

Colonial



Colonial – Capital Markets Day
UPDATE ON SPANISH PORTFOLIO
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Madrid 15/10/19

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01 Letting-up in the North & East of Madrid

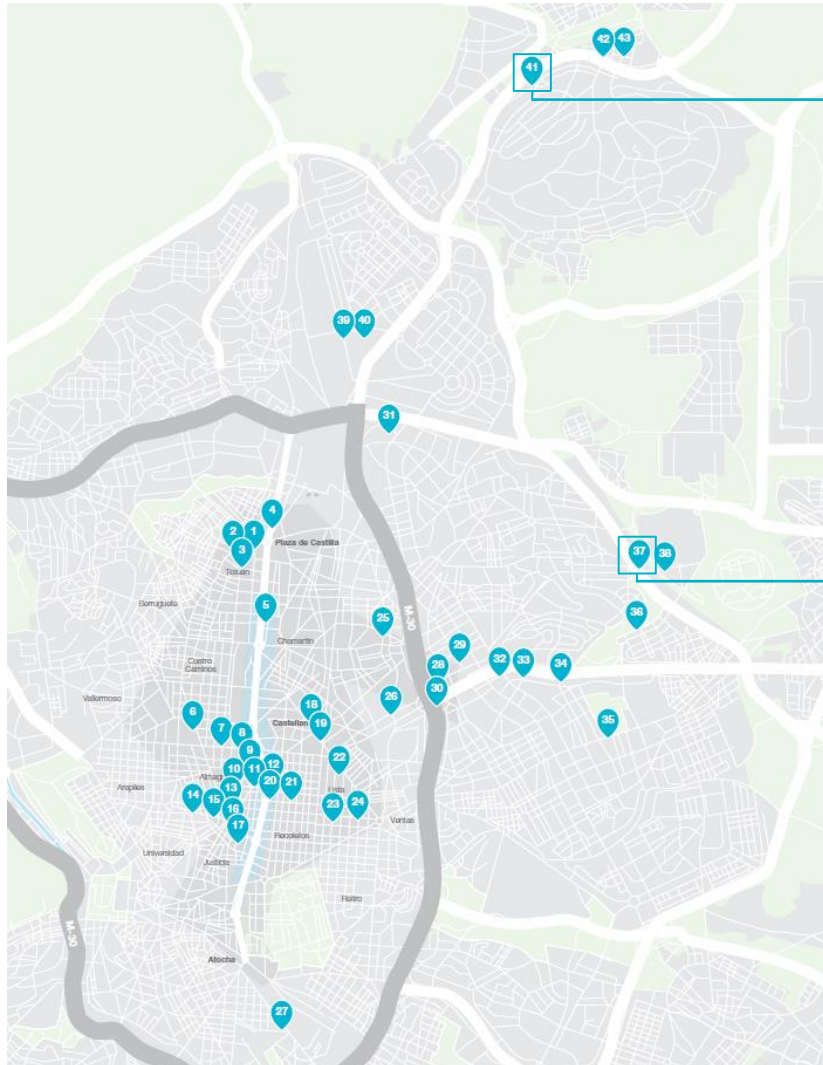
- Arroyo de la Vega / Av. de Bruselas
- Campo de las Naciones / Ribera del Loira

02 Madrid CBD projects

- Castellana 163
- Velázquez
- Miguel Angel 23

Colonial with strong delivery on Axiare projects

- > New contracts signed in North Madrid during 2019 with top corporates
- > Colonial outperforms in different submarkets despite a low take-up figure recorded



Arroyo de la Vega

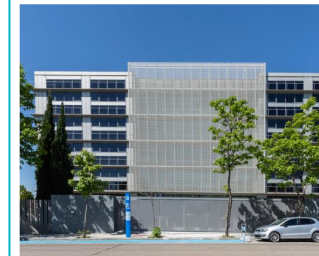
Avenida de Bruselas – Case Study



- > 15,033 sq m in Avenida de Bruselas
- > Works finished during Q1 2019
- > 100% occupancy in July 19
- > Top market rent signed

Campo de las Naciones

Ribera del Loira - Case Study



- > 12,822 sq m asset in Campo de las Naciones
- > Vacant asset coming from Axiare
- > C.8,000 sq m signed YTD

Successful delivery of a project in Arroyo de la Vega

- > Full redevelopment with optimum lay-out & micro-location
- > Contract recently signed achieving top rent in the area



Real Estate Rationale

- > Colonial successfully finished refurbishment fulfilling all license requirements which were pending
- > Unique Floor plan with 2,000 sq m with maximum luminosity
- > Easy lay-out for tenants maximizing efficiency
- > High visibility from highway and easy access
- > Best asset available in the Alcobendas office area
- > Submarket with high supply and limited take-up

