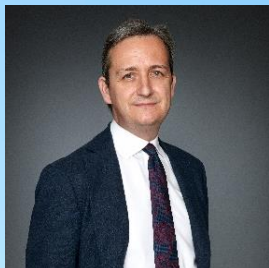


ESG & Decarbonization



Carlos Krohmer
Chief Corporate
Development Officer

Capital Markets Day 2022



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- I Strategy & Governance
- II Decarbonization Business Plan
- III Outstanding Performance



- I **Strategy & Governance**
- II Decarbonization Business Plan
- III Outstanding Performance

ESG AT THE CORE OF CORPORATE STRATEGY....

1. Polarization through maximum ESG Standards
 - > Top Quality Portfolio – Max Eco Efficiency
 - > Top Clients – Focus on Sustainability
 - > Top Investors – Green Returns
2. Corporate Strategy fully integrated with ESG
 - > Quantitative Approach
 - > Business Plan with Financial KPIs
 - > Business Plan with ESG & Decarbonization KPIs
 - > Clear Targets & Monitoring

... UNDERPINNED BY A STRONG GOVERNANCE



A CLEAR STRATEGY WITH CLEAR PRIORITIES – MATERIAL IMPACT ANALYSIS

Environmental

Resilience and low-carbon future

“Built to last”

Building developments and efficient operations built for the future

1. Sustainable investment
2. Energy and carbon efficiency
3. Sustainable construction
4. Circular economy
5. Biodiversity



Social

Office buildings with a positive social impact

“Built to gather”

Providing our clients with the spaces they want to work in

6. Tenant relations and satisfaction
7. Attractive workplaces
8. Community impact
9. Human capital



Governance

Responsible practices across the entire value chain

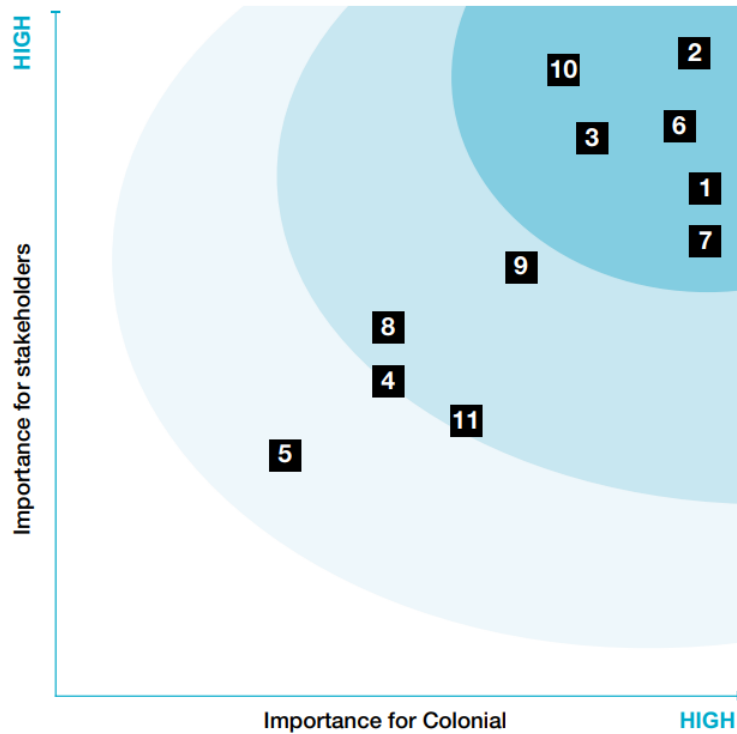
“Built together”

Committing to the highest standards of corporate governance and transparency

10. Ethics and transparency
11. Responsible value chain



A CLEAR STRATEGY WITH CLEAR PRIORITIES – MATERIAL IMPACT ANALYSIS



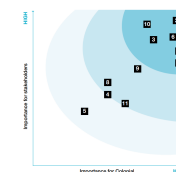
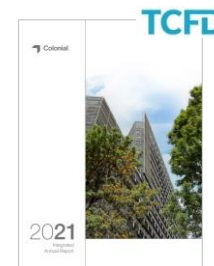
- 1** Sustainable investment
- 2** Energy & carbon efficiency
- 3** Sustainable construction
- 4** Circular economy
- 5** Biodiversity
- 6** Tenants relation & satisfaction
- 7** Attractive workplaces
- 8** Community impact
- 9** Human Capital
- 10** Ethics & transparency
- 11** Responsible value chain

BUSINESS PLAN WITH SUSTAINABILITY KPIs...

	Strategic Goal 2030	Delivery YTD
Reduction of operational GHG emission (Scope1&2 – Carbon Intensity)	Carbon neutral	(56%) LFL Var. 18/21
Reduction of Energy intensity	>(10%) Base year 2018	(5%) LFL Var. 18/21
Portfolio Scope Energy Certificates BREEAM / LEED / HQE	100%	95%
All projects with maximum Ecoefficiency Certificates		✓
Lifecycle Analysis for Projects		✓
Green Procurement / Renewable Energy Purchasing	>70%	70%
Portfolio Scope of KPIs Monitoring ¹	100%	100% ¹
Waste Recovery % / Circular Economy	85%	99%
ESG clauses for key suppliers	100%	100%
Green clauses for all new customers	100%	87%

... ENHANCED WITH STRATEGIC MILESTONES

- 2021 Annual Integrated Report fully TCFD aligned
- Decarbonization Plan approved by SBTi – 1.5C° ambition –
- Full Scope 3 Disclosure from 12/21 onwards
- Strategic priorities through Material Impact analysis in 2021



¹ Monitoring Scope of portfolio in operation for Energy, Carbon Footprint & Water Consumption. 100% Scope for Energy & GHG KPIs, 96% Scope for Water.



- I Strategy & Governance
- II Decarbonization Business Plan**
- III Outstanding Performance

II DECARBONIZATION BUSINESS PLAN

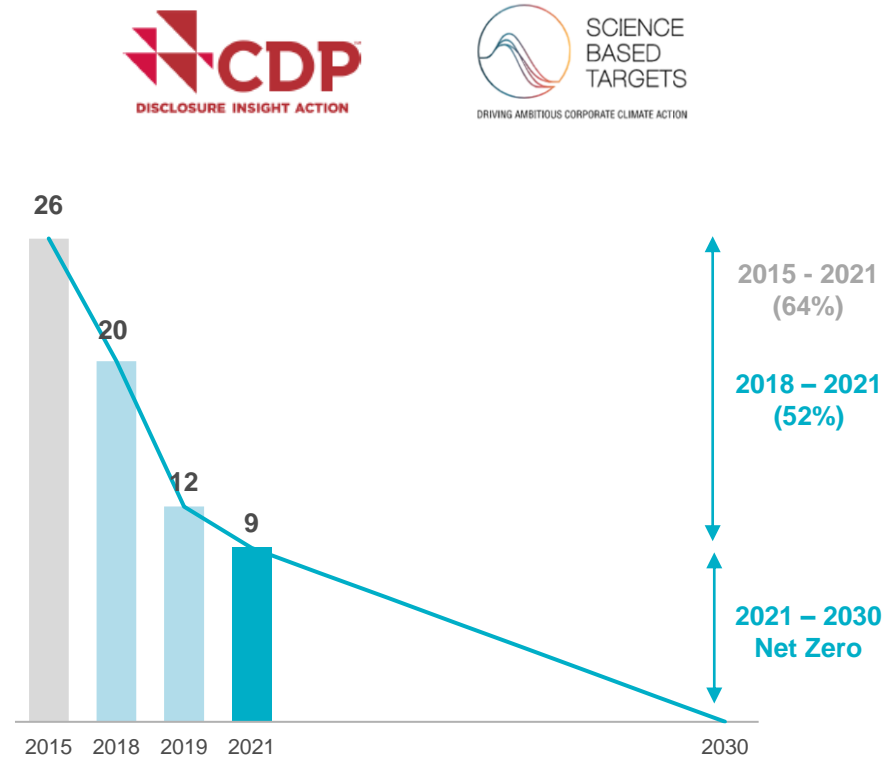
A clear path to operational carbon neutrality

