

## CONSEJO DE ADMINISTRACIÓN

INMOBILIARIA COLONIAL, SOCIMI S.A.

Av. Diagonal 532, 08006 Barcelona

Madrid, 10<sup>th</sup> February 2021

Dear Sirs,

In accordance with your instruction, JLL Valoraciones, S.A. and CBRE, as valuers of the Colonial portfolio in Spain, and CBRE and Cushman & Wakefield, as SFL valuers in France; have carried out the valuation reports of the freehold interest of the portfolio of properties of Inmobiliaria Colonial (Spain and France) as at 31<sup>st</sup> of December 2020 for internal use of the company.

According to the aforementioned reports, the Net Market Value of the company's portfolio is:

**12,020,024,000 EUROS**

**(Twelve Thousand and Twenty Million Twenty-Four Thousand Euros)**

The breakdown is as follows:

Unit	Market Value (excl. Transfer costs)	Gross Value (incl. Transfer costs)
Madrid	3,085,760,000 €	3,162,993,185 €
Barcelona	1,440,253,000 €	1,484,040,763 €
Rest of Spain	36,496,000 €	37,799,185 €
<b>Total Colonial (Spain)</b>	<b>4,562,509,000 €</b>	<b>4,684,833,133 €</b>
<b>Total SFL (París)</b>	<b>7,457,514,674 €</b>	<b>7,946,026,211 €</b>
<b>Total Colonial + SFL</b>	<b>12,020,023,674 €</b>	<b>12,630,859,343 €</b>

For the avoidance of doubt, each valuer only accepts responsibility for the assets that they have valued within the portfolio. The portfolio value assumes 100% ownership for all the properties.

The valuation has been carried out in accordance with the Practice Statement and the relevant Guidance Notes in the RICS Appraisals and Valuations Manual prepared by the Royal Institution of Chartered Surveyors and with the General Principles adopted in the Preparation of Valuations and Reports.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and "lockdowns" applied to varying degrees. While restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary – and the emergence of significant further outbreaks, or a "second wave", is possible.

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The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date, some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where enough market evidence exists upon which to base opinions of value. Accordingly – and for the avoidance of doubt – our valuation is not reported as being subject to ‘material valuation uncertainty’, as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards, except as identified below.

In respect of hospitality, as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation is therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt; this explanatory note, including the ‘material valuation uncertainty’ declaration, does not mean that the valuation cannot be relied upon. This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

Currently we already have under paragraph 7.1 of Part B of the EMEA Valuation Standard Terms of Business (VSTOB) the following:

*“Unless specifically requested, we do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. Furthermore, we assume, unless otherwise advised, that the tenant is capable of meeting its financial obligations under the lease and that there are no arrears of rent or other payments or undisclosed breaches of covenant.”*

*“The valuation we have provided reflects the rental income as at the date of valuation, as set out within this report, which you have confirmed to be correct and comprehensive. It also reflects any issues concerning the anticipated cash-flow that you have advised us of, as set out within this report. Given the uncertainties relating to the Covid-19 virus and the current restrictions on business activities, it is likely that there will be significant rental defaults and/or insolvencies leading to voids and a resulting shortfall in rental income. Should this occur, there will be a negative impact on the value of the subject property.”*



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