

The Recurring Earnings per Share increase by +23%, year on year

**Colonial closed the third quarter of 2022 with a
Net Profit of €398m, +116%**

- Gross Rental Income of €262m, +12% vs. The previous year
- Gross Rental Income Like-for-like increase of +7%, among the highest in the sector
- Group EBITDA of €205m, +12% vs. the previous year
- Recurring Net Profit of €119m, +30% vs. the previous year
- Record letting volume with more than 136.000sqm signed, +16% vs. the previous year
- Occupancy levels of 96% (~100% in Paris)
- Strong rental growth, +7% release spread

Third Quarter Results 2022

Madrid, 16th November 2022

The Colonial Group has closed its third quarter results of 2022 with a Net Profit of €398m, +116% versus the previous year. These results reflect the positive momentum of all its KPIs: a very high commercial activity (+136.000 sqm of new contracts signed year to date), ERV growth of +5%, solid portfolio occupancy (96%), and income increase of +7% like-for-like among the highest in the sector.

Juan José Brugera, Colonial Chairman has explained that: ““The Colonial Group closes the first half 2022 results with a Net Profit of €398m thanks to its portfolio of top-quality offices in prime locations”.

According to Pere Viñolas, CEO of the company, these set of results respond to “the strength of the fundamentals of our portfolio of prime buildings, well located and highly occupied by solvent clients. Our buildings, in the current macro environment, show a clear polarization effect in comparison to the rest of assets in the market”.

Viñolas added that “this successful prime positioning in assets and locations is allowing us to capture the highest rents and grow double-digit in Group Revenue and EBITDA and, thus, +30% growth in the Group's recurring profit”.

1. Recurring Net Profit of €398m, +116% vs. the previous year

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

1. **An increase of +12% in rental income and EBITDA of the Group, driven by the asset portfolio in Paris** (+17% in income growth)
Income growth has been delivered in all segments of the Group, and is based on (1) captured indexation, (2) strong like-for-like growth, (3) additional income from delivered projects and (4) the successful execution of the renovation program
2. A year-on-year **decrease in financial costs** thanks to the **Liability Management** carried out in 2020 and 2021, which has resulted in a savings in the average financial cost of the Group's debt.
3. The **successful execution of the acquisition of the 16.6%** stake in Société Foncière Lyonnaise in 2021, with very attractive terms for Colonial's shareholders.

2. Gross rental income of €262m, +12% vs. the previous year, with a solid "like for like" base

Colonial closed the third quarter of 2022 with **€262m of Gross Rental Income, +12%** compared to the same period of the previous year, **significantly driven by the growth in the Paris market.**

The income growth is solid, in total terms as well as in like-for-like terms, showing the strength of the Prime positioning of Colonial's assets.

This growth in rental income was obtained in all the markets in which the Colonial Group operates, particularly highlighting the Paris asset portfolio.

September cumulative - €m	2022	2021	Var	LFL
Rental revenues Group	262	234	12%	7%
<i>Rental revenues Paris</i>	152	130	17%	8%
<i>Rental revenues Madrid</i>	74	71	5%	5%
<i>Rental revenues Barcelona</i>	36	33	7%	10%

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

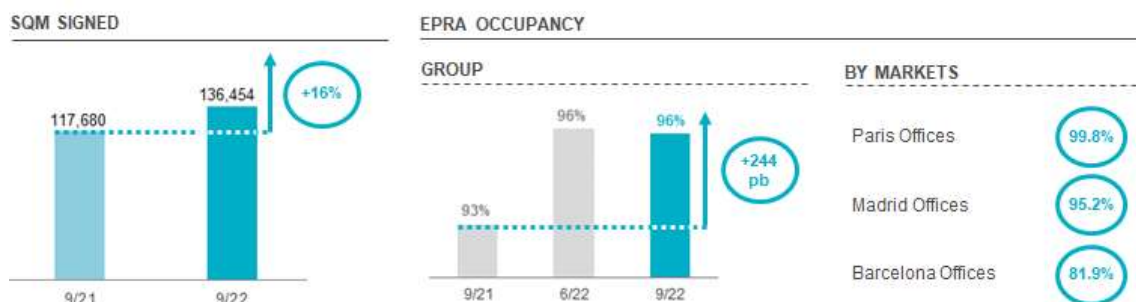
The Group closed the first nine months of the year signing **80 office rental contracts**, corresponding to **136,454 sqm.**

This volume of signed contracts represents an increase of +16% compared to the same period of the previous year, which was a record year in terms of new contracts (2021 was the year with the second highest take-up volume in Colonial's history).



