# Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Interim condensed consolidated financial statements and interim consolidated management report for the six months ended 30 June 2022

Translation of interim condensed consolidated financial statements and interim consolidated management report originally issued in Spanish. In the event of discrepancy, the Spanish version prevails.

## Condensed consolidated statement of financial position for the six months ended 30 June 2022

| ASSETS | Note | Thousands of Euros 30 June 2022 | Thousands of Euros 31 December 2021 |
|---|---|---|---|
| Intangible assets | | 5,051 | 5,010 |
| Right of use assets | | 17,783 | 18,886 |
| Property, plant and equipment | 4 | 54,605 | 55,162 |
| Investment property | 5 | 13,077,753 | 12,183,368 |
| Financial assets at amortised cost | | 28,197 | 26,296 |
| Derivative financial instruments | 10 | 216,351 | 14,775 |
| Non-current deferred tax assets | | 734 | 696 |
| Other non-current assets | 6 | 71,396 | 55,377 |
| **NON-CURRENT ASSETS** | | **13,471,870** | **12,359,570** |
| Inventories | | 75,865 | 60,689 |
| Trade and other receivables | 6 | 38,093 | 37,757 |
| Financial assets at amortised cost | | 9 | 9 |
| Tax assets | | 22,982 | 23,557 |
| Cash and cash equivalents | 9 | 467,007 | 218,942 |
| **CURRENT ASSETS** | | **603,956** | **340,954** |
| **Assets classified as held for sale** | 7 | **--** | **27,000** |
| **TOTAL ASSETS** | | **14,075,826** | **12,727,524** |

| LIABILITIES AND EQUITY | Note | Thousands of Euros 30 June 2022 | Thousands of Euros 31 December 2021 |
|---|---|---|---|
| Share capital | | 1,349,039 | 1,349,039 |
| Issue premium | | 1,491,768 | 1,584,454 |
| Own shares | | (66,496) | (66,657) |
| Other reserves | | 460,726 | 239,398 |
| Retained earnings | | 3,209,379 | 2,892,540 |
| **Equity attributable to shareholders of the Parent** | | **6,444,416** | **5,998,774** |
| **Non-controlling interests** | | **1,189,347** | **1,185,655** |
| **EQUITY** | 8 | **7,633,763** | **7,184,429** |
| Bank borrowings and other financial liabilities | 9 | 340,179 | 71,142 |
| Bonds and similar securities issued | 9 | 4,471,150 | 4,284,957 |
| Lease liabilities | | 16,705 | 17,737 |
| Non-current deferred tax liabilities | 12 | 356,111 | 360,109 |
| Non-current provisions | | 1,289 | 1,877 |
| Other non-current liabilities | | 73,258 | 88,175 |
| **NON-CURRENT LIABILITIES** | | **5,258,692** | **4,823,997** |
| Bank borrowings and other financial liabilities | 9 | 1,339 | 1,129 |
| Bonds and similar securities issued | 9 | 305,264 | 308,705 |
| Issuance of promissory notes | 9 | 550,000 | 257,000 |
| Derivative financial instruments | | 17 | -- |
| Lease liabilities | | 3,341 | 3,259 |
| Trade and other payables | 11 | 291,503 | 135,808 |
| Tax liabilities | | 26,550 | 9,536 |
| Current provisions | | 5,357 | 3,661 |
| **CURRENT LIABILITIES** | | **1,183,371** | **719,098** |
| **TOTAL LIABILITIES AND EQUITY** | | **14,075,826** | **12,727,524** |

Notes 1 to 16 to the consolidated financial statements are an integral part of the condensed consolidated statement of financial position for the six months ended 30 June 2022.

## Condensed consolidated income statement and condensed consolidated statement of comprehensive income for the six months ended 30 June 2022

| INCOME STATEMENT | Note | Thousands of Euros June 2022 | Thousands of Euros June 2021 |
|---|---|---|---|
| Revenue | 13.1 | 172,922 | 155,890 |
| Other income | | 3,317 | 1,378 |
| Personnel expenses | | (21,574) | (17,242) |
| Other operating expenses | | (28,961) | (24,170) |
| Depreciation and amortisation | | (4,661) | (4,108) |
| Net gains on sales of assets | 13.2 | 5,129 | 590 |
| Changes in fair value of investment property | 13.3 | 314,624 | 146,205 |
| Gains/(losses) due to changes in value of assets and impairment | 13.3 | 502 | (171) |
| **Operating profit** | | **441,298** | **258,372** |
| Finance income | 13.4 | 210 | 9,157 |
| Finance costs | 13.4 | (39,384) | (78,703) |
| **Profit/(Loss) before tax** | | **402,124** | **188,826** |
| Income tax expense | | 1,766 | (560) |
| **Consolidated net profit/(loss)** | | **403,890** | **188,266** |
| Net profit/(loss) for the period attributable to the Parent | | 355,448 | 161,899 |
| Net profit attributable to non-controlling interests | 8.6 | 48,442 | 26,367 |
| Basic earnings per share (Euros) | 3 | 0.67 | 0.32 |
| Diluted earnings per share (Euros) | 3 | 0.67 | 0.32 |

| STATEMENT OF COMPREHENSIVE INCOME | Note | Thousands of Euros June 2022 | Thousands of Euros June 2021 |
|---|---|---|---|
| **Consolidated net profit/(loss)** | | **403,890** | **188,266** |
| **Other items of comprehensive income recognised directly in equity - items that may be reclassified subsequently to profit or loss for the period** | | **216,137** | **22,231** |
| Gains/(Losses) on financial hedge instruments | | 216,871 | 31,143 |
| Tax effect on prior years' profit or loss | | (188) | -- |
| Transfer to comprehensive income of gains/(losses) on financial hedge instruments | | (546) | (8,912) |
| **Consolidated comprehensive income** | | **620,027** | **210,497** |
| Global profit/(loss) for the period attributable to the Parent | | 571,126 | 183,429 |
| Comprehensive profit attributable to non-controlling interests | | 48,901 | 27,068 |

Notes 1 to 16 to the consolidated financial statements are an integral part of the condensed consolidated income statement and the condensed consolidated statement of comprehensive income for the six months ended 30 June 2022.

## Condensed consolidated statement of changes in equity for the six months ended 30 June 2022

| Thousands of Euros | Note | Share capital | Issue premium | Own shares | Other reserves | Retained earnings | Equity attributable to shareholders of the Parent | Non-controlling interests | Equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31 December 2020** | | **1,270,287** | **1,491,280** | **(24,440)** | **244,888** | **2,418,533** | **5,400,548** | **1,432,616** | **6,833,164** |
| Total recognised income and expense for the year | | -- | -- | -- | 21,530 | 161,899 | 183,429 | 27,068 | **210,497** |
| Transactions with shareholders: | | | | | | | | | |
| Own share portfolio | | -- | -- | (904) | -- | -- | (904) | -- | **(904)** |
| Distribution of profits (dividends) | | -- | (111,088) | -- | -- | -- | (111,088) | (27,773) | **(138,861)** |
| Share-based payment transactions | | -- | -- | 2,133 | 120 | 125 | 2,378 | 354 | **2,732** |
| Changes in the scope of consolidation | | -- | -- | -- | 209 | -- | 209 | (309) | **(100)** |
| Other changes | | -- | -- | -- | -- | 349 | 349 | 35 | **384** |
| **Balance at 30 June 2021** | | **1,270,287** | **1,380,192** | **(23,211)** | **266,747** | **2,580,906** | **5,474,921** | **1,431,991** | **6,906,912** |
| | | | | | | | | | |
| **Balance at 31 December 2021** | **8** | **1,349,039** | **1,584,454** | **(66,657)** | **239,398** | **2,892,540** | **5,998,774** | **1,185,655** | **7,184,429** |
| Total recognised income and expense for the year | | -- | -- | -- | 215,678 | 355,448 | 571,126 | 48,901 | **620,027** |
| Transactions with shareholders: | | | | | | | | | |
| Own share portfolio | | -- | -- | 161 | -- | (508) | (347) | -- | **(347)** |
| Distribution of profits (dividends) | | -- | (92,686) | -- | 3,872 | (38,727) | (127,541) | (40,938) | **(168,479)** |
| Share-based payment transactions | | -- | -- | -- | 2,465 | -- | 2,465 | 33 | **2,498** |
| Changes in the scope of consolidation | | -- | -- | -- | (687) | -- | (687) | (4,313) | **(5,000)** |
| Other changes | | -- | -- | -- | -- | 626 | 626 | 9 | **635** |
| **Balance at 30 June 2022** | **8** | **1,349,039** | **1,491,768** | **(66,496)** | **460,726** | **3,209,379** | **6,444,416** | **1,189,347** | **7,633,763** |

Notes 1 to 16 to the consolidated financial statements are an integral part of the condensed consolidated statement of changes in equity for the six months ended 30 June 2022.

## Condensed consolidated statement of cash flows for the six months ended 30 June 2022

| | Note | Thousands of Euros | |
|---|---|---|---|
| | | **June 2022** | **June 2021** |
| **CASH FLOWS FROM OPERATIONS** | | | |
| **1. CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Consolidated net profit/(loss) | | 403,890 | 188,266 |
| Adjustments to profit/(loss) | | | |
| Depreciation and amortisation (+) | | 4,661 | 4,108 |
| Provisions (+/-) | | 302 | 435 |
| Changes in fair value of investment property (+/-) | | (314,624) | (146,205) |
| Gains/(losses) due to changes in the value of assets and impairment (+/-) | | (502) | 171 |
| Other (+/-) | | 10,122 | 1,768 |
| Gains/(losses) on sale of investment property (+/-) | 13.2 | (5,129) | (590) |
| Net financial profit (+) | 13.4 | 39,174 | 69,546 |
| Income tax expense (+/-) | | (1,766) | 560 |
| Adjusted profit/(loss) | | 136,128 | 118,059 |
| Taxes refunded/(paid) (+/-) | | (2,744) | 10,154 |
| Interest received (+) | | 210 | 245 |
| Increase/(decrease) in current assets and liabilities | | | |
| Inventories (+/-) | | (14,984) | (2,708) |
| Increase/(decrease) in receivables (+/-) | | 1,911 | (22,226) |
| Increase/(decrease) in payables (+/-) | | 18,762 | 12,459 |
| Increase/(decrease) in other assets and liabilities (+/-) | | (13,669) | 9,542 |
| **Total net cash flows from operating activities** | | **125,614** | **125,525** |
| **2. CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Investments in (-) | | | |
| Intangible assets | | (1,016) | (1,367) |
| Property, plant and equipment | 4 | (1,094) | (580) |
| investment property | 5 | (601,330) | (130,996) |
| Non-current financial assets and others | | (1,891) | -- |
| | | (605,331) | (132,943) |
| Divestments in (+) | | | |
| investment property | 5 | 30,749 | 546 |
| Assets classified as held for sale | 7 | 26,872 | 281,924 |
| Financial assets | | -- | 951 |
| | | 57,621 | 283,421 |
| **Total net cash flows from investing activities** | | **(547,710)** | **150,478** |
| **3. CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Dividends paid (-) | 8.6 | (40,938) | (27,773) |
| Debt repayment (-) | 9 | (343,000) | (593,713) |
| Interest paid (+/-) | | (60,357) | (72,980) |
| Cancellation of financial instruments (-) | | 15,295 | 8,719 |
| Purchase of non-controlling interests (-) | 2 | (5,000) | -- |
| Own share transactions (+/-) | | 161 | (904) |
| | | (433,839) | (686,651) |
| Obtainment of new financing (+) | 9 | 1,104,000 | 530,000 |
| Other proceeds/(payments) for current financial assets and others (+/-) | | -- | 9,941 |
| | | 1,104,000 | 539,941 |
| **Total net cash flows from financing activities** | | **670,161** | **(146,710)** |
| **4. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS** | | | |
| **Cash flow for the year** | | **248,065** | **129,293** |
| **Cash and cash equivalents at the beginning of the financial year** | **9.11** | **218,942** | **268,553** |
| **Cash and cash equivalents at the end of the financial year** | **9.11** | **467,007** | **397,846** |

Notes 1 to 16 to the consolidated financial statements are an integral part of the condensed consolidated statement of cash flows for the six months ended 30 June 2022.

## Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Explanatory notes to the interim condensed consolidated financial statements for the six months ended 30 June 2022

# 1. Introduction, basis of presentation of the interim condensed consolidated financial statements and other information

### 1.1 Introduction

Inmobiliaria Colonial, SOCIMI, S.A. (hereinafter, "the Parent") is a public limited company incorporated in Spain, for an indefinite period, on 8 November 1956. Its registered offices are at Paseo de la Castellana, 52, Madrid (Spain).

On 29 June 2017, the general shareholders' meeting of the Parent resolved to adopt the SOCIMI tax regime. On 30 June 2017, the Parent submitted a request to the tax authorities to be included in the REIT tax regime, applicable as of 1 January 2017.

The Parent's corporate purpose, as set out in its articles of association, is as follows:

- the acquisition and development of urban properties for lease;
- the ownership of interests in the share capital of listed real estate investment companies (REITs) or other non-resident entities in Spain with the same corporate purpose, which are subject to a regime similar to that established for REITs in relation to the obligatory profit distribution policy stipulated by law or in the Parent's articles of association;
- the ownership of interests in the share capital of other resident or non-resident entities in Spain, the main corporate purpose of which is to acquire urban properties earmarked for lease, which are subject to the regime established for REITs in relation to the obligatory profit distribution policy stipulated by law or in the Parent's articles of association and meet the investment requirements stipulated for these companies; and
- the ownership of shares or equity interests in collective real estate investment undertakings governed by Law 35/2003, of 4 November, on collective investment undertakings, or any law that may replace it in the future.

In addition to the economic activity relating to the main corporate purpose, the Parent may also carry on any other ancillary activities, i.e., those that generate income, which in total represents less than 20% of the Parent's income in each tax period, or those that may be considered ancillary activities under the legislation applicable at any time, including, in any case, the management, refurbishment and operation of properties and the performance of all manner of studies, reports, appraisals, valuations and surveys; and in general, the provision of real estate consulting and advisory services, property asset management, development and marketing services, and technical assistance through contracts with other public or private companies or entities.

Activities that by law are attributable exclusively to special purpose vehicles are expressly excluded from its corporate purpose.

All activities included in the corporate purpose will be carried out as authorised by current legislation at any given time, expressly excluding its own activities that are exclusively granted by prevailing legislation to individuals or legal entities other than this Parent.

The Parent may also carry out the aforementioned activities, in full or in part, indirectly through ownership interests in other companies with an identical or similar corporate purpose.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries ("the Group") carry out their activities in Spain (mainly in Barcelona and Madrid) and in France (Paris) through the group of which it is the parent Société Foncière Lyonnaise, S.A. (hereinafter, the "SFL subgroup" or "SFL" for the subsidiary).

Inmobiliaria Colonial, SOCIMI, S.A. has been listed on the Spanish electronic trading system and Stock Exchange since 19 June 2017, when it was included on the benchmark stock market index, the IBEX-35.

In the first half of 2022, the Parent maintained the credit rating obtained from Standard & Poor's Rating Credit Market Services Europe Limited (the "BBB+" long-term credit rating and the "A-2" short-term credit rating, both with a stable outlook). In addition, the Parent obtained a "Baa2" credit rating with a positive outlook from Moody's. In the first half of 2022, the subsidiary SFL maintained its "BBB+" credit rating with a stable outlook and the "A-2" short-term credit rating.

Given its business activity, the Group has no environmental expenses, assets, provisions or contingencies that might be significant with respect to its equity, financial position and results. Therefore, no specific disclosures relating to environmental issues are included in these notes. However, the Group does apply a proactive environmental policy in relation to urban development, construction, maintenance and the preservation of its property portfolio.

The consolidated financial statements of the Group for 2021 were approved at the Parent's General Shareholders' Meeting held on 21 June 2022.

## 1.2 Basis of presentation

In accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, all companies governed by the laws of a Member State of the European Union and whose securities are traded on a regulated market in any European Union country must file consolidated financial statements for years beginning on or after 1 January 2005 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Group's 2021 consolidated financial statements were prepared by the Parent's directors in accordance with the International Financial Reporting Standards as adopted by the European Union, applying the consolidation principles, accounting policies and measurement bases set forth in Note 4 to said consolidated financial statements in order to present fairly the Group's consolidated equity and consolidated financial position at 31 December 2021 and the consolidated results of its operations, changes in consolidated equity and its consolidated cash flows for the year then ended.

