Colonial

COLONIAL INCREASES ITS RECURRING NET PROFIT BY 20%

Gross Rental Income increased up to €177m (+2%) driving EBITDA to €165m (+5%)

The Gross Asset Value remains stable amounting to €12.164m (0,2%), proving the resilience of the prime portfolio with high exposure to Paris

The slight asset value correction drives the net result of the Group to (€26m)

- Gross Asset Value of €12,164m, (0,2%) like-for-like
- The value of the Paris portfolio increased by +0,8%
- GRI amounting to €177m, +2% and +1% like-for-like
- Recurring Result of €83m, +20%

Madrid, 29 July 2020

First Half Results 2020

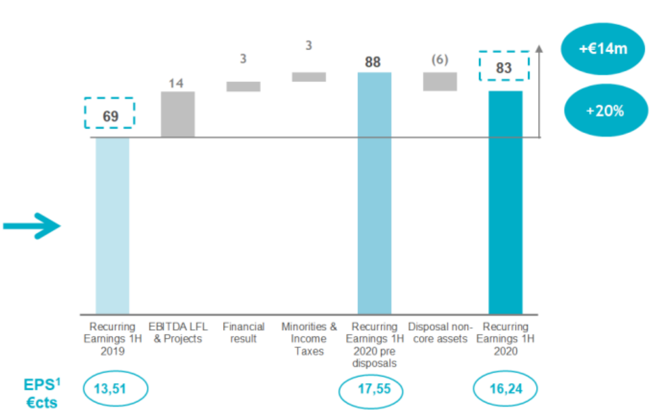
According to Juan José Brugera, Chairman of Colonial: "The value of the assets during the first half of 2020 remains stable at €12.164m. Our focus on CBD and 60% exposure of our assets to Paris, allows Colonial to benefit from a better resilience and less volatility". Likewise, Pere Viñolas, Chief Executive Officer of Colonial says: "Our strategy remains committed to long term value creation in the prime office sector, with a focus on quality and risk-adjusted returns, and with a strong credit profile and liquidity position".

Profit & Loss Account

Results analysis - €m	1H 2020	1H 2019
Gross Rents	177	174
Recurring EBITDA	146	138
Recurring financial result	(42)	(45)
Income tax expense & others - recurring	(5)	(6)
Minority interests - recurring	(17)	(19)
Recurring Earnings	83	69
Change in fair value of assets & provisions	(105)	361
Non-recurring financial result & MTM	(3)	(8)
Income tax & others - non-recurring	(3)	(25)
Minority interests - non-recurring	2	(59)
Profit attributable to the Group	(26)	338

(1) Recurring earnings per share

Recurring Earnigs - Variance Analysis



An increase in Recurring Net Profit

The **Colonial Group** closed **the first half of 2020** with a **net recurring profit of €83m, +20% compared to the same period of the previous year**.

Net recurring EPS amounted to €16.24cts, resulting in an increase of +20% compared to the previous year.

The increase in the recurring net profit of +€14m (+20% vs. the previous year) was driven by:

1. An increase in EBITDA like-for-like and projects of +€15m (+€8m, after the adjustment of the impact of the disposals of non-strategic assets carried out in 2019)
2. In addition, a reduction of €3m in financial costs was obtained

The disposals of non-strategic assets, mainly carried out in the second half of 2019, have resulted in an impact of lower rents on the recurring profit of €7m. Consequently, the recurring profit per share, excluding the above-mentioned non-strategic asset sales, would have been €17.55cts/share, which represents an increase of +30% year on year in comparable terms.

The value of the portfolio corrected slightly, with a variation of (0.2%) like-for-like compared to December 2019, consequently the net result of the Group after considering the value variation is negative and amounts to €(26)m. It is worth highlighting that this variation does not imply a cash outflow.

Solid growth in Gross Rental Income

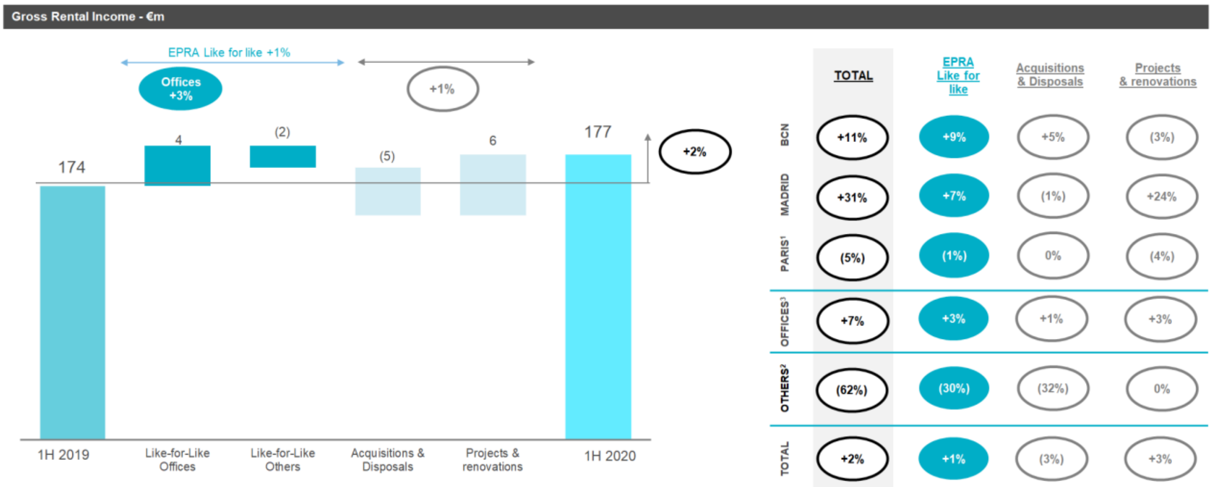
Colonial closed the first half of 2020 with **€177m of Gross Rental Income, an increase of +2% compared to the previous year**.

