

Attributable profit of €2m thanks to the resilience of the Prime assets

Colonial closed the 2020 with a stable recurring profit and NTA compared to Pre-COVID levels

Solid Asset Value sustained by an office strategy with focus on prime CBD:

- Gross Asset Value of €12bn, Paris standing out with +4% like-for-like year-on-year
- Resilient Net Tangible Assets / Net Asset Value of €11.27/share
- Net recurring results of €138m and Recurring EPS of €27.06cts/share
- Non-core disposals of more than €600m with an +11% premium over GAV
- A strengthened balance sheet with proforma LTV below 35% post Alpha V disposals
- Excellence in ESG with significant advances in the benchmark indexes

Madrid, 25 February 2021

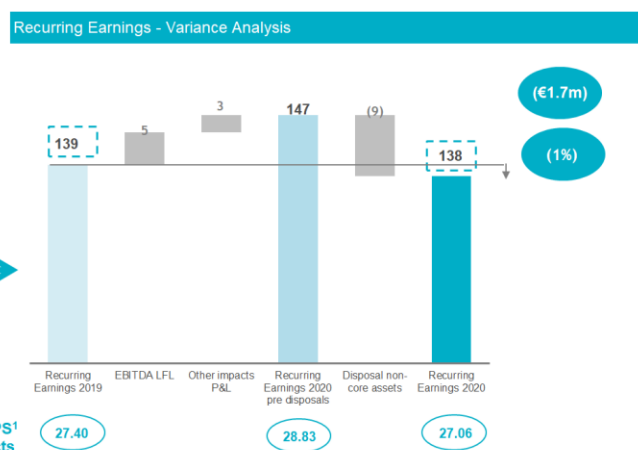
Annual Results 2020

According to Juan José Brugera, Chairman of Colonial: “We are proud to present a stable recurring net profit compared to 2019, despite the economic impact of the global pandemic”. Likewise, Pere Viñolas, Chief Executive Officer of Colonial says: “The prime assets located in the CBD once again proved to be more resilient and stable than other assets located in secondary areas and other real estate asset classes”.

The Colonial Group closed 2020 with a net recurring profit of €138m, in line with the previous year. Net recurring EPS amounted to €27.06cts/share.

Profit & Loss Account		
Results analysis - €m	2020	2019
Gross Rents	340	352
Recurring EBITDA	272	283
Recurring financial result	(87)	(89)
Income tax expense & others - recurring	(14)	(15)
Minority interests - recurring	(34)	(39)
Recurring Earnings	138	139
Change in fair value of assets & provisions	(75)	819
Non-recurring financial result & MTM	(33)	(6)
Income tax & others - non-recurring	(0)	1
Minority interests - non-recurring	(26)	(126)
Profit attributable to the Group	2	827

⁽¹⁾ Recurring earnings per share



Highlights

Annual Results

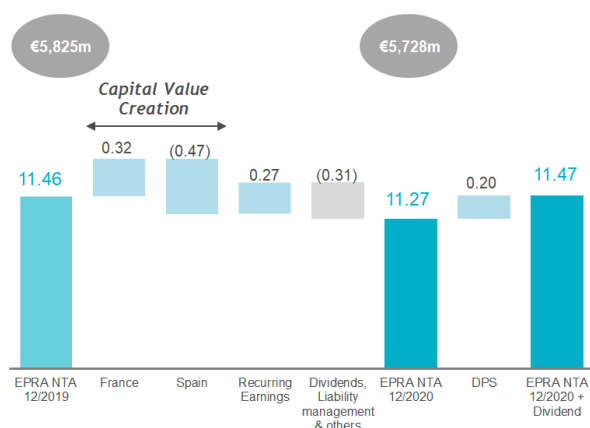
Stable Recurring EPS and Net Tangible Asset (NAV) compared to the previous year

Net Tangible Asset/Net Asset value (NAV) of €11.27/share, €11.47 including the paid dividend, in line with the previous year

Colonial closed 2020 with a **Net Tangible Assets (NTA) of €11.27/share**. Including the dividend paid of €0.20/share, it amounted to €11.47/share, stable compared to the NTA (NAV) of €11.46/share from the previous year (+0.1%).

