prices signed vs previous rents
 (2) Rental prices signed vs ERV 12/19
 (3) Office portfolio in operation with Leed & Breeam certificates
 (4) Figures adjusted by logistic and Q3 sales

- > Agreements 100% finalized
- > Discounts in very limited cases: 3% impact YTD on annual GRI
- > Potential additional impacts from second wave 1.5%

STATUS OF CLIENT CONVERSATION

NEGOTIATION RESULTS YTD

Clients negotiations Status



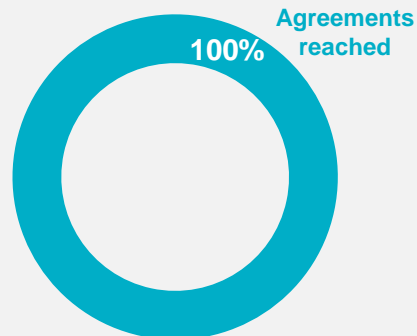
There of agreed



Q2 & Q3 with high levels of rent collection

- > Default of payments below 0.5%
- > Colonial's client base mainly big companies with very limited exposure to small tenants

Agreements reached



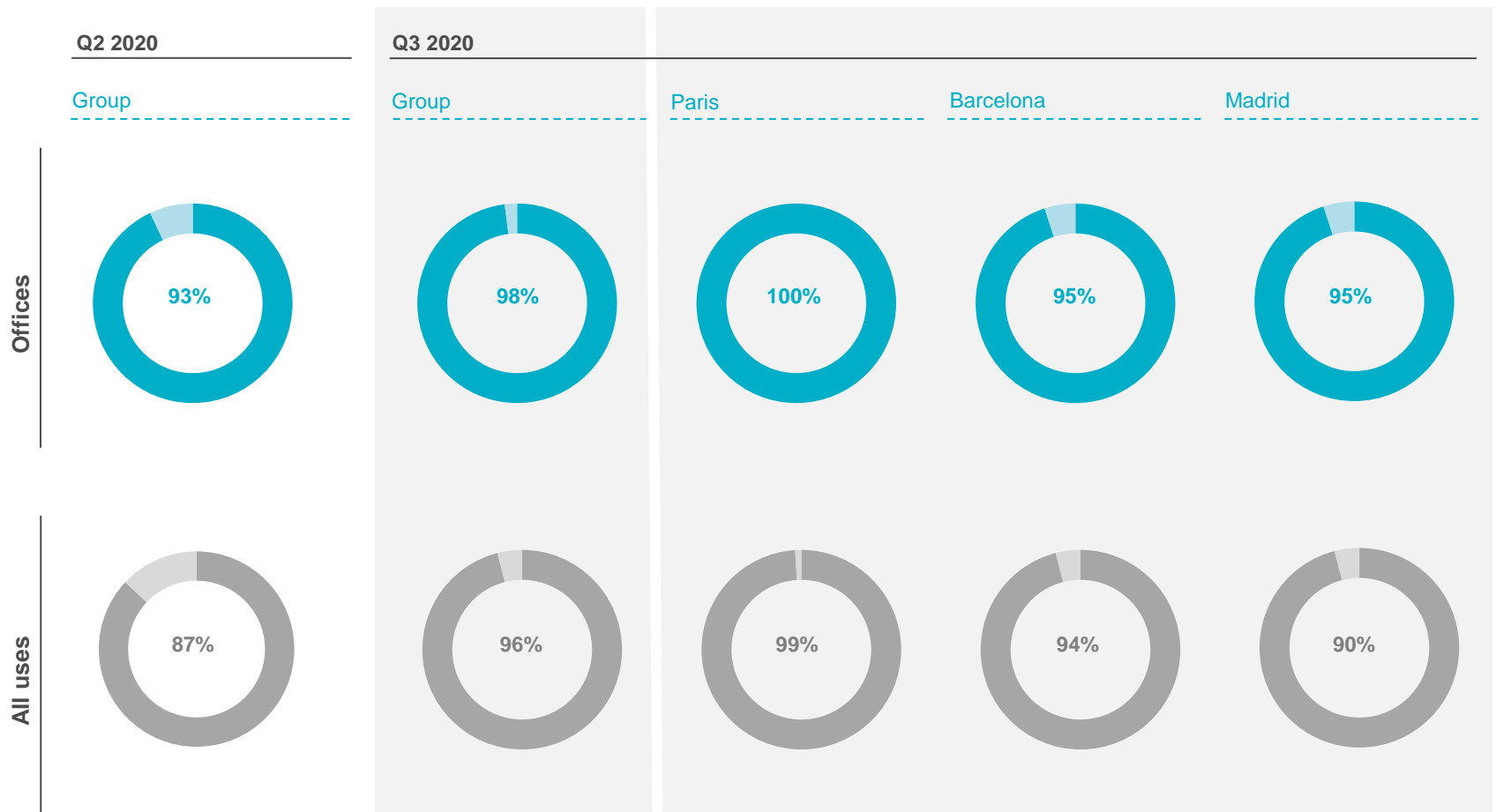
Limited impact on P/L

- > 100% of negotiations finalised
- > Agreements reached YTD with €10m of discount
- > 3% impact YTD on annual Group GRI
- > Potential additional impacts from second wave 1.5%

01 Update on Performance
Collection Rates & Discounts

- > 100% Paris Offices
- > 98% Group Offices
- > 96% Group All Products

COLLECTION RATES DURING COVID-19



(1) Full year estimate including call option on logistics to be executed in first half 2020

01 Update on Performance

Fundamentals remain solid

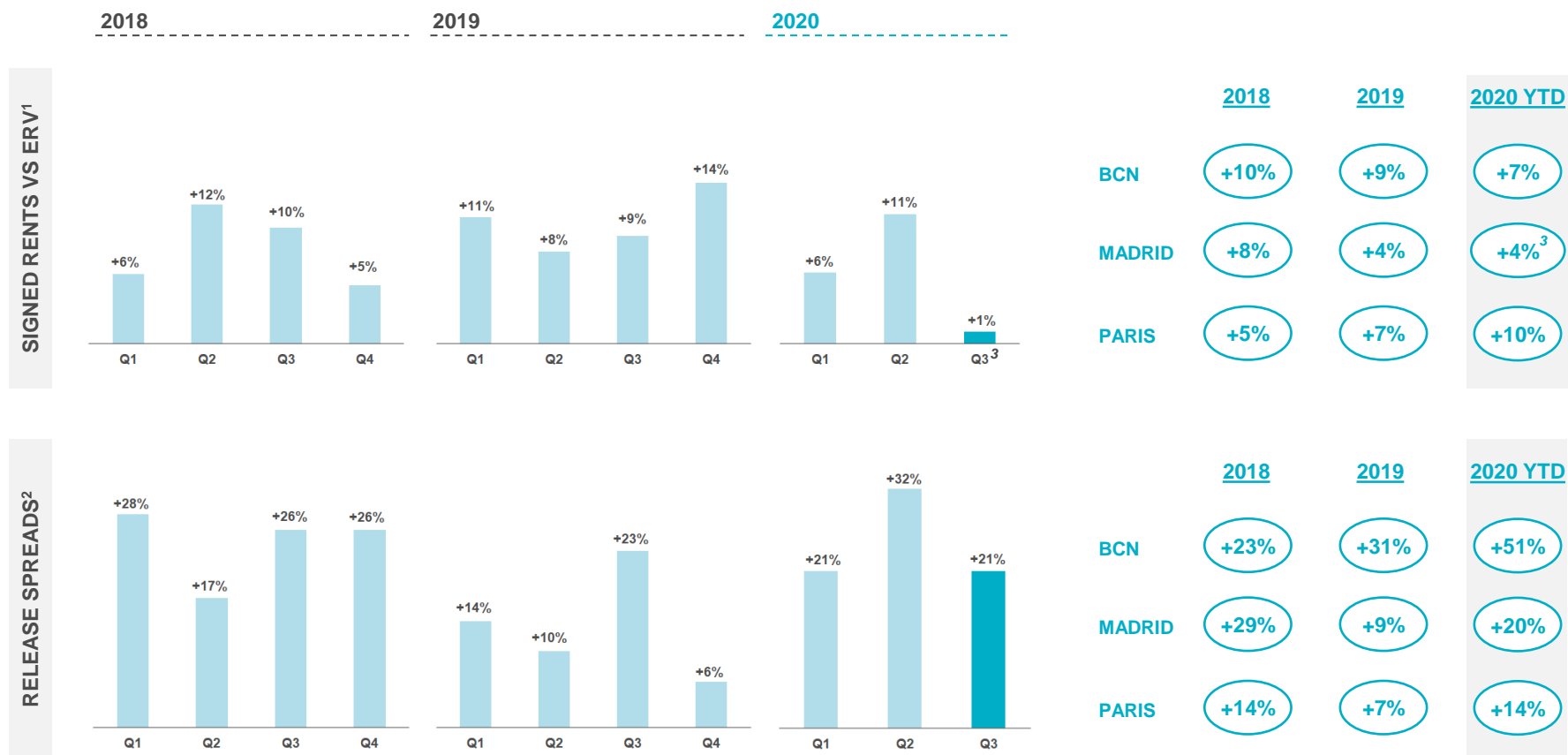
- > Healthy vacancy levels with reversionary potential
- > Ongoing strong price increases
- > Double digit release spreads