The **office portfolio has increased +7% year-on-year (+3% in like-for-like terms)** boosted by the increase in income in the portfolios of Madrid +31% and Barcelona +11%.

The income from the offices portfolio in **Madrid increased +31%**, based on (1) a **solid like-for-like increase of +7%** together with (2) an increase in rental income of +24% due to an indemnization for the early exit of a client, as well as a successful delivery of the assets of Avenida Bruselas 38, Castellana 163 and Ribera de Loira.

The income from the **Barcelona portfolio increased +11%**, based on (1) **a strong like-for-like increase of +9%** together with (2) an increase in income of +6% for the acquisition of Parc Glories II, compensating for the lower rents due to the client rotation in the Diagonal 525 project and other renovation programs such as Diagonal 530.

The income from the Paris portfolio went down by (5) %, mainly due to less income because of the rotation of surfaces in renovation in the 103 Grenelle and Washington Plaza assets (impact of -4%). Excluding this effect, **the comparable rental income is reduced by (0.8%) like-for-like** due to the Galerie CE and Edouard VII assets.



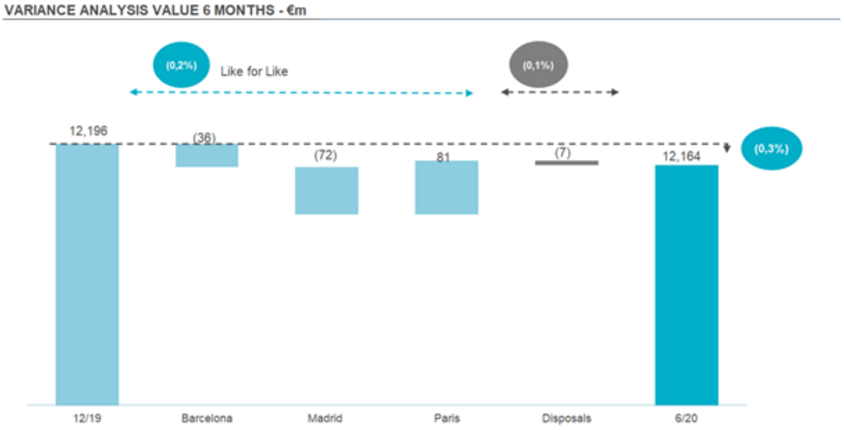
(1) Office portfolio including Prime CBD retail of Galeries Champs Elysées and Pedralbes Centre
(2) Residual logistics portfolio, secondary retail of Axiare and Hotel Índigo in Paris

The rest of the portfolio corresponds to the residual logistics portfolio, three secondary retail assets of Axiare and the Hotel Indigo in Paris. All these assets are less defensive in the current crisis, and have suffered a decrease in rental income amounting to €2m like-for-like.

A prime real estate portfolio with defensive value

The gross asset value of the Colonial Group at the close of the first half of 2020 amounted to €12,164m (€12,773m including transfer costs), showing a slight value correction of (0.3%) in 6 months, (0.2%) in like-for-like terms. The year-on-year variation is positive and amounts to +4% like-for-like.

The asset portfolios in Barcelona and Madrid have seen a correction in value of (2%) in 6 months, given the environment of the COVID-19 crisis. In Paris, the value of the portfolio has increased by +1% in 6 months, thanks to the robustness of the prime portfolio in Paris as well as the progress on the project portfolio. Particularly worth highlighting is the pre-letting of 80% of the 83 Marceau project under very favorable conditions having a significant impact on value creation.



GAV VARIANCE

	6 months	12 months
BARCELONA	(2%)	+5%
MADRID	(2%)	+1%
PARIS	+1%	+6%
TOTAL LFL	(0.2%)	+4%
DISPOSALS	(0.1%)	(1%)
TOTAL VAR	(0.3%)	+3%

The defensive behaviour of Colonial's asset portfolio is due to:

1) The high concentration in Prime CBD locations with strong fundamentals that allows for a higher protection of falls in value in recessive cycles and a better growth profile in upside cycles.