- 1 First Decarbonization Plan established in 2015
- 2 New Decarbonization Plan approved by the Board in 2021
 - > New base year 2018
 - > Reduction of (52%) in operational carbon intensity until 2021
 - > Net zero target for 2030
 - > Internal carbon price of 100€/ton

- 3 Decarbonization Plan reviewed and approved by SBTi
 - > 1.5° Ambition confirmed
 - > Acceleration of Net Zero Ambition

Objective of operational Carbon Neutrality in 2030
(2050 in previous Business Plan)

INTENSITY SCOPE 1 & 2 (KgCO₂e/sqm)



1 Specific Action Plan on Operating Portfolio

- > Capex of 50€m in 5 years with specific actions
- > Carbon returns to prioritize actions through
 - Internal Carbon Price of 100€/tCO2
 - Energy Price to asses' savings

2 Transformation of assets minimizing embodied carbon

- > Project Pipeline
- > Renovation Program
- > Underwriting with Green IRR approach

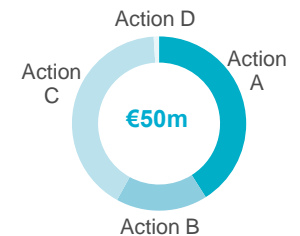
FOUR MAJOR AREAS OF ACTIVITY

- A. Ventilation and climate: Replacement of air-conditioning systems and installation of more efficient equipment
- B. Improved building automation and control: Proptech 2.0.
- C. Relamping: LED lighting and lighting control and dimming systems
- D. Photovoltaic solar panels: Installation of photovoltaic solar systems for self-consumption

Distribution of actions by market

	Barcelona	Madrid	Paris
Number of assets per action	15	31	15
Action A	5	20	10
Action B	4	6	13
Action C	12	16	7
Action D	4	13	-

Decarbonization Capex



MINIMIZING EMBODIED CARBON IN PROJECTS THROUGH LIFE CYCLE ANALYSIS

Miguel Ángel 23 – Madrid CBD



Building acquisition

- > Analysis of future economic and sustainability value creation
- > Technical and environmental due diligence

Overall refurbishment:

- > Low carbon building materials
- > Photovoltaic – rooftop solar thermal installation, wind turbine systems, Optimization of ventilation and installation of high-performance filters
- > Acoustic finishes in work areas with optimal hearing comfort
- > Discernible lighting with ideal energy efficiency and control conditions

Management

- > Multi-purpose spaces designed for the new work methods
- > Monitoring and control of energy, water consumption and carbon footprint

Biome – Paris CityCenter



Building acquisition

- > Analysis of future economic and sustainability value creation
- > Historical studies to identify transformation potential

Overall refurbishment:

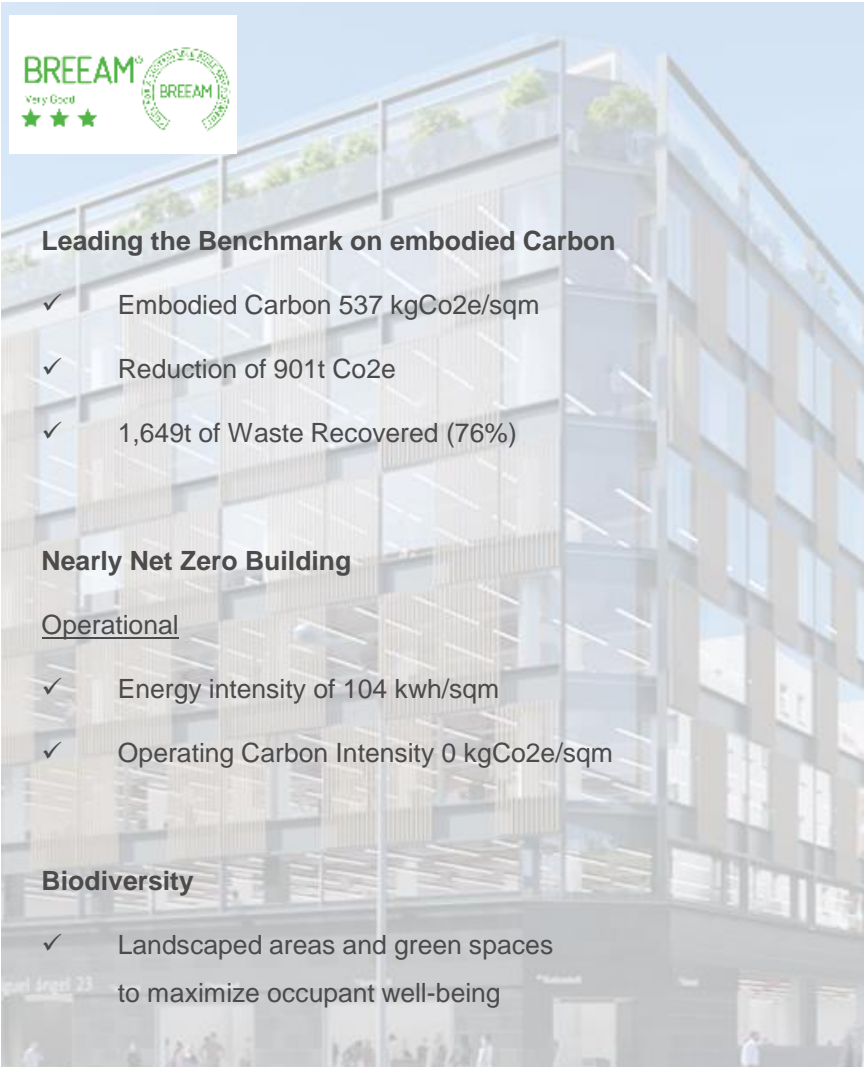
- > Low carbon refurbishment programme (BBCA Réno)
- > Reuse of existing materials
- > Innovate architecture and design
- > Doubled planted green areas
- > Connection to district cooling and heating

Management

- > Hospitality and community management
- > Building management system
- > Compliant with French tertiary decree objective in 2030

MINIMIZING EMBODIED CARBON IN PROJECTS THROUGH LIFE CYCLE ANALYSIS

Miguel Ángel 23 – Madrid CBD



BREEAM
Very Good
★★★★

BREEAM
LEED GOLD

Leading the Benchmark on embodied Carbon

- ✓ Embodied Carbon 537 kgCo2e/sqm
- ✓ Reduction of 901t Co2e
- ✓ 1,649t of Waste Recovered (76%)

Nearly Net Zero Building

Operational

- ✓ Energy intensity of 104 kwh/sqm
- ✓ Operating Carbon Intensity 0 kgCo2e/sqm

Biodiversity

- ✓ Landscaped areas and green spaces to maximize occupant well-being

Biome – Paris CityCenter



HQE
THE WAY TO PROGRESS

BREEAM
EXCELLENT

BÂTIMENT BCCA
BAS CARBONE

U.S. GREEN BUILDING COUNCIL
LEED GOLD
USGBC

Leading the Benchmark on embodied Carbon

- ✓ Embodied Carbon <735KgCo2e/sqm
- ✓ Reduction of 2,500t Co2e
- ✓ 20,720t of construction Waste Recovered (98.7%)