These interim condensed consolidated financial statements for the six month-period ended 30 June 2022 are presented in accordance with IAS 34 Interim Financial Reporting, and were authorised for issue by the Parent's directors on 26 July 2022, all in accordance with article 12 of Spanish Royal Decree 1362/2007.

In accordance with IAS 34, the interim financial report is intended to provide an update on the latest complete set of the Group's annual consolidated financial statements, focusing on new activities, events and circumstances that took place during the six months and not duplicating information previously reported in the 2021 consolidated financial statements. Accordingly, for a proper understanding of the information included in these condensed consolidated interim financial statements, they must be read in conjunction with the Group's consolidated financial statements for 2021.

The accounting policies and methods used in preparing these interim condensed consolidated financial statements are the same as those applied in the consolidated financial statements for 2021.

However, since the accounting policies and measurement bases used in preparing the Group's interim consolidated financial statements for the six-month period ended 30 June 2022 may differ from those used by certain Group entities, the required adjustments and reclassifications were made on consolidation to unify such policies and bases and to make them compliant with IFRS and with the accounting policies and standards followed by the Parent.

The SFL Group, included in the scope of consolidation, was the subject of a limited review at 30 June 2022 on a shared basis between the Group's auditors, Deloitte & Associés and PriceWaterhouseCoopers Audit.

*Standards and interpretations effective this year*

New accounting standards became effective during the six-month period ended 30 June 2022 and were applied accordingly in the preparation of these interim condensed consolidated financial statements. These new standards are as follows:

- IAS 16 (Amendment) "Property, plant and equipment – Proceeds before Intended Use": It is forbidden to deduct from the cost of a PP&E item any income obtained from the sale of goods produced when the entity is preparing the asset for its intended use. The income from the sale of such samples, together with the production costs, are now recognised in income. The amendment also clarifies whether an entity is testing if the asset works correctly when the technical and physical performance of the asset is assessed. The financial performance of the asset is not significant for this assessment. Accordingly, an asset may be capable of operating in line with that envisaged by management and be subject to amortisation before it reaches the level of operating performance expected by management.

- IAS 37 (Amendment) “Onerous Contracts — Cost of Fulfilling a Contract”: The amendment explains that the direct cost of complying with a contract includes the incremental costs of complying with that contract and an assignment of other costs that are related directly to the compliance of contracts. It also clarifies that before providing a separate provision as a result of an onerous contract, the entity will recognise any impairment loss on the assets used to comply with the contract instead of on the assets used in that contract.

- IFRS 3 (Amendment) “References to the Conceptual Framework”: IFRS 3 was updated to refer to the 2018 Conceptual Framework to determine what constitutes an asset or liability in a business combination (before the 2001 CM was referred to). Furthermore, a new exception was added in IFRS 3 for liabilities and contingent liabilities.

- Annual improvements to IFRSs. 2018-2020 Cycle: The amendments affect IFRS 1, IFRS 9, IFRS 16 and IAS 41 and apply to annual periods beginning on or after 1 January 2022. The main amendments refer to:

  - IFRS 1 “First-time application of IFRS”: IFRS 1 permits an exemption if a subsidiary applies IFRSs on a date subsequent to its parent. This amendment allows the entities that have taken this exemption to also measure the cumulative translation differences using the amounts recognised by the Parent, based on the transition date of the latter to IFRSs.

  - IFRS 9 “Financial instruments”: The amendment addressed which costs should be included in the 10% test for the derecognition in financial liability accounts. The costs or fees could be paid to third parties or to the lender. According to the amendment, the costs or fees paid to third parties will not be included in the 10% test.

  - IAS 41 “Agriculture”: This amendment eliminates the requirement to exclude cash flows for taxes on measuring the fair value in accordance with IAS 41.

  - With reference to IFRS 16 “Leases”, the illustrative example 13 of the regulation was amended (to eliminate the illustration of the lessor's payments in relation to the lease improvements, thereby eliminating any possible confusion regarding the treatment of lease incentives). Illustrative examples accompany, but do not form part of IFRS, so such an improvement does not have to be endorsed by the European Union.

These standards have been taken into account with effect from 1 January 2022 and their impact, which was not material. was reflected in these interim condensed consolidated financial statements.

*Standards and interpretations issued but not yet in force*

At the signature date of these interim condensed consolidated financial statements, the following standards, amendments and interpretations had been published by the IASB and the IFRS Interpretations Committee but had not become effective, either because they came into effect after the date of the interim condensed consolidated financial statements or because they had yet to be endorsed by the European Union:

- IFRS 17 “Insurance contracts”: IFRS 17 replaces IFRS 4 “Insurance contracts”, which permitted an extensive variety of accounting practices. The new regulation fundamentally changes accounting by all entities that issue insurance contracts and investment contracts with discretionary participation components. In June 2020, the IASB amended the standard, developing specific amendments and clarifications aimed at facilitating the implementation of the new standard, although the fundamental principles of the standard remained unchanged.

  The standard is applicable for the years commencing from 1 January 2023, enabling its early application if IFRS 9 “Financial Instruments” is applied on the initial application date of IFRS 17 or before this date.

- IAS 1 (Amendment) “Breakdown of accounting policy”. IAS 1 was amended to improve the breakdowns of accounting policies to provide more useful information to investors and other main users of the financial statements. The effective date of these amendments is 1 January 2023.

- IAS 8 (Amendment) “Definition of accounting estimates”: IAS 8 was amended to help to distinguish between the changes in accounting estimates and the changes in accounting policies. The effective date of these amendments is 1 January 2023.

- IFRS 10 (Amendment) and IAS 28 (Amendment) “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”: These amendments clarify the accounting treatment of sales and contributions of assets between an investor and its associates and joint ventures, which will depend on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business”. The investor will recognise the full gain or loss when the non-monetary assets constitute a “business”. If the assets do not comply with the definition of business, the investor recognises the gain or loss to the extent of the interests of other investors. The amendments will only apply when an investor sells or contributes the assets to its associate or joint venture.

  Originally, these amendments to IFRS 10 and IAS 28 were prospective and effective for the years commencing from 1 January 2016. However, at the end of 2015, the IASB took the decision to postpone the validity date thereof (without setting a specific new date) since it is planning a more extensive review that may result in the simplification of the accounting of these transactions and other aspects of the recognition of associates and joint ventures.

- IAS 1 (Amendments) “Classification of Liabilities as Current or Non-Current”: These amendments clarify that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting year. The classification is not affected by the expectations of the entity or subsequent events at the reporting date (for example, the receipt of a waiver or a breach of the pact). The amendment also clarifies IAS 1 when it refers to the “settlement” of a liability. The effective date of these amendments is 1 January 2022, though their early application is permitted.

  However, in July 2020, there was an amendment to change the entry date of the amendment to 1 January 2023. These amendments are pending approval by the European Union.

- IAS 12 (Amendment) “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”: In certain circumstances under IAS 12, companies are exempt from recognising deferred taxes when assets or liabilities are recognised for the first time (“exemption from initial recognition”). Previously, certain uncertainty existed on whether the exemption was applied to transactions such as leases and dismantling obligations, transactions for which both an asset and a liability are posted at the moment of their initial recognition. The amendment clarifies that the exemption does not apply and that, therefore, the obligation exists to recognise deferred taxes on these transactions.

  The amendment enters into force for years that begin from 1 January 2023, though its early application is permitted. This amendment is pending approval by the European Union.

- IFRS17 (Amendment) “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”: The IASB has published an amendment to IFRS 17 that introduces modifications of limited scope to the transition requirements of IFRS 17 “Insurance Contracts” and does not affect any other requirements of IFRS 17. IFRS 17 and IFRS 9, “Financial Instruments” have different transition requirements. For some insurers, these differences may result in one-off accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when they apply IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these asymmetries and thus improve the usefulness of comparative information for investors.

  This amendment, which is pending adoption by the European Union, is effective for annual periods beginning on or after 1 January 2023.

The Parent has, in any case, reviewed the potential impacts of the future application of these standards and considers that they will not have a significant effect on the Group's interim condensed consolidated financial statements at 30 June 2022.

## 1.3 Responsibility for the information and use of estimates

The information contained in these interim condensed consolidated financial statements for the first six months of 2022 is the responsibility of the Parent's directors, who have verified that the different controls established to ensure the quality of the accounting information prepared have been effective.

The consolidated results and the determination of consolidated equity must comply with the accounting policies and principles, measurement bases and estimates followed by the Parent’s directors in the preparation of the interim condensed consolidated financial statements. The main accounting policies, principles, and measurement bases applied are described in Note 4 to the 2021 consolidated financial statements, notwithstanding the stipulations of Note 1.2 above, “Standards and interpretations effective in the current year”.

In the interim condensed consolidated financial statements, estimates were occasionally made by the management of the Parent and the consolidated companies to quantify certain assets, liabilities, income, expenses and commitments reported herein. These estimates, made on the basis of the best information available, relate basically to:

- The market value of the property for own use, the investment property and the inventory was obtained from the appraisals periodically made by independent experts. These valuations have been performed as at 30 June 2022 and 31 December 2021 in accordance with the methods described in Note 5.
- Estimated expected credit loss (Note 6).
- Measurement of deferred tax liabilities recognised in the condensed consolidated statement of financial position (Note 12).
- The market value of derivative financial instruments (Note 10).

Although the estimates described were made on the basis of the best available information available to date concerning the facts analysed, it might be necessary to change these estimates (upwards or downwards) in light of future events. In accordance with IAS 8, any changes to accounting estimates would be made prospectively, with the effects of the changes recognised in the consolidated statement of comprehensive income.

During the six-month period ended 30 June 2022, there were no significant changes in the estimates made at the end of 2021.

## 1.4 Comparative information

The information contained in these interim condensed consolidated financial statements for the first six months of 2022 is presented for comparative purposes with the information relating to the six-month period ended 30 June 2021 for the income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows, and is compared with the year-end 2021 information for the consolidated statement of financial position.

## 1.5 Seasonal nature of the Group’s operations

In view of the activities of Group companies, Group transactions are not significantly cyclical or seasonal. Therefore, no specific disclosures are provided in these explanatory notes to the condensed consolidated financial statements for the six-month period ended 30 June 2022.

## 1.6 Relative importance

In deciding how to disclose items of the financial statements or other issues, in accordance with IAS 34, the Group assessed materiality in relation to the condensed consolidated half-yearly financial statements.

## 1.7 Events after the reporting period

There were no other significant subsequent events.

## 2. Changes in Group composition

The following changes in the scope of consolidation have occurred during the first six months of 2022:

- On 25 April 2022, the subsidiary SFL acquired all the shares of SCI Pasteur 123, owner of the property 91 Boulevard Pasteur of almost 40,000 square metres, located in the centre of Paris (15th arrondissement) for 485,173 thousand euros (Note 5).
- On 3 June 2022, the Parent acquired 50% of the share capital of the subsidiary Wittywood, S.L. amounting to 5,000 thousand euros, to hold 100% of the share capital of that subsidiary.

The changes in the scope in 2021 are found in Note 2.6 to the consolidated financial statements for the year ended 31 December 2021. Likewise, in the Appendix to the consolidated financial statements for the year ended 31 December 2021, significant information was provided on the Group companies that were consolidated at that date.

## 3. Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the Parent (after tax and non-controlling interests) by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares.

Diluted earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the Parent (after tax and non-controlling interests) by the weighted average number of shares outstanding plus all dilutive effects inherent in potential ordinary shares.

Both at 30 June 2022 and 2021, there were no instruments that may have had a significant diluting effect on the Parent's average number of ordinary shares.

The long-term remuneration plans of the Parent are settled with shares that the Parent holds as treasury shares in advance. Such deliveries of shares have no relevant or material effect on diluted earnings per share (Note 16.4).

| | Thousands of Euros | |
|---|---|---|
| | 30 June 2022 | 30 June 2021 |
| Net profit for the year attributable to the Parent: | 355,448 | 161,899 |
| | No. of shares | No. of shares |
| Average number of ordinary shares (in thousands) | 531,432 | 504,834 |
| | Euros | Euros |
| Basic earnings per share: | 0.67 | 0.32 |
| Diluted earnings per share: | 0.67 | 0.32 |

## 4. Property, plant and equipment

The movement in this non-current asset heading of the condensed consolidated statement of financial position is as follows:

| | Note | Thousands of Euros | | |
|---|---|---|---|---|
| | | Properties for own use | Other tangible fixed assets | Total |
| **Balance at 31 December 2021** | | **48,745** | **6,417** | **55,162** |
| *Acquisition cost* | | *57,486* | *17,749* | *75,235* |
| *Accumulated depreciation* | | *(7,998)* | *(11,332)* | *(19,330)* |
| *Accumulated impairment* | | *(743)* | -- | *(743)* |
| Additions | | 785 | 309 | 1,094 |
| Depreciation charge | | (903) | (1,491) | (2,394) |
| Disposals acquisition cost | | -- | (1,696) | (1,696) |
| Disposals accumulated depreciation | | -- | 1,696 | 1,696 |
| Impairment | 13.3 | 743 | -- | 743 |
| **Balance at 30 June 2022** | | **49,370** | **5,235** | **54,605** |
| *Acquisition cost* | | *58,271* | *16,362* | *74,633* |
| *Accumulated depreciation* | | *(8,901)* | *(11,127)* | *(20,028)* |
| *Accumulated impairment* | | -- | -- | -- |

At 30 June 2022 and 31 December 2021, the Group used two floors of the building located at Avenida Diagonal, 530, in Barcelona, one floor of the building located at Paseo de la Castellana, 52, in Madrid and one floor of the building located at 42, *rue* Washington in Paris for its own use, while the rest of these buildings were destined for leasing purposes. The cost of buildings earmarked for the Group's own use is recognised under "Property for own use".

At 30 June 2022 and 31 December 2021, the need was disclosed to recognise a reversal of the impairment on the value of the assets in the amount of 743 thousand euros (2021: 269 thousand euros), calculated based on the appraisals of independent experts.

Finally, during the first half of 2022, write-offs due to replacement have been recorded with a net book value of zero (2021: 16 thousand euros).

## 5. Investment property

The movement in this non-current asset heading of the condensed consolidated statement of financial position is as follows:

| | Note | Thousands of Euros | | |
|---|---|---|---|---|
| | | investment property | Assets under construction | Total |
| **Balance at 31 December 2021** | | **11,130,239** | **1,053,129** | **12,183,368** |
| Additions for subsequent capitalised disbursements | | 19,663 | 101,302 | 120,965 |
| Additions arising from acquisitions | 2 | 485,068 | 105 | 485,173 |
| Sale or disposal by other means | 13.2 | (26,377) | -- | (26,377) |
| Net gain/(loss) from fair value adjustments | 13.3 | 304,844 | 9,780 | 314,624 |
| Transfers | | 212,394 | (212,394) | -- |
| **Balance at 30 June 2022** | | **12,125,831** | **951,922** | **13,077,753** |

Additions for subsequent capitalised disbursements correspond to investments made in real estate assets, both in development and in operation, which amount to 120,965 thousand euros at 30 June 2022, including 5,013 thousand euros of capitalised financial expenses.

In April 2022, the subsidiary SFL acquired the 91 Boulevard Pasteur property by acquiring all the shares of SCI Pasteur 123 for 485,173 thousand euros (Note 2).

During the first half of 2022, one premises and two office properties in Spain were disposed of for total sale proceeds of 31,566 thousand euros, resulting in a gain of 4,794 thousand euros, including indirect costs of sale. In addition, write-offs due to the replacement of certain items of investment property amounting to 241 thousand euros were recorded.

### 5.1 Fair value measurement and sensitivity

In accordance with IAS 40, the Group calculates the fair value of its investment property on a regular basis. This fair value is determined by taking as reference values the valuations carried out every six months by independent third-party experts (CB Richard Ellis Valuation and Cushman & Wakefield, both in Spain and France for 30 June 2022 and Jones Lang LaSalle and CB Richard Ellis Valuation in Spain, and CBRE and Cushman & Wakefield, in France for 31 December 2021), such that, at the end of each six-month period, the fair value reflects the market conditions of the elements of the investment properties at that date. The valuation reports prepared by independent experts contain only the standard warnings and/or disclaimers concerning the scope of the findings of the appraisals carried out, referring basically to the comprehensiveness and accuracy of the information provided by the Group.