2) The high quality of its buildings that attracts clients with maximum solvency and with high loyalty indices.

3) A successful diversification strategy that optimizes the risk profile of the portfolio, as shown in the first half 2020 results, where the Paris assets have partially compensated for the value evolution in Spain.

4) An industrial approach on value creation through repositioning of assets creating Alpha Real Estate value that makes the difference compared to the market and offers a more defensive positioning.

Shareholder return and Net Asset Value

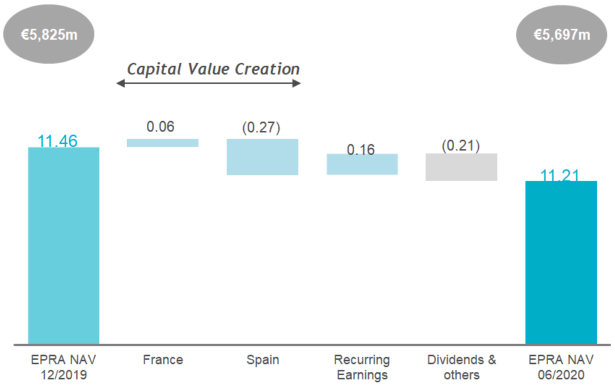
Colonial closes the first half of 2020 with an EPRA Net Asset Value of €11.21/share, which is a decrease of (2.2%), compared to the net value of the assets at December 2019 and a +6.5% year-on-year growth.

The evolution of the Net Asset Value in the first half of 2020 can be broken down into the following effects:

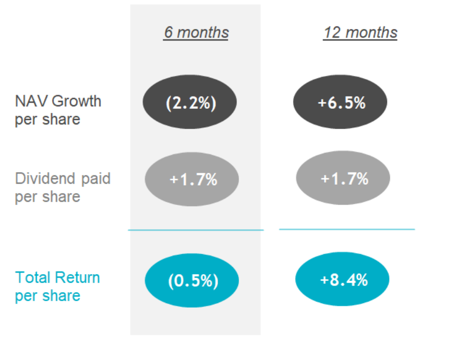
1. The Paris portfolio has contributed an increase in value of €6cts (+0.5% in 6 months) which has partially compensated for the decrease in the value of the Barcelona and Madrid portfolios amounting to €27cts/share
2. The net recurring EPS was €16cts/share (+1.4% of NAV in 6 months)
3. Colonial's dividend and other effects have led to an impact of €(21)cts/share

Including the accrued dividend of €20cts/share in the first half of 2020, the total shareholder return amounts to (0.5%) in 6 months and +8.4% year-on-year.

EPRA NAV €/share



Total Shareholder Return [1]



(1) Total return understood as an increase of NAV per share + dividend
(2) Dividend of €0.2/share and other effects

In absolute terms, the EPRA NAV amounts to €5,697m, a figure 2% lower than that at the close of 2019 (€5,825m) and +6.5% higher than the NAV from the year before.

Solid operational fundamentals in all segments

1. The second quarter maintains solid fundamentals

At the close of the first half of 2020, the Colonial Group had signed 32 rental contracts on the office portfolio corresponding to 42,247sqm and annual rents of €16m.

In the second quarter, the Colonial Group signed more than 28,000 sqm between new contracts and renewals. This volume of contracts is above that of the first quarter of 2020 (pre-COVID period) when 13,500 sqm were signed.

Regarding the letting activity in the second quarter, highlighted are the Barcelona and Paris markets where 13,720 sqm and 14,523 sqm were signed respectively.
In Barcelona, worth highlighting are the contracts signed with Human Resources consultancy firm in Diagonal 609 (1,000sqm) and a technical consultancy company in Tore Bcn (800sqm) and in Paris, highlighted are the signings of more than 6,000 sqm on the 83 Marceau asset and 5,974 sqm on the Edouard VII complex.

In Madrid, it was a period of reduced activity given that some contract maturities were not executed by the clients and the rest of the available surfaces of the portfolio are concentrated in secondary areas more difficult to rent, given that the CBD assets are almost at full occupancy.

			1Q 2020		2Q 2019	
Strong price increases	Surface sqm Q1 20	Surface sqm Q2 20	Release Spread[1]	% Var. vs ERV 12/19[2]	Release Spread[1]	% Var. vs ERV 12/19[2]
Barcelona	7,024	13,720	+50%	+7%	+54%	+9%
Madrid	5,374	466	+15%	+5%	na	+13%
Paris	1,141	14,523	ns	+7%	+14%	+12%
TOTAL OFFICES	13,539	28,709	+21%	+6%	+32%	+11%

(1) Signed rents on renewals vs previous rents
(2) Signed rents vs market rents at 31/12/2019 (ERV 12/19)

The rental prices signed in this second quarter are in line with pre-COVID-19 levels showing the resilience of the portfolio to date.

For **the contracts renewed in the second quarter, the release spread** (signed rents vs previous rents) **was +32%.** In Barcelona, the release spread was +54% and in Paris, the release spread was +14%.