The stable evolution of the NTA (NAV) is underpinned by the defensive performance of the value of the assets. It is worth highlighting the increase in value of the Paris portfolio that has compensated for the slight correction of the Madrid and Barcelona portfolios.

EPRA NTA €/share



Total Shareholder Return¹

	1H 2020	2H 2020	2020 FY
NTA Growth per share	(2.2%)	+0.5%	(1.7%)
Dividend per share	+1.7%	na	+1.7%
Total Return per share	(0.5%)	+0.5%	+0.1%

(1) Total shareholder return understood as NTA (NAV) growth per share + dividends

Among the main aspects that explain the evolution of the NTA (NAV), it is important to highlight:

1. Growth of +4% like-for-like in 2020 of the asset portfolio in Paris
2. Successful management of the project portfolio with high levels of pre-letting
3. Resilient execution of the contract portfolio, exceeding ERV's of the previous year
4. Generation of stable cash flow maintaining recurring results of €27cts/share
5. A favorable situation in the investment markets for prime assets, especially in the second half of 2020, enabling disposals with a double-digit premium over GAV

The high interest by the investment market for core CBD assets, with an increase in transaction volumes and prices in the second half of the year, enabled a favourable evolution of value in the second half of

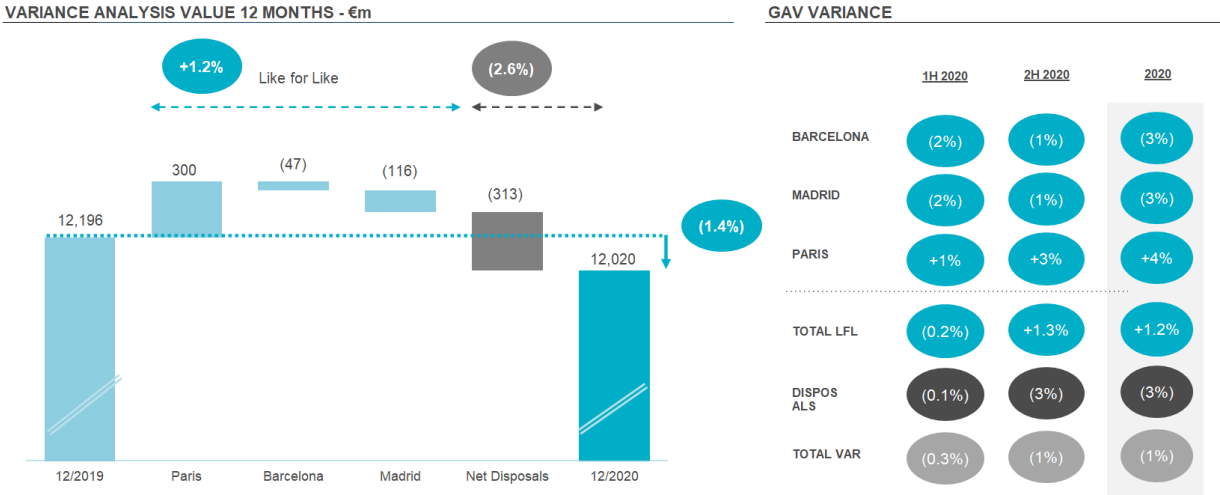
2020. This compensated for the slight correction of the NTA in the first half, closing the year with stable Net Tangible Assets, including the dividend paid.

Gross Asset Value of €12,020m +1.2% like-for-like (Paris +4% like-for-like)

The gross asset value of the Colonial Group at the close of 2020 amounted to €12,020m (€12,631m including transfer costs), showing an increase of +1.2% like-for-like compared to the previous year. Including the disposals registered in 2020 for €313m, the value of the assets has decreased by 1%. The variation in the second half of 2020 amounted to +1.3% like-for-like, compensating the correction in the first half of 2020.

The Barcelona and Madrid asset portfolios saw a slight correction of (3%) like-for-like. This correction was mainly concentrated in the first half of the year, with a variation of (2%) like-for-like, given that in the second half of the year the correction was negligible at (1%) like-for-like.

In Paris, the portfolio value increased +4% like-for-like, thanks to the robust nature of the prime portfolio in Paris and the progress in the project portfolio. After an increase of +1% in the first half of the year, noteworthy is the acceleration of the increase in value of the Paris portfolio of +3% like-for-like in the second half of the year, showing investors’ interest in Prime assets in Paris.