Details of assets at fair value and the hierarchy in which they are classified are as follows:

| | Thousands of Euros | | | |
|---|---|---|---|---|
| **Valuations at fair value at 30 June 2022** | Level 1 | Level 2 | Level 3 | Total |
| Property, plant and equipment – Own use | -- | -- | 82,181 | 82,181 |
| Investment property | -- | -- | 13,168,683 | 13,168,683 |
| Inventories | -- | -- | 83,500 | 83,500 |
| **Total** | **--** | **--** | **13,334,364** | **13,334,364** |

At 30 June 2022, the Group's appraisals were updated based on the contract portfolio to date and on the new yields. The breakdown of the variation in yields is shown in the following table:

| Yields (%) – Offices | 30 June 2022 | 31 December 2021 |
|---|---|---|
| Barcelona – Prime Yield | | |
| Operating portfolio | 4.23 | 4.23 |
| Total portfolio | 4.23 | 4.26 |
| Madrid – Prime Yield | | |
| Operating portfolio | 4.06 | 4.12 |
| Total portfolio | 4.00 | 4.17 |
| Paris – Prime Yield | | |
| Operating portfolio | 2.92 | 2.94 |
| Total portfolio | 2.98 | 2.94 |

| Assumptions made at 30 June 2022 | | | | | |
|---|---|---|---|---|---|
| Rent increases (%) - Offices | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 and thereafter |
| Barcelona – | | | | | |
| Operating portfolio | 2.0 | 2.75 | 2.5 | 2.5 | 2.5 |
| Total portfolio | 2.0 | 2.75 | 2.5 | 2.5 | 2.5 |
| Madrid – | | | | | |
| Operating portfolio | 3.0 | 3.0 | 2.5 | 2.5 | 2.5 |
| Total portfolio | 3.0 | 3.0 | 2.5 | 2.5 | 2.5 |
| Paris – | | | | | |
| Operating portfolio | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 |
| Total portfolio | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 |

| Assumptions made at 31 December 2021 | | | | | |
|---|---|---|---|---|---|
| Rent increases (%) - Offices | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 and thereafter |
| Barcelona – | | | | | |
| Operating portfolio | (0.75) | 2.0 | 4.0 | 2.75 | 2.75 |
| Total portfolio | (0.75) | 2.0 | 4.0 | 2.75 | 2.75 |
| Madrid – | | | | | |
| Operating portfolio | (0.75) | 2.5 | 3.5 | 3.0 | 3.0 |
| Total portfolio | (0.75) | 2.5 | 3.5 | 3.0 | 3.0 |
| Paris – | | | | | |
| Operating portfolio | 0.0 | 0.5 | 1.0 | 1.5 | 1.5 |
| Total portfolio | 0.0 | 0.5 | 1.0 | 1.5 | 1.5 |

A change of one-quarter of one point in yields has the following impact on the valuations used by the Group at 30 June 2022 and 31 December 2021 to determine the value of its property assets (Property, plant and equipment - own use, Investment property, inventories and assets classified as held for sale):

| | Thousands of Euros | | |
|---|---|---|---|
| Sensitivity of valuations to a change of one quarter of a point in yields | Valuation | Decrease of one quarter of a point | Increase of one quarter of a point |
| June 2022 | 13,334,364 | 1,068,915 | (915,465) |
| December 2021 | 12,436,041 | 960,845 | (820,948) |

The other variables considered, although they are taken into account in determining fair value, are not considered to be key, and therefore no quantitative information is included, nor are they sensitised since any possible reasonable variations would not entail a significant change in the fair values of the assets.

A reconciliation of the valuations used by the Group to the carrying amounts of the condensed consolidated statement of financial position in which the appraised assets are located is as follows:

| | Note | Thousands of Euros | |
|---|---|---|---|
| | | 30 June 2022 | 31 December 2021 |
| *Items in the condensed consolidated statement of financial position* - Tangible assets - Own use | 4 | 37,716 | 37,241 |
| Investment property | 5 | 13,077,753 | 12,183,368 |
| Inventories | | 75,865 | 60,689 |
| Assets classified as held for sale | 7 | -- | 27,000 |
| Leasing incentives | 6 | 90,924 | 76,194 |
| Trade and other receivables - Acquired lease rights | | 6 | 99 |
| **Total condensed consolidated statement of financial position headings** | | **13,282,264** | **12,384,591** |
| Unrealised gains on assets recognised in property, plant and equipment | | 44,465 | 39,649 |
| Unrealised gains on assets recognised in Inventory | | 7,635 | 11,801 |
| **Valuation** | | **13,334,364** | **12,436,041** |

Although the sensitivity of other key variables was considered, such analysis was not carried out, given that reasonable changes that could arise would not lead to a material change in the fair value of the assets.

### 5.2 Other disclosures

At 30 June 2022, the Group had pledged an asset as collateral for a mortgage loan (Note 9.7), the carrying amount of which was 178,733 thousand euros (2021: 169,961 thousand euros), to secure debts amounting to 75,700 thousand euros (2021: 75,700 thousand euros).

## 6. Trade and other receivables and Other non-current assets

The composition of these headings of the condensed consolidated statement of financial position is as follows:

| | Thousands of Euros | | | |
|---|---|---|---|---|
| | 30 June 2022 | | 31 December 2021 | |
| | Current | Non-current | Current | Non-current |
| Trade receivables from sales and services | 18,400 | -- | 17,306 | -- |
| Trade receivables for property sales | 362 | -- | 849 | -- |
| Accrual of lease incentives | 19,528 | 71,396 | 20,817 | 55,377 |
| Other receivables | 2,831 | 1,635 | 89,104 | -- |
| Other assets | 4,278 | -- | 3,029 | -- |
| Impairment of receivables - | | | | |
| - Trade receivables from sales and services | (6,489) | -- | (7,875) | -- |
| - Other receivables | (817) | (1,635) | (85,473) | -- |
| **Total trade and other receivables** | **38,093** | **71,396** | **37,757** | **55,377** |

### 6.1 Trade receivables from sales and services

This mainly includes the amounts receivable from customers, fundamentally from the Group's rentals business in France, that are billed monthly, quarterly or yearly with no significant overdue amounts.

### 6.2 Accrual of lease incentives

This includes the amount of the incentives in the operating lease agreements (grace periods, etc.) that the Group offers its customers, which are recognised in the income statement during the minimum operating lease term.

### 6.3 Impairment of receivables

Given the breakdown of the Colonial Group's lessee portfolio, formed by companies of recognised prestige with proven financial solvency, the scant history of losses from receivable balances in the last ten years, including the years of the financial crisis, the Colonial Group considered that the impairment due to the expected loss from these financial assets is not significant.

Despite that, the Group companies analysed the receivable balances for sales and services on an individual basis and recognised the corresponding impairment for an amount equal to the expected credit losses.

# 7. Assets classified as held for sale

The movement in this heading of assets of the condensed consolidated statement of financial position is as follows:

| | Note | Thousands of Euros |
|---|---|---|
| | | investment property |
| **Initial balance at 31 December 2021** | | **27,000** |
| Additions for subsequent capitalised disbursements | | 15 |
| Sale or disposal by other means | 13.2 | (27,015) |
| **Final balance at 30 June 2022** | | **--** |

In May 2022, the subsidiary SFL disposed of an office building in Paris for a sale price of 26,872 thousand euros, recording a loss of 420 thousand euros, taking into account the indirect costs of the sale.

# 8. Equity

## 8.1 Share capital

At both 30 June 2022 and 31 December 2021, the share capital was represented by 539,615,637 fully subscribed and paid shares of 2.5 euros par value each.

Based on the notifications regarding the number of company shares to the Spanish National Securities Market Commission (CNMV), the shareholders owning significant direct or indirect interests in the Parent were as follows:

| | 30 June 2022 | | 31 December 2021 | |
|---|---|---|---|---|
| | Number of shares* | % ownership | Number of shares* | % ownership |
| Name or corporate name of the shareholder: | | | | |
| Qatar Investment Authority (**) | 102,675,757 | 19.03% | 102,675,757 | 19.03% |
| Grupo Finaccess | 80,028,647 | 14.83% | 80,028,647 | 14.83% |
| Inmo S.L. | 29,022,995 | 5.38% | 29,002,980 | 5.37% |
| Aguila Ltd. | 28,880,815 | 5.35% | 28,880,815 | 5.35% |
| Credit Agricole, S.A. | 22,494,701 | 4.17% | 22,494,701 | 4.17% |
| BlackRock Inc | 16,182,616 | 3.00% | 16,182,616 | 3.00% |

* Does not include certain financial instruments linked to shares of the Parent.
** Qatar Investment Authority is responsible for managing 21,782,588 shares of the Parent owned by DIC Holding, LLC, included in the number of shares reported.

The Parent has no knowledge of other significant equity interests.

The Annual General Meeting held on 21 June 2022 resolved to authorise the Board of Directors to issue, on behalf of the Parent and on one or more occasions and for a maximum period of five years, bonds convertible into new shares of the Parent or other similar securities that may give the right, directly or indirectly, to subscribe shares of the Parent, with the express power to exclude the pre-emptive subscription right of the shareholders up to a maximum of 20% of the share capital, and to increase the capital by the amount necessary to meet the conversion. The total maximum amount of the issue or issues of the securities that may be performed under this authorisation may not exceed a combined amount of 500,000 thousand euros or its equivalent in another currency.

On 21 June 2022, the Annual General Meeting resolved to authorise the Board of Directors, in accordance with article 297.1 b) of the Spanish Companies Act, to increase the share capital through monetary contributions by up to half the amount of the share capital, within a maximum period of five years, on one or more occasions and at the time and by the amount it deems appropriate. Within the maximum amount indicated, the Board of Directors is empowered to exclude the preferential subscription right up to a maximum of 20% of the share capital.

### 8.2 Issue premium

On 21 June 2022, the General Shareholders' Meeting resolved to distribute dividends with a charge to the share premium amounting to 92,686 thousand euros.

### 8.3 Own shares

The number of the Parent's own shares and their acquisition cost were as follows:

| | 30 June 2022 | | 31 December 2021 | |
|---|---|---|---|---|
| | No. of shares | Thousands of Euros | No. of shares | Thousands of Euros |
| Free tranche | 7,943,007 | 64,745 | 7,943,007 | 64,745 |
| Liquidity contracts | 264,583 | 1,751 | 229,500 | 1,912 |
| **Closing balance** | **8,207,590** | **66,496** | **8,172,507** | **66,657** |

### 8.4 Other reserves

The following table shows details of the consolidated statement of financial position item "Other reserves" and of the movements in these reserves during the year:

| | Thousands of Euros | | | | | |
|---|---|---|---|---|---|---|
| | Legal reserve | Other reserves | Valuation of financial hedge instruments | Share-based payments | Transactions with non-controlling interests | **Total** |
| **At 31 December 2021** | **54,767** | **141,973** | **17,122** | **12,779** | **12,757** | **239,398** |
| Revaluation – gross | -- | -- | 216,871 | -- | -- | 216,871 |
| Deferred tax | -- | | (188) | -- | -- | (188) |
| Non-controlling interest in revaluation - gross | -- | -- | (468) | -- | -- | (468) |
| Deferred tax | -- | -- | -- | -- | -- | -- |
| Reclassification to profit/(loss) - gross | -- | -- | (546) | -- | -- | (546) |
| Non-controlling interest in reclassification to profit/(loss) - gross | -- | -- | 9 | -- | -- | 9 |
| Deferred tax | -- | -- | -- | -- | -- | -- |
| Other comprehensive income | -- | -- | 215,678 | -- | -- | 215,678 |
| Transfer to/from retained earnings | 3,872 | -- | -- | -- | -- | 3,872 |
| *Transactions with owners in their capacity as such:* | | | | | | |
| Share-based payments | -- | -- | -- | 2,104 | 361 | 2,465 |
| Transactions with non-controlling interests | -- | -- | -- | -- | (687) | (687) |
| **At 30 June 2022** | **58,639** | **141,973** | **232,800** | **14,883** | **12,431** | **460,726** |

As a result of the increases in forward interest rates observed during the year, the fair value of derivative financial instruments has increased significantly (Note 10).

## 8.5 Retained earnings

The changes in retained earnings are as follows:

| | Note | Thousands of Euros<br>30 June 2022 |
|---|---|---|
| **Balance at beginning of period** | | **2,892,540** |
| Net profit for the period | 3 | 355,448 |
| Charge to the legal reserve | 8.4 | (3,872) |
| *Components of other comprehensive income recognised directly in retained earnings:* | | |
| Profit/(loss) from own share transactions | | (508) |
| Dividends | | (34,855) |
| Other gains/(losses) | | 626 |
| **Balance at end of period** | | **3,209,379** |

Gains/(losses) on transactions with own shares relate to the deliveries of own shares to the beneficiaries of the long-term incentives plan, calculated as the difference between the carrying amount of the shares delivered and the amount of the obligation assumed by the Parent.

## 8.6 Non-controlling interests

The movement in this heading of the condensed consolidated statement of financial position is as follows:

| | Thousands of Euros | | | |
|---|---|---|---|---|
| | Inmocol Torre Europa, S.A. | SFL subgroup | Wittywood, S.L. | Total |
| **Balance at 31 December 2021** | **11,722** | **1,169,568** | **4,365** | **1,185,655** |
| Income for the financial year | (361) | 48,855 | (52) | 48,442 |
| Dividends and other | -- | (40,896) | -- | (40,896) |
| Changes in the scope of consolidation (Note 2) | -- | -- | (4,313) | (4,313) |
| Financial hedge instruments | 281 | 178 | -- | 459 |
| **Balance at 30 June 2022** | **11,642** | **1,177,705** | **--** | **1,189,347** |

The breakdown of the items included in “Dividends and others” is as follows:

| | Thousands of Euros<br>30 June 2022 |
|---|---|
| Dividend paid by the SFL subgroup to non-controlling interests | (3,007) |
| Dividend paid by subsidiaries of the SFL Group to their minority interests | (37,931) |
| Other | 42 |
| **Total** | **(40,896)** |