Commercial Delivery

- > MasMovil former Colonial's tenant in one of the assets disposed in Alpha IV
- > 10 year contract for 15,033 sq m with 1st break option at year 7
- > Colonial closed the deal at maximum market terms:
 - > Rent signed at 16€/sq m / month
 - > Largest deal in the market representing 54% of the total area take-up

Letting-up a project

- > Asset renovation phased completed
- > Close to 8,000 sqm signed year to date



Real Estate Rationale

- > Vacant asset of Axiare portfolio
- > Asset strategy switched from single to multi tenant asset
- > Efficient floor plans reducing lay-out cost for tenants
- > Good access from highway

Commercial update

- > Close to 8,000 sqm signed year to date
- > Strong momentum in demand ongoing

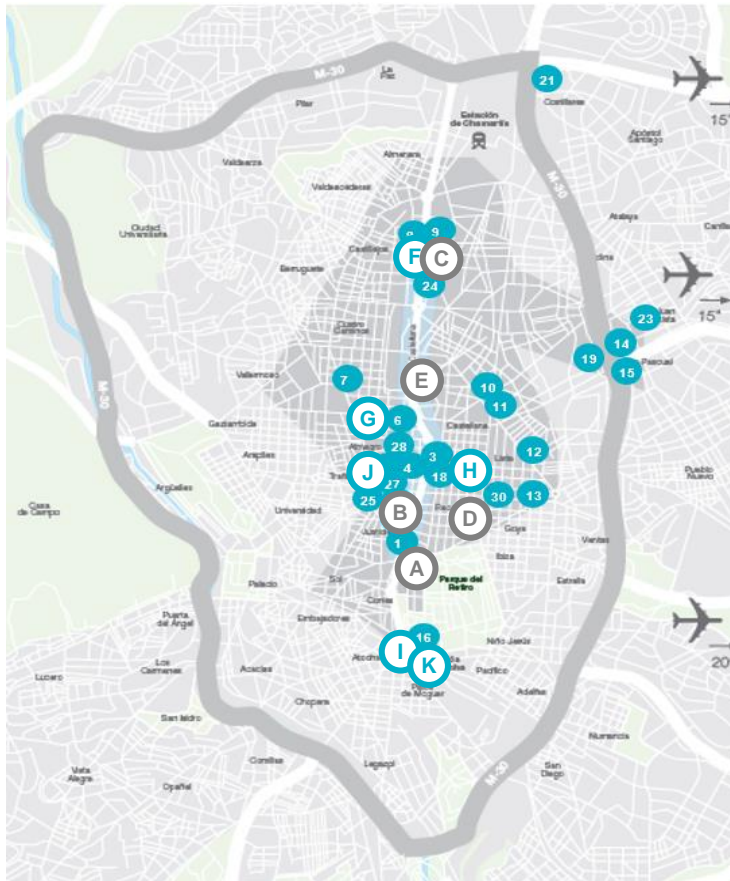


- 01 Letting-up in the North of Madrid
 - Arroyo de la Vega / Av. de Bruselas
 - Campo de las Naciones / Ribera del Loira
- 02 **Madrid CBD projects**
 - **Castellana 163**
 - **Velázquez**
 - **Miguel Angel 23**

Colonial leader of new projects offer Madrid CBD

- > Colonial manages the scarcity of new supply in Madrid CBD
- > Colonial is releasing >150,000 sq m in Madrid CBD in the next 3 years

Future office Supply in Madrid CBD & City Centre



Future Supply	GLA (sq m)	Delivery
A Ruiz De Alarcón, 5	5.548	Q4 19
B Fernando El Santo, 20	3.000	Q1 20
C Serrano 88	6.587	Q2 20
D Velázquez 34	7.087	Q2 20
E Castellana 94	6.549	Q2 20
F Castellana 163	10.910	2020/21
G Miguel Ángel 23	8.036	1H 21
H Velazquez 88	17.239	1H 21
I Méndez Álvaro Office Scheme	20.275	2H22
J Sagasta 27	4.481	2H 22
K Méndez Álvaro Campus	89.871	2H 22
	179.583	

Source: CBRE and Colonial

Colonial projects in Madrid CBD

Colonial is developing 84% of new supply in Madrid CBD

Castellana 163



Case Study

Velázquez



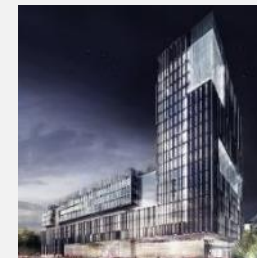
Case Study

Miguel Ángel 23



Case Study

Méndez Álvaro Campus



Méndez Álvaro Office



Sagasta 27



- Market future supply inside M-30 in Madrid
- Colonial future supply inside M-30 in Madrid
- Colonial Portfolio in Madrid