The defensive performance of Colonial’s asset portfolio is underpinned by:

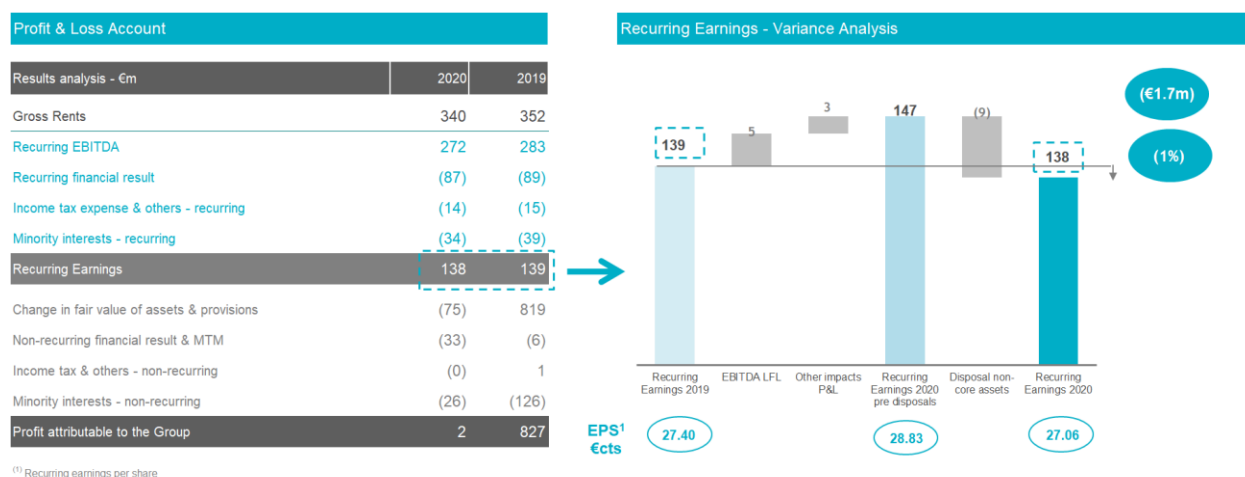
- 1) The high concentration in prime CBD locations with strong fundamentals, enabling a higher protection in recessive cycles and a better growth profile in upward cycles.
- 2) The high quality of the buildings that enables attracting clients with maximum solvency and high loyalty indices.

- 3) A successful diversification strategy that optimizes the risk profile of the portfolio, as shown in the 2020 results, where the Paris assets have compensated for the slight value correction in Barcelona and Madrid.
- 4) An industrial approach on value creation through the repositioning of assets, creating Alpha real estate value that creates a differential in the market and offers a more defensive positioning.

Recurring Net Profit of €27cts/share

The Colonial Group closed 2020 with a net recurring profit of €138m, in line with the previous year.

Net recurring EPS amounted to €27.06cts/share.



The slight decrease in recurring net results of (€1.7m), (1%) vs. the previous year, is mainly due to the disposal of non-strategic assets, mainly carried out in the second half of 2019 and 2020. These disposals have resulted in an impact of lower rents on the recurring profit of €9m.

Consequently, the recurring profit per share, excluding the above-mentioned non-strategic asset sales, would have been €28.83cts/share, which represents an increase of +5% year-on-year in comparable terms.

The net result of the Group amounts to €2m, including the value variation of the assets registered at 31 December 2020 as well as the impact of asset sales, other non-recurring impacts and risk management.

Solid like-for-like increase of Net Rental Income

Colonial closed 2020 with **€340m of Gross Rental Income, and Net Rental Income (EBITDA rents) of €318m.**

The **Gross Rental Income in 2020** decreased 3%, mainly due to the disposal of non-strategic assets. In like-for-like terms, adjusting for investments, disposals and variations in the project and renovation pipeline and other extraordinary items, the Group's gross rental income corrected only by 1%, mainly in previous years levels of revenues.