<u>OPERATING PERFORMANCE STRONG</u>	<u>2018 FY</u>	<u>2019 FY</u>	<u>09/20 YTD</u>
EPRA VACANCY	4%	3%	4%
RENTAL GROWTH - PRICE vs ERV	+8%	+6%	+5%
RELEASE SPREAD	+26%	+14%	+25%

Strong delivery on rental price increases

- > Colonial with ongoing delivery of double-digit release spreads
- > Signed rents versus ERVs remain solid
- > Strong rental price performance in every city

STRONG DELIVERY ON RENTAL PRICE INCREASES



(1) Signed rents vs previous year ERV (new lettings & renewals)
 (2) Signed rents vs previous contracts (renewals)
 (3) Excluding a single large Madrid renewal

01 Update on Performance

Strong delivery on rental price increases

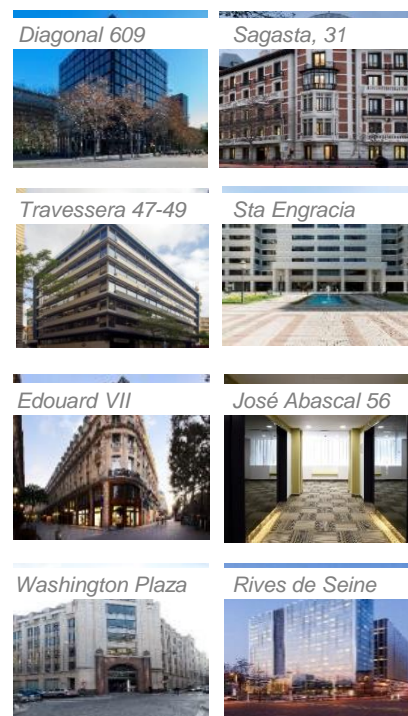
- > Colonial with ongoing delivery of double-digit release spreads
- > Signed rents versus ERVs remain solid
- > Strong rental price performance in every city

REVERSION AS SOLID "BUFFER"

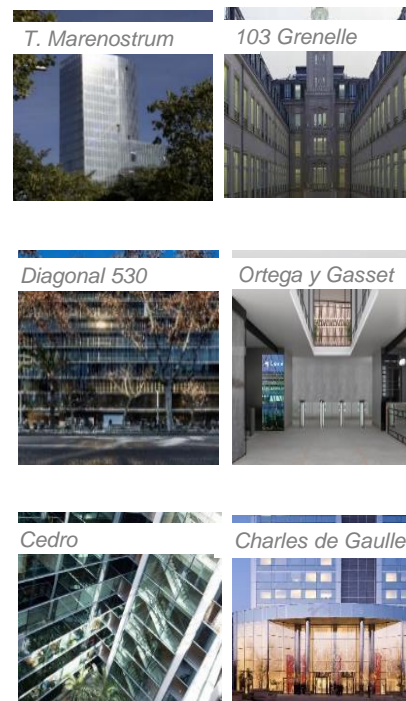
Strong delivery YTD

	<u>Release Spread captured¹</u>			<u>Price Potential Reversion 06/2020²</u>
	<u>1Q 2020 PreCovid</u>	<u>2Q 2020 Covid</u>	<u>3Q YTD Covid</u>	
BARCELONA	+50%	+54%	+18%	+16%
MADRID	+15%	na	+22%	+8%
PARIS	na	+14%	flat	+7%