# 9. Bank borrowings and other financial liabilities

The detail of these headings of the consolidated statement of financial position, by type of debt and maturity, is as follows:

| 30 June 2022 | Thousands of Euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Current | Non-current | | | | | | |
| | Less than 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | More than 5 years | Total non-current | Total |
| Bank borrowings: | | | | | | | | |
| Loans | -- | 225,700 | -- | -- | 120,000 | -- | 345,700 | 345,700 |
| Interest | 1,146 | -- | -- | -- | -- | -- | -- | 1,146 |
| Debt arrangement expenses | (2,280) | (2,308) | (1,581) | (1,096) | (536) | -- | (5,521) | (7,801) |
| **Total bank borrowings** | **(1,134)** | **223,392** | **(1,581)** | **(1,096)** | **119,464** | **--** | **340,179** | **339,045** |
| Other financial liabilities | 2,473 | -- | -- | -- | -- | -- | -- | 2,473 |
| **Total other financial liabilities** | **2,473** | **--** | **--** | **--** | **--** | **--** | **--** | **2,473** |
| ***Total bank borrowings and other financial liabilities*** | ***1,339*** | ***223,392*** | ***(1,581)*** | ***(1,096)*** | ***119,464*** | ***--*** | ***340,179*** | ***341,518*** |
| Bonds and similar securities issued: | | | | | | | | |
| Bond issues | 289,600 | -- | 687,200 | 1,150,000 | 649,000 | 2,024,000 | 4,510,200 | 4,799,800 |
| Interest | 25,226 | -- | -- | -- | -- | -- | -- | 25,226 |
| Debt arrangement expenses | (9,562) | (9,464) | (9,195) | (7,805) | (6,688) | (5,898) | (39,050) | (48,612) |
| ***Total bonds and similar securities issued*** | ***305,264*** | ***(9,464)*** | ***678,005*** | ***1,142,195*** | ***642,312*** | ***2,018,102*** | ***4,471,150*** | ***4,776,414*** |
| Issuance of promissory notes | 550,000 | -- | -- | -- | -- | -- | -- | 550,000 |
| ***Total issue trade bills*** | ***550,000*** | ***--*** | ***--*** | ***--*** | ***--*** | ***--*** | ***--*** | ***550,000*** |
| ***Total*** | ***856,603*** | ***213,928*** | ***676,424*** | ***1,141,099*** | ***761,776*** | ***2,018,102*** | ***4,811,329*** | ***5,667,932*** |

| 31 December 2021 | Thousands of Euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Current | Non-current | | | | | | |
| | Less than 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | More than 5 years | Total non-current | Total |
| Bank borrowings: | | | | | | | | |
| Loans | -- | 75,700 | -- | -- | -- | -- | 75,700 | 75,700 |
| Interest | 702 | -- | -- | -- | -- | -- | -- | 702 |
| Debt arrangement expenses | (2,047) | (1,985) | (1,575) | (921) | (77) | -- | (4,558) | (6,605) |
| **Total bank borrowings** | **(1,345)** | **73,715** | **(1,575)** | **(921)** | **(77)** | **--** | **71,142** | **69,797** |
| Other financial liabilities | 2,474 | -- | -- | -- | -- | -- | -- | 2,474 |
| **Total other financial liabilities** | **2,474** | **--** | **--** | **--** | **--** | **--** | **--** | **2,474** |
| ***Total bank borrowings and other financial liabilities*** | ***1,129*** | ***73,715*** | ***(1,575)*** | ***(921)*** | ***(77)*** | ***--*** | ***71,142*** | ***72,271*** |
| Bonds and similar securities issued: | | | | | | | | |
| Bond issues | 289,600 | -- | 187,200 | 1,000,000 | 700,000 | 2,425,000 | 4,312,200 | 4,601,800 |
| Interest | 25,467 | -- | -- | -- | -- | -- | -- | 25,467 |
| Debt arrangement expenses | (6,362) | (6,134) | (6,090) | (5,277) | (3,820) | (5,922) | (27,243) | (33,605) |
| ***Total bonds and similar securities issued*** | ***308,705*** | ***(6,134)*** | ***181,110*** | ***994,723*** | ***696,180*** | ***2,419,078*** | ***4,284,957*** | ***4,593,662*** |
| Issuance of promissory notes | 257,000 | -- | -- | -- | -- | -- | -- | 257,000 |
| ***Total issue trade bills*** | ***257,000*** | ***--*** | ***--*** | ***--*** | ***--*** | ***--*** | ***--*** | ***257,000*** |
| ***Total*** | ***566,834*** | ***67,581*** | ***179,535*** | ***993,802*** | ***696,103*** | ***2,419,078*** | ***4,356,099*** | ***4,922,933*** |

The changes in net financial debt in the first half of 2022, which arose from cash flows and others, are detailed in the table below:

| | Thousands of Euros | | |
|---|---|---|---|
| | 31 December 2021 | Cash flows | 30 June 2022 |
| Loans | 75,700 | 270,000 | 345,700 |
| Issuance of promissory notes | 257,000 | 293,000 | 550,000 |
| Bond issues | 4,601,800 | 198,000 | 4,799,800 |
| **Gross financial debt (gross nominal debt)** | **4,934,500** | **761,000** | **5,695,500** |
| Cash and cash equivalents | (218,942) | (248,065) | (467,007) |
| **Net financial debt** | **4,715,558** | **512,935** | **5,228,493** |

## 9.1 Issues of the Parent's straight bonds

The breakdown of the issues of straight bonds by the Parent is as follows:

| | | | | Thousands of Euros | | |
|---|---|---|---|---|---|---|
| Issue | Duration | Maturity | Fixed-rate coupon payable annually | Amount of the issue | 30 June 2022 | 31 December 2021 |
| 28-10-2016 | 8 years | 10-2024 | 1.450% | 600,000 | 187,200 | 187,200 |
| 10-11-2016 | 10 years | 11-2026 | 1.875% | 50,000 | 50,000 | 50,000 |
| 28-11-2017 | 8 years | 11-2025 | 1.625% | 500,000 | 500,000 | 500,000 |
| 28-11-2017 | 12 years | 11-2029 | 2.500% | 300,000 | 300,000 | 300,000 |
| 17-04-2018 | 8 years | 04-2026 | 2.000% | 650,000 | 650,000 | 650,000 |
| 14-10-2020 | 8 years | 10-2028 | 1.350% | 500,000 | 500,000 | 500,000 |
| 22-06-2021 | 8 years | 06-2029 | 0.750% | 625,000 | 625,000 | 625,000 |
| **Total issues** | | | | | **2,812,200** | **2,812,200** |

In February, the Parent converted all of its outstanding bonds into "green bonds" under a Green Financing Framework, the pillars of which are energy efficiency and the prevention and reduction of carbon emissions from the Group's assets. The conversion was approved by the bondholders after accepting the consent solicitation launched by both companies for each series of bonds in accordance with the respective terms and conditions of each issue.

The bond issues dated 14-10-20 and 22-06-21 were admitted to trading on the regulated market (AIAF Fixed Income Securities Market) of the Madrid Stock Exchange (CNMV) and the remaining bond issues on the regulated market (Main Securities Market) of the Irish Stock Exchange.

At 30 June 2022, the fair value of the bonds issued by the Parent was 2,512,825 thousand euros (2021: 2,928,360 thousand euros).

*Compliance with financial ratios -*

The simple obligations currently in force require compliance with certain ratios on a half-yearly basis. These ratios had been met at 30 June 2022 and 31 December 2021.

## 9.2 Issue of SFL straight bonds

The breakdown of issues of non-convertible bonds by SFL is as follows:

| | | | | Thousands of Euros | | |
|---|---|---|---|---|---|---|
| Issue | Duration | Maturity | Fixed-rate coupon payable annually | Amount of the issue | 30 June 2022 | 31 December 2021 |
| 16-11-15 | 7 years | 11-2022 | 2.250% | 500,000 | 289,600 | 289,600 |
| 29-05-18 | 7 years | 05-2025 | 1.500% | 500,000 | 500,000 | 500,000 |
| 05-06-20 | 7 years | 06-2027 | 1.500% | 599,000 | 599,000 | 500,000 |
| 21-10-21 | 6,5 years | 04-2028 | 0.500% | 599,000 | 599,000 | 500,000 |
| **Total issues** | | | | | **1,987,600** | **1,789,600** |

In April and June 2022, SFL formalised two extensions (TAP) on its bonds maturing in 2028 and 2027, respectively, amounting to 99,000 thousand euros each.

All bonds were admitted for trading on the Euronext Paris regulated market.

At 30 June 2022, the fair value of the bonds issued by SFL was 1,709,247 thousand euros (2021: 1,836,854 thousand euros).

## 9.3 Issuance of promissory notes by the Parent

In December 2018, the Parent registered on the Irish Stock Exchange a commercial paper programme (European Commercial Paper) for a maximum limit of 300,000 thousand euros maturing at short term, which subsequently extended to 500,000 thousand euros. This programme was renewed in September 2021. Outstanding issues as at 30 June 2022 amount to 50,000 thousand euros (2021: 140,000 thousand euros).

## 9.4 Issuance of SFL promissory notes

In September 2018, SFL registered a short-term promissory note (NEU CP) issuance programme for a maximum amount of 500,000 thousand euros. This programme was renewed in May 2022. The issues outstanding at 30 June 2022 amount to 500,000 thousand euros (2021: 117,000 thousand euros).

## 9.5 Syndicated financing of the Parent

The breakdown of the Parent's syndicated financing is provided below:

| Thousands of Euros | Maturity | 30 June 2022 | | 31 December 2021 | |
|---|---|---|---|---|---|
| | | Limit | Nominal amount drawn down | Limit | Nominal amount drawn down |
| Credit facility (extendable until 2027) | 11-2026 | 500,000 | -- | 500,000 | -- |
| Credit facility (extendable until 2027) | 11-2026 | 500,000 | -- | 500,000 | -- |
| **Total syndicated financing of the Parent** | | **1,000,000** | **--** | **1,000,000** | **--** |

During February, the Parent reached an agreement with the financial entities in which it has an interest on the credit line of 1,000,000 thousand euros, structured in two tranches of 500,000 thousand euros, to extend its maturity until November 2026 (extendable for a further year until 2027).

This credit line is sustainable and its interest rate is variable as its margin is linked to the rating obtained by the GRESB agency plus EURIBOR.

*Compliance with financial ratios –*

At 30 June 2022 and 31 December 2021, the Parent complied with all the financial ratios envisaged in its loan agreements.

### 9.6 SFL syndicated loan

The breakdown of SFL's syndicated loan is shown in the following table:

| Thousands of Euros | Maturity | 30 June 2022 | | 31 December 2021 | |
|---|---|---|---|---|---|
| | | Limit | Nominal amount drawn down | Limit | Nominal amount drawn down |
| Credit facility | 06-2024 | 390,000 | -- | 390,000 | -- |
| **Total SFL syndicated loan** | | **390,000** | **--** | **390,000** | **--** |

The variable interest rate is referenced to the EURIBOR plus a spread.

*Compliance with financial ratios -*

At 30 June 2022 and 31 December 2021, SFL complied with the financial ratios envisaged in its respective loan agreements.

### 9.7 Mortgage-backed loans

The detail of the mortgage-backed loans held by the Group on certain investment properties are presented in the following table:

| | | Thousands of Euros | | | |
|---|---|---|---|---|---|
| | | 30 June 2022 | | 31 December 2021 | |
| | Note | Mortgage debt | Market value of collateral | Mortgage debt | Market value of collateral |
| Investment property | 5.2 | 75,700 | 179,000 | 75,700 | 170,400 |
| **Total mortgage-backed loans** | | **75,700** | **179,000** | **75,700** | **170,400** |

The Parent holds a "sustainable loan" amounting to 75,700 thousand euros, with a variable interest rate tied to the Euribor plus a spread. Also, this spread may vary by +/-5 basis points according to the rating that the Parent obtains in relation to ESG (environment, social and corporate governance) from the GRESB Sustainability Organisation.

*Compliance with financial ratios -*

The Group's mortgage-backed loan is subject to compliance with various financial ratios. At 30 June 2022 and 31 December 2021, the Group complied with the financial ratios demanded in its mortgage loan agreement.

## 9.8 Other loans

The Group has bilateral loans not secured by a mortgage guarantee that were subject to compliance with various ratios. The total limits and balances drawn down are as follows:

| Thousands of Euros | Society | Maturity | 30 June 2022 | | 31 December 2021 | |
|---|---|---|---|---|---|---|
| | | | Limit | Nominal amount drawn down | Limit | Nominal amount drawn down |
| BBVA | Colonial | 04-2027 | 100,000 | 100,000 | -- | -- |
| Bankinter | Inmocol | 02-2027 | 20,000 | 20,000 | -- | -- |
| BECM | SFL | 07-2023 | 150,000 | 150,000 | 150,000 | -- |
| BNP Paribas | SFL | 05-2025 | 150,000 | -- | 150,000 | -- |
| CADIF | SFL | 06-2025 | 175,000 | -- | 175,000 | -- |
| Banque Postale | SFL | 06-2024 | 75,000 | -- | 75,000 | -- |
| Société Générale | SFL | 10-2025 | 100,000 | -- | 100,000 | -- |
| Intesa Sanpaolo | SFL | 12-2026 | 100,000 | -- | 100,000 | -- |
| CaixaBank | SFL | 03-2027 | 100,000 | -- | -- | -- |
| **Total other loans** | | | **970,000** | **270,000** | **750,000** | **--** |

In February 2022, the subsidiary Inmocol Torre Europa, S.A. signed a loan for 20,000 thousand euros maturing in February 2027. This loan is sustainable and is linked to compliance with the financial ratios defined in the Colonial Group's Green Bond Framework.

In March 2022, SFL contracted a new credit line (Caixabank) for 100,000 thousand euros, maturing in March 2027. This credit line is fully available at 30 June 2022.

In April 2022, the parent signed a new corporate loan (BBVA) for 100,000 thousand euros, maturing in April 2027. This loan is considered sustainable as its margin is linked to Colonial's rating obtained from the GRESB agency.

In addition, in June 2022, SFL reached an agreement with the bank CADIF to modify the fixed interest rate and extend the maturity of the credit line for two more years until June 2025.

*Compliance with financial ratios -*

All the loans of the Parent and SFL are subject to compliance with certain financial ratios on a quarterly basis for the Parent and on a half-yearly basis for SFL.

At 30 June 2022 and 31 December 2021, the financial ratios envisaged in its respective loan agreements were complied with.

## 9.9 Lines of credit

The Group has no policies in place at 30 June 2022 and 31 December 2021.

## 9.10 Guarantees given

At 30 June 2022, the Parent had granted guarantees to government bodies, customers and suppliers in the amount of 8,665 thousand euros (2021: 8,845 thousand euros).

Of the total guarantees delivered, the main one granted, in the amount of 4,803 thousand euros, relates to commitments acquired by Asentia. Accordingly, the Parent and Asentia have an agreement in place whereby if any of the guarantees are enforced, Asentia must compensate the Parent for any losses incurred within 15 days.

### 9.11 Cash and cash equivalents

The condensed consolidated statement of financial position at 30 June 2022 included "Cash and cash equivalents" amounting to 467,007 thousand euros (2021: 218,942 thousand euros), of which 1,594 thousand euros are restricted or pledged (2021: 1,777 thousand euros).

### 9.12 Debt arrangement expenses

In the first half of 2022 and 2021, the condensed consolidated income statement included 3,693 thousand euros and 3,105 thousand euros, respectively, corresponding to the costs amortised in the year (Note 13.4).

### 9.13 Loan interest

The Group's average interest rate in the first half of 2022 was 1.57% (2021: 1.83%) or 1.88%, including the accrual of fees (2021: 2.26%). The average interest rate on the Group's debt at 30 June 2022 (spot) is 1.28% (2021: 1.69%).

The accrued interest outstanding recognised in the condensed consolidated statement of financial position amounted to:

| | Thousands of Euros | |
|---|---|---|
| | 30 June 2022 | 31 December 2021 |
| Obligations | 25,226 | 25,467 |
| Bank borrowings | 1,146 | 702 |
| **Total** | **26,372** | **26,169** |

### 9.14 Capital management and risk management policy

The basic risks to which the Group is exposed and the risk management policies are detailed in the financial statements for the year ended 31 December 2021 and are reproduced in the interim consolidated directors' report, which forms part of these interim financial statements.

## 10. Derivative financial instruments

The following table details the financial instruments and their fair values:

| | Society | Counterparty | Interest rate | Maturity | Nominal value (thousands of euros) | Fair value – Asset / (Liability) |
|---|---|---|---|---|---|---|
| ***Cash flow hedges-*** | | | | | | |
| Swap | Inmocol Torre Europa | Société Générale | 0.8400% | 2027 | 20,000 | 751 |
| ***Cash flow hedges on future envisaged transactions -*** | | | | | | |
| Swap | Colonial | Natwest | 0.3460% | 2033 | 25,000 | 4,617 |
| Swap | Colonial | Natwest | 0.3490% | 2033 | 150,000 | 27,662 |
| Swap | Colonial | CA-CIB | 0.5730% | 2034 | 85,000 | 14,374 |
| Swap | Colonial | BBVA | 0.5673% | 2034 | 82,500 | 13,933 |
| Swap | Colonial | CaixaBank | 0.5695% | 2034 | 82,500 | 13,942 |
| Swap | Colonial | Société Générale | 0.6190% | 2035 | 375,000 | 62,059 |
| Swap | Colonial | Société Générale | 0.7075% | 2034 | 125,000 | 14,270 |
| Swap | Colonial | Natixis | 0.7040% | 2034 | 125,000 | 14,327 |
| Swap | Colonial | Société Générale | 0.7600% | 2035 | 156,250 | 17,178 |
| Swap | Colonial | Natixis | 0.7570% | 2035 | 156,250 | 17,247 |
| Swap | Colonial | JP Morgan | 0.8000% | 2035 | 75,000 | 7,924 |
| Swap | Colonial | Natixis | 0.7900% | 2035 | 75,000 | 8,067 |
| **Total at 30 June 2022** | | | | | **1,532,500** | **216,351** |

| | Society | Counterparty | Interest rate | Maturity | Nominal value (thousands of euros) | Fair value – Asset / (Liability) |
|---|---|---|---|---|---|---|
| ***Cash flow hedges-*** | | | | | | |
| Collar | SFL | Société Générale | -0.11%/-0.60% | 2026 | 100,000 | 1,671 |
| Collar | SFL | CIC | -0.25%/-0.52% | 2027 | 100,000 | 2,453 |
| ***Cash flow hedges on future envisaged transactions -*** | | | | | | |
| Swap | Colonial | Natwest | 0.3460% | 2033 | 25,000 | 501 |
| Swap | Colonial | Natwest | 0.3490% | 2033 | 150,000 | 2,966 |
| Swap | Colonial | CA-CIB | 0.5730% | 2034 | 85,000 | 561 |
| Swap | Colonial | BBVA | 0.5673% | 2034 | 82,500 | 623 |
| Swap | Colonial | CaixaBank | 0.5695% | 2034 | 82,500 | 551 |
| Swap | Colonial | Société Générale | 0.6190% | 2035 | 375,000 | 1,933 |
| Swap | Colonial | Société Générale | 0.7075% | 2034 | 125,000 | 675 |
| Swap | Colonial | Natixis | 0.7040% | 2034 | 125,000 | 704 |
| Swap | Colonial | Société Générale | 0.7600% | 2035 | 156,250 | 761 |
| Swap | Colonial | Natixis | 0.7570% | 2035 | 156,250 | 794 |
| Swap | Colonial | JP Morgan | 0.8000% | 2035 | 75,000 | 251 |
| Swap | Colonial | Natixis | 0.7900% | 2035 | 75,000 | 331 |
| **Total at 31 December 2021** | | | | | **1,712,500** | **14,775** |

During the first half of 2022, the subsidiary SFL cancelled the two derivative instruments it had contracted for a nominal amount of 200,000 thousand euros. The amount recorded directly in equity associated with these instruments, which amounted to 15,295 thousand euros, will be recognised in the consolidated income statement over the life of the new bonds issued (TAP) by SFL (Note 9.2).

