

Colonial



Colonial – Capital Markets Day  
ENHANCING QUALITY THROUGH  
INNOVATION & ESG

*Ms. Carmina Ganyet*

*Corporate Manager Director*



European Property  
Investment Awards  
WINNER 2019

Madrid 15/10/19



- 01 The right DNA
- 02 Focus on customer needs
- 03 Digitalizing our portfolio
- 04 ESG at the core of strategy
- 05 Conclusion

## Colonial enhancing quality through innovation and ESG

- > Colonial has been in the forefront since 1999
- > Since 2016 focused on client needs and ESG

### Colonial at the forefront since 1999

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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

2019 > First sustainable loan granted to a Spanish real estate company

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FOCUS ON CUSTOMER NEEDS

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## Colonial's approach to Flexible Office

### Optimization of flex through hybrid products

- > Landlord of the asset with combination of traditional and flexible office
- > Reduced operating and financial risk

#### Colonial's approach to Flexible Office

##### 1 Prioritize Colonial's own buildings

- ✓ Reduces long term liabilities
- ✓ Access to best locations in city centre

##### 2 Hybrid products: combination of traditional and flex office

- ✓ Traditional tenants gain flexibility
- ✓ Flex office gains stability & access to a broader community
- ✓ Higher retention rates

##### 3 Internalized operating team

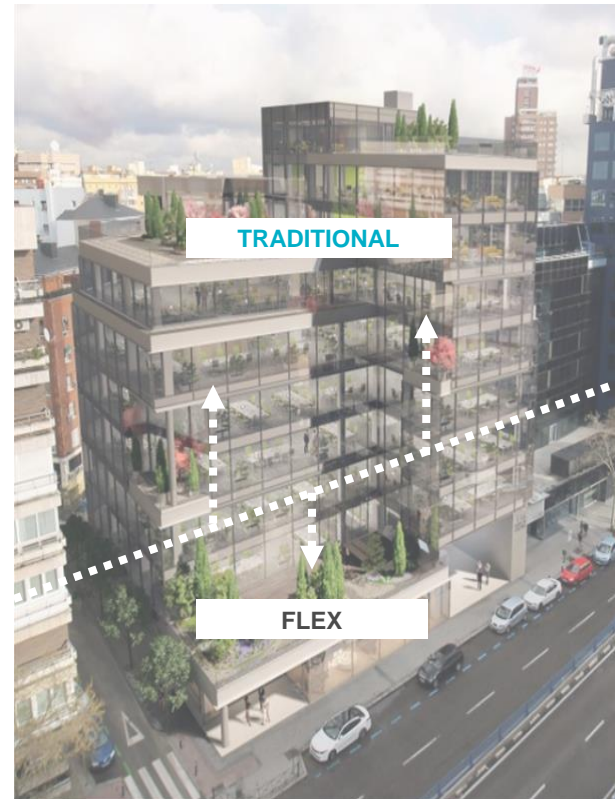
- ✓ Cross selling opportunities
- ✓ Control of fit-out process
- ✓ Economies of scale in costs

##### 4 Low financial risk

- ✓ No financial debt attached to the flexible office operator
- ✓ Exit windows with third parties leases

Colonial

utopicus



Príncipe de Vergara 112 (Madrid)

UTOPICUS accelerating the creation of a digital culture within the organization



utopicus

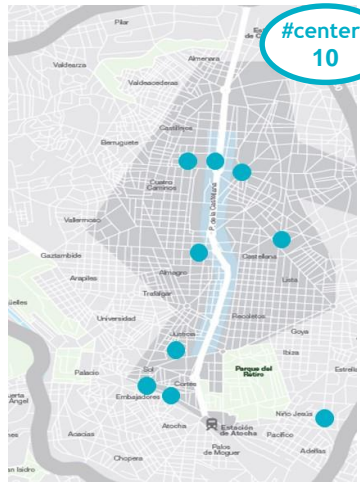


# UTOPICUS – Consolidated leadership in Spain

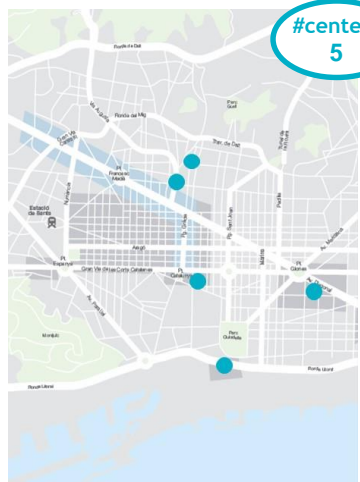
Since acquisition in 4Q17, Utopicus has consolidated its leadership in Spain