REVERSION IN PRIME PREMISES



ENHANCED THROUGH RENOVATION PROGRAM



1) New rents signed vs previous
 2) Market rents vs current passing rents as of 06/20

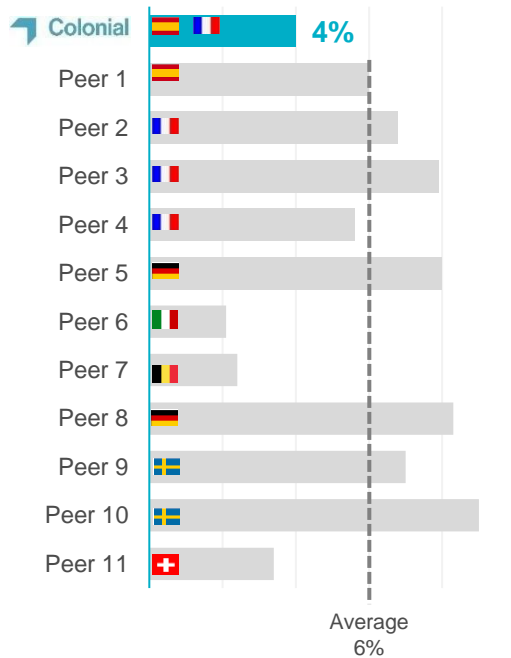
Performance vs Peers

Performance vs peers – Healthy vacancy levels

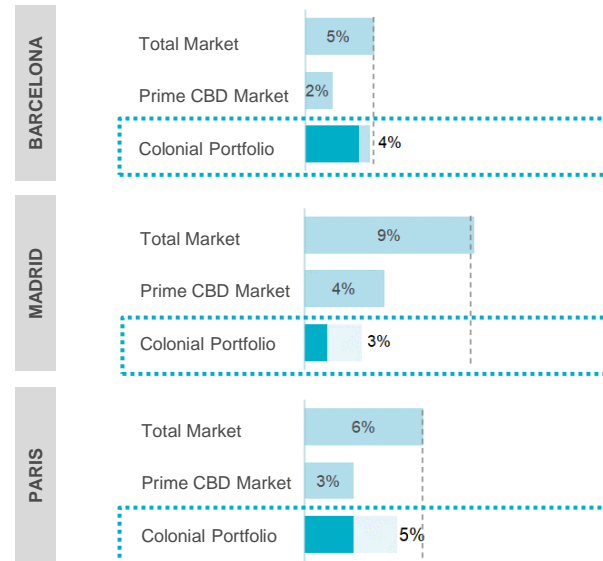
- > Colonial strongly-positioned vs peer group & market average
- > Madrid portfolio outstanding
- > A solid base to capture rental growth

EPRA VACANCY

VACANCY 9/20 vs PEERS (TOTAL PORTFOLIO)