Project progressing ahead of timing

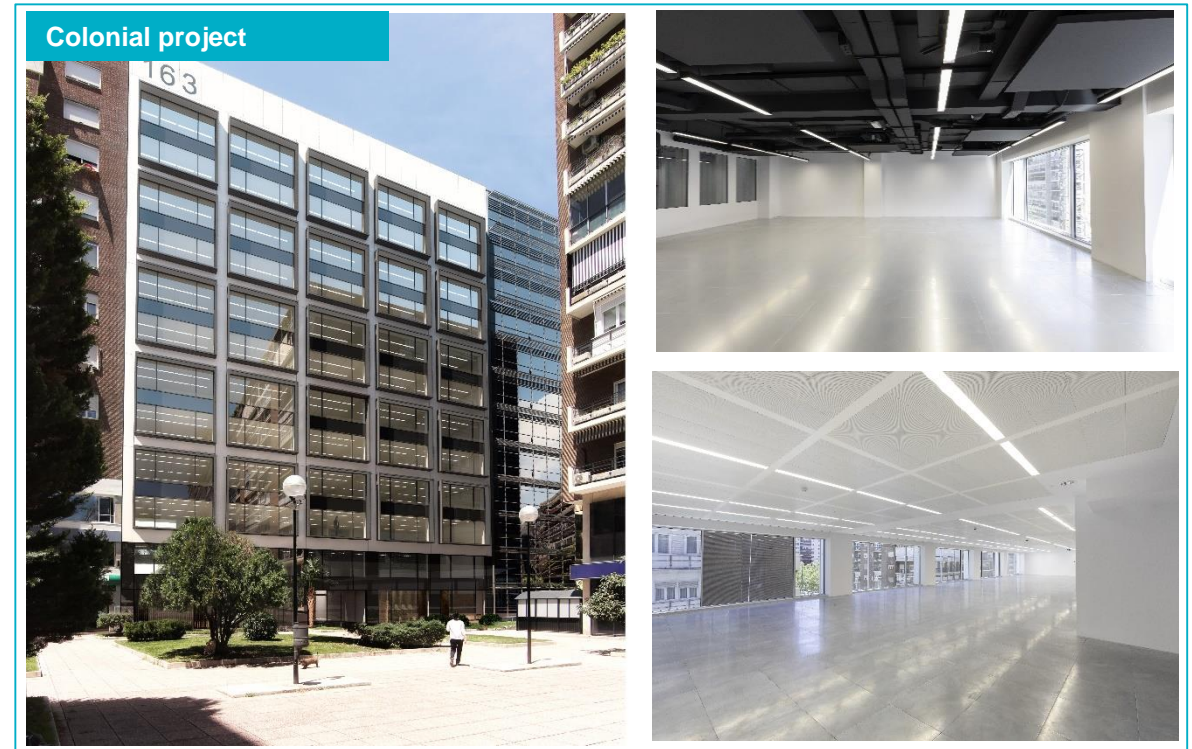
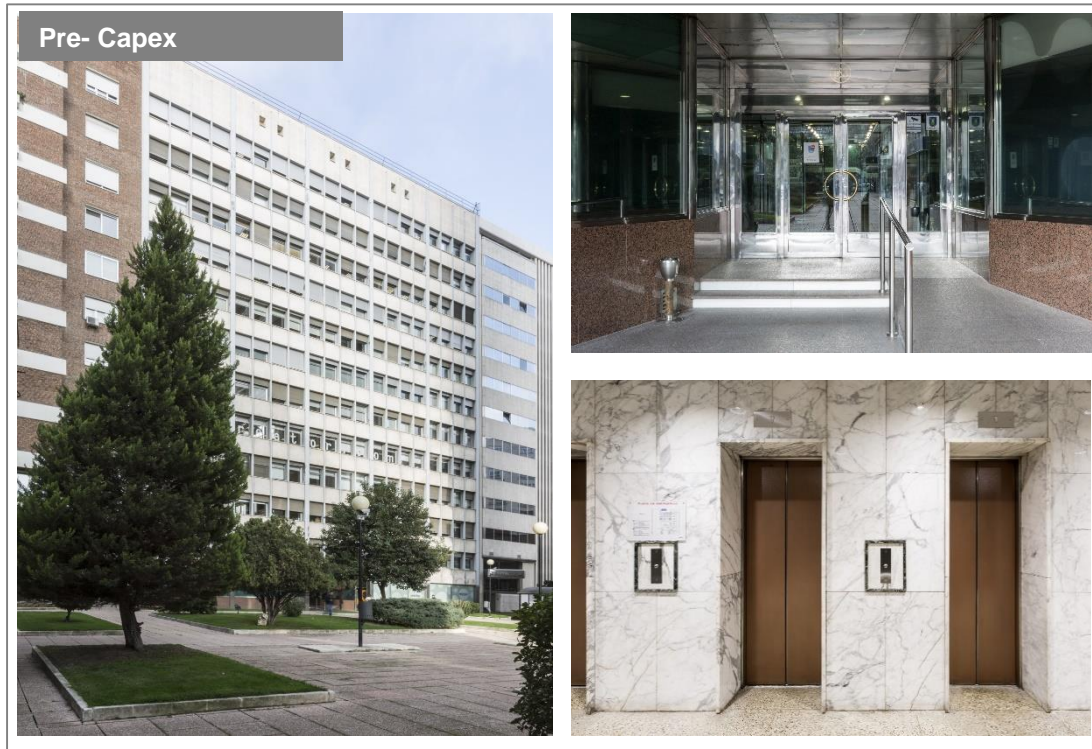
- > Common spaces refurbishment completed
- > Acceleration of tenant rotation and progressive capex deployment