The impact on the condensed consolidated income statement of the recognition of derivative financial instruments is shown in the following table:

| | Note | Thousands of Euros | |
|---|---|---|---|
| | | June 2022 | June 2021 |
| Income from financial derivatives | | -- | 8,912 |
| Financial derivative expense | | (59) | (193) |
| **Net gains/(losses) on derivative financial instruments** | **13.4** | **(59)** | **8,719** |

## 10.1 Hedge accounting -

At 30 June 2022 and 31 December 2021, the Parent applies hedge accounting to all derivative financial instruments.

At 30 June 2022, the accumulated impact recognised as a result of hedge accounting directly in consolidated equity gave rise to a payable balance of 232,800 thousand euros (Note 8.4), net of the tax effect and consolidation adjustments (2021: payable balance of 17,122 thousand euros).

## 10.2 Fair value of derivative financial instruments -

The fair value of the derivative financial instruments was calculated by discounting estimated future cash flows based on an interest rate curve and on assigned volatility at 30 June 2022, using the appropriate discount rates established by an independent expert.

Changes of +/- 25 basis points in the interest rate curve have an effect on the fair value of derivative financial instruments of 27,093 thousand euros and -19,229 thousand euros, respectively.

## 11. Trade payables and other non-current liabilities

“Trade and other payables” in the condensed consolidated statement of financial position includes the dividend approved by the General Shareholders' Meeting held on 21 June 2022, amounting to 127,541 thousand euros, which was paid in July 2022.

## 12. Tax matters

The detail of the “Non-Current Deferred Tax Liabilities” heading on the non-current liability side of the condensed consolidated statement of financial position is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 30 June 2022 | 31 December 2021 |
| Deferred tax liabilities | 356,111 | 360,109 |
| Non-current tax liabilities | -- | -- |
| | 356,111 | 360,109 |

### 12. 1 Deferred tax liabilities

The breakdown of deferred tax liabilities and the changes therein are provided below:

| | Thousands of Euros | | | |
|---|---|---|---|---|
| Deferred tax liabilities | 31 December 2021 | Increase | Derecognitions | 30 June 2022 |
| Asset revaluations | 355,224 | (2,823) | (1,282) | 351,119 |
| Asset revaluations (Spain)- | 144,559 | (3,978) | (571) | 140,010 |
| Asset revaluations (France)- | 210,665 | 1,155 | (711) | 211,109 |
| Deferral for reinvestment | 4,409 | -- | (79) | 4,330 |
| Hedge Instruments | -- | 188 | -- | 188 |
| Other | 476 | -- | (2) | 474 |
| | 360,109 | (2,635) | (1,363) | 356,111 |

## 13. Income and expenses

### 13.1 Revenue

Revenue comprises rental income from the Group’s rental properties, which are basically concentrated in the cities of Barcelona, Madrid and Paris, whose distribution by geographical segments is presented in the following table:

| Rental segment | Thousands of Euros | |
|---|---|---|
| | June 2022 | June 2021 |
| Barcelona* | 24,822 | 22,910 |
| Madrid* | 49,224 | 45,918 |
| Rest of Spain | 905 | 985 |
| Paris | 97,971 | 86,077 |
| **Total** | **172,922** | **155,890** |

* Includes coworking customer revenues of 6,630 thousand euros and 3,824 thousand euros at 30 June 2022 and 2021, respectively.

Revenues for the first half of 2022 and 2021 include the effect of rental incentives over the minimum contract term. Revenue also includes the accrued amounts received in connection to rights of entry. At 30 June 2022, the impact of previous accruals increased revenue by 11,020 thousand euros (2021: 2,746 thousand euros decrease).

The total minimum future lease payments receivable corresponding to the Group's non-cancellable operating leases, based on the leases currently in force at each date, without taking into account the impact of common expenses, future increases in the CPI or future contractual lease payment revisions based on market parameters, were as follows:

| | Thousands of Euros | |
|---|---|---|
| | Nominal amount | |
| | 30 June 2022 | 31 December 2021 |
| Within one year | *312,436* | *314,513* |
| Spain | 140,268 | 126,807 |
| France | 172,168 | 187,706 |
| 1 to 5 years | *752,754* | *698,233* |
| Spain | 193,050 | 187,602 |
| France | 559,704 | 510,631 |
| More than five years | *673,410* | *501,738* |
| Spain | 26,109 | 26,019 |
| France | 647,301 | 475,719 |
| **Total** | **1,738,600** | **1,514,484** |
| Spain | *359,427* | *340,428* |
| France | *1,379,173* | *1,174,056* |

## 13.2 Net gains on sales of assets

The breakdown of the Group's net gains on sales of assets (Notes 5 and 7), and their geographical distribution, is detailed as follows:

| | Thousands of Euros | | | | | |
|---|---|---|---|---|---|---|
| | Spain | | France | | Total | |
| | June 2022 | June 2021 | June 2022 | June 2021 | June 2022 | June 2021 |
| Sale price | 31,566 | 19,500 | 26,872 | 264,000 | 58,438 | 283,500 |
| Asset derecognition | (26,136) | (19,277) | (27,015) | (262,684) | (53,151) | (281,961) |
| Indirect costs and other | 119 | 272 | (277) | (1,221) | (158) | (949) |
| **Net gains on sales of assets** | **5,549** | **495** | **(420)** | **95** | **5,129** | **590** |

## 13.3 Changes in the value of assets and impairment

The breakdown of "Changes in fair value of investment properties" in the condensed consolidated income statement, by type, is as follows:

| | | Thousands of Euros | |
|---|---|---|---|
| | Note | June 2022 | June 2021 |
| Investment property | 5 | 314,624 | 142,934 |
| Assets classified as held for sale – Investment property | | -- | 3,271 |
| **Changes in value of investment property** | | **314,624** | **146,205** |
| Spain | | 109,191 | 91,528 |
| France | | 205,433 | 54,677 |

The breakdown, by nature, of the impairment losses recognised under "Gains/(losses) due to changes in value of assets and impairment" in the condensed consolidated income statement is detailed in the following table:

| | Note | Thousands of Euros | |
|---|---|---|---|
| | | June 2022 | June 2021 |
| (Impairment)/Reversal of impairment of properties for own use | 4 | 743 | 309 |
| Derecognitions of replaced assets | 5 | (241) | (480) |
| **Impairment charges and net gains/(losses) on assets** | | **502** | **(171)** |
| Spain | | (241) | (171) |
| France | | -- | -- |

### 13.4 Finance income and costs

The breakdown of financial loss by type is as follows:

| | Note | Thousands of Euros | |
|---|---|---|---|
| | | June 2022 | June 2021 |
| Finance income: | | | |
| Interest and similar income | | 210 | 245 |
| Income from financial derivatives | 10 | -- | 8,912 |
| **Total finance income** | | **210** | **9,157** |
| Finance costs: | | | |
| Finance and similar expenses | | (40,076) | (46,648) |
| Capitalised borrowing costs | | 5,013 | 6,571 |
| Restated finance costs | | (569) | (278) |
| Finance costs associated with the repurchase of bonds | | -- | (35,140) |
| Finance costs associated with arrangement costs | 9.12 | (3,693) | (3,015) |
| Financial derivative expense | 10 | (59) | (193) |
| **Total finance costs** | | **(39,384)** | **(78,703)** |
| | | | |
| **Total financial loss** | | **(39,174)** | **(69,546)** |

## 14. Segment reporting

All the Group's activities are carried out in Spain and France. Segment reporting was as follows:

| **Segment reporting, first six months of 2022** | Thousands of Euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Property rentals (traditional business) | | | | | Flexible business | Corporate unit | Total Group |
| | Barcelona | Madrid | Paris | Remaining | Total Equity | | | |
| Revenue | | | | | | | | |
| Revenue (Note 13.1) | 22,188 | 45,281 | 97,971 | 852 | 166,292 | 6,630 | -- | 172,922 |
| Other income | -- | 100 | 1,029 | -- | 1,129 | -- | 2,188 | 3,317 |
| Net gains on sales of assets (Note 13.2) | -- | 5,549 | (420) | -- | 5,129 | -- | -- | 5,129 |
| Changes in fair value of investment property (Note 13.3) | 256 | 108,423 | 205,433 | 512 | 314,624 | -- | -- | 314,624 |
| Gains/(losses) on changes in the value of assets and impairment (Note 13.3) | (23) | (218) | -- | -- | (241) | -- | 743 | 502 |
| Profit / (Loss) from operations | 19,183 | 149,993 | 298,580 | 1,672 | 469,428 | 1,654 | (29,784) | 441,298 |
| Financial profit (Note 13.4) | -- | -- | -- | -- | -- | -- | (39,174) | (39,174) |
| Profit/(Loss) before tax | -- | -- | -- | -- | -- | -- | 402,124 | 402,124 |
| Consolidated net profit/(loss) | -- | -- | -- | -- | -- | -- | 403,890 | 403,890 |
| Net profit attributable to non-controlling interests (Note 8.6) | -- | -- | -- | -- | -- | -- | (48,442) | (48,442) |
| Net profit/(loss) attributable to the Parent (Note 3) | -- | -- | -- | -- | -- | -- | 355,448 | 355,448 |

The most significant transactions between segments in the first half of 2022 were as follows:

| | Thousands of Euros | | | |
|---|---|---|---|---|
| | Traditional business | Flexible business | Corporate Unit | Total Group |
| Revenue | | | | |
| Revenue | 4,112 | -- | -- | 4,112 |
| Profit / (Loss) from operations | -- | (4,112) | -- | (4,112) |

None of the Group's customers represented more than 10% of income from ordinary activities.

| **Segment reporting, first six months of 2021** | Thousands of Euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Property rentals (traditional business) | | | | | Flexible business | Corporate unit | Total Group |
| | Barcelona | Madrid | Paris | Remaining | Total Equity | | | |
| Revenue | | | | | | | | |
| Revenue (Note 13.1) | 21,172 | 43,946 | 86,077 | 871 | 152,066 | 3,824 | -- | 155,890 |
| Other income | 4 | 3 | 309 | -- | 316 | -- | 1,062 | 1,378 |
| Net gains on sales of assets (Note 13.2) | 7 | 212 | 95 | 276 | 590 | -- | -- | 590 |
| Changes in fair value of investment property (Note 13.3) | 28,158 | 63,536 | 54,677 | (166) | 146,205 | -- | -- | 146,205 |
| Gains/(losses) on changes in the value of assets and impairment (Note 13.3) | (199) | (254) | -- | -- | (453) | (25) | 307 | (171) |
| Profit / (Loss) from operations | 45,959 | 99,431 | 137,292 | 2,099 | 284,781 | 262 | (26,671) | 258,372 |
| Financial profit (Note 13.4) | -- | -- | -- | -- | -- | -- | (69,546) | (69,546) |
| Profit/(Loss) before tax | -- | -- | -- | -- | -- | -- | 188,826 | 188,826 |
| Consolidated net profit/(loss) | -- | -- | -- | -- | -- | -- | 188,266 | 188,266 |
| Net profit attributable to non-controlling interests (Note 8.6) | -- | -- | -- | -- | -- | -- | (26,367) | (26,367) |
| Net profit/(loss) attributable to the Parent (Note 3) | -- | -- | -- | -- | -- | -- | 161,899 | 161,899 |

The most significant transactions between segments in the first half of 2021 were as follows:

| | Thousands of Euros | | | |
|---|---|---|---|---|
| | Traditional business | Flexible business | Corporate Unit | Total Group |
| Revenue | | | | |
| Revenue | 3,526 | -- | -- | 3,526 |
| Profit / (Loss) from operations | -- | (3,526) | -- | (3,526) |

None of the Group's customers represented more than 10% of income from ordinary activities.

## 15. Related-party transactions and balances

At 30 June 2022 and 31 December 2021, the Group did not have any balances or transactions with related parties.

# 16. Director and senior management compensation and other benefits

## 16.1 Composition of the Board of Directors

The Parent's Board of Directors comprised eight men and three women at 30 June 2022, with its composition being as follows:

| Director | Position | Type of director |
|---|---|---|
| Juan José Brugera Clavero | Chairman | Other external |
| Pedro Viñolas Serra | Vice-Chairman | Executive |
| Sheikh Ali Jassim M. J. Al-Thani | Director | Proprietary |
| Adnane Mousannif | Director | Proprietary |
| Carlos Fernández González | Director | Proprietary |
| Javier López Casado | Director | Proprietary |
| Juan Carlos García Cañizares | Director | Proprietary |
| Luis Maluquer Trepat | Director | Independent |
| Silvia Alonso-Castrillo Allain | Director | Independent |
| Ana Bolado Valle | Director | Independent |
| Ana Peralta Moreno | Director | Independent |

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## 16.2 Remuneration of Board members

Remuneration received by members of the Board of Directors of the Parent, by item, was as follows:

| | Thousands of Euros | | | | | |
|---|---|---|---|---|---|---|
| | 30 June 2022 | | | 30 June 2021 | | |
| | Parent | Other group companies | Total | Parent | Other Group companies | Total |
| **Remuneration earned by executive directors (*):** | **4,509** | **--** | **4,509** | **1,632** | **75** | **1,707** |
| **Attendance fees of non-executive directors:** | **434** | **18** | **452** | **518** | **24** | **542** |
| **Attendance fees of executive directors:** | **--** | **--** | **--** | **--** | **30** | **30** |
| **Fixed remuneration of non-executive directors:** | **480** | **15** | **495** | **388** | **20** | **408** |
| Directors' remuneration | 342 | 15 | 357 | 263 | 20 | 283 |
| Additional remuneration Audit and Control Committee | 63 | -- | 63 | 50 | -- | 50 |
| Additional remuneration of the Nomination and Remuneration Committee | 75 | -- | 75 | 75 | -- | 75 |
| **Remuneration executive directors:** | **--** | **--** | **--** | **--** | **35** | **35** |
| **Total** | **5,423** | **33** | **5,456** | **2,538** | **184** | **2,722** |

| | | | | | | |
|---|---|---|---|---|---|---|
| Remuneration for executive directors (*): | 4,509 | -- | 4,509 | 1,632 | 140 | 1,772 |

(*) Does not include the amount corresponding to expenses accrued in relation to the long-term incentive plan.

At 30 June 2022 and 2021, the Parent had taken out civil liability insurance policies covering all the directors, senior management and employees of the Parent, which include, for both years, the civil liability annual insurance premium for damage caused by acts or omissions amounting to 473 thousand euros and 374 thousand euros, respectively.