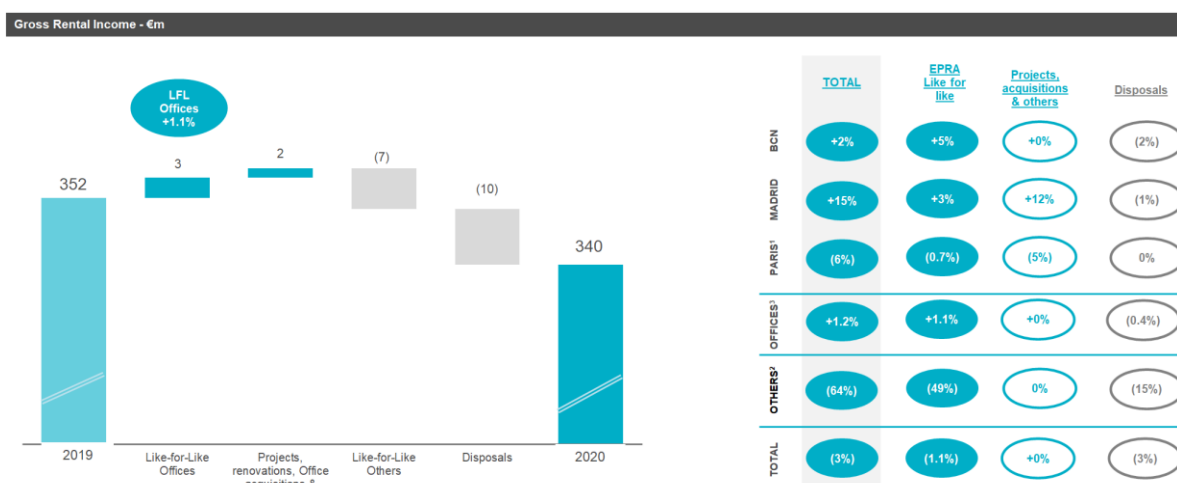
The **net rental income (EBITDA rents)** increased +2% in like-for-like terms (+3% like-for like in the offices portfolio).

December cumulative - €m	2020	2019	Var	LFL
Rental revenues Group	340	352	(3%)	(1%)
EBITDA rents Group	318	322	(1%)	2%
EBITDA rents - Offices	312	305	2%	3%
<i>EBITDA rents Barcelona</i>	<i>47</i>	<i>44</i>	<i>6%</i>	<i>9%</i>
<i>EBITDA rents Madrid</i>	<i>94</i>	<i>76</i>	<i>23%</i>	<i>9%</i>
<i>EBITDA rents Paris</i>	<i>172</i>	<i>185</i>	<i>(7%)</i>	<i>(1%)</i>

Gross Rental Income from the office portfolio increased by +1% year-on-year

The increase in rents in the office portfolio is based on an increase of +2% in Barcelona and +15% in Madrid. Both cities have shown solid like-for-like rental growth of +5% and +3%, respectively.

The Gross Rental Income of the offices portfolio in Paris decreased by 6%, mainly due to the rotation of the project portfolio and lower activity in the business centres of Cloud and Eduard VII due to the pandemic. In like-for-like terms, the offices Gross Rental Income remained stable at (0.7%) like-for-like.



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

Highlighted is the growth in the office portfolios of both Madrid and Barcelona.

The Gross Rental Income from the offices portfolio in **Madrid increased +15%**, based on (1) a **like-for-like increase of +3.4%** together with (2) an increase in rental income of +11.4% due to an indemnity for the early exit of a client, as well as (3) a successful delivery of the assets of Castellana 163 and Jose Abascal 56.



The Gross Rental Income from the **Barcelona portfolio increased +2%**, mainly due to a **strong like-for-like rise of +5%**. Likewise, the rest of the income was affected by client rotation and disposals that were partially compensated by the acquisition of Parc Glories II the previous year.



The Gross Rental Income of the offices portfolio in **Paris decreased 6%**, mainly due to the rotation of the project portfolio and lower activity in the Cloud and Eduard VII business centres. Excluding this effect, **the Gross Rental Income like-for-like slightly decreased by (0.7%) like-for-like.**



The rest of the portfolio mainly corresponds to the Hotel Indigo in Paris, as well as the three secondary retail assets coming from the Axiare acquisition. All these assets, less defensive in the current crisis, have suffered a decrease in rental income amounting to €7m like-for-like.

Solid operational fundamentals

1. Solid take-up levels, capturing rental price increases

The Colonial Group's business performed with resilience in 2020, maintaining a solid take-up and high occupancy levels.

