

Recurring net profit of €33m

Colonial increases its recurring net profit by +65%

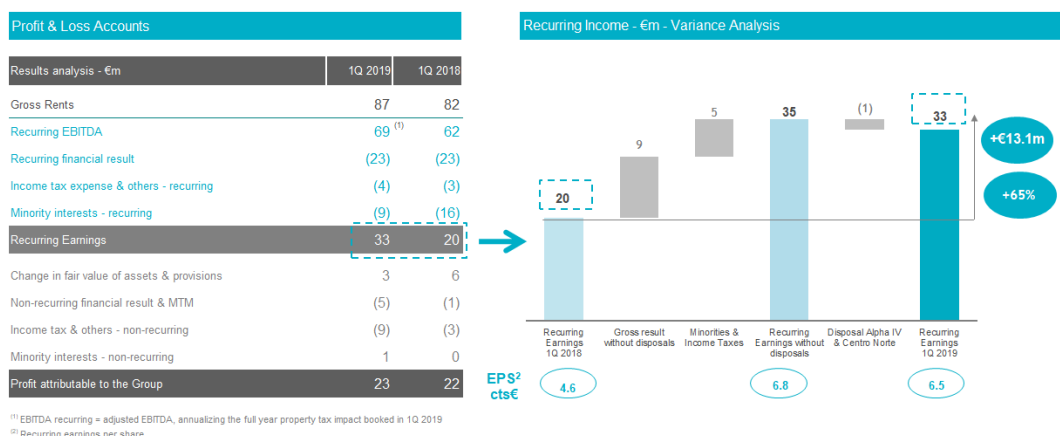
- Gross rental income of €87m, +4% like-for-like
- Capturing rental price increases: +11% vs ERV and +14% vs release spread
- Recurring EPS of €0.065/share, +41% year on year
- Pre-letting of more than 27.000 sqm in 4 projects
- 17.000 sqm signed in Av. Bruselas and Ribera del Loira
- Capital recycling: disposal of Hotel Centro Norte and acquisition of Torre Marenostrum

Madrid, May, 9 2019

2019 First Quarter Results

The Colonial Group has started 2019 with an increase of +65% of the recurring net profit. This growth is based on a portfolio of CBD assets, enhanced through the execution of the Axiare merger, the acquisition of an additional 22% stake in SFL and the disposal of more than €440m of secondary assets in the North East of Madrid. All of these transactions were completed in the year 2018.

The recurring EPS amounted to €0.065/share, resulting in an increase of 41% versus the same period of the previous year. After deducting the expenses in relation to the cancellation of Axiare's debt, as well as other non-recurring expenses, the net profit attributable to the Group amounted to €23m, + 3% compared to the same period of the previous year.



Strong income growth

Colonial closed the first quarter of 2019 with €87m in Gross Rental Income, an increase of +5% compared to the same period of the previous year, +4% in like for like terms.

This strong growth in rental income is based on the significant like-for-like increase across the portfolio in all three markets in which the Colonial Group operates.

This level of like-for-like growth is among the highest in Europe and is mainly due to the capacity of the Colonial Group to capture rental price increases, thanks to its strong positioning in the CBD. Of note in the first quarter is the Madrid market with an increase of +7% like-for-like.

In terms of the analysis of the contribution of each of the three markets of the Group's portfolio, the main factors to highlight are the following:

1. Barcelona +3% like-for-like due to rental price increases, mainly on Diagonal, 609, as well as an increase in occupancy in assets such as Park Cugat and Torre BCN.
2. Madrid +7% like-for-like. This increase was boosted by an increase of rental prices on assets such as Castellana 43, Sagasta 31, Martínez Villergas and Egeo. The new leases signed on CBD properties, such as José Abascal 45, also resulted in a significant positive impact.
3. Paris +3% like-for-like. Rental increases rose to €1.4m, due to new leases signed in 2018, mainly on Washington Plaza and Cézanne Saint Honoré, and due to increases in CPI.

Capturing rental price increases

The Colonial Group's business has performed very well with a robust pace in new leases reaching levels close to full occupancy.

In the first quarter of 2019, the Colonial Group signed 25 rental contracts, corresponding to more than 32,000 sqm and an annual rental income of €13m.

This high volume of signed contracts allowed the company to capture double-digit increases in rental prices in all of the portfolio segments, once again demonstrating the significant competitive advantage of the prime positioning of the Colonial Group.

Compared with the market rent (ERV) at December 2018, signed rents in 2019 increased by +11% and release spreads were of +14%.

In Barcelona, rents were signed +21% above ERV, enhanced by the pre-letting registered for the Pedralbes project. Excluding the pre-letting contracts in Pedrables, the rental growth of the

Barcelona portfolio was at +7%. In the Paris portfolio the increase vs market rents was +10% and in the Madrid portfolio it was +5%.

Likewise, the release spreads in the first quarter were very high: Barcelona +23%, Madrid +22% and Paris +7%.

Important pre-letting agreements in the redevelopment pipeline

On one hand, an agreement subject to conditions was made with the Cartier Foundation for the rental of the Louvre Saint Honoré project in Paris. The agreement establishes a rental contract with minimum obligatory term of 20 years.

On the other hand, a 17-year long rental contract was signed on Pedralbes project in the prime CBD in Barcelona with Uniqlo to create a flagship store, establishing one of the main reference stores in Europe of the Japanese fashion brand.

In both projects, contractual terms were obtained at the high end of the market, setting a new benchmark for premium product in Paris and Barcelona.



After the close of the first quarter of 2019, the Colonial Group signed more than 17,000 sqm on the Avenida Bruselas and Ribera del Loira assets in the Northeast of Madrid.



Solid occupancy levels

The total vacancy of the Colonial Group's portfolio (including all uses: offices, retail and logistics) stood at levels of 4% at the close of the first quarter of 2019.

Particularly noteworthy are the office portfolios of Barcelona and Paris, registering a vacancy rate of 1%.

Alpha rotation 2019

The Colonial Group continues with its strategy to dispose of non-core secondary products in order to strengthen its CBD positioning and reinvest the funds obtained in new opportunities for value creation.

In this context, the Alpha rotation consisted in the following transactions:

1. Disposal of the Hotel Centro Norte, a non-strategic asset at a secondary location in the Northeast of Madrid with a premium of +11% on the appraisal value
2. Acquisition of the remaining 45% of Torre Marenostrum building from Naturgy subsequent to the close of the first quarter, achieving 100% ownership of this unique building located in front of the sea in the 22@ market

The two transactions together offer attractive returns for Colonial's shareholders and at the same time reinforce the focus on its prime offices portfolio.

Delivery of the business plan

According to Pere Viñolas, CEO of Colonial, "these excellent results show the successful delivery of the business plan, generating attractive returns to our shareholders, thanks to the strong positioning in prime offices in the best business districts of Madrid, Barcelona and Paris".

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 sq m of GLA and assets under management with a value of more than €11bn.



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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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