The Parent's General Shareholders' Meeting held on 28 June 2016 approved the granting of a defined-contribution scheme for executive directors covering retirement and, when applicable, disability and death, with overall annual contributions of 150 thousand euros and 183 thousand in euros in 2022 and 2021, respectively. At 30 June 2022, the Parent recognised 75 thousand euros in this connection under “Staff costs” in the condensed consolidated income statement (2021: 91 thousand euros).

In addition to the matters indicated in the preceding paragraph, the Group has not granted any loans and has not taken out any pension plans or life insurance for former or serving members of the Board of Directors of the Parent.

At 30 June 2022 and 2021, two members of the Board of Directors had signed golden parachute clauses in the event of certain cases of termination or change of control, all of which were approved at the General Shareholders’ Meeting.

In the first half of 2022 and 2021, there were no finalisations, modifications or early terminations of contracts outside of the normal business activities between the Parent and the members of the Board of Directors or any other person acting on their behalf.

### 16.3 Remuneration of senior management

The Parent’s senior management comprises senior executives and other persons responsible for the management of the Parent, which report to the CEO. The Company’s senior management team was made up of three men and two women at 30 June 2022 and 2021.

Monetary remuneration earned by senior management in the first half of 2022 amounted to 965 thousand euros (2021: 982 thousand euros).

The Board of Directors' Meeting held on 27 July 2016 approved the granting of a defined-contribution scheme to a member of senior management covering retirement contingencies and, when applicable, disability and death, with annual contributions of 67 thousand euros and 63 thousand euros in 2022 and 2021, respectively. At 30 June 2022 and 2021, the Parent recognised 34 thousand euros and 32 thousand euros, respectively, in this connection under “Staff costs” in the consolidated income statement.

At 30 June 2022 and 2021, one member of senior management had signed a golden parachute clause in the event of termination under certain circumstances or a change of control.

### 16.4 New long-term incentive plan.

On 30 June 2021, the General Shareholders' Meeting approved a new long-term incentives plan, consisting of the delivery of shares in the Parent, aimed at executives, including executive directors of the Parent and other employees of the Colonial Group (the “Plan”), rendering invalid the share delivery plan that was approved by the General Shareholders' Meeting held on 21 January 2014 and extended for the last time, for a two-year period by an agreement of the General Shareholders' Meeting dated 30 June 2020.

The Plan beneficiaries must subscribe to and accept the conditions of the Plan to be entitled to it, and the delivery of shares will depend on the beneficiaries having an employment or trading relationship with any Group company on the dates on which the delivery occurs.

The Plan will have a duration of five years and will be divided into three overlapping annual cycles, each independent among themselves (that is, with the delivery of shares corresponding to each cycle once three years have elapsed since the beginning of each cycle).

# Inmobiliaria Colonial, SOCIMI, S.A. and Subsidiaries

## Consolidated Management Report for the first half of 2022

### 1. Company situation

**State of the rental market**

***Barcelona***

Take-up in the Barcelona office market stood at 183,000 sqm for the first half of 2022 up +26% year-on-year, consolidating the market recovery initiated in the second half of 2021. The entry of new products has moved the vacancy rate in the CBD to 7.5%. Demand continues to be led by the technology sector, although the Consumer and Educational Services sectors have taken the lion’s share of demand for large spaces. Prime rents continue to peak at €27.5/sqm/month.

***Madrid***

In the Madrid office market, 237,000 sqm were signed during the first half of 2022, increasing by +47% from the same period last year continuing the strong recovery of the office market in the last 4 quarters. The total market availability rate stands at 12.2%, while the vacancy rate for CBD is 6.8% and for Grade A products, it is 2.3%. The high volume and number of transactions in the CBD stands out, with prime ERV at €36.8/sqm/month.

***Paris***

In the Paris office market, the level of take-up in the second quarter of the year reached 496,800 sqm, +9% higher than in the same period last year. The CBD is particularly noteworthy, where demand has increased by +20% compared to last year. Unemployment in the CBD has fallen to 2.8%. The supply of Grade A continues at very low levels, with a vacancy rate of 0.3%. Prime rent remains at €930/sqm/year.

*Source: CBRE and JLL*

***Organisational structure and functioning***

Colonial is a benchmark REIT in the high-quality office market in Europe and has been a member of the IBEX 35, the benchmark Spanish stock market index, since the end of June 2017.

The company has a stock market capitalisation of approximately 3,300 million euros with a free float of around 60%, and manages an asset volume of more than 13,000 million euros.

The Company's strategy focuses on creating industrial value through the creation of prime high-quality products through the repositioning and transformation of real estate assets.

In particular, its strategy is based on the following:

- A business model focused on transforming and creating high-quality offices in prime locations, mainly central business districts (CBD).

- Maximum commitment to creating offices that meet the most demanding market requirements, with particular emphasis on efficiency and sustainability.

- A pan-European strategy, diversified in the Madrid, Barcelona and Paris office markets.

- An investment strategy combining core acquisitions and prime factory acquisitions with value-added components.

- A clear industrial real estate approach to capture value creation that exceeds the market average.

Today Colonial is a leading European company that specifically focuses on areas in city centres and leads the Spanish property market in terms of quality, sustainability and efficiency in its portfolio of offices.

It has also adopted a comprehensive approach in all areas of corporate social responsibility and aspires to maximum standards of (1) sustainability and energy efficiency, (2) corporate governance and transparency, and (3) excellence in human resources and social actions, making them an integral part of the Group's strategy.

In the last three years, the Colonial Group has performed significant non-core asset divestments for more than 2 billion euros, with double-digit premiums with respect to the valuation underway.

Likewise, to improve the Group's Prime portfolio, since 2015, Colonial has acquired over 4,000 million euros of CBD core properties, identifying assets with value-added potential in market segments with solid fundamentals.

At the close of the first half of 2022, the Colonial Group had a robust capital structure with a solid "Investment Grade" rating. The Group's LTV (Loan to value) stood at 36.9% in June 2022.

The Company's strategy is to consolidate itself as a leader in prime office rentals in Europe, with special emphasis on the Barcelona, Madrid and Paris markets:

- A solid capital structure with a clear commitment to maintaining the highest credit rating standards – investment grade.

- Attractive returns for shareholders based on recurring return combined with the creation of real estate value based on value-added initiatives.

**2. Business performance and results**

***Introduction***

At 30 June 2022, the Group's revenue totalled 173 million euros, of which 170 million euros relate to Analytical rental income (see Alternative Performance Measures, hereinafter "APM").

According to the independent appraisals carried out by CB Richard Ellis and Cushman & Wakefield in Spain and France, the investment property and assets classified as held for sale at the end of the half-year were revalued at 315 million euros. The revaluation, which was posted both in France and Spain, was the result of the increased appraisal value of the assets.

The Analytical Financial Results (APM) was (39) million euros.

Profit/(loss) before tax and non-controlling interests at the end of the first half of 2022 amounted to 402 million euros.

Lastly, after subtracting profit attributable to non-controlling interests (48) million euros and income tax of 2 million euros, the profit after tax attributable to the Group amounted to 355 million euros.

***Profit (loss) for the year***

*Total shareholder return of +12% year-on-year, reaching an NTA of €12.49/share.*

**1. Growth in Net Tangible Assets (NTA) up to €6,742 m, +17% year-on-year**

Colonial closed the first half of 2022 with Net Tangible Assets (NTA) of €12.49/share, which represents a year-on-year increase in value of +10% (+4% in 6 months) which, together with the dividend paid per share of €0.24/share, has meant a Total Shareholder Return of +12% (+6% in 6 months).

In absolute terms, the net value of the assets amounts to 6,742 million euros, a year-on-year increase of +17%, more than 968 million euros increase in value in one year (+4% in 6 months).

This significant growth in NTA has been generated by an industrial real estate strategy with a significant component of "Alpha" returns and has been mainly due to:

1. A strong increase in value of prime portfolios in all three markets driven by strong demand for prime Grade A buildings.

2. Solid fundamentals of Colonial's assets with high occupancy levels and solid rent increases

3. The successful management of the project portfolio: Completed and leased projects, as well as the signing of major pre-lettings in the project and renovation portfolio.

4. The end of the renovation programme substantially improving rental levels as well as asset values.

**2. Increase in the value of the real estate portfolio of +8% like-for-like year-on-year**

The gross asset value of the Colonial Group at the end of the first half of 2022 amounted to 13,334 million euros (14,064 million euros, including transfer costs), an increase of 11% vs last year (+7% in the first half of 2022).

In like-for-like terms, Colonial's portfolio was revalued at 8% compared to the previous year (+4% corresponding to the first half of 2022).

The portfolios in the three cities show solid growth, highlighting the Madrid market, where the assets were revalued by +9% like-for-like vs. the previous year (+5% in 6 months). In Paris, the assets reached like-for-like, year-on-year growth of +8% (+4% in 6 months).

The growth in asset value is based on (1) the solid demand of the market for prime assets in the city centre, (2) the strong fundamentals of Colonial's portfolio with an occupancy of 96% and rents signed at the high end of the market and (3) the successful generation of Alpha real estate value through the project pipeline, the renovation program and the active management of the portfolio (non-core disposals and "Alpha" acquisitions).

In the first half of 2022, net investments of 434 million euros were carried out. Highlighted is the Pasteur asset in Paris. Furthermore, the sale of three non-strategic assets was carried out in Spain and France, with a sale price premium of +11% over the last valuation.

*Strong growth in the net profit and the recurring profit*

1. **Net profit of 355 million euros, +120% compared to the previous year**

The Colonial Group closed the first half of 2022 with a strong increase in results in all metrics:

- Increase in the net profit of 355 million euros, +120% compared to the same period of the previous year.
- The recurring net profit increased by +35% compared to the previous year and stood at 76 million euros in the first half of 2022.
- The net recurring EPS increased +27% compared to the previous year, reaching a level of €14.13cts per share.

The significant increase in the recurring earnings is mainly due to:

1. The significant advances in the project pipeline and the acceleration of the renovation programme substantially improved rental levels. It is important to highlight the additional income from the projects delivered in 2021: the Diagonal 525 asset (headquarters of Naturgy in the Barcelona CBD) as well as the Marceau asset (headquarters of Goldman Sachs in the Paris CBD).

2. Solid increases in rental prices of the core portfolio, driven by solid like-for-like growth and the indexation impact captured in the contracts.

3. A decrease in financial costs thanks to the “Liability Management” carried out in 2020 and 2021, which has resulted in a saving in the average financial cost of the Group's debt.

4. The successful execution of the acquisition of a 16.6% stake in Société Foncière Lyonnaise in 2021 with very attractive terms for Colonial shareholders.

The additional increase in the Net Profit of the Group is underpinned by the capital gains from the disposals, as well as the growth in value of the Group's portfolio, thanks to its prime positioning.

2. **Analytical rental income (APM) of 170 million euros, +9% vs the previous year**

Colonial closed the first half of 2022 with analytical rental income of 170 million euros and net rental income (EBITDA rents) of 153 million euros.

At the close of the first half of 2022, the analytic rental income increased +9% compared to the same period of the previous year (+6% in like-for-like terms).

The growth in revenue is mainly due to:

1. Growth of +8.0% based on solid like-for-like rental growth in the contract portfolio and from the indexation effect captured in the contracts, as well as the acquisition of Buenos Aires 41 and Pasteur.

2. Increase of +5.2% in revenues based on the entry into operation of the projects pipeline and the renovation programme. All contracts are indexed to the CPI in Spain and ILAT in France.

3. The disposal of non-strategic assets and other non-comparable impacts have led to a year-on-year decrease of (3,7%) in the rental income.

In like-for-like terms, adjusting investments, disposals and the effect of the projects and assets undergoing repositioning, the rental income increased by+6% compared to the same period of the previous year.

This significant like-for-like growth comes primarily from the capacity of the Colonial Group to capture rental price increases, thanks to its strong positioning in the city centre (CBD).

The increase in like-for-like rental income was obtained in all the markets where the Colonial Group operates. The details were as follows:

1. Increase of +9% like-for-like in the Barcelona market due to higher rents in the Parc Glories asset and the new contracts signed on the Diagonal 609-615 and Diagonal 682 assets, among others.

2. Increase of +3% like-for-like in Madrid, due to the new contracts and rent increases in the Ribera del Loira and Egeo assets, among others, compensating the tenant rotation.

3. Increase of +6% like-for-like in Paris, mainly due to higher rents on 92 Champs Elysées and Condorcet, among others, as well as the new contracts signed on 103 Grenelle and 176 Charles de Gaulle.

**3. EBITDA rents (APM) of 153 million euros, +6% like-for-like**

Colonial closed the first half of 2022 with net rental incomes (EBITDA rents) of 153 million euros, increasing of +7% with respect to the same period of the previous year.

In like-for-like terms, the EBITDA rents increased +6%.

***Significant acceleration in the operating fundamentals***

**1. Increase in take-up levels compared to the previous year**

At the close of the first half of 2022, the Colonial Group had signed 58 office rental contracts, corresponding to 104,733sqm.

This volume of signed contracts represents an increase of +75% compared to the first half of the previous year, which was also a record year in terms of new contracts (2021 was the year with the second highest take-up volume in Colonial's history).

In economic terms (sqm signed multiplied by signed rents), contracts were signed for an annualized rent amount of 45 million euros, resulting in an increase of +64% compared to the take-up volume in the first half of the previous year.

After a strong first quarter take-up of 51,661 sqm, in the second quarter of 2022, more than 53,000 sqm were also signed, half in Paris and the rest in Barcelona and Madrid.

Of the total letting activity in cumulative terms, 64% (66,767 sqm) corresponds to new contracts signed, spread over the three markets in which the group operates. Regarding contract renewals and revisions, a total of 37,965 sqm were signed, highlighting 28,744 sqm renewed in Madrid. 67% of the take-up in the first half of 2022 corresponds to contracts signed in Barcelona and Madrid, and the rest were signed in Paris.

**2. Significant progress in the commercialisation of the projects**

To date, 7 of the 9 assets in the Colonial Group's project pipeline already have high pre-let levels. These agreements correspond to more than 75,000 sqm, 52 million euros of annualized rents.

In Paris, in the second quarter of 2022, 100% of the Biome asset was pre-let.

Agreements were signed with the Banque Postale and SFIL Paris, both for a period of 10 years. The level of signed rents is very high, creating the prime rent benchmark in the submarket of the 15th district in Paris with this unique building. The transaction covers the entire office space, as well as the adjacent spaces, amounting to more than 23,000 sqm.

The Colonial Group is finalizing the renovation works on the building, the delivery of wich is expected to be at the end of 2022.

In Madrid, at the close of the first half of 2022, agreements were reached on the Miguel Ángel 23 and Velázquez 86D assets for more than 22,000 sqm. These agreements are equivalent to 90% of the total surface of both projects. Thus the project pipeline for 2022 in Madrid is almost fully let.

An agreement was reached on Miguel Ángel, 23 to rent the entire building of more than 8,000 sqm to McKinsey. The length of the contract is 10 years, with rents at maximum market levels.

In Velázquez 86D, with 16,318 sqm, 86% of the building has already been pre-let, with only one floor pending to be rented. The building has been pre-let to top tier clients, such as Bain & Company, AON, White & Case and Sagardoy Abogados. All the contracts were signed at maximum rental prices, setting the prime reference in the Madrid market.

**3. Successful commercialization and deliveries in the renovation program**

In the first half of 2022, 15,565 sqm were let through the renovation program.

In Madrid, 9,699 sqm were signed on two assets from the renovation program. The Ortega y Gasset asset was repositioned in the Madrid CBD and 4,400 sqm were let, highlighting the almost 3,000 sqm signed with a top-tier technology company. In the first half of 2022, 5,285 sqm were signed on the Cedro building, reaching levels close to full occupancy, added to the 6,054 sqm signed in 2021.

In Paris, 4,567 sqm were signed on the Grenelle and Charles de Gaulle assets. As a result, the renovation program in Paris reached pre-let levels 31,142 sqm, representing 96% of the entire scope of action corresponding to 4 assets.

Consequently, to date, 77,634 sqm out of a total of 108,294 sqm have been rented from the rentable renovations program.

During the first half of 2022, in Barcelona, the Torre Marenostrum renovation project was completed. The renovation programme on the Diagonal 530 building will be delivered partially pre-let in the third quarter of 2022.

**4. Solid occupancy levels**

The occupancy of the Colonial Group stands at 96%. Of special mention in the Paris market with almost full occupancy at 99.7%.

A large percentage of the office vacancy corresponds to available surfaces due to the entry into operation of renovated assets.