Likewise, **the growth of the signed prices** compared to the market rent at December 2019 remained high in this **second quarter, reaching +11% for all contracts signed.**

In **Barcelona**, the rents signed were **+9% above market rents 12/19, and in Madrid, the increase was +13%.** In the **Paris portfolio, the increase compared to market rents was up +12%.**

Consequently, **the accumulated volume of rental contracts in the first 6 months amounts to 42,247 sqm**, with the following breakdown:

In the Madrid portfolio, rental contracts with a surface area of 5,839 sqm were signed on 6 transactions. Of special mention is the renewal of almost 2,000 sqm on the Recoletos 37 asset with a large publishing company, the renewal of 1,073 sqm on the Egeo asset with a food company, as well as the renewal of almost 1,000 sqm on the Francisca Delgado 11 asset with an international consultancy firm.

In the **Barcelona office portfolio,** rental contracts with a surface area of 20,744 sqm across 17 transactions were formalized. Among the highlights is the signing of 3,200 sqm on the Torre BCN asset and the signing of 1,245 sqm on the Diagonal 609-615 asset, both mainly with banking entities, as well as the signing of almost 1,000 sqm on the Torre Marenostrum building with a communications consultancy firm. In Barcelona, also worth mentioning is the renewal of 10,906 sqm in the building in Sant Cugat, mainly with a banking entity and almost 2,000 sqm with various tenants in the Diagonal 609-615 building.

In the **Paris office portfolio**, rental contracts for a volume of 15,664 sqm were signed across 9 transactions. It is worth highlighting the renewal of almost 6,000 sqm on the Edouard VII building, as well as a new contract signed with Goldman Sachs on the Marceau asset for more than 6,000 sqm.
This pre-letting lease signed with Goldman Sachs is for 12 years, with a non-cancellable term of nine years. The let surface area is almost 6,500 sqm, which represents 81% of the building's total office space. With this transaction, Goldman Sachs, one of the largest investment banking and securities companies in the world, intends to increase its presence in the Gaul country, enabling it to double the workforce of the company in Paris.

83 MARCEAU – ACTIVO DE GRADO A EN PRIME CBD DE PARIS

2. Solid occupancy levels

The **total vacancy of the Colonial Group** at the close of the first half of 2020 **stood at levels of 4%.**

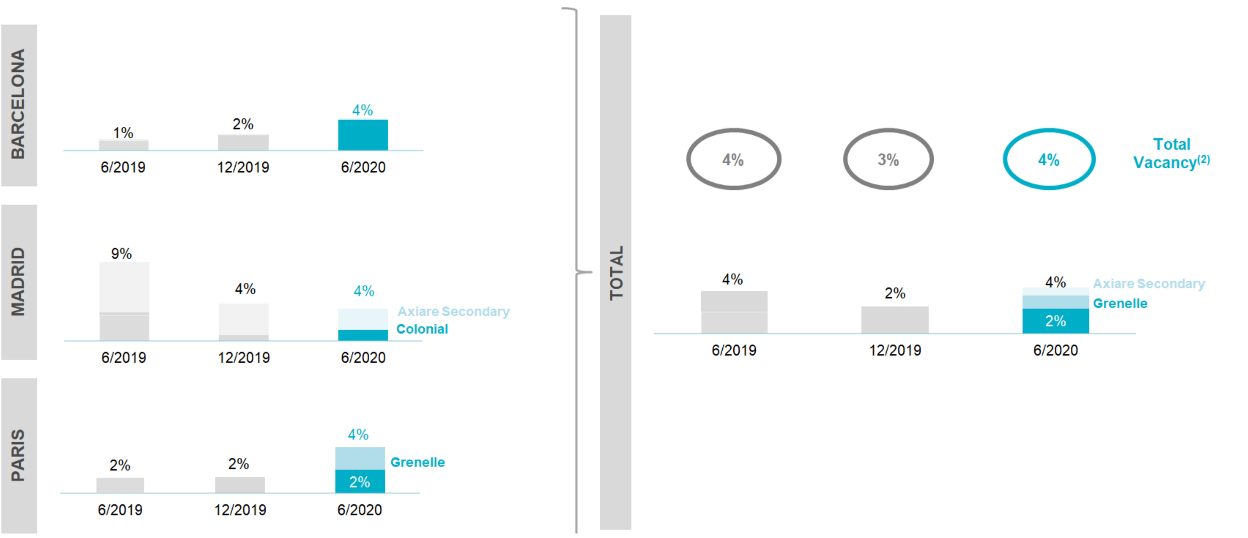
This level of vacancy is in line with levels from one year ago, and it has increased by 200 bps compared to the ratio of the first quarter, due to client rotations in the Barcelona portfolio and to the delivery of the renovation program on the Grenelle asset in Paris.

The like-for-like vacancy of the Colonial Group, excluding the entry into operation of the 103 Grenelle building, is at 3%, an increase of 200 bps compared to the first quarter of 2020.