VACANCY COLONIAL vs MARKET 9/20

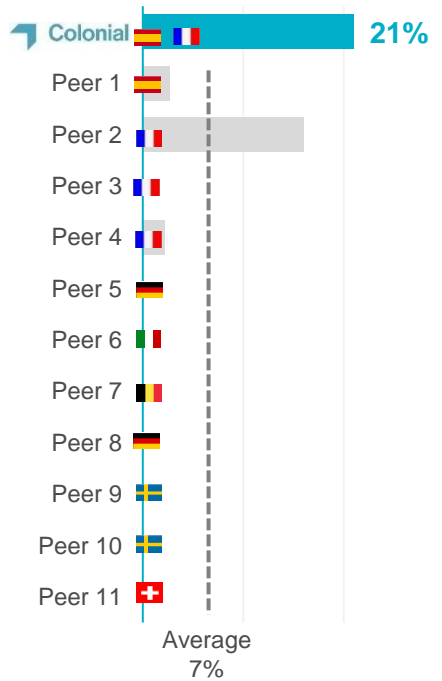


Performance vs peers – GRI LFL well above average

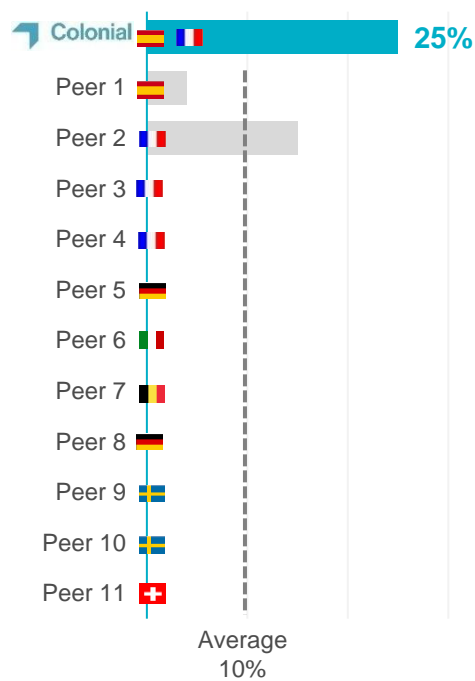
- > High double-digit positive release spreads
- > Solid release spreads in every city

SOLID INCREASE IN RENTAL PRICES

RELEASE SPREAD¹ 6/20 vs PEERS



RELEASE SPREAD¹ 9/20 vs PEERS



Release Spread
Colonial 3Q 20



(1) Signed rents vs previous contracts (renewals)

Source public information

Balance Sheet Management

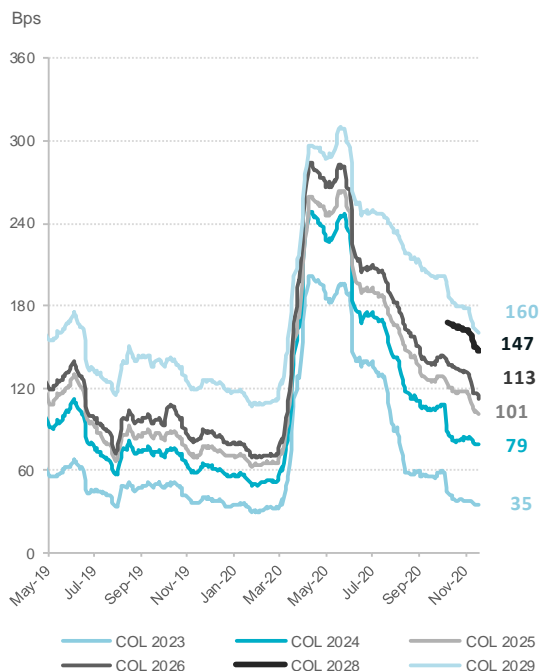
Balance Sheet management & Cash

Bond pricing market reacting to strong fundamentals and Balance Sheet

- > Spreads of Colonial bonds trading at similar levels than Pre-Covid
- > Rating agencies have confirmed again in Q4 Colonial’s Credit Rating at Baa2 and BBB+

Colonial Bonds – z spread trading YTD

- > Spreads of Colonial bonds trading at similar levels than Pre-Covid
- > Fixed income investors tracking fundamentals again



Rating confirmed by Credit Agencies

MOODY’S Baa2 stable

Credit Strengths

- > **Leading position in the prime** French and Spanish office markets
- > **High-quality office portfolio** with a strong tenant base and high occupancy
- > **Moderate leverage**, reflecting a supportive shareholder base and management’s commitment to a strong financial profile
- > **Strong liquidity**, with a substantial amount of unencumbered assets

S&P Global BBB+ stable

Ratings

Rent Collection Remains Solid Despite COVID-19-Related Headwinds

“Colonial maintained **solid like-for-like growth** in net rental income”

“**Stable vacancy rate** at 4%

“**recovered letting activity in Q3**, a level significantly higher than pre-COVID-19”

Balance Sheet management & Cash

Solid access to debt markets, with €1,5Bn of new issuances during Q4

- > €500m successful bond issuance with long only institutionals
- > €1,000m new revolving sustainable credit facility

€500m bond issuance in Spain

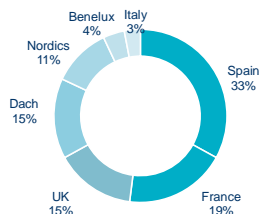
Successful issuance in bond market



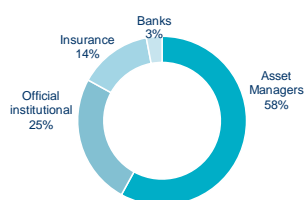
Strong support, 3x oversubscription

- > 3x oversubscription with orders in excess of €1,600m
- > Strong support from the beginning with 3 tickets above €100m
- > High quality investor base, with insurance companies and sovereign funds leading the book-building dynamics
- > 36 accounts from the 2016 bond repeated in this transaction
- > 50 new accounts added €850m demand