At the close of 2020, the Colonial Group had signed 77 rental contracts on the office portfolio corresponding to 97,363 sqm and annual rents of €36m. Of the total letting activity, 68% (66,440 sqm) corresponds to renewals, spread over the three markets in which the group operates, and the rest (30,924 sqm) corresponds to new lettings.

Strong price increases	# contracts	Surface sqm	GRI	2020	
				Release Spread ¹	% Var. vs ERV 12/19 ^{2,3}
Barcelona	26	28.911	6€m	+45%	+6%
Madrid	27	44.592	14€m	+15%	+2%
Paris	24	23.861	16€m	+6%	+9%
	77	97.363	36€m	+17%	+6%

(1) Signed rents on renewals vs previous rents

(2) Signed rents vs market rents at 31/12/2019 (ERV 12/19)

(3) There are 2 contracts with cap (1 in Barcelona and 1 in Madrid)

Double-digit Release Spreads

The release spread (signed rents vs previous rents) was in high double digits in 2020, reaching **+17%**. These ratios highlight the defensive nature of Colonial's contract portfolio with significant improvement margins on current rents. Worth mentioning is the high increase in the Barcelona portfolio +45%, as well as the solid increase in Madrid +15% and Paris +6%.

Strong rental growth

Compared with the market rent (ERV) at December 2019, signed rents **increased by +6% in 2020**.

In **Barcelona**, rents were signed at **+6% above market rent 12/19**, in the **Paris portfolio**, the increase in ERVs was **+9%**, and the **Madrid portfolio** was up **+2%**.

With regard to the cumulative letting activity, worth highlighting is the **high volume signed in the Madrid market**, amounting to **44,592 sqm**, of which 37,556 sqm are renewals and 7,036 sqm correspond to new lettings. In **Barcelona, more than 28,911 sqm were signed**, of which 18,308 sqm are renewals and 10,603 sqm correspond to new contracts on available surfaces.

In **Paris, 23,861 sqm were signed**, of which 10,576 sqm were renewals and 13,284 sqm correspond to new contracts. Of these new contracts, it is worth mentioning that 9,586 sqm correspond to **the Marceau project**, an asset 100% pre-let during the COVID-19 pandemic. In terms of renewals, of special mention is the almost 6,000 sqm on the Edouard VII asset, as well as the more than 2,600 sqm on the Cézanne Saint Honoré asset.

Letting performance during the pandemic

The volume of signed contracts in the COVID-19 period (2nd, 3rd, and 4th quarters of 2020) is above the volume signed in the first quarter of 2020 (pre-COVID period), with high rental prices in the signed contracts.

Strong price increases	Surface sqm				Release Spread ¹		Rental Growth vs ERV 12/19 ^{2,3}		
	Pre Covid 1Q 2020	2Q 2020	Post Covid 3Q 2020	4Q 2020	Pre Covid 1Q 2020	Post Covid 2Q-3Q-4Q 2020	Pre Covid 1Q 2020	Post Covid 2Q-3Q-4Q 2020	
Barcelona	7.024	13.720	4.124	4.043	+50%	+44%	+7%	+5%	
Madrid	5.374	466	20.450	18.303	+15%	+15%	+5%	+2%	Adjusted ⁴ +7%
Paris	1.141	14.523	2.026	6.170	na	+6%	+7%	+10%	
TOTAL OFFICES	13.539	28.709	26.600	28.516	+21%	+17%	+6%	+5%	+8%

(1) Signed rents on renewals vs previous rents
 (2) Signed rents vs market rents at 31/12/2019 (ERV 12/19)
 (3) There are 2 contracts with cap (1 in Barcelona and 1 in Madrid)
 (4) Excluding a contract with a single tenant with a release spread of +21%

In the first quarter of 2020 (pre-COVID), close to 14,000 sqm were signed. This figure was exceeded in each of the following quarters, with a letting volume of close to 30,000 sqm per quarter, specifically 28,709 sqm in the second quarter, 26,600 sqm in the third quarter and 28,516 sqm in the fourth quarter.