- > Strong brand recognition with well positioning in key locations
- > Quick expansion with 15 centers and 40.804 sq m under operation

### # CENTERS UTOPICUS

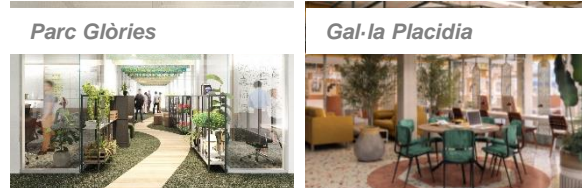
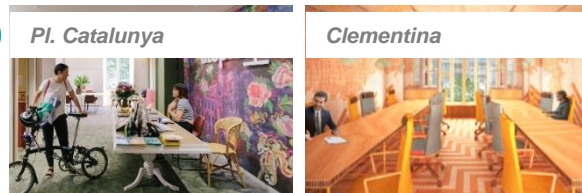


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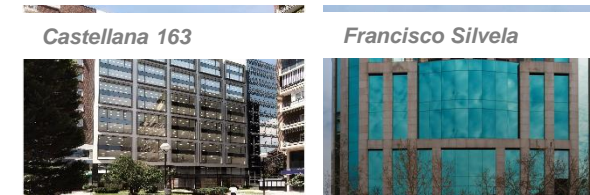
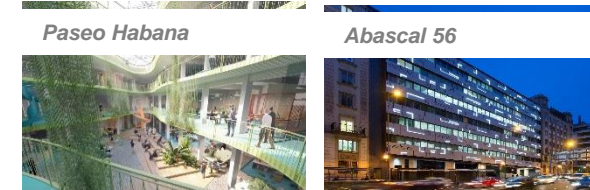


BARCELONA

### ASSETS IN OPERATION



### OPENINGS UNDERWAY



# 15 centers

40.804 sqm

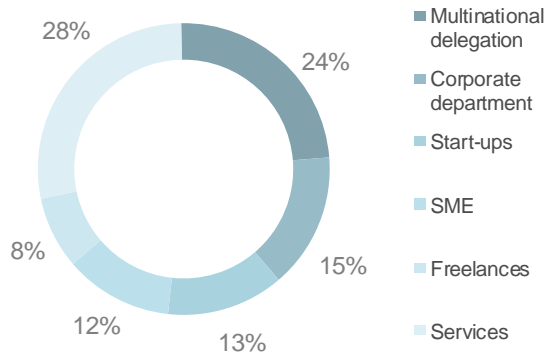
Strong branding

UTOPICUS – An approach to Flexible Office with lower risk

300 of companies are already members of Utopicus

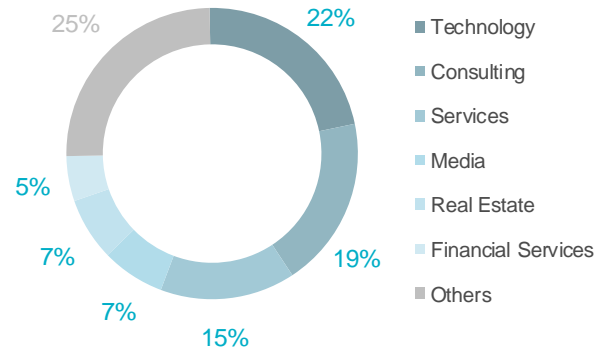
- > Diversified tenant base in terms of sector and company size
- > Adequate combination of large companies and startups with high growth potential

BREAKDOWN BY CATEGORY



- > More than 50% of the companies are delegations / departments of multinationals and Spanish corporates
- > 13% of the companies are start-ups

BREAKDOWN BY COMPANY SECTOR



- > Close to 300 companies are members of Utopicus
- > A diversified tenant base in terms of sectors
- > Technology (22%), consulting (19%) and services (15%) are the main sectors





## UTOPICUS - Combined commercial campaigns

### Successful Launch of combined commercial campaigns Colonial+Utopicus

- > Providing additional services to our customers
- > 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

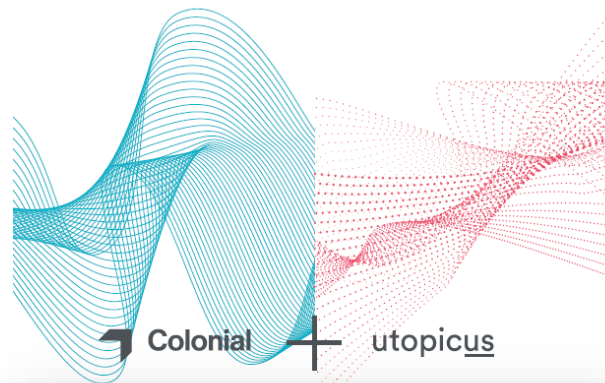
1. New modern **spaces**
2. A dynamic **community** to belong to
3. New **services** beyond sqm