One of the 1st low-carbon BCCA Rénovation projects in Paris

Operational

- ✓ Energy intensity of 99kwh/sqm
- ✓ Operating Carbon Intensity 7.66kgCo2e/sqm

Biodiversity

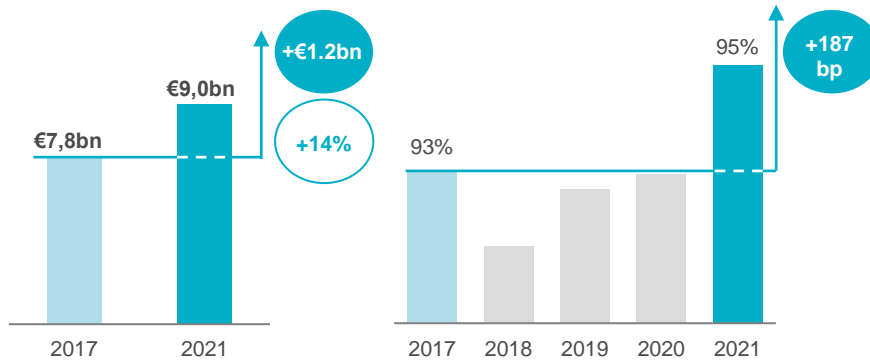
- ✓ Landscaped area doubled (2 x 1 500 m²)
- ✓ BiodiverCity certification (Excellent)



- I Strategy & Governance
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- III Outstanding Performance**

CONTINUOUS PROGRESS ON ENERGY EFFICIENCY

Portfolio with Leed & Bream¹ – Value



MAXIMUM CERTIFICATIONS ON PROJECTS

Biome

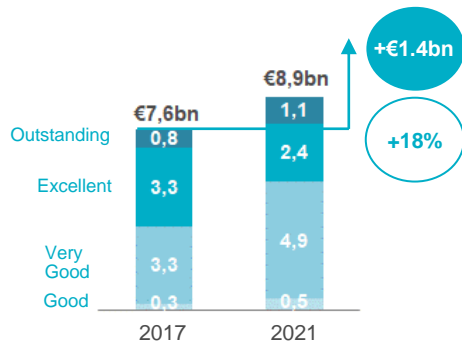


- BREEAM Refurbishment: Excellent
- LEED Core and Shell: Gold
- HQE Rénovation: Exceptionnel
- BBC-Effinergie: Rénovation
- BBKA Rénovation
- Biodiversity: Excellent
- Wired score: Gold

Bream



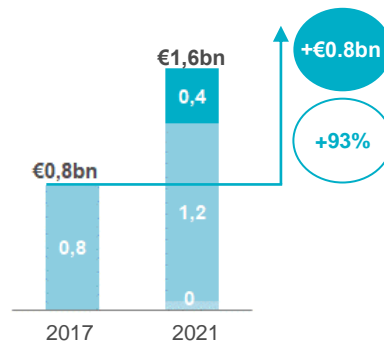
Value



Leed



Value



83 Marceau



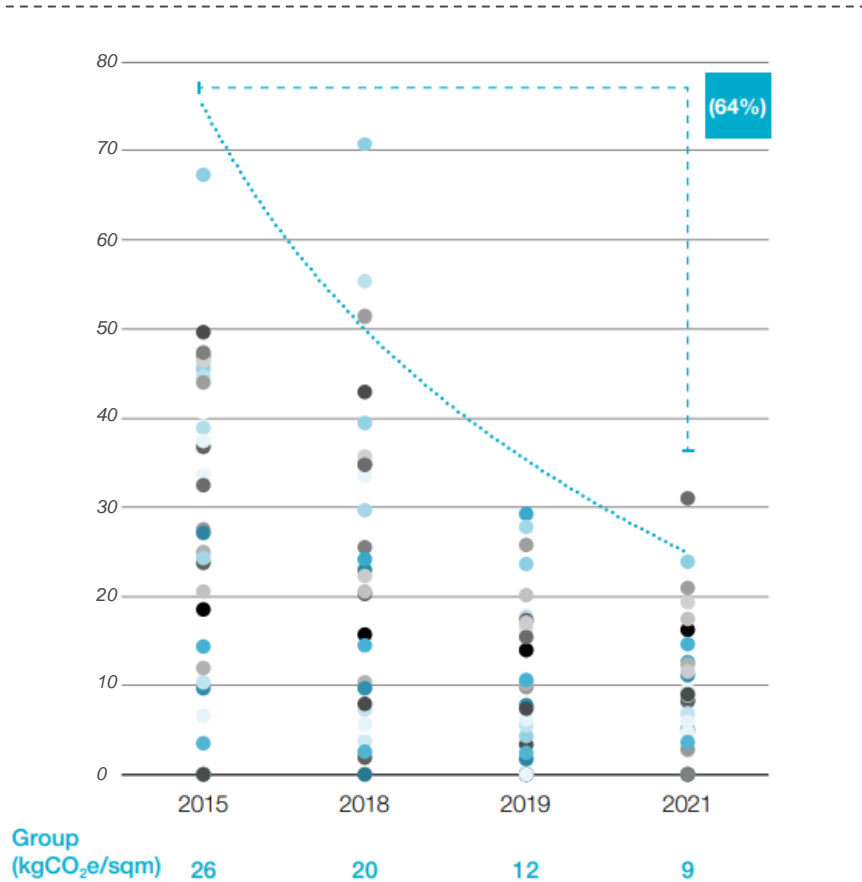
- BREEAM Refurbishment: Excellent
- LEED Core and Shell: Gold
- HQE Rénovation: Exceptionnel
- BBC-Effinergie: Rénovation
- Ready 2: Services

(1) Office Portfolio in operation

III OUTSTANDING PERFORMANCE
Strong Progress on Operational Carbon Intensity

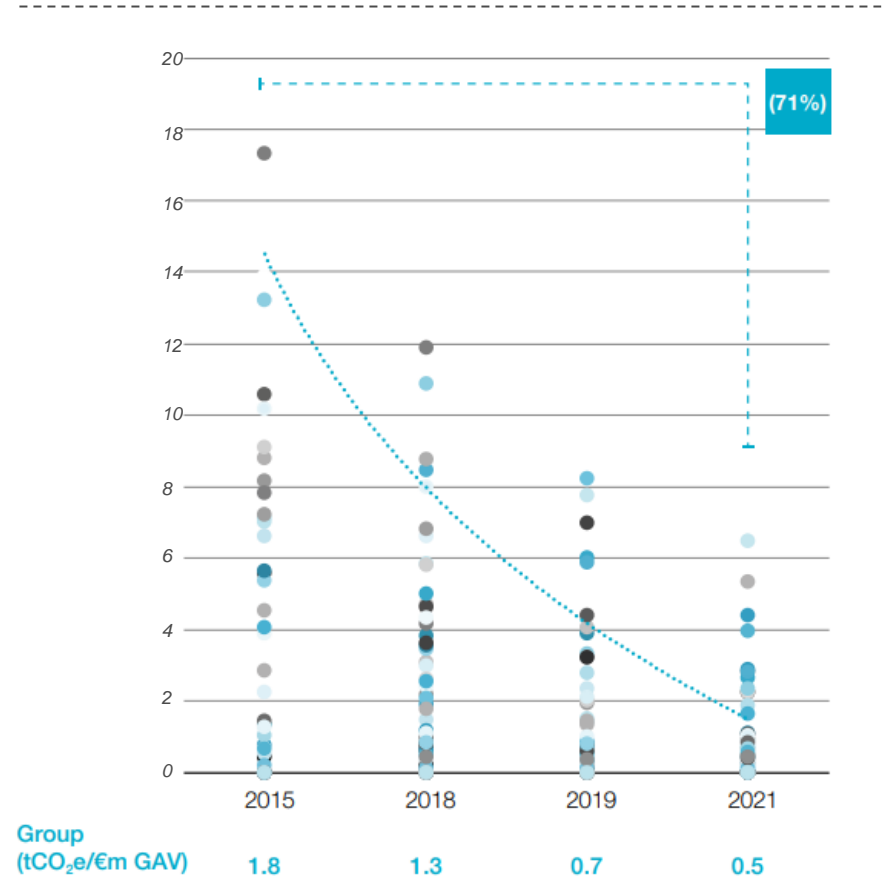
INTENSITY SCOPE 1 & 2 (KgCO₂e/sqm)