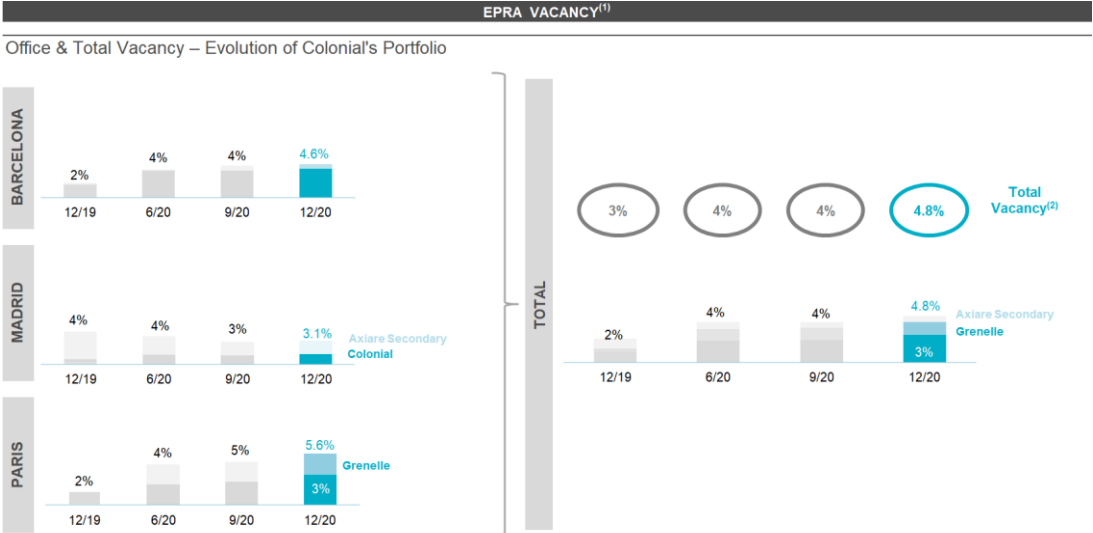
The release spread in the COVID-19 period was at +17%, a high double-digit level compared to the pre-COVID situation. Highlighted are Barcelona with an increase of +44% and Madrid with +15%.

Rental growth during the COVID-19 period was at +5%, boosted by Paris with +10% and Barcelona with +5%. Madrid was at +2%, due to a contract renewal that was carried out with a slight correction. Excluding this contract, the rest of the portfolio increased +7% compared to the market rents at December 2019.

2. Solid occupancy levels

At the close of 2020, the **total vacancy of the Colonial Group stood at 4.8%**, a vacancy rate in line with recent quarters, although above the ratio one year ago. Of special mention is the improvement in the Madrid office portfolio, reaching 3%.

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



(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

In the **office portfolio in Madrid** the vacancy rate decreased down to **3.1%, improving by +120 bps compared to the previous year**, mainly due to the 100% occupancy in the Josefa Valcárcel 40 bis asset, among others.

The **Barcelona office portfolio** has a **vacancy rate of 4.6%**, a rate in line with the last quarters, but shows **an increase of +262 bps compared to the rate from one year ago**, mainly due to the client rotation in various assets and new entries into operation.

The **office portfolio in Paris** has a **vacancy rate of 5.6%**, which has increased with respect to the close of 2019, mainly due to the entry into operation of the completed refurbishments on the 103 Grenelle and Edouard VII assets. This new entry into operation, offers a future source of potential cash flow from additional rents, given that they represent a top-quality offer in the centre of Paris, currently scarce in the market. **Excluding the Grenelle asset, the vacancy rate in Paris is 3%.**

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.



This great resilience of the client portfolio has been the base for which **the collection rate¹ levels in Q4 2020 have remained high at 97% for the office portfolio (100% in Paris)**

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 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 had discussions with the commercial team. To date, all the negotiations related to the first and second wave have finalized.

The impact of these agreements reached 4.5% of the annualized passing rents² as of 31 December 2020. It is worth mentioning that in exchange of those agreement, extension of the contract maturities have been signed, improving the average maturity of the contract portfolio.

The impact of the agreements in the 2020 Profit and Loss account amounted to €6m.

(1) Collection rates for Q2 – Q4, Covid-19 quarters

(2) Annualized topped-up passing GRI as of 31/12/2020

Successful execution of the disposal program

Disposals of more than €600m with double digit premium on GAV¹







In 2020, the Colonial Group divested a total of €617m¹ of mature and non-strategic assets, of which €413m¹ correspond to the Alpha V program carried out at the end of 2020.