Worth highlighting is that in the Paris market almost full occupancy was reached thanks to the latest new contracts signed on the 103 Grenelle asset. Additionally, during the first half of 2022, the renovated surface area of the Cézanne Saint Honoré asset entered into operation, with 1,325 sqm pending to be rentect.

**5. Attracting the best clients**

The Colonial Group has signed contracts with top-tier clients during the first 6 months of 2022. This is reflected in the client mix of the take-up, in particular, from the investment Banking and Investment Management sector, Law and Consultancy firms, the Technology and Communications sector as well as the Consumer and Luxury Goods Sector.

Thanks to its prime clients portfolio, Colonial's contract portfolio is well positioned to capture the full impact of the current high indexation levels.

Almost all of the contracts have indexation clauses. In Madrid and Barcelona, all the contracts are indexed according to the consumer price index with the exception of two contracts with clients in the public administration.

In Paris, 100% of the contracts are indexed with the ILAT index being the main benchmark, in addition to the ICC and ILC indixes, all of which are also currently at positive levels.

The Colonial Group has already applied the indexation to all the contracts to be updated in the first half of 2022. As a result, more than 50% of the contract portfolio has been updated with a substantial impact on income growth for the year in progress, as well as for the coming years, given the high CPI and ILAT levels.

**6. Capturing rental prices at the high end of the market: polarization effect of the Grade A portfolio**

In the first half of 2022, the Colonial Group signed contracts with rental prices in the high end of the market.

The maximum rent signed in the portfolio of the Group reached 940 euros/sqm/year in Paris, as well as 40 euros/sqm/month in Madrid and 28 euros/sqm/month in Barcelona. With these price levels, Colonial's portfolio clearly sets the benchmark for prime assets in each of the markets in which it operates.

*Rental growth: Capturing rental prices above market rents on 31 December 2021.*

The Colonial Group closed the first half of 2022 with a growth of +5% in rental prices compared to the market rent (ERV) as of December 2021.

In the Paris and Madrid, portfolios, the prices were signed at +6% above market rent as at December 2021.

*Release spreads of +8% on renovations*

The release spreads (signed rental prices vs previous rent) at the close of the first half were up +8%.

In Madrid, the release spread was +9%, and in Barcelona and Paris, it was +8%.

These ratios highlight the reversionary potential of the contract portfolio of Colonial with significant improvement margins on current passing rents.

***Active management of the portfolio***

**1. Disposals of 58 million euros with a double-digit premium over GAV**

In the first half of 2022, the Colonial Group disposed of 3 non-strategic assets (2 assets in Madrid and 1 asset in Paris) for an amount of 58 million euros and with a double-digit premium over the last valuation. In Madrid, the disposals included the Josefa Valcárcel 24 and Alcalá 506 assets and in Paris the non-core asset Le Vaisseau.

**2. Final settlement of the purchase of the Amundi headquarters in the centre of Paris - 15th Arrondissement**

By the end of April 2022, and earlier than expected, the Colonial Group formalized the purchase of the 91 Pasteur building of almost 40,000 sqm located in the centre of Paris (15th district), announced in February this year.

The purchase of the assets was closed at a price of 485 million euros, equivalent to 12,250 euros/sqm, 26% lower than the capital value for offices in this market segment.

The building is the global headquarters of Amundi, the leading asset manager in Europe, with a 12-year contract signed in February this year.

Considering this contract and the attractive purchase price, this transaction has an initial yield of 3.9%.

With this transaction, the Colonial Group ensures a strategic position near one of the main transportation hubs in Paris, the Montparnasse railway and metro station. This station, at the heart of the 15th district, is undergoing full renovation and offers many services for the large offices located in this area.

This asset is the 7th largest office building in the Paris market and has a floor layout of more than 2,000 sqm, with high luminosity and a very efficient distribution. The building was totality renovated in 2012 and a limited investment in capex is expected. It currently has HQE and BREEAM energy certifications.

***A solid capital structure***

At the close of the first half of 2022, the Colonial Group has a solid balance sheet with a Group LTV (APM) of 36.9% and liquidity of 2,557 million euros.

84% of the Group's gross debt is made up of issues in the bond market, 100% green, with a fixed interest rate, protecting the financial position of the Company from potential interest rate hikes.

The average debt maturity is 4.6 years with a maturity of 78% of the debt as of 2025. At 30 June 2022, the spot financial cost of the debt was 1.28%, lower than the financial cost at the close of 2021.

In addition, the liquidity of the Group at June 2022 amounted to 2,557 million euros, considering cash and undrawn credit lines. This liquidity enables the Group to assure its financing needs in the coming years with an adjusted financial cost.

The Group's solid financial profile has enabled it to maintain its credit rating by Standard & Poor's of BBB+, the highest in the Spanish real estate sector.

Continuing with its strategy of minimize future financing costs, the Colonial Group has contracted pre-hedging instruments on the interest rate upon maturity of its bonds for the amount of 1,533 million euros with a strike of 0.6%. The market value of these pre-hedging instruments at 30 June 2022 amounted to 216 million euros.

In the first half of 2022, in addition to the bond conversion, the Group carried out the following transactions:

- Through its subsidiary SFL, it has issued 198 million euros of bonds with a maturity of 5.5 years and an average price of 1.29%, thanks to the pre-hedging instruments contracted.

- Colonial has reached an agreement with the financial institutions participating in the 1-billion euro credit line, extending its maturity to November 2026.

- SFL has contracted a new 100-million-euro credit line maturing in March 2027.

***A solid base for the future***

The Colonial Group's strategy is based on the prime positioning of its asset portfolio and the creation of “Alpha” value for its shareholders.

This prime positioning has enabled the capturing of strong like-for-like rental income growth of +6%. This growth is based on (i) a letting activity of 104,000 sqm, +75% compared to the previous year, attracting the best clients, particulary in the banking and investment funds sectors, as well as the professional services and (ii) Colonial has passed through indexation to all contracts with are subject to this, with a substantial impact on revenue growth.

Commercial success continues in the project pipeline and renovation programs, with the signing of a large number of contracts. Especially worth highlighting is the project pipeline where 52 million euros out of the potencial 81 million euros has already been pre-let and will mainly enter into operation in 2022 and 2023. All of the contracts signed are long term, indexed and at maximum rental prices, improving the estimated rents by the appraiser.

In addition, the Group has continued with its policy of “flight to quality”, divesting secondary and/or those not generating rents, to invest in assets with strong value creation potential, such as the Amundi asset in Paris.

These good results in the operative fundamentals are the base for the additional Alpha for Colonial’s shareholders. Proof of this is the growth of +8% like-for-like, year-on-year of the value of the asset portfolio and the Total Shareholder Return (based on EPRA NTA) of +12% year-on-year.

## 3. Liquidity and capital resources

See “Capital Management and Risk Management Policy” in Note 14.15 to the consolidated financial statements for the year ended 31 December 2021 and Note 9.14 to these condensed interim financial statements.

## 4. Risk management policies and objectives

Asset management is exposed to various internal and external risks and uncertainties, which may have an impact on Colonial's activities. Colonial's objective is, therefore, to create sustainable value by optimising the relationship between profitability and risks, which is constantly evolving in financial, environmental, social and economic areas, among others. This balance, together with a dynamic view of risk, reinforces Colonial's leadership in the sector and consolidates its long-term position. Risk management is a key aspect of Colonial's organisational culture and for this reason, the Group has developed the Colonial Risk Management and Control System (hereinafter, RMCS), establishing the bases for efficient and effective risk management throughout the organisation.

To comply with these corporate objectives, the risks to which Colonial is exposed are identified, analysed, assessed, managed, controlled and updated. To maintain an effective updated RMCS, Colonial prepares a corporate risk map, which identifies the main risks affecting the Group and assesses them in terms of impact and the probability of occurrence. This map is reviewed and updated frequently each year to obtain an integrated dynamic risk management tool, which evolves with the changes in the environment in which the Company operates and the changes in the organisation itself.

The main responsibilities in relation to the RMCS correspond to the Board of Directors, the Audit and Control Committee and the internal audit unit. The RMCS also expressly determines the responsibilities of senior management, operational divisions and other risk owners with respect to risk management.

The Board of Directors is also responsible for determining the risk control and management policy, including tax risks, identifying the Group's main risks and implementing and overseeing the internal information and control systems, in order to ensure the Group's future viability and competitiveness, while adopting the most relevant decisions for its best development. To manage this function, it has the support of the Audit and Control Committee, which performs, among others, the following functions related to risk management and control:

- Submit a report on risk policy and risk management to the Board for approval.
- Periodically review risk management and control systems to adequately identify, manage and report key risks.
- Oversee the process of preparation, the completeness and presentation of mandatory public reporting (both financial and non-financial).

Also, Colonial has formed the regulatory compliance and internal audit units as tools to reinforce this objective. The regulatory compliance unit is responsible for overseeing the adequate compliance with the regulations and laws that may affect the performance of its activities and the internal audit function is responsible for performing the supervision activities required, envisaged in its annual plans approved by the Audit and Control Committee, to assess the effectiveness of the risk management processes and of the action plans and controls implemented by the corresponding departments to mitigate said risks.

For improved risk management, Colonial differentiates in two large areas the different types of risks to which the Group is exposed based on their origin:

- External risks: risks relating to the environment in which Colonial carries out its activity and which influence and condition the company's operations.
- Internal risks: risks arising from the activity of the Company and its management team.

The main external risks facing Colonial in the attainment of its objectives include the following:

- Economic risks arising from the geopolitical and macroeconomic climate in the countries in which it operates and changes in investors' own expectations and capital markets.
- Market risks, arising from changes in the sector and the business model, from the greater complexity in developing the investment/divestment strategy and from the fluctuations of the real estate market with an impact on the valuation of real estate assets.
- Financial risks, related with restrictions on financial markets, fluctuating interest rates, the impact of changes in tax regulations and those of the counterparty of the main clients.
- Environmental risks, arising from the most demanding ESG requirements, and mainly those related to the impact of climate change on the Group's activity.

The main internal risks facing Colonial in the attainment of its objectives include the following:

- Strategic risks related to the Group's size and diversification, with the asset portfolio breakdown.
- Diverse operating risks related to the maintenance of occupancy levels of properties and the level of rental agreements, the cost of the works projects, as well as the timeframe for their execution, with the management of debt levels and the current credit rating, with cyberattacks or failures in reporting systems, together with those specific to the management of the organisational structure and talent.
- Risks arising from compliance with all contractual regulations and obligations applicable to it, including the tax risks related to the loss of REIT status by Colonial or its status of listed real estate investment company (SIIC) by its French subsidiary Société Foncière Lyonnaise.

During the first half of 2022, the current geopolitical and macroeconomic situation has created a more uncertain environment, mainly due to the prolongation of the war in Ukraine, rising inflation, rising interest rates and the increase in the cost of raw materials. In this regard, the Group has reviewed the impact of this environment on its business and the efficiency of the control measures in place in order to mitigate the impact of these risks and to secure the operations and preserve the value of the Group.

## 5. Events after the reporting period

There have been no significant subsequent events.

## 6. Future outlook

*Strategy for the future*

In this market context, Colonial's strategy continues to be committed to long-term value creation in the prime office sector, with the focus on quality and yields adjusted to risk, and with a strong credit rating and liquidity position.

## 7. Research and development activities

As a result of the nature of the Group, its business activities and structure, Inmobiliaria Colonial, SOCIMI, S.A. does not habitually carry out any R&D activities.

## 8. Own shares

At 30 June 2022, the Parent held a closing balance of 8,207,590 shares with a par value of 20,518 thousand euros (2.5 euros per share), representing 1.52% of the Parent's share capital.

## 9. Alternative Performance Measures (European Securities and Markets Authority)

Below follows an explanatory glossary of the Alternative Performance Measures, including their definition and relevance for Colonial, in accordance with the recommendations of the European Securities and Markets Authority (ESMA) published in October 2015 (ESMA Guidelines on Alternative Performance Measures). These Alternative Performance Measures have not been audited or revised by the company's auditor.

| Alternative Performance Measure | Calculation method | Definition/Relevance |
|---|---|---|
| **Market Value including transaction costs or *GAV including Transfer costs*** | Appraisal of all the assets in the Group's portfolio carried out by external appraisers to the Group before deducting the transaction costs or transfer costs. | Standard analysis ratio for the real estate sector. |
| **Market Value excluding transaction costs or *Gross Asset Value (GAV) excluding Transfer costs*** | Appraisal of all the assets in the Group's portfolio carried out by external appraisers to the Group, deducting the transaction costs or transfer costs. | Standard analysis ratio for the real estate sector. |
| **Like-for-like Valuation** | Market Value excluding transaction costs or the Market Value including transfer costs, comparable between the two periods. To obtain these, the rental income from investments or divestments made between both periods are excluded. | This permits the changes in the Market Value of the portfolio to be compared on a like-for-like basis. |
| **EPRA[1] NTA**<br>**(EPRA Net Tangible Assets)** | This is calculated on the basis of Equity attributable to equity holders of the Parent and adjusted for certain items in accordance with EPRA recommendations. | Standard analysis ratio for the real estate sector, recommended by EPRA. |
| **EPRA[1] NDV**<br>**(EPRA Net Disposal Value)** | Calculated by adjusting the following items in the EPRA NTA: The market value of the financial instruments, the market value of the financial debt, any taxes that would be accrued with the sale of assets at market value, applying the tax assets available to the Group, taking into account the going concern criteria. | Standard analysis ratio for the real estate sector, recommended by EPRA. |
| **Gross financial debt (GFD)** | Calculated as the sum of the items *"Bank borrowings and other financial liabilities", "Issuance of bonds and other similar securities"*, and *"Promissory notes"* excluding (accrued) *"Interest"*, *"Arrangement expenses"* and *"Other financial liabilities"* in the condensed consolidated statement of financial position for the six-month period ending 30 June 2022. | Relevant indicator to analyse the Group's financial position. |
| **Net financial debt (NFD)** | Calculated by adjusting *gross financial debt (GFD)* the item *"Cash and cash equivalents"*. | Relevant indicator to analyse the Group's financial position. |
| **Loan-to-Value Group or LtV Group** | Calculated as the result of dividing *"Net financial debt (NFD)"* by the sum of the "*Market Valuation including transaction costs of the Group's asset portfolio"* plus the *"Parent's treasury shares valued at EPRA NTA"*. | This permits an analysis of the relation between the net financial debt and the appraisal value of the Group's asset portfolio. |

| Alternative Performance Measure | Calculation method | Definition/Relevance |
|---|---|---|
| **LtV Holding or LtV Colonial** | Calculated as the result of dividing "*Gross financial debt"* minus the amount of the item *"Cash and cash equivalents"* of the Parent and *the wholly-owned Spanish subsidiaries,* adjusted by the amount of the commitments for *"deferrals for real estate asset purchase and sale transactions",* between the sum of "*the Market Valuation including transaction costs of the asset portfolio of the Group's Parent and wholly-owned Spanish subsidiaries", "treasury shares of the Parent" and the EPRA NTA of the remaining financial holdings in subsidiaries*. | This permits an analysis of the relation between the net financial debt and the appraisal value of the asset portfolio of the Group's parent. |
| **Like-for-like rental income** | Amount of rental income from leases included in the item "*Revenue*" comparable between the two periods. To obtain these, the rental income from investments or divestments made between both periods are excluded, together with those from assets included in the portfolio of projects and renovations, as well as other atypical adjustments (for example, compensation for early termination of lease agreements). | This permits the comparison, on a like-for-like basis, of the changes in the rental income of an asset or group of assets. |
| **Analytical EBITDA**<br>**(*Earnings Before Interest, Taxes, Depreciation and Amortisation*)** | Calculated as "*Operating profit*" adjusted for "*Depreciation and amortisation", "Variations in value of investment property", "Net change in provisions" and "Gains/(losses) due to changes in value of assets and impairment", as well as expenses incurred in "Depreciation and amortisation" and "Net finance income/(expense)" arising from the recording of "IFRS 16 finance leases", associated with the flexible business (co-working).* | Indicator of the profit-generating capacity of the Group, considering only its productive activity, eliminating any provisions for amortisation, debt and tax effects. |
| **EBITDA rents (Net rental income)** | Calculated by adjusting to the *analytical EBITDA,* the "*general expenses" and "extraordinary expenses" not associated with the operation of property.* | Indicator of the Group's earning capacity considering only its leasing activity, before depreciation, provisions, the effect of indebtedness and the tax effect. |
| **Other analytical income** | Calculated as *"Other revenue"* in the condensed consolidated income statement for the six months ended 30 June 2022 and adjusted by *"Other revenue relating to the corporate segment", "Revenue, Personnel expenses and Other operating expenses eliminated on consolidation associated with the flexible business", "Revenue eliminated on consolidation associated with the flexible business", "Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard"* and *"Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard".* | Relevant magnitude for analysing the Group's results. |