The financial vacancy of the Colonial Group's portfolio is shown as follows:

EPRA VACANCY(1)

Office & Total Vacancy – Evolution of Colonial's Portfolio



(1) EPRA vacancy: financial vacancy according to the calculation recommended by EPRA (1-[Vacant floorspace multiplied by the market rent/operational floor space at market rent])

(2) Total portfolio including all uses: offices, retail and logistics

The **Barcelona office portfolio** has a **vacancy rate of 4%**, a ratio that has been increased over the first half mainly due to an exit of tenants in the Torre BCN asset.

In the **office portfolio in Madrid** the vacancy rate **has remained stable at 4%**, given that there have been no new contracts for empty spaces in the first half, due to the reduced volume of visits in light of the COVID-19 crisis.

The **office** portfolio in **Paris** has a **vacancy rate of 4%.** This ratio has increased because of the entry into operation of the 103 Grenelle asset. Excluding this asset, the **vacancy in Paris is at 2%.**

3. Client Portfolio and COVID-19 negotiations

The Colonial Group has a portfolio of clients diversified between sectors with high levels of loyalty, permanency and solvency.

Due to the COVID-19 crisis, the commercial team of the Colonial Group has analysed and negotiated deferral systems or, in exceptional cases, allowances for the payment of rents with a special focus on all of the companies that are having financial difficulties, as a result and in the framework of the limitation of the development of their activities in the commercial and leisure sectors.

41% of the Colonial Group's clients have had conversations with the commercial team who have reached agreements with more than 80% of them, having closed all of the negotiations in the Spanish client portfolio.

At the date of this publication, the impact of these negotiations amounted to 2% of the annual rental income for the 2020 profit and loss account.

In addition, it is important to point out that short term rental deferral payment agreements have been made with the clients most affected by the crisis in exchange for an extension of the current contracts. The average months that the contracts have been extended by are between 24 and 36 months, which have resulted in 800 additional months in the contract portfolio corresponding to approximately €40m in secured future rents.

ESG Strategy

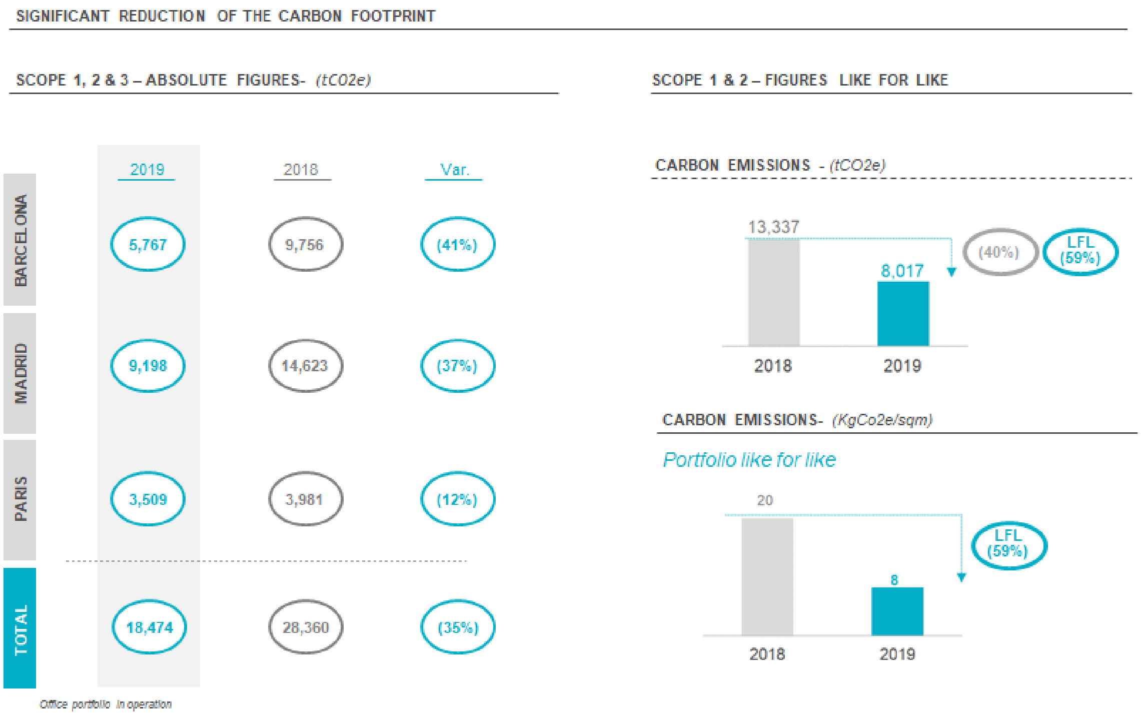
The Colonial Group pursues a clear leadership in ESG, being a fundamental element of its strategy, prioritizing sustainable long-term returns, based on a business model of high-quality products. Accordingly, the Colonial Group's corporate strategy is based on pursuing the maximum excellence in the fields of governance, social aspects and sustainable investment, taking action in different areas:

1. Strategic Plan on Sustainability & Decarbonization

The strategic plan for decarbonization implies the commitment of the Colonial Group so that by 2050, its entire office portfolio will be neutral in carbon emissions, and totally aligned with the Paris climate agreements made at the conference held in December 2015.