Project Specifications

- > Asset acquired through an off-market deal
- > Total cost below €4,600 per sq m
- > New façades increasing natural light by 45%
- > New plan lay-outs eliminating floor partitions
- > New entrances design targeting high-end customers

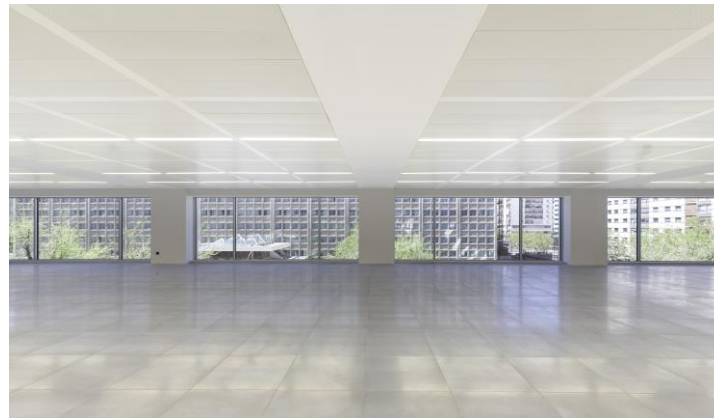
Project Delivery

- > Capex ahead of initial Timing
- > Façade refurbishment completed with occupants in the building
- > Acceleration of tenant rotation reducing project timing



Strong reversion, doubling initial rent

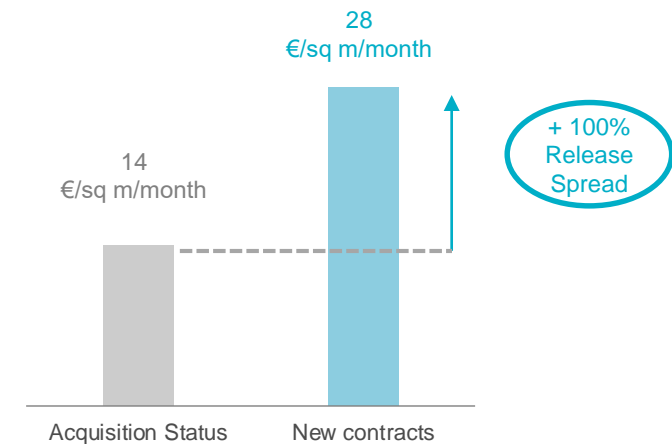
- > New pre-let contract for all entry into operation spaces
- > New contracts rent above sub-market ERV



Commercial delivery

- > 7,654 sq m pre-let, 70% of total asset ahead of completion
- > Signed rents with doubling initial passing rent
- > AAA tenants from different sectors
- > Increased cost efficiency ratio with triple net contracts
- > Value increase still to be captured in future valuations

New contracts Rent vs Initial passing rent



Prime asset to be positioned as top asset within Madrid CBD

- > Asset with perfect lay-out and positioning to capture maximum market rents
- > Colonial project redesign allowing maximum achievable value

Velázquez

- > Outstanding project:
 - Space redesign increasing significantly the density ratio
 - Product with wide floor plans in excess of 1,500 sq m, almost non available in Madrid CBD
 - Upgrading user experience – roof top and terraces
- > Asset targeting Madrid's top market rents
- > Project development following initial plan



Prime asset in prime location

- > Prime location with visibility from Castellana
- > Building with wide floor plan and outstanding free heights

Miguel Angel 23

- > Asset with high representativity for clients with visibility from Castellana
- > Outstanding asset lay-out with efficient floor plans
- > Tenant rotation and project ongoing
- > The tender for construction is finished



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