Alpha V disposals - more than €400m in Q4 2020¹

At the end of 2020 and the beginning of 2021, Colonial executed the Alpha V project for €413m and a double-digit premium on last appraisal.

This project includes the disposal of two mature office assets, an office asset in a secondary location, a relocated commercial asset and the collection of the last asset included in the sale of the logistics portfolio.

With these disposals, the Colonial Group exceeded the Capital market Day guidance on disposal volume for the rest of the year that stood at €300m.

Paris CBD Offices			Mature assets <ul style="list-style-type: none"> ✓ GLA – 6,000 sq m each ✓ Small assets and floor plants with suboptimal efficiency ✓ Poor fit in Paris portfolio strategy
			Secondary Office <ul style="list-style-type: none"> ✓ GLA – 11,697 sq m ✓ Secondary Location (Arroyo de la Vega) ✓ Full reversion achieved
Spain Non-Core			Other assets <ul style="list-style-type: none"> ✓ Non core retail asset in C location (Tarrogona) ✓ Last asset disposed included in 2019 Logistics agreement with Prologis

At the end of 2020, the sale of Av. Bruselas 38 was signed in Madrid, an asset located in Arroyo de la Vega, a secondary area in Madrid. After finishing the project and renting it at market price with a long-term expiry, Colonial sold the asset crystalizing a significant premium on the total cost of the project (acquisition cost + invested capex).

1- A part of the assets of the Alpha V program was notarized at the beginning of the first quarter of 2021.

In Paris, two disposals were carried out on mature core assets, 112 Wagram and 70 Percier, with a premium of +16% over valuation and a capital value of €20.000/sqm. These transactions show the investors' appetite for the Paris market, with special acceleration in the second half.

Additionally, Colonial sold the nom core retail asset Les Gavarres, coming from the purchase of Axiare, and executed the final settlement of the sale of the last asset in the logistics package within the agreement announced in August 2019.

ESG Strategy

Important advances in the indexes

2020 was a very successful year in terms of ESG. Accordingly, the Colonial Group achieved some significant advances in the sustainability indexes:

1. Colonial has obtained the EPRA Gold sBPR rating for the 5th consecutive year, which certifies the highest reporting standards in ESG.



2. The Colonial Group obtained a rating of 90 out of 100 in the GRESB index 2020, placing it at the high end of the sector. This 5-star rating is above the average of its peers and has led to an increase of scoring by +48% in 2 years and +17% year-on-year (+13 bps).



3. Colonial has obtained a rating of A- from CDP 2020, confirming its leadership in decarbonization. This rating far exceeds the European regional average as well as the financial services sector average and has led to a strong year-on-year boost, increasing from C to A-.



4. Colonial has obtained a rating at the high end of the sector from Vigeo A1, placed in the top 5% of the 4,835 companies rated (9th of 86 within financial services). This rating exceeds the average of the sector in all KPIs of performance and risk management, with a major year-on-year boost.



5. Sustainalytics has given Colonial a rating of 10.5 in ESG risk, placing it in the top 20 of the 420 listed real estate companies analysed. The agency highlights the good management of ESG policies in accordance with all the international standards.



6. MSCI, the reference rating for listed companies, has given Colonial an A on its ESG rating, one of the highest ratings internationally, in particular due to its very high standards in Corporate Governance.



A solid capital structure

A strong balance sheet

At 31 December 2020, the Colonial Group had a solid balance sheet with an LTV of 36%, 100 bps lower than the previous year.

Including the Alpha V disposals registered at the beginning of 2021, the proforma LTV was below 35%.

The available liquidity of the Group amounted to €2,309m, an increase of more than €200m compared to December 2019. This liquidity enables the Group to assure their financing needs in the coming years and be able to cover all its debt maturities until 2024.

Throughout 2020, the two ratings agencies that qualify Colonial's debt, Standard & Poor's and Moody's, have confirmed Colonial's current rating in their reviews in April and in November of 2020.

Colonial has maintained a stable credit rating during the pandemic, in the face of various downward credit rating corrections in the European real estate sector.

(1) Part of the transacted volume of Alpha V programme, €282m, were settled at the beginning of Q1 2021.

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.



European Property
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“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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