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

community and brand recognition

- > Combined offer meets new clients needs

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



**A successful approach to Flexible office**

- > The EBITDA margin of the center reaches 32% after 15 months in operation
- > EBITDA multiplying by c.2x the traditional rent of the asset
- > High loyalty with diversified tenant base in terms of sector and company size



96%  
occupancy

32%  
C-EBITDA



**ACTUAL KPI'S AS OF 8/19**

Opening:	May 2018
Months in operation:	15
Capex - €/sqm:	320
Current occupancy:	96%
Income - €/sqm/month:	47
Rent - €/sqm/month:	22
C-EBITDA - €/sqm/month	15
Ebitda Margin - %	32%

**Main tenants:**



agri-business



UTOPICUS – Rump-up phase on track

Rump-up phase with 15 centers entering into operation

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



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DIGITALIZING OUR PORTFOLIO

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## Smart Building Management System

Colonial implementing the digital transformation in its portfolio

- > Energy and Efficiency improvement of building areas
- > New uses and products to be created through sensorization of the whole portfolio

### Phase I - Short Term deliveries

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- > Building management software (BMS) developed by Colonial
- > Satisfactory test in IOT system
- > BMS awarded by NetExploChange, observatory of innovation in PropTech
- > **Energy and Efficiency control through sensorization**

#### Main results:

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



### Phase II – PROPNET: Creation of new uses and products

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

#### New objectives:

- 1 Budget control and optimization of operations
- 2 Improved customer experience
- 3 Control of CO<sub>2</sub> emissions to target potential reductions

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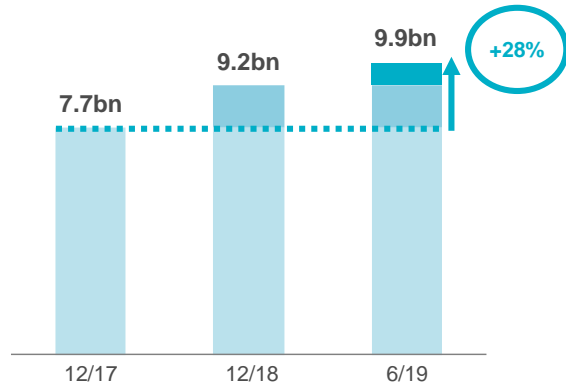
ENHANCING QUALITY THROUGH ESG

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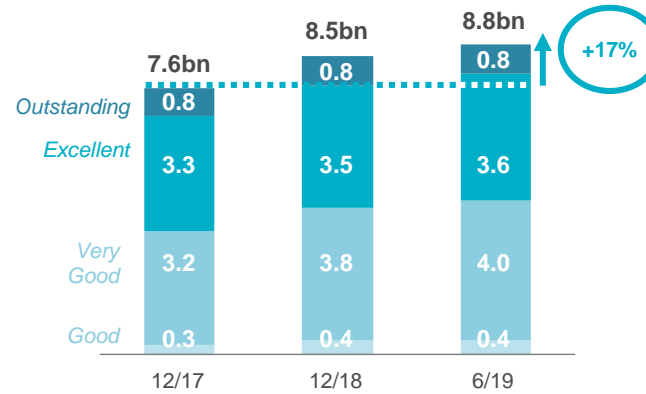
**Leader in energy certificates in the Large Portfolio Category in Europe**

- > 91% of portfolio with Breeam/Leed certificates
- > €9bn of assets with Breeam and €2bn with Leed

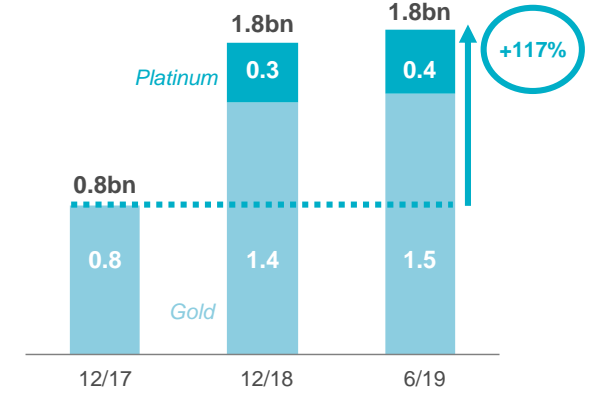
Portfolio with Leed / Breeam<sup>1</sup> - Value