4. Solid occupancy levels

The occupancy of the Colonial Group stands at 96%. Of special mention is the Paris market with almost full occupancy at 99.8%.



5. "Pricing Power" – Capturing rental Price increases

Captured indexation in all contracts with an average growth of +5%

The Colonial Group's asset portfolio captures the impact of the indexation on rents; at 30 September 2022 the indexation exercise has been performed on 73% of the contracts (71% of the contracts in Spain and 75% in Paris). It is important to highlight that the Colonial Group has applied in all the contracts the corresponding rental price indexation.

As a result of the successful execution of the indexation on the contract portfolio in the first nine months of 2022, the annualized passing rents of the corresponding contracts have increased by +5% (+7.0% in Spain and +3.3% in Paris).

Increase in rental renewals as well as rental growth in new lettings

Colonial has increased the rents with current clients by +7% compared to the previous rents they were paying (release spreads). The Colonial Group closed the third quarter of 2022 with a growth of +5% in rental prices compared to the market rent (ERV) as of December 2021.

6. Project pipeline and Renovation program

The Colonial Group has a project pipeline of 189,401 sqm spread across nine assets. The commercialization is almost complete for the projects that will be delivered in the short term, and significant progress and agreements have been made for those which will be delivered from 2023 onwards.

The renovation program of the Colonial Group counts on 108,294 sqm spread over 9 assets from which, 8 assets (with a surface area of 90,434 sqm) were delivered and pre-let with a significant price increase. In 2022, 17,895 sqm were signed, already reaching a total of more than 78,000 sqm let.

7. Active management of the portfolio - Disposals of €84m with a premium on GAV

During 2022 to date, the Colonial Group has disposed 4 non-strategic assets (3 assets in Madrid and 1 asset in Paris) for €84m, with a premium of +9% over the last appraisal value. In Madrid, the disposals included the Josefa Valcárcel 24, Alcalá 506 and Sagasta 27 assets and in Paris the non-core asset Le Vaisseau.

The sale of the Sagasta 27 asset in Madrid was completed after the close of the third quarter of 2022. The asset was sold with a +34% premium over the total cost² and above the latest appraisal value.

<p>Josefa Valcárcel, 24 MADRID – 5,652sqm</p> 	<p>Alcalá, 506 MADRID – 6,259sqm</p> 	<p>Le Vaisseau PARIS – 6,332sqm</p> 	<p>Sagasta 27 MADRID – 4,896sqm</p> 	<table border="0"> <tr> <td>Total sqm</td> <td>23,139sqm</td> </tr> <tr> <td>Disposal Price</td> <td>€84m</td> </tr> <tr> <td>Premium to GAV</td> <td>+9%</td> </tr> </table>	Total sqm	23,139sqm	Disposal Price	€84m	Premium to GAV	+9%
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8. A solid capital structure

At the close of the third quarter of 2022, the Colonial Group had a solid balance sheet with an LTV of 37.9%. and a liquidity of €2,140m.

The liquidity of the Group as of September 2022 amounted to €2,140m, between cash and undrawn credit facilities. This liquidity enables the Group to cover all debt maturities until 2026.

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

About Colonial

Colonial is a Spanish listed REIT company (SOCIMI), leader in the European Prime office market with presence in the main business areas of Barcelona, Madrid, and Paris with a prime office portfolio of more than 1.7 million sqm of GLA and assets under management with a value of more than €13bn.



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

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