For the Colonial Group, this implies: (i) neutrality in carbon emissions by 2050 (ii) a (75%) reduction in Scopes 1 & 2 by 2030 starting from the base year 2015.

With this objective, in 2019 the Colonial Group continued to work on this topic and achieved a (59%) reduction like-for-like in its carbon footprint (Scopes 1 & 2), reaching an intensity ratio of 8 kgCo2e/sqm for Scopes 1 & 2, placing it among the lowest carbon footprints in the European sector.



2. ESG Investment – Decarbonization Laboratory

Colonial will build the first office building in Spain made entirely of wood

The WittyWood building will have 4,100 sqm destined to office use. The project, which is a unique concept of office buildings in Spain, will count on spaces equipped with the latest technologies. WittyWood is located on calle Llacuna 42, in the heart of the 22@ district.

The new Colonial building will have a total investment cost of €12m, and will be 50% assumed by Colonial together with its strategic partner Narcís Barceló, a pioneer in these types of buildings. The delivery is expected to take place in the second half of 2021.

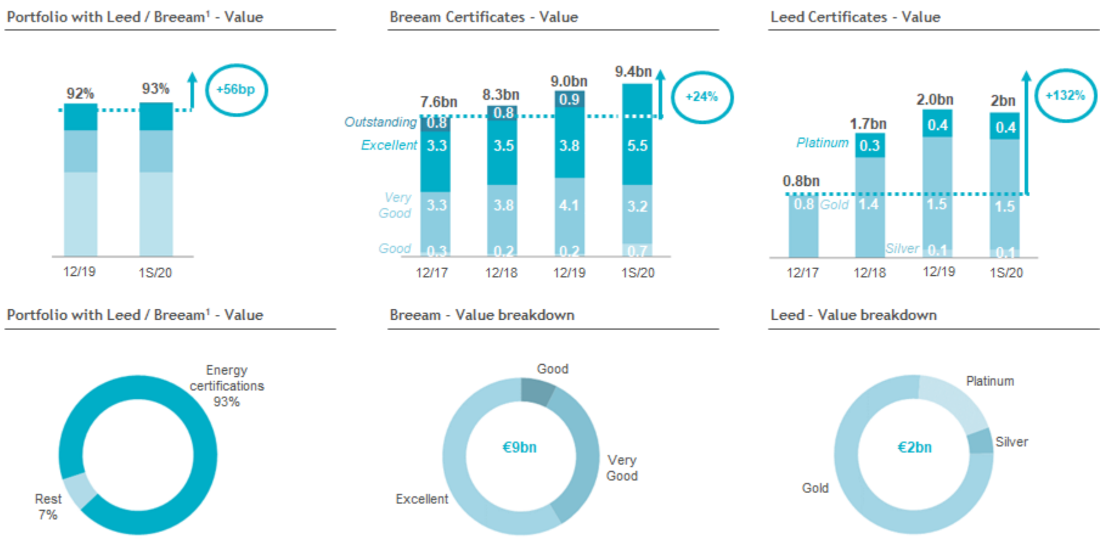
With the construction of this new building, Colonial is starting a new venture on the exploration of industrialized construction, as well as IOT technology (Internet of Things), essential tools for the optimization of energy consumption.

The WittyWood building will be built using wood as the primary material, an unprecedented case in the offices market in Spain. Timber engineering acts as storage for Co2, consequently considerably reducing the emissions that impact global warming. In the construction phase alone, carbon emissions are reduced by 50%. Due to these characteristics among others, the building will envisage the maximum environmental certificates: LEED Platinum and WELL Platinum.

3. Energy Efficiency of the Colonial Group's asset portfolio

93% of the office portfolio in operation have LEED or BREEAM energy certificates, an increase of 56 bps compared to the level of certificates at December 2019. This high level of certification places Colonial in a leading position in energy efficiency in Europe.

Specifically, €2,000m of the assets have LEED certificates and €9,400m of the assets have BREEAM certificates.



(1) Office Portfolio in operation

4. Sustainable financing

Thanks to its high standards in sustainability, in April 2020 Colonial formalized a sustainable loan for €200m with the margin linked to its GRESB rating.

BNP PARIBAS   NATIXIS   CaixaBank   BBVA

Together with the sustainable loans from 2019 which amount to €151m, to date Colonial has issued €351m of sustainable financing.

A solid capital structure

I. A strong balance sheet

At the close of the first half of 2020, the Colonial Group had a solid balance sheet which is reflected in the following figures:

1) An LTV of 36.6%
2) A liquidity of more than €2,488m
   > This liquidity exceeds by more than 6 times the debt maturity available for 2020 and 2021 (considering the non-renewal of the ECP program)
   > Of the current liquidity, more than €700m is cash

II. Investment Grade Rating confirmed during the COVID-19 crisis

Standard and Poor's and Moody's confirmed Colonial's rating in April 2020 in view of the effects of the COVID-19 crisis and under the currently known circumstances.