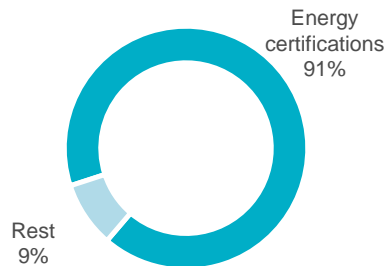
Breeam Certificates - Value



Leed Certificates - Value



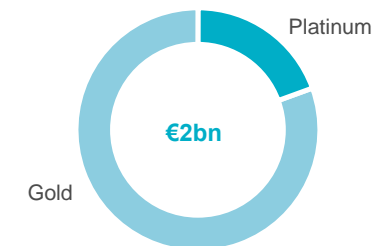
Portfolio with Leed / Breeam<sup>1</sup> - Value



Breeam – Value breakdown



Leed – Value breakdown

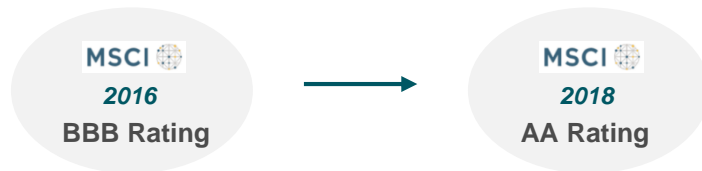
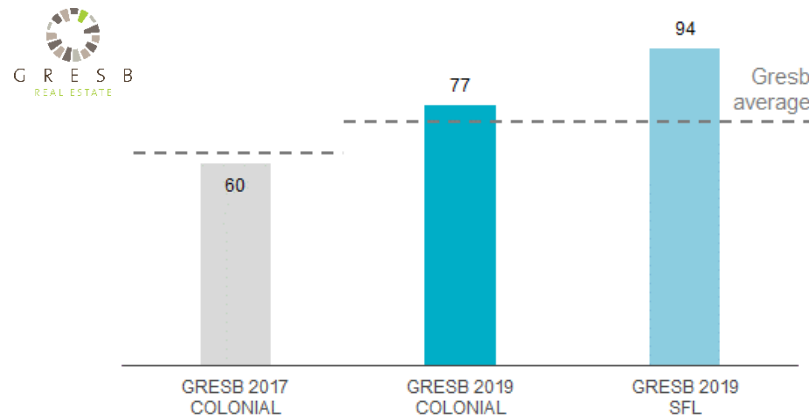


(1) Portfolio in operation

### Enhancing quality through ESG

- > Positive momentum on ESG
- > Enhancement of Strategy Execution

#### POSITIVE MOMENTUM ON ESG



- > GRESB / BREEAM 2019 Award
- > #1 in the Large Portfolio Category
- > 91% of portfolio with highest energy standards

First mover on ESG compliant loans in Spain

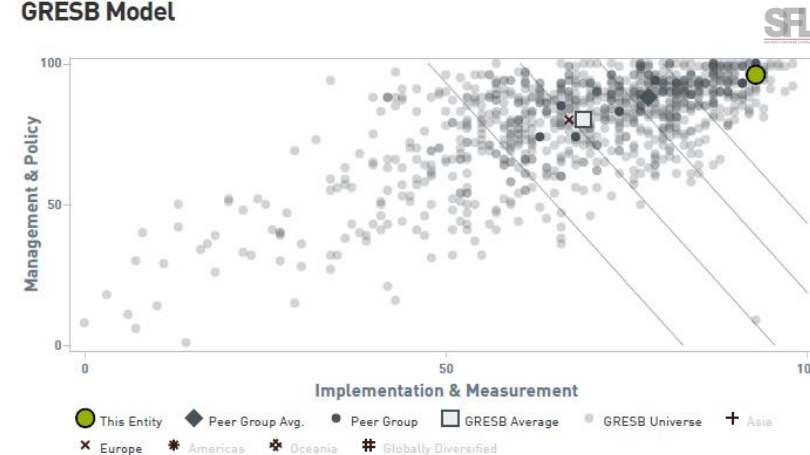
#### ENHANCEMENT OF STRATEGIC EXECUTION

- > ESG Committee at C-level
- > Task Forces to execute on each Dimension
- > Propnet – Technology as accelerator on Measurement & Objectives
- > Path to excellence through internal Benchmark



2<sup>nd</sup> listed office real estate company in 2019 GRESB rankings

#### GRESB Model







## CONCLUSION

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- 1 **Optimized approach to flexible office**
  - > Landlord
  - > Hybrid products
  - > Internalized operating team
- 2 **Improved Efficiency through sensorization of our portfolio**
- 3 **ESG at the core of the strategy**

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*Colonial enhancing the quality of its portfolio through  
Innovation and ESG commitment*

Colonial



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

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