

Colonial



Colonial – Investor Day

REAL ESTATE TRANSFORMATION

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Creation of a commercial flagship in Barcelona



Transformation into a Trophy Asset in Madrid





01 Diagonal 609 - Pedralbes Centre

02 Velázquez 88

Prime Asset in prime CBD of Barcelona combining office (21,996 sq m) and commercial spaces (5,445 sq m)

- > Shopping centre with inefficiencies in space use and management costs
- > Opportunity to maximize rents and optimize value

Previous Situation

Gross Leasable Area	5,445 sq m
Average Surface per retail unit	113 sq m
Number of contracts	48

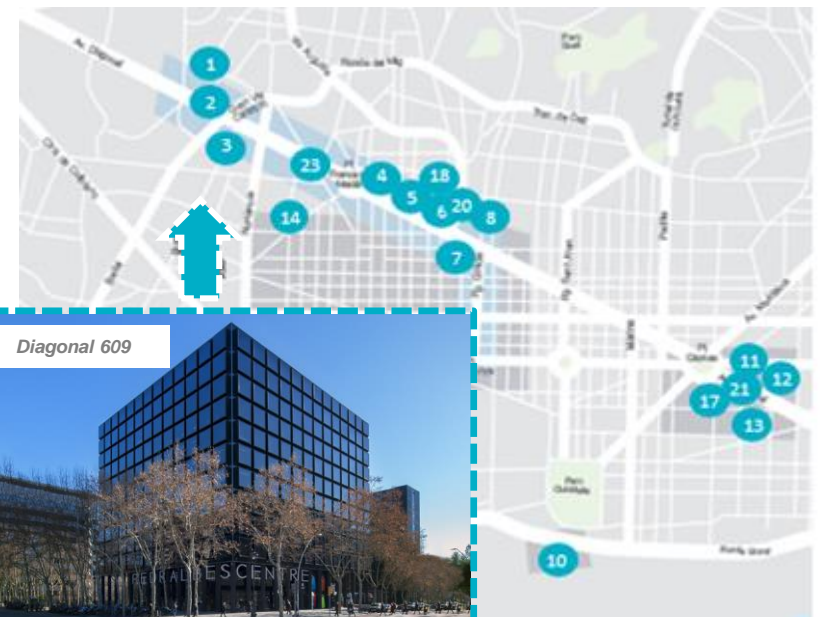


More than 5,400 sq m of commercial space with sub-optimal characteristics

- > Sub-optimal access to commercial and office scheme
- > A lot of small retail units with weak economic capacity
- > Inefficient lay-out, many common areas not well connected
- > Inefficiency in re-invoiced costs (low ratio)
- > Additional structural management costs of the site

The Opportunity

- > Unique location
- > Excellent access Prime end rental levels
- > High complementarity of mixed use schemes (Office + High-end commercial)



Colonial project re-positions commercial space and enhances office building

- > Shopping center common spaces are converted into commercial GLA
- > New two-floored entrance for the office building increasing its representativeness

DAU Building	3,523 sq m	5,033 sq m	+42%
Prisma Building	1,884 sq m	1,884 sq m	
Pedralbes Centre - Post	5,407 sq m	6,917 sq m	+27%



New Project rationale

- > Pedralbes Centre required high investment and management for a limited EBITDA
- > Retail units with outdated format. Big retailers look for big spaces
- > Shopping center brand image not associated to Colonial
- > Nearby competition offers wider spaces and higher client traffic
- > Improve the office building access