In particular, they have considered:

> The S&P agency maintains BBB+ rating. The stable perspective, which has been confirmed, reflects the opinion of S&P that Colonial will withstand the effects of COVID-19

> Moody's also maintains Baa2 rating with a stable outlook which it granted in 2019. The rating is mainly based on Colonial's leadership position in the prime offices market in France and Spain, its solid client base and the high occupancy rates of its portfolio, the deleveraging at 31 December 2019 and the strong liquidity of Colonial

Colonial is one of the few European Real Estate companies that have maintained its rating consolidating its positioning as the Real Estate company with the highest rating in the Spanish sector and among the best rated in Europe.

III. Access to the debt market

In the first half of 2020, the Colonial Group successfully closed a debt issuance operation for €500m through its French subsidiary, SFL. The bonds have a 7 years maturity, with an annual coupon of 1.5% interest rate. Demand exceeded up to four times the issue volume and they were to quality European investors.

Additionally, the Colonial Group has formalized a sustainable loan in Spain for €200m. Its Club Deal format includes the following leading banking institutions, both national and international: BBVA, BNP Paribas, Caixabank and Natixis. Caixabank is acting as the Agent Bank and Sustainability Agent.

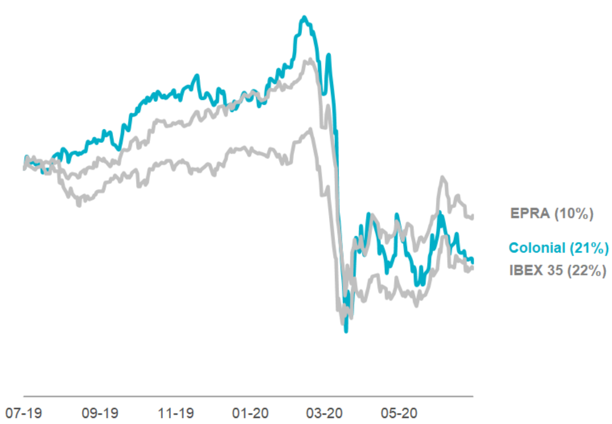
IV. Analyst consensus

In the framework of the COVID-19 crisis, the analysts are progressively revising their assumptions and perspectives on the European listed market.

In the case of the Colonial Group, the analysts' consensus maintains "buy" recommendations and highlights the Company's strength in their analysis, thanks to its strategy of positioning in prime offices. The table below shows the main analysts that have reviewed their recommendations as at the date of this publication:

Analista	Recommendación	Fecha
Goldman Sachs	Buy	08/06/2020
J.P.Morgan CAZENOVE	Overweight	13/05/2020
Morgan Stanley	Neutral	14/05/2020
BofA SECURITIES	SELL	14/05/2020
Green Street Advisors	Hold	01/07/2020
KEMPEN & CO	Neutral	26/05/2020
Kepler Cheuvreux	BUY	14/05/2020
BARCLAYS	Underweight	04/06/2020
ODDO BHF	BUY	14/05/2020
ALANTRA Equities	Neutral	14/05/2020
JBCapitalMarkets	BUY	14/05/2020
Santander	BUY	25/03/2020

COLONIAL SHARE PRICE PERFORMANCE 2020 YoY*



(*) Share price 30/06/2020

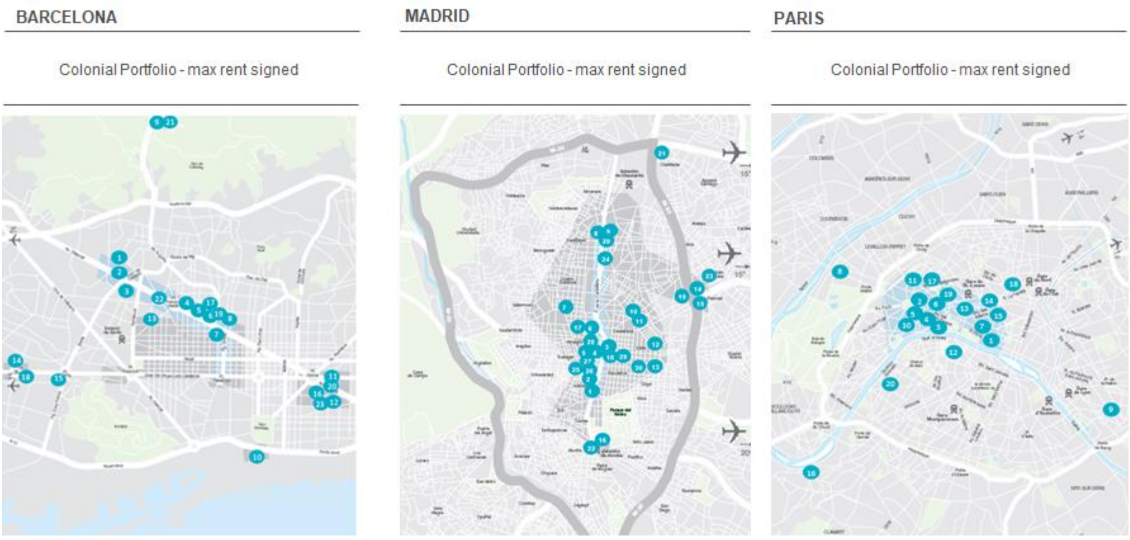
Strategic Prime positioning with great resilience