2021 Carbon intensity of 9 kgCO₂e/sqm



INTENSITY SCOPE 1 & 2 (tCO₂e/€m GAV)

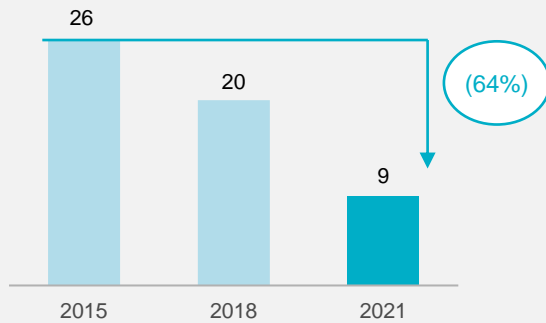
2021 Carbon intensity of 0.5 tCO₂e/€m



III OUTSTANDING PERFORMANCE
Solid Performance on all Sustainability KPIs

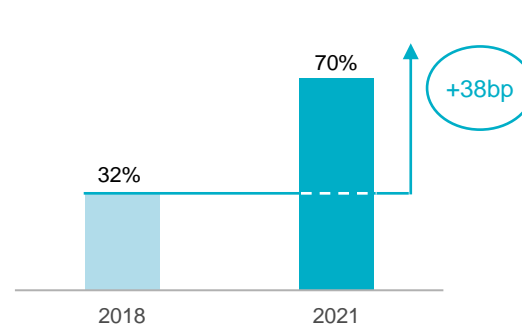
CARBON INTENSITY PER SQM

Scope 1 & 2 – KgCo2e/sqm



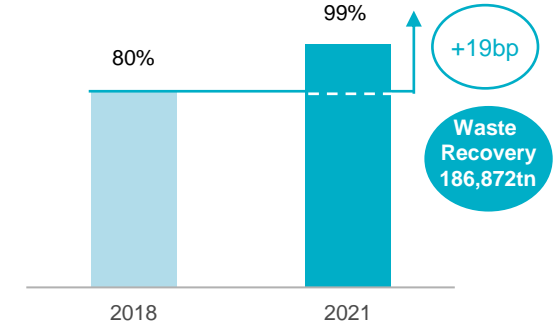
RENEWABLE ENERGY

%



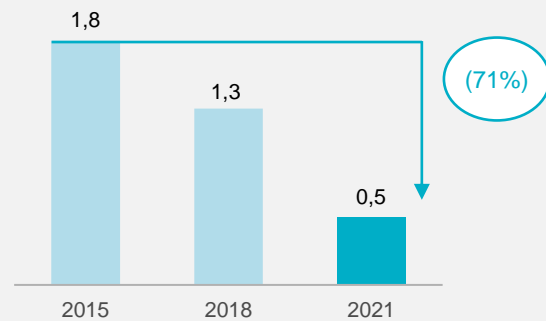
WASTE RECOVERY

%



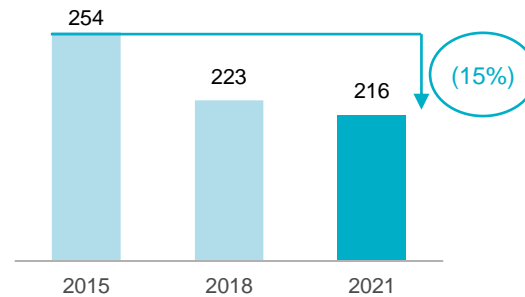
CARBON INTENSITY – Value €m

Scope 1 & 2 – tCo2e/€m GAV



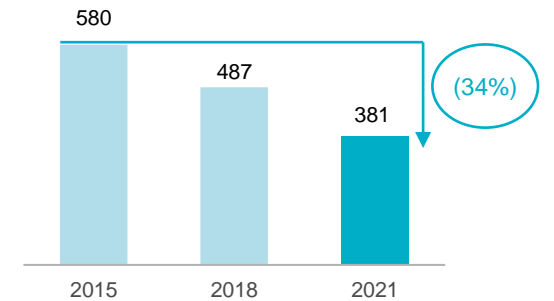
ENERGY INTENSITY PER SQM

KWh/sqm



WATER INTENSITY PER SQM

l/sqm



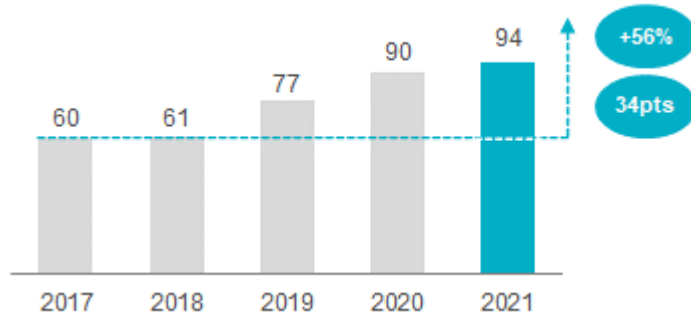
III OUTSTANDING PERFORMANCE

European leadership on GRESB

GRESB Standing Investments Benchmark Report

1st

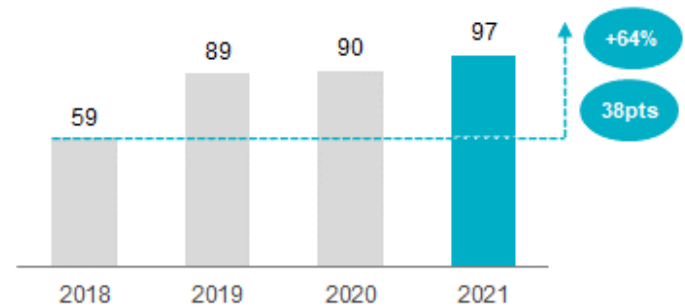
Western Europe |
Office: Corporate |
Listed
Out of 7