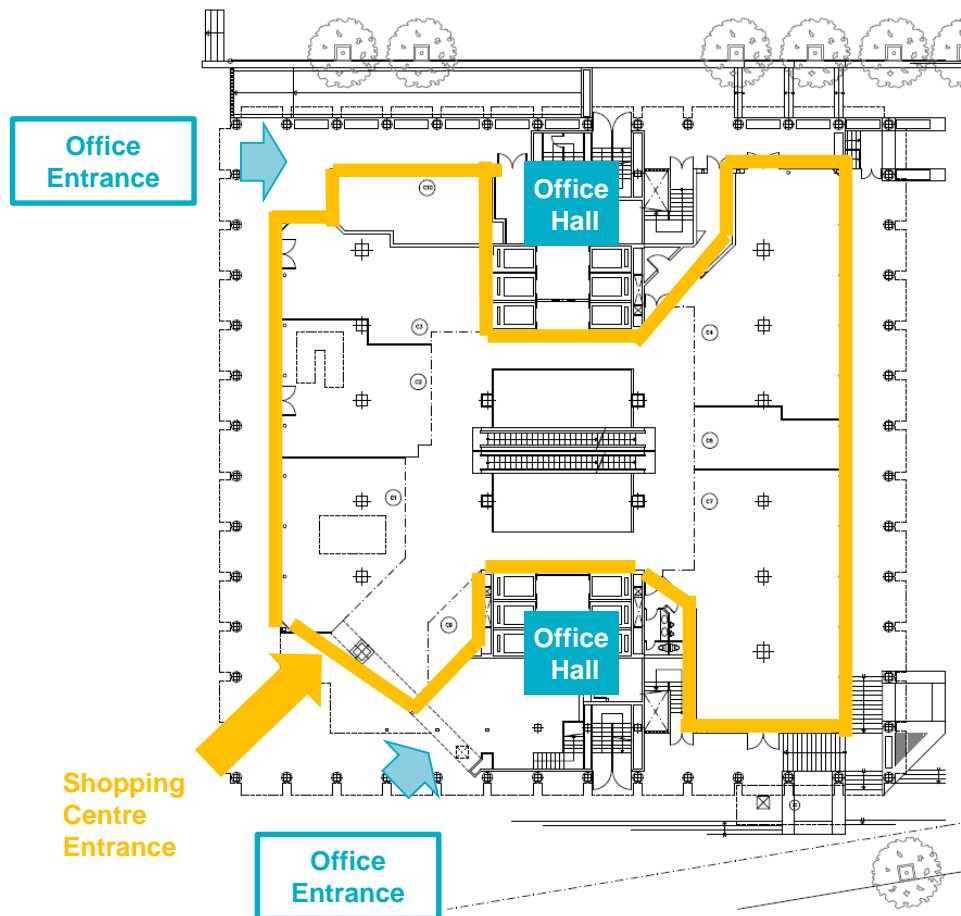
Challenges

- > Retail space optimization – direct access from street
- > Reputational risk managing the rescission of existing contracts
- > New product strategy strengthening office complex value and image
- > Optimized refurbishment planning minimizing problems with office tenants
- > Obtaining the town hall and local government licenses and permits

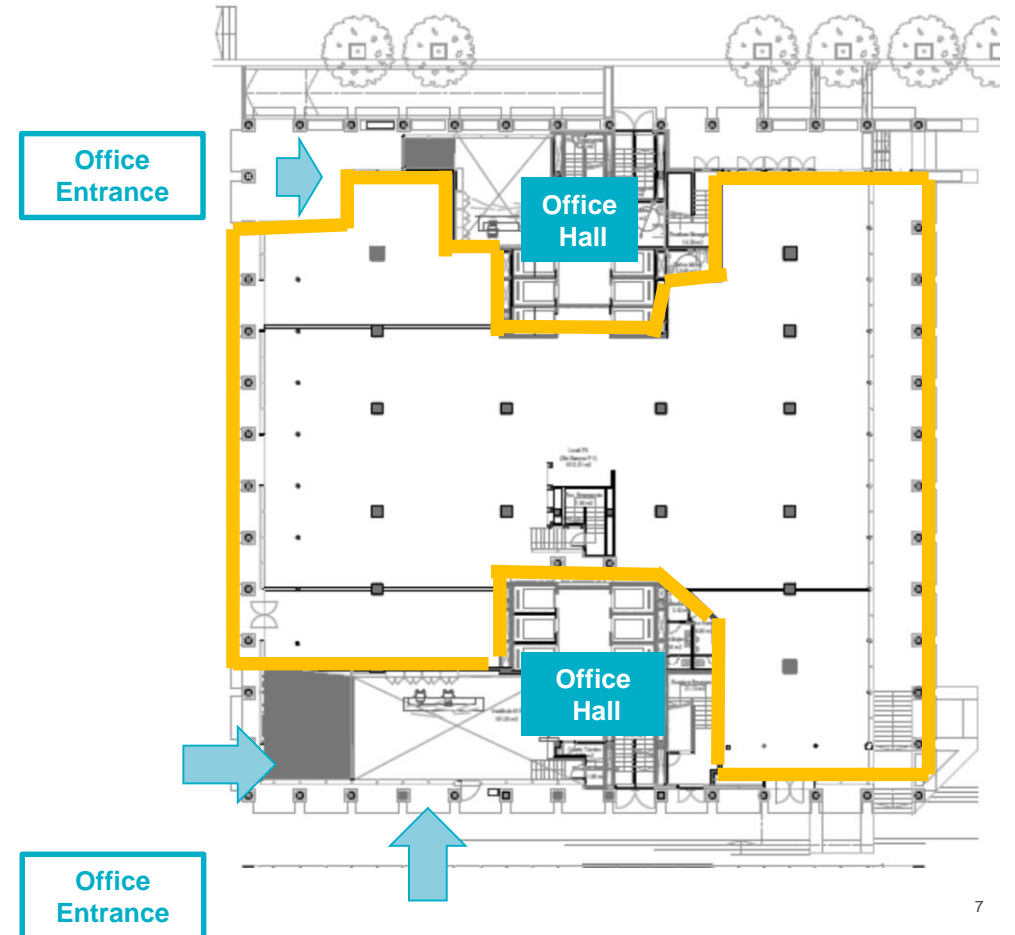
Shopping center with a big central common area and only one main entrance