| Alternative Performance Measure | Calculation method | Definition/Relevance |
|---|---|---|
| **Analytical overheads** | Calculated as the sum of items *"Other revenue", "Personnel expenses"* and *"Other operating expenses"* in the condensed consolidated income statement for the six months ended 30 June 2022 and adjusted by *"Analytical net operating expenses"*, *"Personnel expenses and Other operating expenses associated with the generation of flexible business income"*, *"Personnel expenses and Other operating expenses not associated with flexible business", "Personnel expenses and Other extraordinary operating expenses"*, *"Net change in provisions"*, *"Other operating expenses eliminated on consolidation associated with the flexible business"* and *"Other revenue associated with the leasing business".* | Relevant magnitude for analysing the Group's results. |
| **Analytical exceptional items** | Calculated as the sum of items *"Personnel expenses"* and *"Other operating expenses"* in the condensed consolidated income statement for the six months ended 30 June 2022 and adjusted by *"Analytical net operating expenses", "Personnel expenses and Other operating expenses associated with the corporate segment"*, *"Personnel expenses and Other operating expenses not associated with flexible business", "Other operating expenses eliminated on consolidation associated with the flexible business*" and *"Net change in provisions".* | Relevant magnitude for analysing the Group's results. |
| **Analytical change in fair value of assets & capital gains** | Calculated as the sum of the line items "*Net gain/(loss) on sales of assets" and "Changes in value of investment property" in the condensed consolidated income statement for the six months ended 30 June 2022.* | Relevant magnitude for analysing the Group's results. |
| **Analytical depreciation and provisions** | Calculated as the sum of *"Depreciation and amortisation"* and *"Gains/(losses) due to changes in value of assets and impairment"* in the condensed consolidated income statement for the six months ended 30 June 2022 and adjusted by *"Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard"* and *"Net change in provisions".* | Relevant magnitude for analysing the Group's results. |
| **Analytical financial results** | Calculated as the sum of *"Finance income"* and *"Finance costs" in the condensed consolidated income statement for the six months ended 30 June 2022 and* adjusted by *"Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard".* | Relevant magnitude for analysing the Group's results. |

| Alternative Performance Measure | Calculation method | Definition/Relevance |
| --- | --- | --- |
| **EPRA Earnings and Recurring net income** | Calculated in accordance with EPRA recommendations, adjusting certain items to the net profit for the year attributable to the Parent. | Standard analysis ratio for the real estate sector, recommended by EPRA. |

*Alternative Performance Measures* included in the foregoing table arise from items in the consolidated financial statements and in the condensed consolidated interim financial statements of Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries or from the breakdowns of the items (sub-items) included in the corresponding explanatory notes to the report, except as indicated below.

Below follows a reconciliation of those alternative performance measures whose origin does not fully derive from items or sub-items in the consolidated annual financial statements of Inmobiliaria Colonial, as provided for in paragraph 28 of the aforementioned recommendations.

### Market Value including transaction costs or GAV *including transfer costs*

| Market Value including transaction costs or GAV including Transfer costs | Millions of euros | |
|---|---|---|
| | 30/06/2022 | 31/12/2021 |
| Total Market Value excluding transaction costs | 13,334 | 12,436 |
| Plus: transaction costs | 730 | 655 |
| **Total Market Value including transaction costs** | **14,064** | **13,091** |
| Spain | 5,122 | 4,953 |
| France | 8,942 | 8,138 |

### Market Value excluding transaction costs or GAV *excluding transfer costs*

| Market Value excluding transaction costs or GAV excluding transfer costs | Millions of euros | |
|---|---|---|
| | 30/06/2022 | 31/12/2021 |
| Barcelona | 1,427 | 1,423 |
| Madrid | 2,557 | 2,538 |
| Paris | 7,281 | 6,633 |
| **Operating portfolio** | **11,266** | **10,594** |
| Projects | 2,069 | 1,843 |
| **Total Market Value excluding transaction costs** | **13,334** | **12,436** |
| Spain | 4,978 | 4,830 |
| France | 8,357 | 7,606 |

### Like-for-like Valuation

| Like-for-like Valuation | Millions of euros | |
|---|---|---|
| | 30/06/2022 | 31/12/2021 |
| **Valuation at 1 January** | **12,436** | **12,020** |
| Like-for-like Spain | 174 | 292 |
| Like-for-like France | 290 | 411 |
| Acquisitions and disposals | 434 | (288) |
| **Total Market Value excluding transaction costs** | **13,334** | **12,436** |

### EPRA NTA (EPRA Net Tangible Assets)

| EPRA NTA | Millions of euros | |
|---|---|---|
| | 30/06/2022 | 31/12/2021 |
| ***"Equity attributable to shareholders of the Parent"*** | 6,444 | 5,999 |
| *Includes/excludes:* | | |
| Adjustments of (i) to (v) in relation to the interests of strategic alliances | -- | -- |
| **Diluted NTA** | **6,444** | **5,999** |
| *Includes:* | | |
| (ii.c) Revaluation of other investments | 158 | 149 |
| (iv) Revaluation of inventories | 8 | 12 |
| **Diluted NTA at Fair Value** | **6,610** | **6,160** |
| *Excludes:* | | |
| (v) Deferred taxes | 347 | 351 |
| (vi) Market value of financial instruments | (216) | (15) |
| **EPRA NTA** | **6,742** | **6,496** |
| Number of shares (in millions) | 540 | 540 |
| **EPRA NTA per share** | 12.49 | 12.03 |

### EPRA NDV (Net Disposal Value)

| EPRA NDV | Millions of euros | |
|---|---|---|
| | 30/06/2022 | 31/12/2021 |
| ***"Equity attributable to shareholders of the Parent"*** | 6,444 | 5,999 |
| *Includes/excludes:* | | |
| Adjustments of (i) to (v) in relation to the interests of strategic alliances | -- | -- |
| **Diluted NDV** | **6,444** | **5,999** |
| *Includes:* | | |
| (ii.c) Revaluation of other investments | 158 | 149 |
| (iv) Revaluation of inventories | 8 | 12 |
| **Diluted NDV at Fair Value** | **6,610** | **6,160** |
| *Excludes:* | | |
| (v) Deferred taxes | -- | -- |
| (vi) Market value of financial instruments | -- | -- |
| *Includes:* | | |
| (ix) Market value of the debt | 420 | -203 |
| **EPRA NDV** | **7,030** | **5,957** |
| Number of shares (in millions) | 540 | 540 |
| **EPRA NDV per share** | 13.03 | 11.03 |

### *Loan-to-Value* Group or LtV Group

| *Loan-to-Value* Group or LtV Group | Millions of euros | |
|---|---|---|
| | 30/06/2022 | 31/12/2021 |
| Gross financial debt | 5,695 | 4,935 |
| Commitments to defer property asset purchase and sale transactions | -- | -- |
| Less: *"Cash and cash equivalents"* | (467) | (219) |
| **(A) Net financial debt** | **5,228** | **4,716** |
| Market Value including transaction costs | 14,064 | 13,091 |
| Plus: Own shares of the Parent valued at EPRA NTA | 103 | 98 |
| **(B) Market value including transaction costs and the Parent's own shares** | **14,167** | **13,189** |
| **Loan to Value Group (A)/(B)** | **36.91%** | **35.80%** |

### LtV Holding or LtV Colonial

| LtV Holding or LtV Colonial | Millions of euros | |
|---|---|---|
| Holding Company | 30/06/2022 | 31/12/2021 |
| Gross financial debt | 3,038 | 3,028 |
| Commitments to defer property asset purchase and sale transactions | -- | -- |
| Less: *"Cash and cash equivalents"* of the Parent and Spanish subsidiaries wholly owned thereby | (290) | (101) |
| **(A) Net financial debt** | **2,748** | **2,927** |
| **(B) Total Market Value including transaction costs and Parent's treasury shares and EPRA NTA of subsidiaries with non-controlling interests** | **10,315** | **10,036** |
| **Loan to Value Holding (A)/(B)** | **26.64%** | **29.20%** |

### Like-for-like rental income

| Like-for-Like rental income | Millions of euros | | | |
|---|---|---|---|---|
| | Barcelona | Madrid | Paris | Total |
| **Analytical rental income 30/06/2021** | **22** | **46** | **86** | **155** |
| Like-for-like | 2 | 1 | 5 | 8 |
| Projects and registrations | (1) | 1 | 4 | 5 |
| Investments and divestments | 0 | (1) | 3 | 2 |
| Others and compensation | (0) | (0) | 0 | (0) |
| **Analytical rental income 30/06/2022** | **24** | **48** | **98** | **170** |

## Analytical EBITDA

| Analytical EBITDA | Millions of euros | |
|---|---|---|
| | 30/06/2022 | 30/06/2021 |
| Operating profit | 441 | 258 |
| Adjustments: "*Depreciation and amortisation*" | 5 | 4 |
| Adjustments: "*Net gain/(loss) on sales of assets*" | (5) | (1) |
| Adjustments: "*Net change in provisions*" | 0 | 0 |
| Adjustments: "*Changes in fair value of investment property*" | (315) | (146) |
| Adjustments: "*Gains/(losses) due to changes in value of assets and impairment*" | (1) | 0 |
| Adjustments: "Exceptional items" | 5 | 3 |
| Adjustments: "*Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard*" | (1) | (1) |
| Adjustments: "*Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard*" | (1) | (0) |
| **Analytical EBITDA** | **129** | **118** |

## EBITDA rents

| EBITDA rents | Millions of euros | |
|---|---|---|
| | 30/06/2022 | 30/06/2021 |
| Revenue | 173 | 156 |
| Adjustments: "*Flexible business income*" | (7) | (4) |
| Adjustments: "*Revenue eliminated on consolidation associated with the flexible business*" | 3 | 3 |
| **Analytical rental income (Rental revenues)** | **170** | **155** |
| Personnel expenses | (22) | (17) |
| Other operating expenses | (29) | (24) |
| Adjustments: "*Personnel expenses and Other operating expenses not associated with the corporate segment*" | 25 | 22 |
| Adjustments: "*Personnel expenses and Other operating expenses not associated with the flexible business*" | 3 | 3 |
| Adjustments: "*Personnel expenses and Other extraordinary operating expenses not associated with the flexible business*" | 5 | 3 |
| Adjustments: "Other operating expenses eliminated on consolidation associated with the flexible business" | 1 | 1 |
| Adjustments: "*Net change in provisions*" | 0 | 0 |
| **Analytical net operating expenses** | **(17)** | **(12)** |
| **EBITDA rents (Net rental income)** | **153** | **143** |

### Other analytical income

| Other analytical income | Millions of euros | |
|---|---|---|
| | 30/06/2022 | 30/06/2021 |
| Other income | 3 | 1 |
| Adjustments: "*Other corporate segment revenues*" | (2) | (1) |
| Adjustments: "*Net turnover amount and Personnel expenses and Other operating expenses eliminated on consolidation associated with the flexible business*" | 5 | 2 |
| Adjustments: "*Revenue eliminated on consolidation associated with the flexible business*" | (4) | (4) |
| Adjustments: "*Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard*" | (1) | (1) |
| Adjustments: "*Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard*" | (1) | (0) |
| **Other analytical income** | **0** | **(3)** |

### Analytical overheads

| Analytical overheads | Millions of euros | |
|---|---|---|
| | 30/06/2022 | 30/06/2021 |
| Other income | 3 | 1 |
| Personnel expenses | (22) | (17) |
| Other operating expenses | (29) | (24) |
| Adjustments: *"Analytical net operating expenses"* | 17 | 12 |
| Adjustments: "*Personnel expenses and Other operating expenses eliminated on consolidation associated with the flexible business*" | 2 | 2 |
| Adjustments: "*Personnel expenses and Other extraordinary operating expenses not associated with the flexible business*" | 5 | 3 |
| Adjustments: "*Net change in provisions*" | 0 | 0 |
| Adjustments: "Other operating expenses eliminated on consolidation associated with the flexible business" | 1 | 1 |
| Adjustments: "*Other income associated with the leasing business*" | (1) | (0) |
| **Analytical overheads** | **(24)** | **(22)** |

### Analytical exceptional items

| Analytical exceptional items | Millions of euros | |
|---|---|---|
| | 30/06/2022 | 30/06/2021 |
| Personnel expenses | (22) | (17) |
| Other operating expenses | (29) | (24) |
| Adjustments: *"Analytical net operating expenses"* | 17 | 12 |
| Adjustments: "*Personnel expenses and Other operating expenses associated with the corporate segment*" | 25 | 22 |
| Adjustments: "*Personnel expenses and Other operating expenses eliminated on consolidation associated with the flexible business*" | 3 | 3 |
| Adjustments: "Other operating expenses eliminated on consolidation associated with the flexible business" | 1 | 1 |
| Adjustments: "*Net change in provisions*" | 0 | 0 |
| **Analytical exceptional items** | **(5)** | **(3)** |

### Analytical change in fair value of assets & capital gains

| Analytical change in fair value of assets & capital gains | Millions of euros | |
|---|---|---|
| | 30/06/2022 | 30/06/2021 |
| Net gain/(loss) on sales of assets | 5 | 1 |
| Changes in fair value of investment property | 315 | 146 |
| **Analytical change in fair value of assets & capital gains** | **320** | **147** |

### Analytical depreciation and provisions

| Analytical depreciation and provisions | Millions of euros | |
|---|---|---|
| | 30/06/2022 | 30/06/2021 |
| Depreciation and amortisation | (5) | (4) |
| Gains/(losses) due to changes in value of assets and impairment | 1 | (0) |
| Adjustments: "*Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard*" | 1 | 1 |
| Adjustments: "*Net change in provisions*" | (0) | (0) |
| **Analytical depreciation and provisions** | **(3)** | **(4)** |

### Analytical financial results

| Analytical financial results | Millions of euros | |
|---|---|---|
| | 30/06/2022 | 30/06/2021 |
| Finance income | 0 | 9 |
| Finance costs | (39) | (79) |
| Adjustments: "*Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard*" | 1 | 0 |
| **Analytical financial results** | **(39)** | **(69)** |

## EPRA Earnings and Recurring Net Income

| EPRA Earnings and Recurring Net Income | Millions of euros | |
|---|---|---|
| | 30/06/2022 | 30/06/2021 |
| **Net profit/(loss) attributable to the Group** | **355** | **162** |
| ***Net profit/(loss) attributable to the Group - €cts/share*** | ***65.87*** | ***31.86*** |
| *Includes/(excludes):* | | |
| (i) Changes in value of investments, investment projects and other interests | (315) | (146) |
| (ii) Profit or loss of sales of assets, investment projects and other interests | (5) | (1) |
| (iii) Gains or losses on sales of assets held for sale including changes in the value of such assets | -- | -- |
| (iv) Tax for sale of assets | 0 | -- |
| (v) Impairment to goodwill | -- | -- |
| (vi) Changes in the value of financial instruments and cancellation costs | 1 | 27 |
| (viii) Deferred tax for considered EPRA adjustments | (5) | (2) |
| (ix) Adjustments from (i) to (viii) in respect of joint ventures (unless included by proportionate consolidation) | -- | -- |
| (x) Minority interests in respect of the above items | 36 | 11 |
| **EPRA Earnings (pre-adjustments specific to the company)** | 67 | **51** |
| *Adjustments specific to the company:* | | |
| (a) Extraordinary contingencies and charges | 9 | 7 |
| (b) Non-recurring profit/(loss) | -- | -- |
| (c) Tax credits | -- | -- |
| (d) Minority interests in respect of the above items | (0) | (1) |
| **Recurring Net Profit (post company specific adjustments)** | **76** | **57** |
| Average number of shares (millions) | 539.6 | 508.1 |
| ***Recurring Net Profit (post company specific adjustments) - €cts/share*** | ***14.13*** | ***11.14*** |