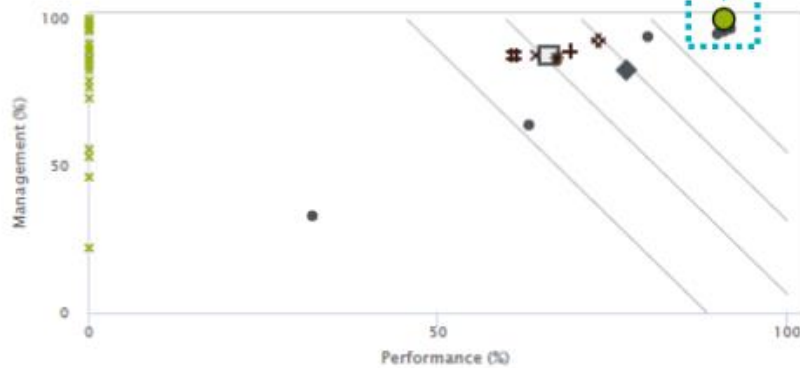
GRESB Development Benchmark Report

3rd

Europe | Office:
Corporate: Mid-Rise
Office | Listed
Out of 9

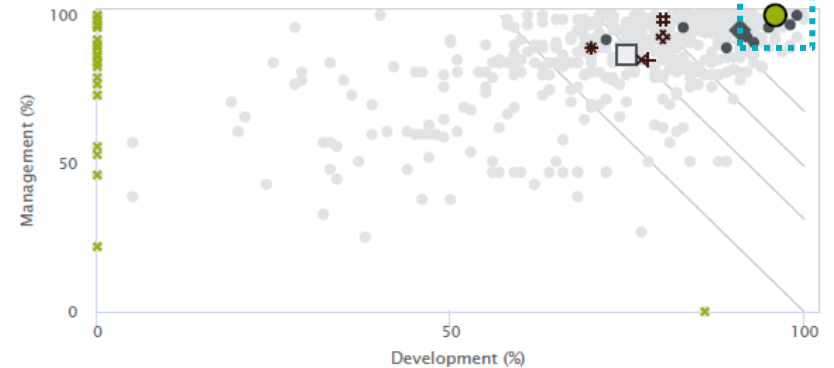


GRESB Model



● This Entity
 ◆ Peer Group Avg.
 ● Peer Group
 GRESB Average
● GRESB Universe
 + Asia
 x Europe
 * Americas
 ✳ Oceania
Globally diversified
 x Entities with only one component submitted

GRESB Model

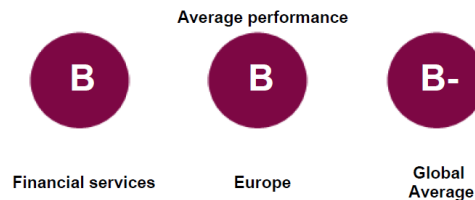
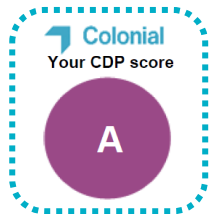
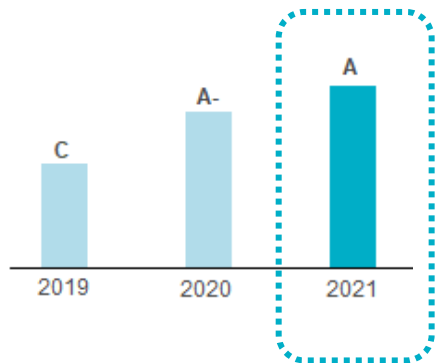


● This Entity
 ◆ Peer Group Avg.
 ● Peer Group
 GRESB Average
● GRESB Universe
 + Asia
 x Europe
 * Americas
 ✳ Oceania
Globally diversified
 x Entities with only one component submitted

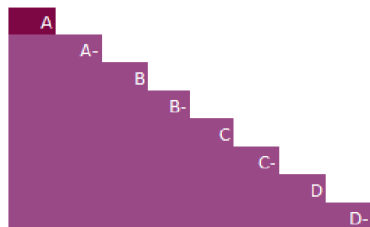


CDP SCORE REPORT – CLIMATE CHANGE 2021

GLOBAL CDP SCORE



UNDERSTANDING YOUR SCORE REPORT



Inmobiliaria Colonial received a A which is in the Leadership band. This is higher than the Europe regional average of B, and higher than the Financial services sector average of B.

Leadership (A/A-): Implementing current best practices
Management (B/B-): Taking coordinated action on climate issues
Awareness (C/C-): Knowledge of impacts on, and of, climate issues
Disclosure (D/D-): Transparent about climate issues

REACHING THE “A” LIST

- > The sole Office Real Estate company in Europe
- > Among the only 5 real estate companies in Europe
- > Among the only 12 real estate companies in worldwide
- > Among the 200 best companies across all industries worldwide out of more than 13,000 that have a CDP rating

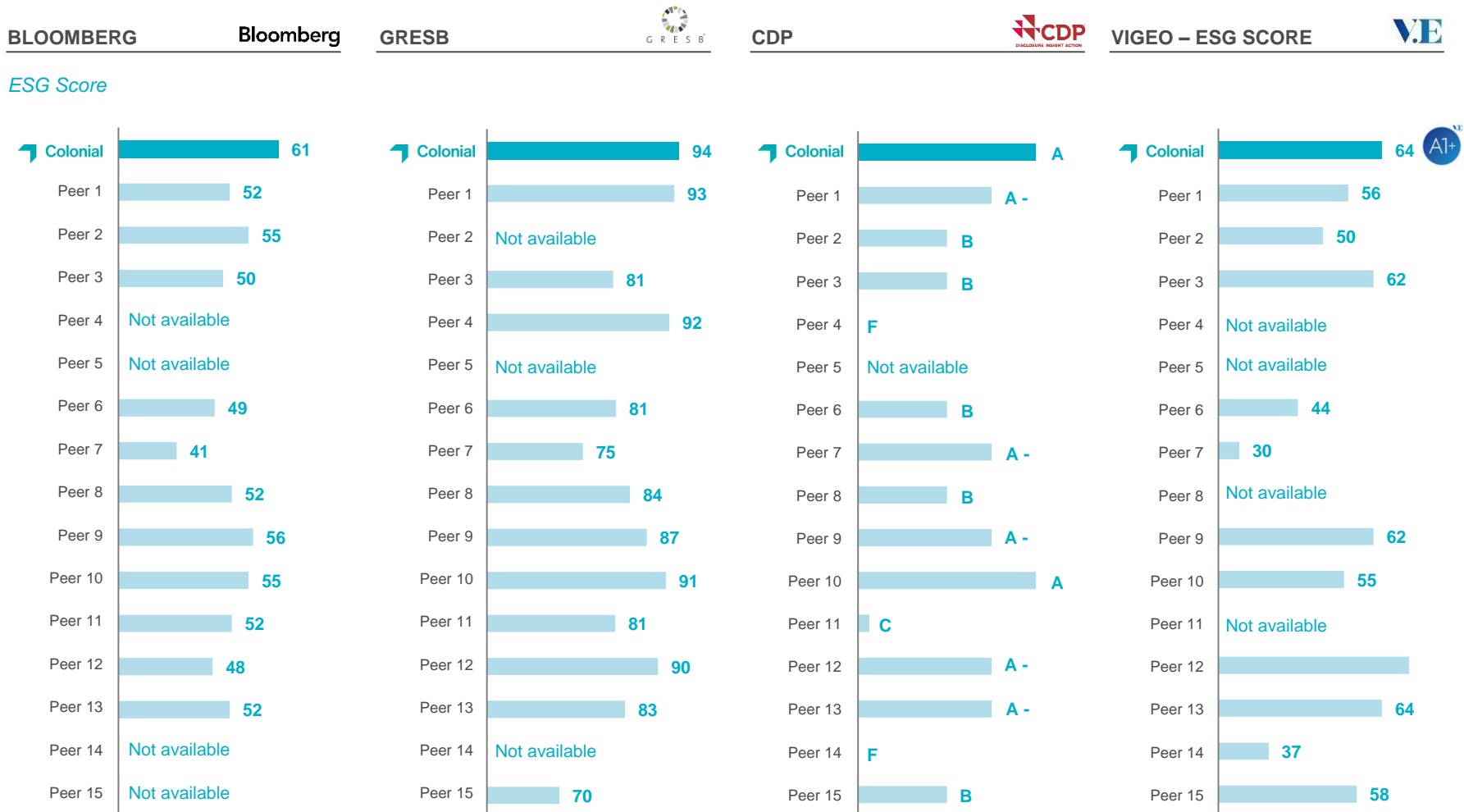


200 companies have made this year's climate change A List

III OUTSTANDING PERFORMANCE

Ratings well above peers

BENCHMARKING⁽¹⁾⁽²⁾



(1) Source: Last reported public information
 (2) Benchmarking: Eurozone & UK Office Companies