- > Shops do not have direct access to the Street - Diagonal
- > Inefficient lay-out limiting the client traffic through the shopping center

Initial lay-out



Post investment lay-out





Significant increase in rental income and value simplifying asset management

- > Space reorganization favoring big retail units and increasing GLA
- > New big retail units attract anchor tenants paying premium rents

Commercial Interest from premium retailers

50% of GLA pre-letted or with signed Head of Terms

- > Anchor Global fashion retailer will occupy more than 1,700 sq m
- > High interest from different grocery and restaurant groups

Cost reduction and increase in management efficiency

- > Operating expenses reduced by half
- > Increased efficiency in re-invoiced expenses
- > Shopping center management and marketing team re-assigned in Colonial team
- > Contract management simplification: from 48 to 15 contracts

Pedralbes Center KPIs post Colonial product Strategy

	Initial Situation	Post Investment
Gross Leasable Area	5,445 sq m	6,917 sq m +27%
Operating Expenses	19.90 €/sq m /month	4.50 €/sq m/month -58%



01 Diagonal 609 - Pedralbes Centre

02 **Velázquez 88**

Implementing Colonial's product design expertise

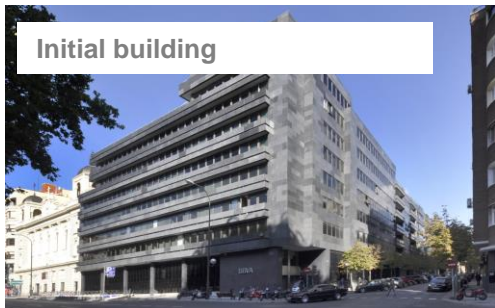
Colonial's new project creates a better product more adapted to market needs

- > New project maximizes space efficiency targeting higher rents
- > Colonial's project reduces refurbishment timing and licenses obtaining risk

Colonial new project



Initial building



Previous project



New lay-out

- > Maximizing GLA both in retail and in office space
- > Maintaining initial structure reduces timing
- > New façade and entrance favouring common spaces

Technical installations reassessment

- > New electricity system reducing energy costs for tenants
- > Installation of two additional lifts favouring clients flow
- > Additional common areas in the rooftop

Portfolio Synergies

- > Two of the last 3 remaining tenants agreed to move to other Colonial's premium assets
- > Signed agreement with 1 tenant to move back once the works will be finished

Implementing Colonial's product design expertise

New façade increasing asset representativeness

- > New façade design and materials increasing natural lights and tenants privacy
- > New design on top floor introducing new common terrace for tenants use