Colonial's strength to deal with the current situation is based on its strategic prime positioning with offices in the CBD and clients with solid solvency, as well as a solid balance sheet.

The main strengths of the Colonial Group are the following:

A. Leadership in Grade A offices in the city centre (CBD)

Colonial has high quality product in city centre locations, with 76% of the portfolio in the CBD.



B. A strong prime positioning with a top-quality client portfolio which provides an attractive combination of 1) rents at the high end of the market with 2) high loyalty levels and solid maturity profiles.

The contract portfolio of the Colonial Group has a positive "reversionary buffer" in the first half of the year, given that the current rents of the portfolio are still below the market rents as of December 2019. Likewise, to date, the Group has captured high reversion rates with a release spread[1] of +29% in the first half of 2020.

(1) Signed rents on renewals vs. previous rents

C. A solid balance sheet with the best rating in the Spanish real estate sector, confirmed by S&P and Moody's during April 2020, in the peak of the COVID-19 crisis.

A prudent LTV profile with one of the highest levels of liquidity in the sector, covering more than 6 times the debt maturities in 2020 and 2021 (considering the non-renewal of the ECP program)

D. An attractive project pipeline located in one of the best areas of Paris, Madrid and Barcelona, with significant pre-letting.

	Project	Committted	City	% Group	Delivery	GLA (sqm)	Total Cost €m [1]	Yield on Cost
1	Castellana, 163	✓	Madrid CBD	100%	Delivered	10,910	52	7.5%
2	Diagonal 525	✓	Barcelona CBD	100%	1H 21	5,710	39	5.1%
3	Miguel Angel 23		Madrid CBD	100%	1H 21	8,036	66	5.9%
4	83 Marceau	✓	Paris CBD	82%	2H 21	9,600	151	5.5- 6.0%
5	Velazquez 88	✓	Madrid CBD	100%	1H 21	17,239	113	7.7%
6	Biome	✓	Paris City Center	82%	1H 22	24,500	283	5.0%
7	Plaza Europa 34		Barcelona	50%	2H 22	14,306	42	7.0%
8	Mendez Alvaro Campus		Madrid CBD South	100%	2H 22	89,871	300	7.9%
9	Sagasta 27		Madrid CBD	100%	2H 22	4,481	23	7.0%
10	Louvré SaintHonoré	✓	Paris CBD	82%	2023	16,000	208	7.7%
TOTAL OFFICE PIPELINE						200,653	1,277	6.7%

[1] Total Cost Finished Product = Acquisition Cost/ Asset Value pre Project + future Capex

Colonial's project portfolio is 100% located in the city centres of Barcelona, Madrid and Paris, with 50% of the value attached to 3 projects in Paris.

To date, 33% of the project portfolio is already pre-let, corresponding to €28m of rental income. This ratio has increased more than 800 bps compared to the rental levels at the beginning of the year, thanks to the successful pre-letting transaction of the 83 Marceau project in Paris.

E. Active management of the portfolio, through the disposals of non-core assets and the acquisition of assets located in CBD areas, improving the risk-return profile of the Group.

Over the last 3 years, the Colonial Group has carried out significant disposals of non-core assets for €1,400m, with double digit premiums over the asset valuations in process.

In addition, in the framework of improving the Prime portfolio of the Group, since 2015 Colonial has acquired more than €2,900m[1], in core CBD buildings, identifying assets with added value potential in market segments with solid fundamentals.

In the first half of 2020, Colonial divested the Hotel Mojácar (a non-strategic asset) for €8.4m, corresponding to a +22% premium on the appraisal value as of December 2019. In addition, €14m of deferred payments were received related to the disposal of the Hotel Centro Norte in 2019.

After the close of the first half, the call option for the remaining part of the logistics disposal signed in 2019 has been executed.

NET INVESTMENTS SINCE 2015 - €m

About Colonial

Colonial is a Spanish listed REIT company (SOCIMI), leader in the European Prime office market with presence in the main business areas of Barcelona, Madrid and Paris with a prime office portfolio of more than one million of sqm of GLA and assets under management with a value of more than €12bn.

"La información incluida en este documento debe leerse junto con toda la información pública disponible, en particular la información disponible en la página web de Colonial www.inmocolonial.com."

"The information included in this document should be read together with all of the public information available, particularly the Company's website www.inmocolonial.com."

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