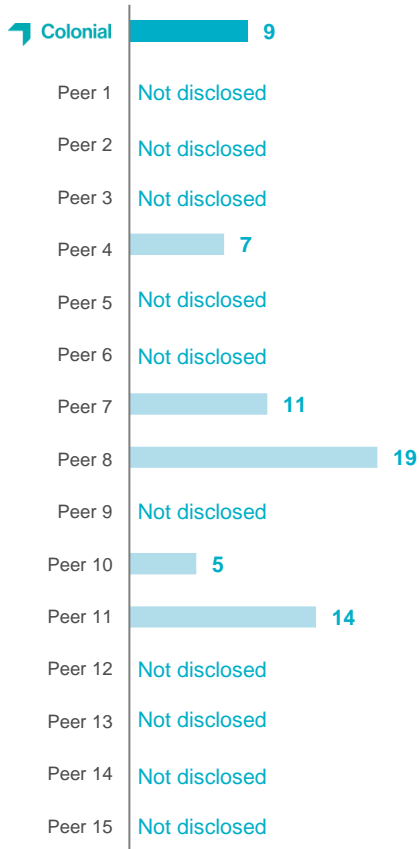
III OUTSTANDING PERFORMANCE

Strong Decarbonization Performance vs Peers

BENCHMARKING⁽¹⁾⁽²⁾

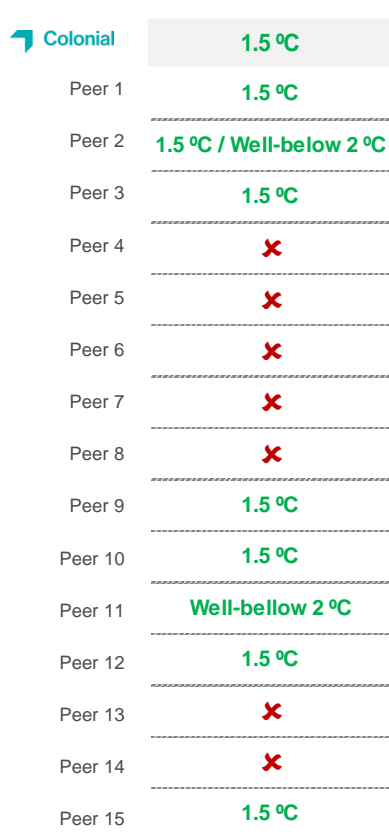
CARBON INTENSITY - Scopes 1&2

kgCo2e/ sqm



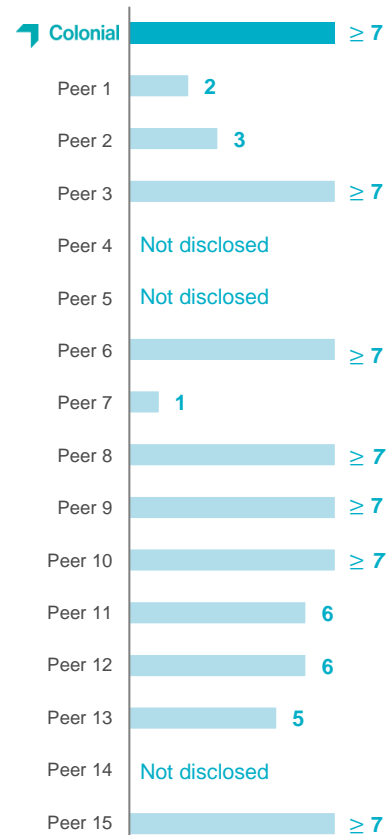
SBTi AMBITION

Net Zero Ambition

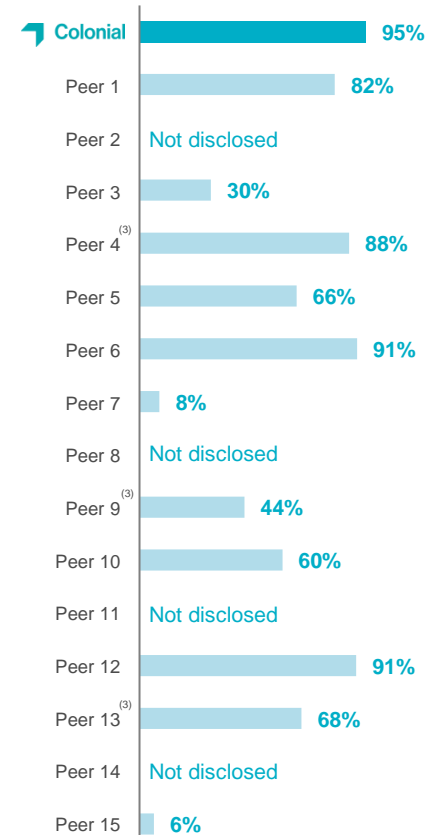


SCOPE 3 REPORTED

of Scope 3 Categories reported



IN-USE CERTIFICATIONS



(1) Source: Last reported public information
 (2) Benchmarking: Eurozone & UK Office Companies
 (3) Percentage by floor area

COLONIAL GROUP CONVERTS ALL ITS CURRENT BONDS INTO GREEN BONDS

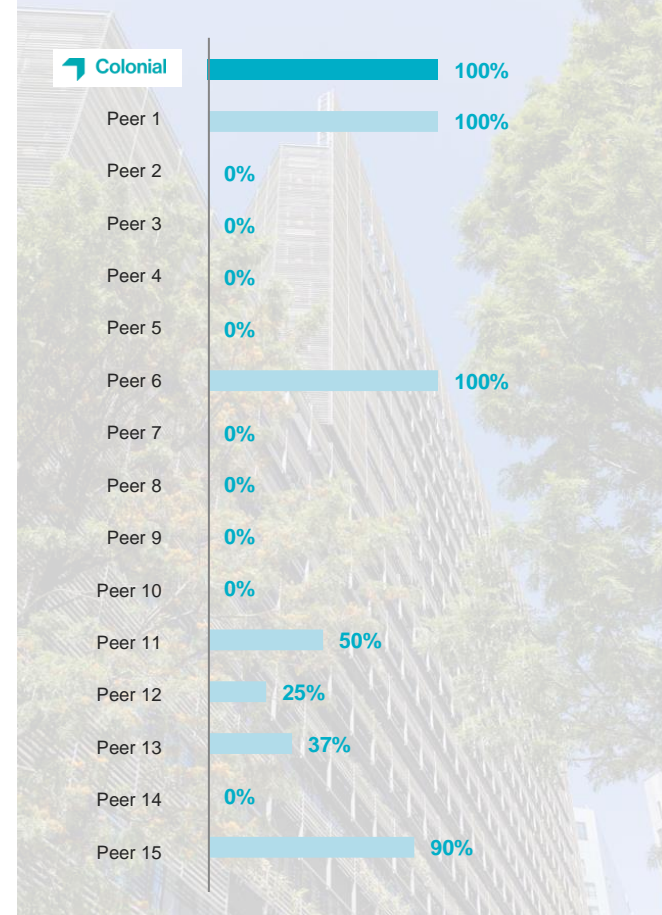
February 2022:

- > Full conversion of all outstanding bonds (€4.6bn) to green bonds
- > Green financing underpinned by Grade A portfolio with one of the highest ecoefficiency levels in Europe
- > Green Bond Framework based on solid decarbonization strategy



1. 1st IBEX35 company with 100% Green Bonds
2. 1st Spanish Real Estate with 100% Green Bonds
3. Well positioned in continental Europe on green financing

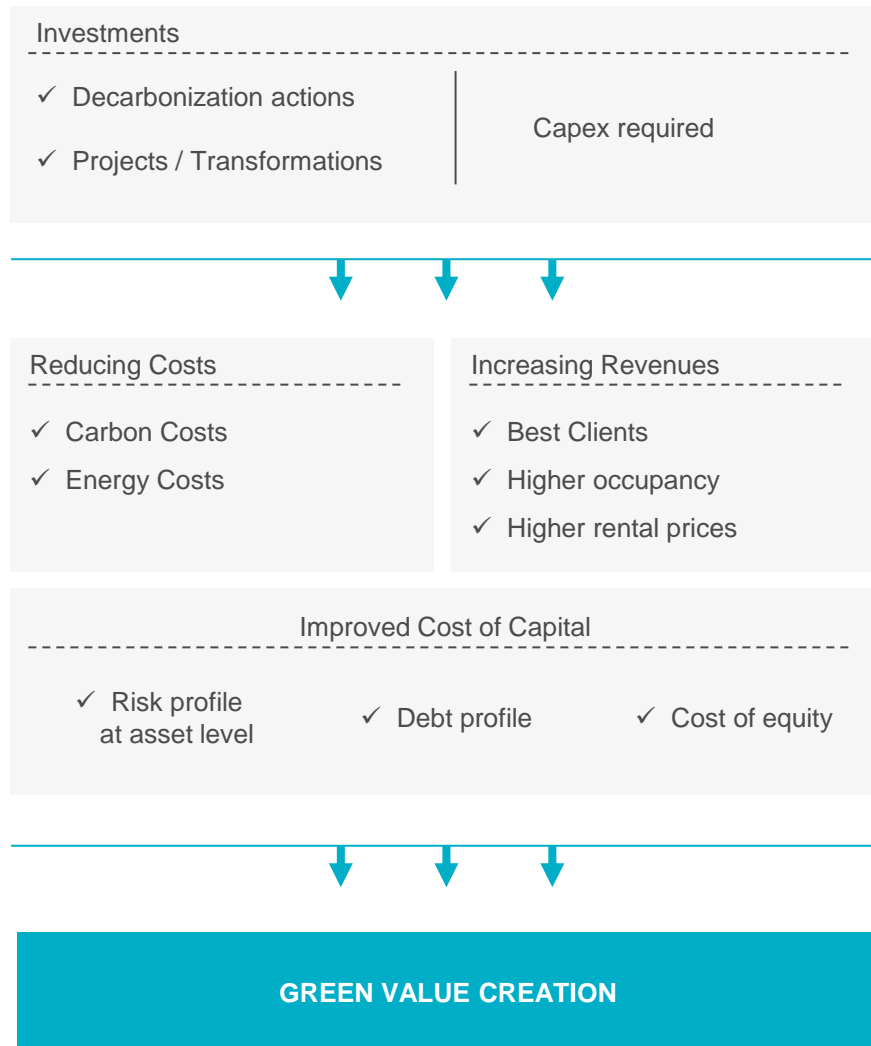
GREEN BONDS ISSUED - BENCHMARK



III OUTSTANDING PERFORMANCE

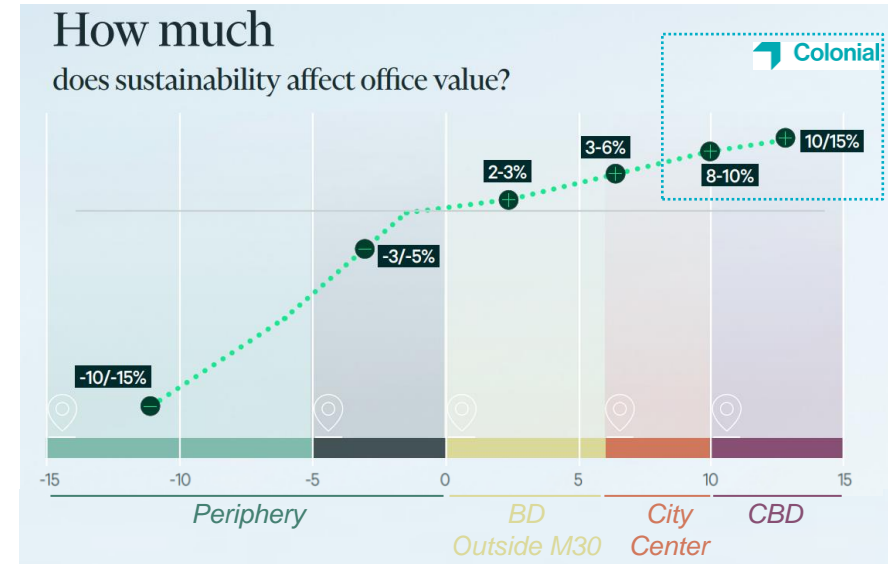
Value Creation through Strong Sustainability Performance

COLONIAL VALUE CREATION MODEL...



... UNDERPINNED BY MARKET EVIDENCE

Source: CBRE Research Q2 2022 – Madrid Market



A grid of six key performance indicators (KPIs) related to sustainability, each with a brief description of the metric.

- 14-18%***: rental increase. Ability to secure higher rents in the market.
- 2 months**: less to market the property.
- 10%**: increase in occupancy of the property. Greater draw among prospective tenants.
- 40% CAPEX**: The future investment requirements of sustainable properties in terms of safeguarding them against becoming outdated are significantly less.
- 200 p.b.**: increase in IRR (Internal Rate of Return).
- 50 p.b.**: drop in yield upon sale of the property.



Appendix

Strong Commitment to ESG & Decarbonization

CARBON FOOTPRINT 2021, 2020 & 2019

(tCO₂e)

	2021	2020	2019	TOTAL VAR 20 vs 21		LFL VAR 20 vs 21		LFL VAR 19 vs 21 (pre covid)	
				Var.	Var %.	Var.	Var %.	Var.	Var %.
BARCELONA	5,636	5,913	5,767	(277)	(5%)	(143)	(3%)	(1,628)	(39%)
MADRID	11,195	10,174	9,198	1,021	+10%	1,046	+10%	(3,473)	(42%)
PARIS	3,428	2,597	3,509	831	+32%	547	+22%	(327)	(10%)
TOTAL SCOPE 1, 2 & 3	20,258	18,684	18,474	1,574	+8%	1,450	+8%	(5,429)	(34%)
TOTAL SCOPE 1 & 2	6,164	4,926	8,017	1,239	+25%	1,351	+29%	(2,238)	(32%)