Colonial project

New façade design



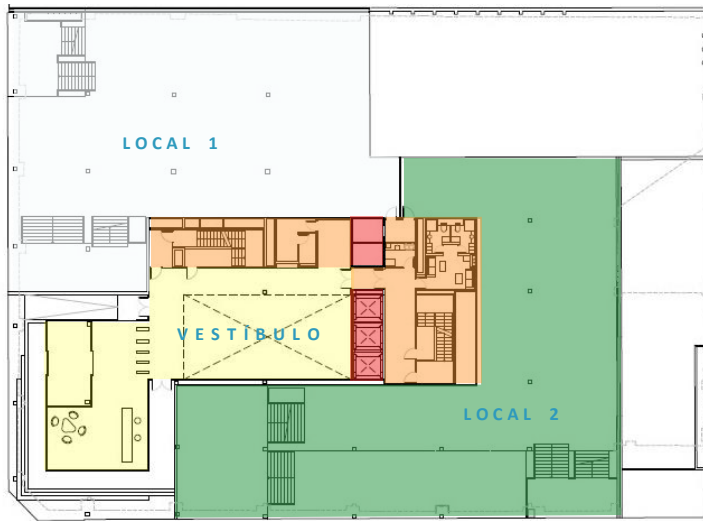
- > Greater transparency to a privileged environment
- > Façade with more uniform materials and cleaner surfaces
- > Lighter façade due to elected materials (glass & stainless steel)
- > Elimination of the tower in the top floor
- > Mirror effect in Padilla St. façade giving more privacy to tenants

Colonial's prime product is focused on maximizing leasable spaces

- > Whole new project maintaining initial structure and vertical communications volume

Previous project

Retail GLA: 2,030 sq m



Colonial project

+15 space efficiency%



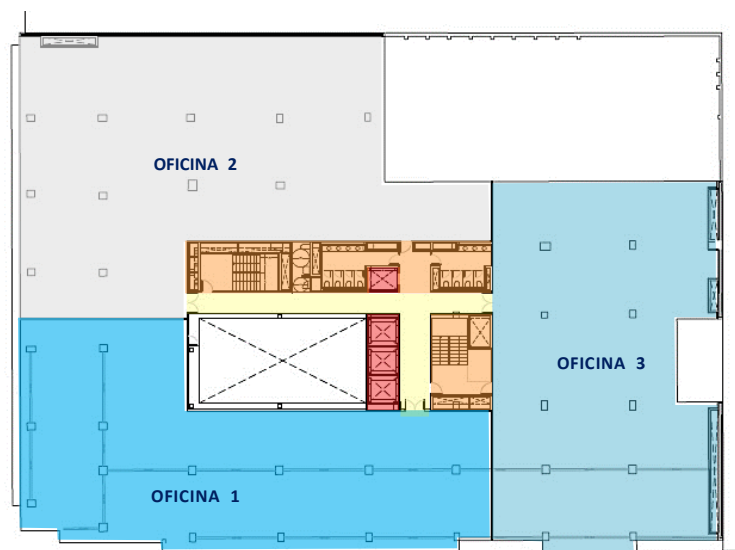
- > Retail space is maximized achieving a +15% of GLA in Velázquez Street retail unit
- > A wider entrance is designed favouring the flow of people
- > 2 additional lifts are considered

Colonial's prime product is focused on maximizing leasable spaces

- > Whole new project maintaining initial structure and vertical communications volume

Previous project

Standard Floor GLA: 1,691 sq m



Colonial project

+5% space efficiency



- > Office GLA is maximized by 5%
- > Maintaining the initial structure configuration reduces both capex and works timing
- > Colonial considers that rents will be maximized:
 - dividing floors in two similar spaces
 - both offices having similar façade to Velazquez st.
- > Legal occupation rate increases by 30%
- > Both offices have a lot of natural lights coming from both exterior façades and internal atriums



New project focused maximizing income and value

- > New lay-out increases GLA efficiency
 - +15% retail GLA with new ground floor lay-out
 - +5% GLA in each office floor with new lay-out
- > New Office modularity increasing by 30% legal occupation ratio
- > Enhanced representativeness of the building with new entrance and façade
- > Investment to upgrade user experience
 - > new common spaces in roof top
 - > more elevators
- > New project reduces initial timing
- > Colonial's project reduces the risk of obtaining Town Hall refurbishment licenses

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