By country



By investor type



€1,000m new sustainable credit facility

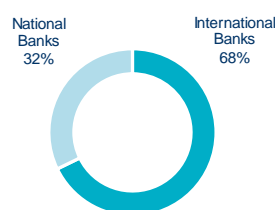
Improvement of the financial flexibility



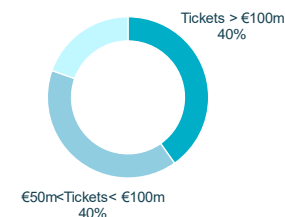
14 international and national financial institutions

- > Offers received for a total amount of €1,200m
- > New entities willing to join the pool with high tickets
- > Classified as sustainable RCF
- > Unique conditions in terms of maturity: 5+1+1
- > Unsecured credit facility
- > Covenants based on LTV <55% and ICR >2x

By country



By ticket size



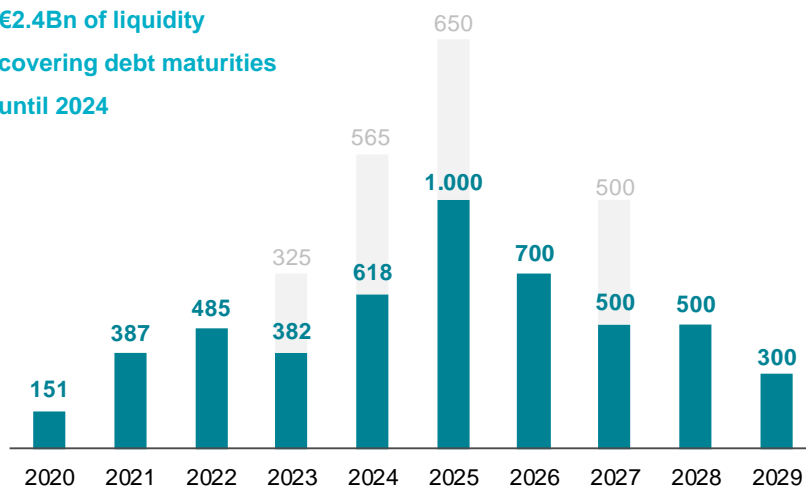
- > Long-term financing profile with extended debt maturities
- > €2.4Bn of liquidity covering debt maturities until 2024
- > A solid financial structure with competitive financing costs

Extension of Debt Maturities

- I. Bond issuance SFL: 2021/22 ---> 2027
- II. Bond issuance Spain: 2023/24 ---> 2028
- III. New Credit Facility: 2022/23 ---> 2025/27

Maturity profile of debt facilities - €Bn

€2.4Bn of liquidity
covering debt maturities
until 2024



A Solid Financial Structure

	31/12/2019	30/09/2020
Net Debt	€4,609m	€4,576m
LTV	36.1%	36.5%
Net Debt / Ebitda ¹		13.1x

Drawn Facilities	€125m
Unutilized Facilities	€1,915m
Total Facilities	€2,040m
Cash	€447m
Liquidity	€2,362m

Debt Maturity Group	5.2 years
Non-Mortgage debt	95%
Cost of Debt Group	1.71%

(1) Net Debt / Ebitda calculation as follows:

Net Debt adjusted for the projects under development multiplied by LTV (as these projects are not yet income contributing but already (partially) financed on the balance sheet)

Ebitda based on latest reported EPRA Topped-up Net annualized rent



CONCLUSIONS

- 1 Solid fundamentals driving operational performance**
 - > Covid19 quarters Q2/Q3 in line with Q1 (PreCovid)
 - > Solid rental price levels with healthy maturities

- 2 Limited impact of COVID in our financials**
 - > Discounts in very limited cases: 3% impact on annual GRI
 - > Deferrals in exchange of longer-term maturities

- 3 Solid outperformance of peers**
 - > Colonials prime positioning delivers superior performance
 - > Double digit release spreads across the full portfolio

- 4 Strong Balance sheet with solid access to debt markets**
 - > Bond pricing market reacting to strong fundamentals
 - > Successful issuances enhancing long-term financing profile

- 5 Profit & Loss Guidance – EPS 2020E: €26cts**
 - > Additional estimate for 2nd wave included

Colonial



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