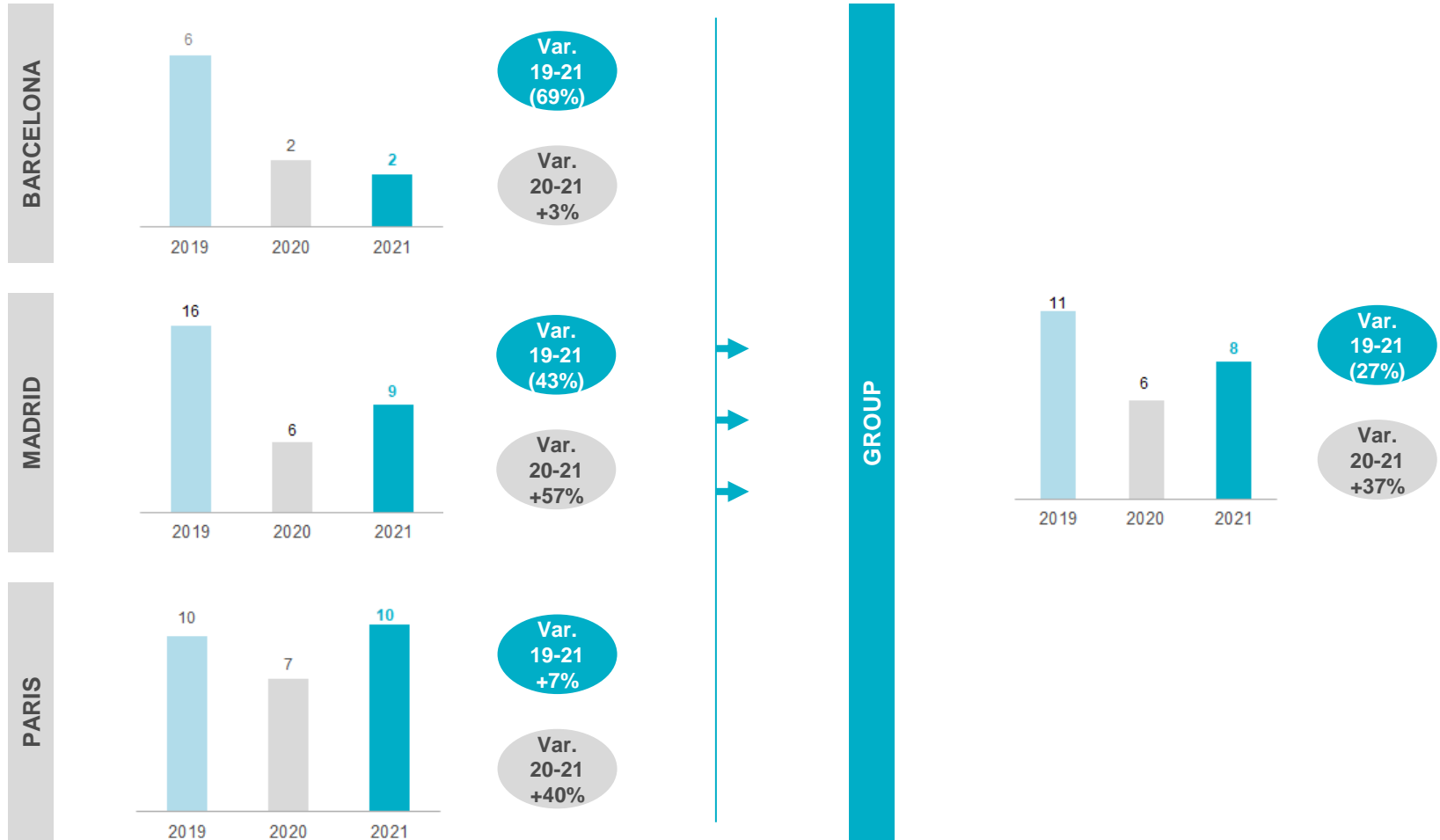
Office portfolio in operation

Scope 3 = Part of Scope 3: Downstream leased assets

Strong Commitment to ESG & Decarbonization

LFL INTENSITY CARBON EMISSIONS 2021, 2020 & 2019 – (Scope 1 & 2)

(KgCo2e/sqm)

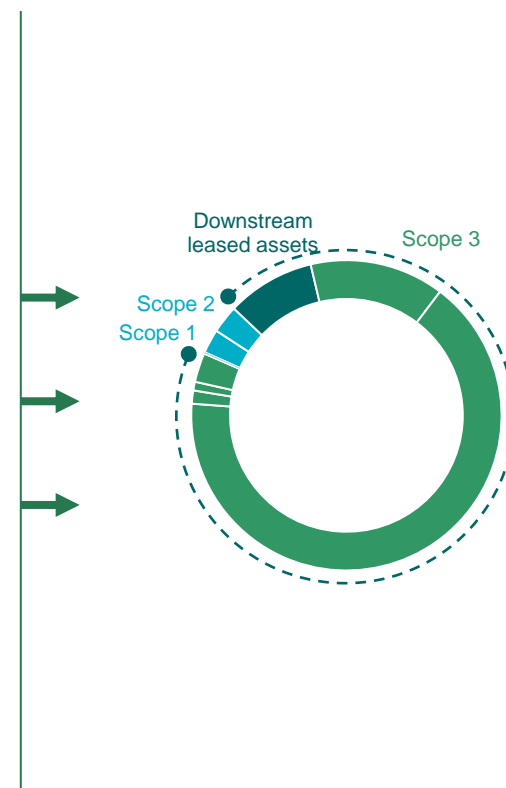


Categories Scope 1, 2 & 3

CARBON EMISSIONS – SCOPE 1, 2 & 3 CATEGORIES

(tCO₂e)

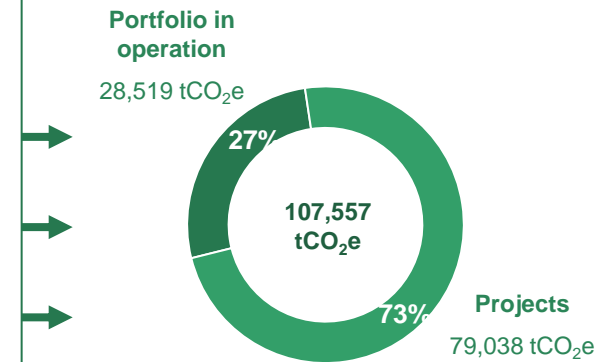
	Last years reported	2021 reported	COLONIAL GROUP		
			Portfolio in operation	Projects	Total TnCO ₂ e
Scope 1, 2 & 3					
Scope 1	✓	✓	2,853	0	2,853
Scope 2	✓	✓	3,312	0	3,312
Scope 3 Categories that apply Colonial's business			28,519	79,038	107,557
1. Purchased goods and services		✓	15,952	0	15,952
2. Capital goods		✓	0	74,922	74,922
3. Fuel- and energy- related activities		✓	1,561	0	1,561
4. Upstream transportatn and distribution		✓	0	1,026	1,026
5. Waste generated in operations		✓	376	3,090	3,466
6. Business travel		✓	49	0	49
7. Employee commuting		✓	113	0	113
13. Downstream leased assets	✓	✓	10,468	0	10,468
Total GHG emissions Colonial Group			34,683	79,038	113,721



CARBON EMISSIONS – SCOPE 3 CATEGORIES

(tCO₂e)

Scope 3 Categories that apply Colonial's Group business	Last years reported	2021 reported	COLONIAL GROUP		
			Portfolio in operation	Projects	Total TnCO ₂ e
1. Purchased goods and services		✓	15,952	0	15,952
2. Capital goods		✓	0	74,922	74,922
3. Fuel- and energy- related activities		✓	1,561	0	1,561
4. Upstream transportat on and distribution		✓	0	1,026	1,026
5. Waste generated in operations		✓	376	3,090	3,466
6. Business travel		✓	49	0	49
7. Employee commuting		✓	113	0	113
13. Downstream leased assets	✓	✓	10,468	0	10,468
Total Scope 3			28,519	79,038	107,557



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